

U.S. Department of Labor
Office of Labor-Management Standards
Washington District Office



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June 29, 2018

Ms. Gloria Shelton, President
Security Police Fire Professionals of America
Local 443

Case Number: 450-6008703 [REDACTED]
LM Number: 545002

Dear Ms. Shelton:

This office has recently completed an audit of Security Police Fire Professionals of America (SPFPA) Local 443 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 on May 21, 2018, 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 SPFPA Local 443's 2015 records revealed the following recordkeeping violations:

1. Failure to Maintain Disbursement Records

Local 443 failed to retain adequate documentation for several disbursements for items such as food and electronics, and the documentation that was maintained did not

include information about the union purpose for the disbursements. 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. Failure to Maintain Receipt Records

Local 443 did not maintain the statements from the international that accompanied the dues checks. The local also failed to maintain all of the deposit slips for the deposits made into the local's bank account. All union records must be retained.

3. General Reimbursed Expenses

Local 443 did not retain adequate documentation for reimbursed expenses. In addition, the documentation that was retained did not include information about the union purpose for the disbursements. 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.

4. Meal Expenses

Local 443's records of meal expenses did not always include written explanations of union business or the names and titles of the persons incurring the restaurant charges. For example, the union records did not indicate who the food purchased at Dunkin Donuts and Hip Hop Fish and Chicken were for and did not specify the union purpose for the purchases. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who participated in the meal charged to the union. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

5. Lost Wages

Local 443 did not retain adequate documentation for most lost wage reimbursement payments to union officers. 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.

Based on your assurance that Local 443 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 law requires unions to file a Labor Organization Annual Report (Form LM-4) within 90 days after the union's fiscal year. The LM-4 reports for Local 443 have not been filed for 2015, 2016, or 2017.

Local 443 must file an LM-4 for the fiscal years ended March 31, 2015, March 31, 2016, and March 31, 2017. These reports should be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. The LM-4 reports should be filed as soon as possible but no later than July 31, 2018. Before filing, review the reports thoroughly to be sure they are complete and accurate.

Other Issues

During the audit period, Local 443 required only one signature on disbursements from its checking account. A two signature requirement is an effective internal control of union funds as the second signature attests to the authenticity of a completed document already signed. OLMS recommends that Local 443 review its procedures to improve internal control of union funds and adopt a two signature requirement on all union disbursements.

I want to extend my personal appreciation to SPFPA Local 443 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. David L. Hickey, International President