

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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May 18, 2010

Mr. Juan Galvan, Treasurer
Security, Police, and Fire Protection Professionals Ind.
Local 214
233 Hanover Road
Cedar Rapids, IA 52404

LM File Number 526-793
Case Number: [REDACTED]

Dear Mr. Galvan:

This office has recently completed an audit of Security, Police, and Fire Protection Professionals Ind. (SPFP) Local 214 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 on March 30, 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.

1. General Expenses & Disbursements

Local 214 did not retain adequate documentation for union disbursements and expenses totaling at least \$3,139.67. For example, backup records could not be located for the following disbursements: a \$87.24 Merchant Sales Draft on April 1, 2008, to Comfort Inn; a \$160 Merchant Sales Draft on April 1, 2008, to Country Kitchen Restaurant; a \$310.79 Merchant Sales Draft on April 11, 2008, to Expedia Travel; a \$107.88 Merchant Sales Draft on April 11, 2008, to Newport Flowers; two a \$582 Merchant Sales Draft on April 17, 2008, to American Airlines; a \$37.45 Merchant Sales Draft on June 16, 2008, to The Flower Mill; a \$29.50 Merchant Sales Draft on April 1, 2008, to Romulus; a \$1,086.50 check (number [REDACTED]) issued on October 10, 2008, to Cedar Rapids Bell Club; and a \$156.31 Merchant Sales Draft on March 19, 2009, to Hy Vee Drug Store.

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. Failure to Record Receipts and Disbursements

Local 214 did not maintain a receipts journal and therefore, failed to record its receipts records from employer dues checkoff for the entire audit year. Union 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.

Local 214 did not maintain a disbursements journal. Copy of the issued checks were maintained; however, there was no union record showing the Merchant Sale Drafts noted on the bank statements.

3. Information not Recorded in Meeting Minutes

During the audit, Mr. Galvan advised OLMS the local did not maintain meeting minutes for the audit year. According to the SPFP International Constitution and Bylaws Article XXVII, Section 3, the Recording Secretary has the duty to keep a correct record of the proceedings of the local union. In addition, minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 214 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 214 for fiscal year ending March 31, 2009, was deficient in the following areas:

1. Cash Reconciliation

It appears that the cash figures reported in Item 25 are not the cash figures according to the union's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements. The local did not maintain a receipts or disbursements journal. In addition, it appears the LM-3 double counted the local's interest resulting in an incorrect reconciliation on the report.

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 214 amended its constitution and bylaws in 2006, but did not file a copy with its LM report for that year.

Local 214 has now filed a copy of its constitution and bylaws.

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I am not requiring that Local 214 file an amended LM report for 2009 to correct the deficient items, but Local 214 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to SPFP Local 214 for the cooperation and courtesy extended during this compliance audit. I 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: Kevin Klawiter, President
4561 Willow Street
Palo, Iowa 52324