

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Philadelphia District Office
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September 20, 2010

Mr. Charles Boyle, Vice President
Security Police & Guards Union IND
Local 1536
P.O. Box 1098
Trenton, NJ 08606-1098

LM File Number 041-671
Case Number: |||||

Dear Mr. Boyle:

This office has recently completed an audit of Security Police & Guards Union Local 1536 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 on September 10, 2010, 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.

The CAP disclosed

Recordkeeping Violation

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 1536's 2009 records revealed the following recordkeeping violation:

Failure to Record Receipts

Local 1536 did not record in its receipts records all payments received by the local. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

Based on your assurance that Local 1536 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

The audit disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations.

Failure to File

Federal law and regulations require the union to file its annual financial report, Form LM-4, with the Office of Labor-Management Standards (OLMS) within 90 days after the end of its fiscal year. The president and treasurer or corresponding principal officers of your union are responsible for filing the report. According to our records, your union's fiscal year ended on December 31, 2009. Therefore, your union's annual financial report should have been filed by March 31, 2010.

Local 1536 has now filed the delinquent LM-3 report.

Other Issue

Duplicate Receipts

Local 1536 receives payments directly from individuals. Vice President Charles Boyle makes deposits into the local's checking account, but he does not issue receipts to the payers. OLMS recommends that Local 1536 use a duplicate receipt system where the union issues original pre-numbered receipts to all individuals who make payments directly to the union and retains copies of those receipts. A duplicate receipt system is an effective internal control because it ensures that a record is created of income which is not otherwise easily verifiable. If more than one duplicate receipt book is in use, the union should maintain a log to identify each book, the series of receipt numbers in each book, and to whom each book is assigned.

I want to extend my personal appreciation to Security Police & Guards Union Local 1536 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,

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Investigator

cc: President Gary Thacker