



May 29, 2012

Mr. Stephen Carroll, President  
Fraternal Order of Police  
First Lodge 01  
PO Box 17242  
Philadelphia, PA 19105-7242

Case Number: [REDACTED]  
LM Number: 503-948

Dear Mr. Carroll:

This office has recently completed an audit of Fraternal Order of Police (FOP), Lodge 1F under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Civil Service Reform Act of 1978 (CSRA), 5 U.S.C. 7120, and the Department's regulations, 29 CFR 458. As discussed during the exit interview with you on October 20, 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.

#### Recordkeeping Violations

Title II of the Labor-Management Reporting and Disclosure Act (LMRDA) establishes certain reporting and recordkeeping requirements. Section 206 of the LMRDA and Title 29 of the Code of Federal Regulations (C.F.R.) Section 403.7 require, among other things, that labor organizations maintain adequate records for at least five years after reports are filed by which the information on the reports can be verified, explained and clarified. Pursuant to 29 C.F.R. Section 458.3, this recordkeeping provision of the LMRDA applies to labor organizations subject to the requirements of the CSRA as well. Therefore, as a general rule, labor organization must retain 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 FOP Lodge 1F's 2010 records revealed the following recordkeeping violations:

1. General Expenses

The union did not retain adequate documentation for a cash withdrawal made by you via an automated teller machine (ATM) card in December 2010 for the union's holiday party totaling \$160.00. The union also failed to maintain adequate documentation for three check disbursements made payable to Stephen DeNigris, Esq. for legal services rendered. The union also did not maintain invoices for monthly automated debit card purchases made from the union's checking account for the purpose of Recording Secretary Jacob DeBruin's union assigned cell phone.

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. Failure to Record and Maintain Receipts Records

The union failed to maintain employer dues check-off reports for the audit period. The union also failed to record in its receipts records employer dues check-off checks received totaling at least \$21,910.00. The receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

The union does not maintain a receipts journal or similar document recording the date when receipts were received. Union receipts records must show the date of receipt. 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.

Based on your assurance that FOP Local 1F will retain adequate documentation in the future, the Office of Labor-Management Standards (OLMS) will take no further enforcement action at this time regarding the above violations.

Reporting Violations

Pursuant to 29 C.F.R., Section 458.3, the reporting requirement under 29 C.F.R. Section 403.2 (see Section 201(b) of the LMRDA) is made applicable to labor organizations subject to the requirements of the CSRA. This provision requires labor organizations to file annual financial reports that accurately disclose their financial condition and operations. The audit disclosed the following violation of this requirement:

1. Delinquent Reports

The union was delinquent in filing Labor Organization Annual Report Form LM-3 for the fiscal years ending December 31, 2009 and December 31, 2010.

The law requires the president and treasurer or corresponding principal officers of each labor organization to file an annual financial report with OLMS within 90 days after the end of its fiscal year. Any labor organization which has terminated and ceased to exist or lost its identity through merger or consolidation must file a terminal financial report within 30 days of such action.

On May 25, 2012 FOP Lodge 1F filed Form LM-3 for fiscal year ending December 31, 2009 and on January 12, 2012 FOP Lodge 1F filed Form LM-3 for fiscal year ending December 31, 2010. The union is currently delinquent in filing Form LM-3 for fiscal year ending December 31, 2011. You advised that you are in the process of preparing Form LM-3 for fiscal year ending December 31, 2011. Please provide the delinquent report to this office as soon as possible but no later than June 8, 2012.

2. Failure to File Bylaws

Pursuant to 29 C.F.R. Section 458.3, the requirement under 29 C.F.R. Section 402.4 implementing LMRDA Section 201(a) is made applicable to labor organizations subject to the requirements of the CSRA. This provision requires labor organizations to file copies of any revised constitution and bylaws when it files its annual financial report. The audit disclosed a violation of this requirement. FOP Lodge 1F amended its constitution and bylaws, but did not file the required copies with its LM report for the year amended.

As agreed, FOP Lodge 1F will file a copy of its current constitution and bylaws with the union's delinquent Form LM-3 for fiscal year ending December 31, 2011. Please provide the delinquent report with attached constitution and bylaws as soon as possible but no later than June 8, 2012.

I want to extend my personal appreciation to Fraternal Order of Police, Lodge 1F 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. Jacob DeBruin, Recording Secretary