



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

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December 4, 2020

Mr. Curt Figueroa, President
National Association of Special Police
and Security Officers
10 G Street, NW
Suite 600
Washington, DC 20002

Case Number: 450-6017746
LM Number: 530709

Dear Mr. Figueroa:

This office has recently completed an audit of the National Association of Special Police and Security Officers (NASPSO) 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 Lynn Johnson, Director of Labor Relations Gaby Fraser and you on November 16, 2020, 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 NASPSO's 2018 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

NASPSO did not retain adequate documentation for reimbursed expenses to a union employee.

As 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. General Expenses

NASPSO did not retain adequate documentation for some disbursements made during the audit period. For example, adequate supporting documentation was not retained for disbursements to Amazon, Fortress Financial and for rent. All receipts/invoices must be retained.

3. Failure to Record Receipts

NASPSO failed to maintain some records for receipts received by the union during the fiscal year. The union failed to retain some employer dues check off reports and some deposit slips. All union records must be maintained.

4. Information not Recorded in Meeting Minutes

During the audit, the union officers advised OLMS that the executive board authorized all disbursements. Furthermore, Article VII, Section 4 of the NASPSO constitution requires that the executive board authorize expenditures of NASPSO funds. However, NASPSO maintained no meeting minutes or other documentation of the executive board's authorization of union expenditures. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

5. Failure to Track Employee Leave

NASPSO did not maintain records related to the leave for employees. NASPSO must keep records documenting the type and amount of leave used, the leave balances, and approval documentation when unused leave is sold.

Based on your assurance that NASPSO 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 NASPSO for the fiscal year ended December 31, 2018, was deficient in the following areas:

1. Disbursements to Officers

NASPSO did not include some reimbursements to officers in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense).

The union must report most direct disbursements to NASPSO 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.

2. Cash Reconciliation

The audit revealed that the dues receipts reported in Item 38 (Dues) and the total disbursements reported in Item 55 (Total Disbursements) are not the correct figures. All dues received by the union during the fiscal year must be reported in Item 38 and all disbursements made by the union during the fiscal year must be reported in one of the disbursement categories (Items 45 through 54).

3. Benefits

NASPSO failed to report benefits paid to its employee in Item 50 (Benefits). The total of all direct and indirect benefit disbursements must be reported in Item 50. Direct benefit disbursements are those made to officers, employees, members and their beneficiaries. Indirect benefit disbursements are those made from your organization's funds to a separate and independent entity, such as a trust or insurance company for benefits of the covered individuals.

4. Failure to File Constitution and Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. NASPSO amended its constitution and bylaws in 2016, but did not file a copy with its LM report for that year. NASPSO has now filed a copy of its constitution and bylaws.

NASPSO must file an amended Form LM-3 for the fiscal year ended December 31, 2018, to correct the deficient items discussed above. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. The amended Form LM-3 must be filed no later than December 31, 2020. Before filing, review the report thoroughly to be sure it is complete and accurate.

Other Violations

The audit disclosed the following other violation:

1. 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 audit revealed that NASPSO officers and employees were not bonded at the time of the audit. NASPSO 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 December 22, 2020.

Other Issues

1. One Signature on Checks

The audit revealed that NASPSO only requires one signature on union checks. The two-signature requirement is an effective internal control of union funds. OLMS recommends that NASPSO review this procedure to improve the internal control of union funds.

2. Annual Audits

The NASPSO bylaws state that an audit must be conducted annually. However, the audit revealed that an audit of NASPSO was not conducted in 2018. OLMS recommends that NASPSO follow its bylaws and have annual audits.

3. Executive Function

The audit revealed that the NASPSO employee performs some executive functions. Executive functions need to be performed by union officers.

4. Overpayment of Benefits

The audit revealed that some benefits and allowances were paid to the NASPSO employee when she cashed out her unused leave. These payments should only have included the hourly wage for the number of hours being exchanged, as the employee received her benefits with her regular paycheck. The inclusion of the benefits and allowances in the leave payments resulted in the benefit and allowance payments in excess of what the employee was entitled to in her employment agreement. The NASPSO employee was overpaid \$1,334.99 during the audit period. The employee has agreed to repay the union for these overpayments.

5. Overpayment of Salary

The audit revealed that the NASPSO employee received duplicate paychecks by the union's payroll company on two occasions resulting in overpayments of \$8,385.99. The employee has agreed to repay the union for these overpayments.

I want to extend my personal appreciation to NASPSO 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: Ms. Lynn Johnson, Treasurer