

U.S. Department of Labor

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Office of Labor-Management Standards
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March 11, 2008

Mr. Peter McCarron, President
Boston University Police Patrolman's Association
P.O. Box 15081 Kenmore Square
Boston, MA 02215

LM File Number 516-488
Case Number: [REDACTED]

Dear Mr. McCarron:

This office has recently completed an audit of the Boston University Police Patrolman's Association (BUPPA) 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 Vice President/ Acting Treasurer Christopher O'Shea on March 11, 2008, 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 BUPPA's 2006 records revealed the following recordkeeping violations:

1. General Expenses

BUPPA did not retain adequate documentation for general expenses totaling at least \$21,149.17. For example, the union failed to maintain appropriate documentation regarding per capita payments to the International Brotherhood of Police Officers totaling at least \$19,518.96 during the fiscal year ending 12/31/06.

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.

2. Record of Receipts

BUPPA did not maintain any type of record that could identify the date on which money was received. 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. 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.

3. Meeting Minutes

During the audit, Mr. O'Shea advised OLMS that the executive board authorizes and approves all disbursements during meetings, approximately monthly, and

that all officer reimbursements are pre-approved by the executive board. The union did not maintain executive board minutes for at least nine months worth of meetings. Minutes for both general membership and executive board meetings provide infrequent reference to the authorization of expenses. For example, minutes do not indicate any approval of the purchase of \$125.99 for cellular phone equipment on June 30, 2006. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that the Boston University Police Patrolman's Association 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 the Boston University Police Patrolman's Association for fiscal year ending December 31, 2006, was deficient in the following areas:

1. 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 shown on bank statements.

2. Other Receipts

The union failed to report at least \$1,746 in other receipts including at least \$1,121 in receipts collected from the sale of union turtleneck shirts and at least \$249 in per capita tax rebate from IBPO/NAGE. These receipts were not reported in Item 43 (Other Receipts) or included in Item 44 (Total Receipts) on the Form LM-3. Instructions for the Form LM-3 indicate that Item 43 should record "all receipts of your organization other than those reported in Items 38 through 42, including proceeds from the sale of supplies, loans obtained, repayments of loans made, rents, and funds collected for transmittal to third parties.

3. Total Receipts

It appears that the amount reported in Item 44 (Total Receipts) is not an accurate record of the money received by the union during the reporting period. Instructions for Form LM-3 explain that receipts must be recorded when money is actually received by the labor organization and disbursements must be recorded when money is actually paid out by the labor organization. It appears that Item 43 reports the amount of dues withheld by the employer during the reporting period, rather than the amount of dues actually received by the labor organization during the reporting period. The purpose of Statement B is to report the flow of cash in and out of your organization during the reporting period only.

4. Total Disbursements

It appears that the union did not accurately report the amount of total disbursements for the fiscal year ending December 31, 2006 in Item 55 (Total Disbursements). The total disbursements reported surpassed the total disbursements per union record by at least \$1,269.59. The union also failed to report the correct amount of per capita tax paid to the international union (\$19,518.96) in Item 47.

5. Disbursements to Officers

The Boston University Police Patrolman's Association did not include some reimbursements to officers totaling at least \$2,367.92 in the amounts reported Item 24 (All Officers and Disbursements to Officers). For example, the union made direct disbursements for at least \$1,562.11 to President Peter McCarron. It appears the union erroneously reported these payments in Item 54 (Other Disbursements). The union must report most direct disbursements to BUPPA officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

The Boston University Police Patrolman's Association must file an amended Form LM-3 for fiscal year ending December 31, 2006, to correct the deficient items discussed above. OLMS provided you with a blank form and instructions and 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 March 31, 2008. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Issues

1. Bond Coverage

The union currently holds a commercial crime policy with The Fidelity and Deposit Companies insuring against losses due to "employee theft." As union officers receive a stipend from the association, it appears that they qualify as employees. OLMS recommends that BUPPA amend the bond language to specifically include insurance against *officer* and employee theft.

2. Book Record

The union currently does not maintain a book record of receipts and disbursements, although it does maintain check stubs and deposit receipts to support transactions. OLMS recommends that BUPPA keep some type of union record which would serve to chronicle account balances and keep an accurate accounting of money received and disbursed by the union during the fiscal year.

3. Cellular Phone Expense Policy

As was discussed during the exit interview with Mr. O'Shea, the audit revealed that BUPPA does not have a clear policy regarding the types of expenses that personnel may claim for reimbursement regarding the union cellular phone. During the opening interview, you and Mr. O'Shea advised that the membership had authorized the payment of cell phone expenses four or five years ago. OLMS recommends that unions adopt written guidelines concerning such matters.

4. Voided Checks/Two Signatures on Checks

During the audit, Mr. O'Shea advised that it is BUPPA's practice for the treasurer to act as the sole signatory on all union checks. Article VI Section 1 (C) of the BUPPA's constitution and bylaws indicates that "The President shall co-sign all checks drawn against the funds of the Association." 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. Mr. O'Shea also indicated that he does not maintain all voided checks. Keeping voided checks helps to verify the purpose of every check written from union accounts. OLMS recommends that BUPPA review these procedures to improve the internal control of union funds.

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I want to extend my personal appreciation to BUPPA 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,

Mark Letizi
District Director

cc: Mr. Christopher O'Shea, Vice President/ Acting Treasurer