



July 11, 2012

Mr. Justin Pace, President
Brown Univ Security Patrol Persons Assoc. #12
69 Brown Street, Box #1993
Providence, RI 02912

Case Number: [REDACTED]
LM Number: 544503

Dear Mr. Pace:

This office has recently completed an audit of Brown University Security Patrol Persons Association (BUSPA) #12 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 June 28, 2012, 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 BUSPA #12's 2010 records revealed the following recordkeeping violations:

1. Receipt Dates not Recorded

BUSPA #12 did not keep a union receipts record. The local used the bank statements as their record of receipts and reflects the date deposited, but not the date money was received. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and

Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

2. General Expenses

BUSPA #12 did not retain receipts or adequate documentation for most expenses incurred by the local. The local had expenses totaling \$13,507.49 for which there were no validating receipts, bills, or invoices. For example, the local paid \$1,000 for a dinner for the negotiations committee but did not retain a bill from the restaurant.

As previously 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.

Based on your assurance that BUSPA #12 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 LM-3 filed by BUSPA #12 for fiscal year ending December 31, 2010, was deficient in the following areas:

1. Certificate of Deposit Reported As Investments

BUSPA #12 improperly included the value of a certificate of deposit as an investment in Statement A (Assets and Liabilities). For LM reporting purposes, OLMS considers a certificate of deposit to be cash. The purchase or redemption of a certificate of deposit is a transfer of cash from one account to another and, therefore, the local should not report these transactions as receipts or disbursements.

2. Cash Reconciliation

It appears that the cash figures reported in Item 25 are not the cash figures according to the union's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances on the bank statements. It also appears that the receipts reported in Item 44 are not the receipts noted on the local's book or bank statements. The employer dues check-

off schedule and union bank statements indicate the local had \$ 40,648 in dues, interest, and other receipts but reported \$0 Total Receipts in Item 44.

BUSPA #12 must file an amended Form LM-3 for fiscal year ending December 31, 2010, to correct the deficient items discussed above. I advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than July 13, 2012. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Violations

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 Association's officers and employees are currently not bonded, but they must be bonded for at least \$4,952. Association #12 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than July 30, 2012.

I want to extend my personal appreciation to Brown University Security Patrol Persons Association #12 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

cc: Al Mello, Treasurer