



January 13, 2023

Aamir Young, Chairman
Fraternal Order of Police
Lodge 1-F
WRAMC/DOD Police Labor Committee
[REDACTED]

Case Number: 450-6020756([REDACTED])
LM Number: 516-695

Dear Mr. Young:

This office has recently completed an audit of Fraternal Order of Police Lodge 1-F WRAMC/DOD Police Labor Committee (WRAMC) under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Civil Service Reform Act of 1978 (CSRA), 5 U.S.C. 7120, and the Department's regulations, 29 CFR 458. As discussed during the exit interview with you on January 10, 2023, 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 of the LMRDA and Title 29 of the Code of Federal Regulations (C.F.R.) Section 403.7 require, among other things, that labor organizations maintain adequate records for at least five years after reports are filed by which the information on the reports can be verified, explained and clarified. Pursuant to 29 C.F.R. Section 458.3, this recordkeeping provision of the LMRDA applies to labor organizations subject to the requirements of the CSRA as well. Therefore, as a general rule, labor organizations must retain 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 the WRAMC's 2019 records revealed the following recordkeeping violations:

1. Debit Card Expenses

The WRAMC did not retain adequate documentation for debit card purchases made by union officers.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. In addition, if the receipt is not sufficiently descriptive, the union must include the business purpose for the expense in the union records. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Failure to Maintain Disbursement Records

The WRAMC did not retain adequate documentation for disbursements made by the union. For example, a disbursement was made to a WRAMC member to purchase party supplies and food for a union social event. However, the union did not retain receipts for the items purchased.

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3. Failure to Maintain Receipt Records

The WRAMC did not retain dues check-off reports received from the employer. All union records must be retained.

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

Reporting Violations

Pursuant to 29 C.F.R. Section 458.3, the reporting requirement under 29 C.F.R. Section 403.2 (see Section 201(b) of the LMRDA) is made applicable to labor organizations subject to the requirements of the CSRA. This provision requires labor organizations to file annual financial reports that accurately disclose their financial condition and operations. The audit disclosed a violation of this requirement. The Labor Organization Annual Report, Form LM-4, filed by the WRAMC for the fiscal year ending December 31, 2019 was deficient in the following areas:

1. Assets

The WRAMC underreported its total assets in Item 14 "Enter the total value of all the

labor organization's assets..." The LM-4 instructions for Item 14 require the union to enter the total value of all the labor organization's assets at the end of the reporting period including cash on hand and in banks, property, loans owed to the labor organization, investments, office furniture, automobiles, and anything else owned by the labor organization. The union reported in Item 14 that it had \$4,050 in assets. However, the audit revealed that the union had more than \$25,000 in assets in the fiscal year.

2. Receipts

The WRAMC underreported its total receipts in Item 16 "Enter the total amount of all receipts of your organization..." The LM-4 instructions for Item 16 require the union to enter the total amount of all receipts of the labor organization during the reporting period including dues, fees, fines, assessments, interest, dividends, rent, money from the sale of assets, and loans received by the labor organization. The union reported in Item 16 that it received \$0 in receipts. However, the audit revealed that the union received more than \$5,000 in receipts in the fiscal year.

3. Disbursements

The WRAMC underreported its total disbursements in Item 17 "Enter the total amount of all disbursements made by the labor organization..." The LM-4 instructions for Item 17 require the union to enter the total value of all the labor organization's disbursements during the reporting period including net payments to officers and employees, per capita tax and any other fees or assessments which the labor organization paid to any other organization, payments for administrative expenses, loans made by the labor organization, and taxes paid. The union reported in Item 17 that it disbursed \$0. However, the audit revealed that the union disbursed more than \$1,000 during the fiscal year.

4. Failure to File LM Reports

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 within 90 days after the end of the labor organization's fiscal year. The WRAMC failed to file LM-4 reports for the fiscal years ending December 31, 2020 and December 31, 2021. The president and secretary-treasurer are personally responsible for timely filing the union's LM-4 reports. Failure to timely file the LM-4 reports in the future could result in the initiation of enforcement proceedings.

The WRAMC must file an amended Form LM-4 for the fiscal year ended December 31, 2019, to correct the deficient items discussed above. The union must also file the delinquent reports for the fiscal years ending December 31, 2020 and December 31, 2021. The reports must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. The amended and delinquent Form LM-4s must be filed no later than

February 10, 2023. Before filing, review the report thoroughly to be sure it is complete and accurate.

Other Violations

The audit disclosed the following other violation:

1. Inadequate Bonding

Pursuant to 29 C.F.R. Section 458.35, officers and employees of any labor organization subject to the CSRA are required to be bonded in accordance with Section 502(a) of the LMRDA. This provision requires that union officers and employees be bonded for no less than 10% of the total funds those individuals or their predecessors handled during the preceding fiscal year.

The audit revealed that the WRAMC officers were not bonded for the minimum amount required at the time of the audit. The WRAMC officers must be bonded for at least \$3,701. The WRAMC should obtain adequate bonding coverage for its officers immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than February 10, 2023.

Other Issues

1. One Signature on Union Checks

The audit revealed that all the union checks during the audit period were signed by only one officer. A two-signature requirement is an effective internal control of union funds. OLMS recommends that the WRAMC adopt a two-signature requirement on all union checks to improve internal control of union funds.

2. Failure to Follow Union Bylaws

The WRAMC bylaws require an annual audit of the union's treasury. The audit revealed that an audit of the union has been not conducted for at least two years. OLMS strongly recommends that the WRAMC follow its bylaws and conduct annual audits.

I want to extend my personal appreciation to the WRAMC 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 solid black rectangular box redacting the signature of the investigator.

Investigator