

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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June 29, 2009

Mr. Bryce Paige, President
Fraternal Order of Police
Lodge 116F
Box 366
Aberdeen Proving Ground, MD 21005

LM File Number 542-799

Case Number: [REDACTED]

Dear Mr. Paige:

This office has recently completed an audit of Fraternal Order of Police Lodge 116F 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 Treasurer Ronald Krylock and you on June 4, 2009, 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 Civil Service Reform Act of 1978 (CSRA) as well. Therefore, as a general rule, labor organization 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 Lodge 116F's 2006 records revealed the following recordkeeping violations:

1. Meal Expenses

Lodge 116F records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers incurred meal expenses.

2. Failure to Maintain Records

The audit revealed that Lodge 116F did not always maintain records. For example, the union failed to maintain some bank statements, cancelled checks, invoices for legal fees, invoices for union cell phones, and receipts for office supplies. All union records must be retained.

Based on your assurance that Lodge 116F 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 Labor-Management Reporting and Disclosure Act (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-3) filed by Lodge 116 for fiscal year ending December 31, 2006, was deficient in that:

1. Failure to File Timely LM-3

The law requires unions to file an LM form within 90 days after the completion of the union's fiscal year. Since the union's fiscal year ended on December 31, 2006, the LM-3 report was due by March 31, 2007. However, Lodge 116F did not file this report until July 17, 2007. In addition, the union's fiscal year ending December 31, 2007 LM-3 report, which was due on March 31, 2008, was not filed until September 11, 2008. Based on your assurance that you will file the report on time in the future, no additional enforcement action will be taken at this time.

2. Failure to Report Some Disbursements

Lodge 116F sponsored a golf outing. Review of the LM-3 report revealed that the union failed to report disbursements related to the golf outing on its 2006 LM-3 report. All disbursements made by Lodge 116F must be reported in Items 45 through 54 of the LM-3 report.

I am not requiring that Lodge 116F file an amended LM report for 2006 to correct the deficient items, but Lodge 116F has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

The audit disclosed the following other issue:

Signatories on Bank Accounts

The audit revealed that the union's former officers were still signatories on some of the union's bank accounts. OLMS strongly recommends that Lodge 116F review its internal controls to make sure that only current officers are signatories on the union's bank accounts.

I want to extend my personal appreciation to Fraternal Order of Police Lodge 116F for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials

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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: Ronald Krylock, Treasurer