



June 20, 2011

Mr. Earl Reed, Financial Sec-Treasurer
Yale Police Benevolent Asn
6 Cedar Street
Killingworth, CT 06419

Case Number: [REDACTED]
LM Number: 519452

Dear Mr. Reed:

This office has recently completed an audit of Yale Police Benevolent Asn 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 17, 2011, 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.

Record Keeping 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 the Yale Police Benevolent Association's 2009 records revealed the following recordkeeping violations:

1. No minutes

No minutes were maintained for executive board and general membership meetings held in 2009. Minutes should be kept for all union meetings conducted.

2. Lost Wages/Salary/Stipend

No back-up documentation was kept for Lost Wages/Salary/Stipend amounts paid to union officers and members spent on union business. Yale Police Benevolent Asn did not retain adequate documentation for lost wage reimbursement payments to Richard Simons totaling at least \$128, or to employees [REDACTED] totaling at least \$576.16, and [REDACTED] totaling at least \$118. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Yale Police Benevolent Asn paid officers and members for hours worked (not clear from records whether lost time or a stipend for personal hours spent on union business).

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Yale Police Benevolent Asn may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

3. Expense Checks

There was no back-up documentation for various officer expense checks (such as check # 2064 to RS Grace Schenkle for X-mas party, \$387.99; various reimbursements to Earl Reed, [REDACTED], and Richard Simons for food and supplies). Yale Police Benevolent Asn either did not require officers and employees to submit itemized receipts for meal expenses or did not maintain the receipts submitted. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206. Yale Police Benevolent Asn 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. For example, Check # [REDACTED] 01/07/09 to Jack's Grill (\$160), Check # [REDACTED] 02/06/09 to [REDACTED] (\$134.75), noted as reimbursement for supplies bought at Staples, Check # [REDACTED] 03/04/09 to Richard Simons, Check # [REDACTED] 11/17/09 to Earl Reed (\$45.98) for coffee/bagels did not have supporting documentation. 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 or employees incurred meal expenses.

4. Check Register

No clear record of checks written was maintained; the only record of checks written was from bank records (copies of front of checks cashed). It was impossible to tell if checks were voided or still outstanding.

Based on your assurance that Yale Police Benevolent Asn 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 Yale Police Benevolent Asn for the fiscal year ended December 31, 2009, was deficient in the following areas:

1. Disbursements to Officers (LM-3)

Yale Police Benevolent Asn did not include some reimbursements to officers totaling at least \$3,375 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48.

The union must report most direct disbursements to Local 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).

2. Money Market Account Reported As Investments

Yale Police Benevolent Asn improperly included the value of its Webster Money Market Account as an investment in Statement A (Assets and Liabilities). For LM reporting purposes, OLMS considers bank accounts such as this money market account to be cash. The purchase or redemption of a certificate of deposit or transfer of money from the general fund to a money market fund is a transfer of cash from one account to another and, therefore, the local should not report these transactions as receipts or disbursements.

I am not requiring that Yale Police Benevolent Asn file an amended LM report for 2009 to correct the deficient items, but Yale Police Benevolent Asn has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Yale Police Benevolent Asn 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: Mr. Richard Simons, President