

U.S. Department of Labor

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June 14, 2010

Mr. Clarence Davis, Treasurer
Police, Security, and Fire Professionals of America
Local 511
2035 West Venango Street
Philadelphia, PA 19140

LM File Number 516-773
Case Number: [REDACTED]

Dear Mr. Davis:

This office has recently completed an audit of Police, Security, and Fire Professionals Local 511 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 President Ruth Mangum and you on May 28, 2010, 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 Local 511's 2008 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 511 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by former Treasurer [REDACTED], former President [REDACTED] and yourself totaling at least \$2,888.56. For example, the local failed to maintain supporting documentation for the purchase of Northwest Airline tickets for from Philadelphia, PA to Detroit, MI on May 29, 2008 totaling \$373.88.

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. Information not Recorded in Meeting Minutes

Article VI. Finances, of the Philadelphia Security Officers Union Constitution and Bylaws states:

"...Any expense in excess of \$500 must be approved by a majority of the membership in attendance at a general membership meeting."

Although the audit did not reveal one single purchase totaling over \$500, the local disbursed several payments to a single vendor(s) totaling over \$500. For example, the local incurred charges to Public Storage for approximately \$131.86 per month during fiscal year ending December 31, 2008. At the start of the audit you advised me that in 2008, the local did not hold any membership meetings, and therefore

meeting minutes were not maintained. During this exit interview, President Mangum and you advised me that currently the local holds meeting once per month in accordance with its constitution and by-laws. Minutes of all membership meetings must report all disbursement authorizations made at those meetings.

3. Lack of Salary Authorization/ Lack of Lost Time Policy

Local 511 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was 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, Local 511 failed to maintain a document that explains the local's lost time policy. At the start of the audit you explained that former Treasurer John Thomas should not have been paying himself for lost wages as a retired member. Although the audit did not reveal any discrepancies regarding payments to Thomas for conducting union business, the local did not maintain a document that explains who is entitled to lost time, the circumstances in which the lost time is permitted, and the amount to which lost time is paid.

As agreed during the exit interview, please provide OLMS with a document indicating the approved officer salary amounts and adopted lost time policy as soon as possible, but no later than July 31, 2010.

Based on your assurance that Local 511 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 Local 511 for fiscal year ending December 31, 2008, was deficient in the following areas:

1. Delinquent Filing

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 within 90 days after the end of your labor organization's fiscal year (12-month reporting period). Local 511's LM-3 report was due on March 31, 2009, but was filed on June 7, 2009.

2. Disbursements to Officers

Local 511 did not include some reimbursements to officers totaling at least \$3,063.93 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 Local 511 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).

3. 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 511 amended its constitution and bylaws in 2008, but did not file a copy with its LM report for that year.

Local 511 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 511 file an amended LM report for 2008 to correct the deficient items, but Local 511 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

Use of Signature Stamp

The audit revealed that former Local 511 Treasurer [REDACTED] signed all union checks with a signature stamp. Article III, Sections 3 & 6 of Local 511's bylaws requires that checks be signed by the president and treasurer. 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 Local 511 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Police, Security, and Fire Professionals Local 511 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]

Investigator

cc: President Ruth Mangum