



September 28, 2023

Phillip Suh, President
United Government Security Officers of America
Local 321
P.O. Box 5336
13633 Hobart Drive
Silver Spring, MD 20904

Case Number: 450-6026073()
LM Number: 546-507

Dear Phillip Suh:

This office has recently completed an audit of United Government Security Officers of America (UGSOA) Local 321 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 22, 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 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 321's 2021 records revealed the following recordkeeping violations:

1. General Expenses

Local 321 did not retain adequate documentation for some expenses for official business. For example, Local 321 failed to maintain the itemized receipts for checks to a member to purchase coffee to put in the union members' break rooms.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. 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 Receipt Records

Local 321 did not maintain some employer dues checkoff reports received during the audit period. All union receipt records must be maintained.

3. Lack of Salary Authorization

Local 321 did not maintain records to verify that the salaries reported in Item 24 (All Officers and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

4. Disposition of Property

Local 321 purchased gift cards and gave them to members. However, there was nothing in the union records to indicate who received the gift cards. The union must record in at least one record the names of the recipients of the gift cards and the date they received them.

Based on your assurance that Local 321 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

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. The Labor Organization Annual Report, Form LM-3, filed by Local 321 for the fiscal year ended December 31, 2021, was deficient in the following areas:

1. Failure to Accurately Report Receipts

The dues amount listed in Item 38 (Dues) of the LM-3 report does not match the figures calculated by OLMS during the audit. All money received by the union during the fiscal year which are attributable to dues should be reported in Item 38.

2. Disbursements to Officers

Local 321 did not report some salary payments to officers in Item 24, Column D (Gross Salary). Some of these payments were erroneously reported in Item 24, Column E (Allowances and Other Disbursements).

The union must report in Item 24, Column D (Gross Salary), the gross salary of each officer (before tax withholdings and other payroll deductions) including disbursements for lost time or time devoted to union activities. The union must report in Item 24, Column E (Allowance and Other Disbursements), all other direct and indirect disbursements to each officer other than salary, including but not limited to, allowances and disbursements which were necessary for conducting official business of your organization.

3. Signatures

The union president signed as both the president and treasurer on the LM-3 report (Item 57 and Item 58). The completed LM-3 report must be signed by both the president and treasurer of the labor organization. If one of those officers is unavailable or one of the positions is vacant, the report must be signed by another union officer. If this occurs, enter the correct title in the title field next to the signature and explain in Item 56 (Additional Information) why the president or treasurer did not sign the report.

4. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 321's bylaws constitution and bylaws was not on file with OLMS.

As agreed, Local 321 will file a copy of its current constitution and bylaws with OLMS as soon as possible but not later than October 16, 2023.

I am not requiring that Local 321 file an amended LM-3 report for 2021 to correct the deficient items, but Local 321 has agreed to properly report the deficient items on all future reports it files with OLMS. Local 321 has also agreed to file all future reports electronically.

Other Violations

The audit disclosed the following other violation:

Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

The Local 321 officers are not currently bonded, but must be bonded for at least \$2,273. Local 321 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 October 16, 2023.

Other Issues

Officer Holding Multiple Positions

The audit revealed that the same person held both the president and secretary-treasurer positions at the same time. OLMS strongly recommends that the union fill one of these positions as soon as possible. Having more than one person involved in the union's financial affairs is an effective internal control of union funds.

I want to extend my personal appreciation to UGSOA Local 321 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,


Investigator