

U.S. Department of Labor

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September 12, 2008

Ms. Kathy McGee, Secretary Treasurer
Renaissance Police Officers Association
100 N. Renaissance Dr.
Detroit, MI 48243

LM File Number 517-564

Case Number: ||| ||| ||| ||| ||| ||| ||| |||

Dear Ms. McGee:

This office has recently completed an audit of RPOA 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 Aaron Carignan, and M. Catherine Farrell on September 18, 2008, 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 RPOA's 2007 and 2008 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

RPOA did not retain adequate documentation for reimbursed expenses incurred by former president [REDACTED], former secretary treasurer [REDACTED], and former chief steward [REDACTED] totaling at least \$159. For example, on August 31, 2007, check [REDACTED] was paid to [REDACTED] in the amount of \$100, reimbursing him for a Renaissance Annual Golf Outing donation made on behalf of RPOA. A flyer for the golf outing was submitted as documentation for the expense with the handwritten notation, "# [REDACTED], 8/31/07, \$100.00 donation." This documentation is inadequate as it is not an original receipt generated by the recipient of the donation.

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. Meal Expenses

RPOA did not require officers to submit itemized receipts for meal expenses totaling at least \$59. 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.

RPOA 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, [REDACTED] submitted a receipt for a meal on September 10, 2007, at Andrews on the Corner, totaling \$20.27. The receipt is not itemized, and there is no explanation of who was present or what union business was conducted. 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. Lost Wages

RPOA did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$5,194. 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 RPOA officers did not submit any sort of voucher or documentation supporting any claim for lost time. The union wrote checks to officers for lost wages despite not having the required documentation.

During the exit interview, I provided a sample of an expense voucher RPOA 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.

4. Failure to Record Receipts and Receipt Dates and Sources

RPOA did not record in its receipts records some receipts totaling at least \$56. For example, a deposit of \$50 was made to the union's savings account on May 1, 2008. There is no record of this receipt in the union's books, and subsequently, no documentation of the source or date of the receipt.

Union receipts records must include an adequate identification of all money the union receives, including the date and amount received, and the source of the money. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

Other Issues

1. Expense Policy

As I discussed during the exit interview with you, Ms. McGee, and Mr. Carignan, the audit revealed that RPOA does not have a clear policy regarding the types of expenses personnel may claim for reimbursement and the types of expenses that may be expended not exceeding the sum of one hundred dollars. OLMS recommends that unions adopt written guidelines concerning such matters.

2. Signing Blank Checks

During the audit, you advised that Brian Yoblonski signed a blank check before going on leave. Your union's bylaws require that all checks be signed by the treasurer and one other officer. 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, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that RPOA review these procedures to improve internal control of union funds.

3. Checks to Cash

RPOA issued two checks to "cash" during the audit period. Checks to "cash" may be easily negotiated by unauthorized individuals. An effective internal control that your union should consider implementing to prevent this from occurring is to prohibit the practice of drawing checks to "cash," and issue each check in the name of the intended payee.

4. Documentation and Identification of Receipts

RPOA failed to maintain documentation for receipts and deposited items totaling at least \$2,363. For example, June's 2008 dues reimbursement check for \$1,260.60, was recorded in union books on August 7, 2008. However, RPOA did not maintain the voucher for this reimbursement or a bank deposit slip documenting

the check was actually deposited. Also, the union has not yet received their bank statement for August 2008. RPOA has no documentation that the money was deposited to the appropriate account. Your union should maintain identification for the source, amount, and date of receipt, as well as documentation that the receipt was deposited, such as a deposit slip. This practice will ensure receipts are deposited into the proper accounts.

5. Accuracy of Records

RPOA failed to maintain an accurate record of their checking and savings account balances. First, RPOA did not maintain any record for their savings account. It is important to maintain a union record for all accounts in order to document the purpose of all transactions made on accounts.

In addition, the audit year's ending balance for RPOA's checking account is recorded on check stub [] as \$4,085.85. The balance, however, should be \$3,863.66. This balance is off due to errors in recording receipts and disbursements. For example, check stub [] beginning balance is \$4,082.20. Check [], dated 8/13/07, for \$32.03 was deducted from that total amount, and \$4,050.17 was entered as the ending balance. The next check stub numbered [], however, has a beginning balance of \$4,082.20. Therefore the beginning balance on check stub [] is incorrect. This type of error occurred at least six times during the audit year. It is important the union maintain an accurate record of its bank accounts to ensure the fulfillment of its fiduciary responsibilities.

I want to extend my personal appreciation to RPOA 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,

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Investigator

cc: Aaron Carignan, President
M. Catherine Farrell, Esq.