



March 5, 2019

Mr. John Olive, President  
Postal Workers, American, AFL-CIO  
Local 551  
P. O. Box 17551  
Pensacola, FL 32522

Case Number: 410-6014831 [REDACTED]  
LM Number: 072-310

Dear Mr. Olive:

This office has recently completed an audit of Postal Workers, American, AFL-CIO (APWU) Local 551 under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with you, Treasurer Susan Bateman, and Secretary Jovita Olive on February 28, 2019, the following problems were disclosed during the CAP. The matters listed below are not an exhaustive list of all possible problem areas since the audit conducted was limited in scope.

#### Recordkeeping Violations

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that labor organizations maintain adequate records for at least five years by which each receipt and disbursement of funds, as well as all account balances, can be verified, explained, and clarified. As a general rule, labor organizations must maintain all records used or received in the course of union business.

For disbursements, this includes not only original bills, invoices, receipts, vouchers, and applicable resolutions, but also documentation showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipient(s) of the goods or services. In most instances, this documentation requirement can be satisfied with a sufficiently descriptive expense receipt or invoice. If an expense receipt is not sufficiently descriptive, a union officer or employee should write a note on it providing the additional information. For money it receives, the labor organization must keep at least one record showing the date, amount, purpose, and source of that money. The labor organization must also retain bank records for all accounts.

The audit of Local 551's 2018 records revealed the following recordkeeping violation:

#### Per Diem Payments

Local 551 did not retain adequate documentation for per diem payments paid to union officers totaling at least \$450. For example, Local 551 paid per diem to union officers for their trip to the Florida State Convention, but the records did not indicate the dates for which

per diem was paid. Union records should reflect the locations and dates traveled as well as the rate in which per diem is paid. Additionally, the records should reflect the purpose of the trip.

Based on your assurance that Local 551 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

#### Other Issues

##### 1. Signing Blank Checks

During the audit, Treasurer Susan Bateman advised that she occasionally signs blank checks. Your union's bylaws require that all checks be signed by the president or designee and treasurer. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 551 review these procedures to improve internal control of union funds.

##### 2. Cancelled Checks

Local 551 utilizes its online banking account to print bank statements, but the union does not print its cancelled checks. By printing cancelled checks, the union can verify the validity and accuracy of its disbursements.

I want to extend my personal appreciation to APWU Local 551 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials provided to you are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,

A large black rectangular redaction box covering the signature of the investigator.

Investigator

cc: Ms. Susan Bateman, Treasurer