

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



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June 20, 2016

Mr. Arthur Dunston, President
Security, Police, Fire Professionals, Ind Local 452
4107 Cedar Road
Apartment B
Portsmouth, VA 23703

Case Number: 450-4512986 [REDACTED]
LM Number: 540756

Dear Mr. Dunston:

This office has recently completed an audit of Security, Police, Fire Professionals of America (SPFPA) Local 452 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 you and Financial Secretary Michael Owens on April 11, 2016, 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.

Record Keeping 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 452's 2013 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 452 did not retain adequate documentation for reimbursed expenses incurred by officers. The union records did not have invoices, bills, or receipts for any of Mr. Dunston's cell phone bills, the accountant's monthly fee, or the local union hall rental fee. Additionally, the receipts that were included in the union's records did not adequately reflect who incurred the expenses or what the union purpose was.

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. Reimbursed Auto Expenses

Former SPFPA Local 452 Financial Secretary [REDACTED] and Mr. Dunston received reimbursement for business use of their personal vehicles but did not retain adequate documentation to support payments to them during 2013. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

3. Lost Wages

Local 452 did not retain adequate documentation for lost wage reimbursement payments to Mr. Dunston totaling at least \$8,206.64. 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 Local 452 accepted timesheets from Mr. Dunston and paid him lost wages on vouchers that did not specify the nature of union business conducted while losing the time. Local 452 also did not verify Mr. Dunston's timesheets against his employer's records. Most of the lost wage vouchers provided to the union did not contain Mr. Dunston's supervisor's signature.

I have included a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 452 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. Missing Records – Check-off reports

Local 452 did not maintain all of the union's check-off reports during the fiscal year. The union must maintain all the records provided by the employer to satisfy the recordkeeping requirement of LMRDA Section 206.

Based on your assurance that Local 452 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 LM-3 filed by Local 452 for the fiscal year ended March 31, 2013, was deficient in the following areas:

1. Disbursements to Officers (LM-3)

Local 452 did not include some reimbursements to Mr. Dunston totaling at least \$1,855.16 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments with Mr. Dunston's salary.

Local 452 did not report any reimbursements to [REDACTED] while he actually received reimbursements from the local totaling at least \$2,253.41 for various expenses throughout the audit period.

The union must report most direct disbursements to Local 452 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 (Office and Administrative Expense).

2. Failure to File 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. Local 452 amended its constitution and bylaws and never filed an updated version of its bylaws. Local 452 has now filed a copy of its amended bylaws.

I am not requiring that Local 452 file an amended LM report for 2013 to correct the deficient items, but Local 452 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

The audit disclosed the following other issues:

1. Loans to Officer

As I discussed during the exit interview, the audit revealed that Local 452 issued a loan in the amount of \$300 to Mr. Dunston in August 2012. There was nothing in the union's

records to determine the purpose for the loan or the repayment requirements. While Mr. Dunston did repay the loan in October 2012, OLMS recommends that Local 452 adopt a written contract between the local and any person receiving a loan in the future with the requirements stated.

2. Meeting Minutes

The audit revealed that Local 452 did not maintain membership meeting minutes for the entire fiscal year. OLMS recommends that membership meeting minutes are maintained, particularly those pertaining to financial matters of the local in order to have written documentation.

During the exit interview, you and Mr. Owens advised that SPFPA no longer allows the locals to provide officers with loans. You also stated that membership meetings are held, but most times members do not arrive and a quorum is not met.

I want to extend my personal appreciation to SPFPA Local 452 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,



Senior Investigator

cc: Mr. Michael Owens, Financial Secretary