

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



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May 4, 2022

[REDACTED], Organizing Director
Law Enforcement Officers Security & Police
[REDACTED]
[REDACTED]

Case Number: 450-6020590([REDACTED])
LM Number: 544-302

Dear [REDACTED]:

This office has recently completed an audit of United Security and Police Officers of America (NUSPO) 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). You stated during the exit interview that NUSPO will merge with Law Enforcement Officers Security and Police Benevolent Association. As discussed during the exit interview with Certified Public Accountant [REDACTED], Attorney [REDACTED], and you on April 26, 2022, 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 NUSPO's 2019 records revealed the following recordkeeping violations:

1. General Reimbursed and Check Card Expenses

NUSPO did not retain adequate documentation for reimbursed expenses and check card purchases incurred by union officers. For example, the union did not keep receipts for purchases on the union check cards for things such as hotels, florist, parking, gift cards and office expenses.

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. Meal Expenses

NUSPO did not require officers and employees to submit itemized receipts for meal expenses. 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.

NUSPO 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, there were meal charges at Cadillac Ranch and Harbor Grille. 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.

3. General Expenses

NUSPO did not retain sufficient documentation for several disbursements made by the union. For example, the union did not keep some receipts for the attorney and arbitration.

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.

4. Disposition of Property

NUSPO did not maintain an inventory of gift cards that were purchased and given away. The union must report the value of any union property on hand at the beginning and end

of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30. In addition, the union must retain records that identify the date the items were given away and the recipients of those items.

5. Lack of Salary Authorization

The union needs to maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 were the authorized amount before checks are issued to the officers and are correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries. In addition, minutes of all meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that the union 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 NUSPO for the fiscal year ended December 31, 2019, was deficient in the following areas:

1. Officers' Salary

NUSPO did not correctly report Vice President Ishun Richards' earnings in Item 24, (All Officers and Disbursements to Officers), Column D (Gross Salary). The union must report the gross salary of each officer before tax withholdings and other payroll deductions in Item 24, Column D. This amount should include disbursements for time devoted to union activities.

2. Chronically Delinquent Filings

The Labor Organization Annual Report, Form LM-3, is required to be filed within 90 days of the end of a labor organization's fiscal year. NUSPO failed to file its LM-3 report by this deadline in each of the past ten years. The president and secretary-treasurer are personally responsible for timely filing the union's LM-3 report. NUSPO future failure to timely file the LM-3 report could result in the initiation of enforcement proceedings.

3. Delinquent LM Report

The union failed to file the LM-3 report for fiscal year ending December 31, 2021. The president and secretary-treasurer are personally responsible for timely filing the union's LM-3 reports. The union must file this delinquent report as soon as possible, but no later than May 18, 2022. NUSPO's failure to timely file the LM-3 reports in the future could result in the initiation of enforcement proceedings.

I am not requiring that the union file an amended LM report for 2019 to correct the deficient item, but the union has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Use of Signature Stamp

During the audit, President ShaDawn Prince advised that Certified Public Accountant [REDACTED] has a signature stamp of Prince's signature. 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. However, the use of a signature stamp for the second signer does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that the union review these procedures to improve the internal control of union funds.

2. One Signature on Checks

During the opening interview, NUSPO's union officials stated only one signature was required for checks. The two-signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document. OLMS recommends that the union review these procedures to improve the internal control of union funds.

I want to extend my personal appreciation to the union 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,

[REDACTED]

Compliance Specialist

cc: [REDACTED], Certified Public Accountant