

U.S. Department of Labor

Employment Standards Administration
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January 21, 2009

Mr. Robert Connelly, President
SPFPA Local 547
Box 6724
Boston, MA 02114

LM File Number: 543-331
Case Number: [REDACTED]

Dear Mr. Connelly:

This office has recently completed an audit of the Security, Police, and Fire Professionals of America (SPFPA) Local 547 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 January 16, 2009, 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 SPFPA Local 547 2007 records revealed the following recordkeeping violations:

1. Information not Recorded in Meeting Minutes

During the opening interview, Mr. Connelly indicated that the executive board votes to authorize union disbursements, however, no minutes of these disbursement authorizations were kept. The Constitution and By-Laws of the International Union of Security, Police, and Fire Professionals of America Article XXXIII, Section 1, states, "The funds of each Local Union shall be used to all necessary expenses which must be approved by the Local Union in regular meeting." Local 547 disbursed at least \$1,355.74 to the First Equity Corporation and provided no documentation of meeting minutes authorizing such expenditures.

2. Record of Receipts

Local 547 did not maintain any type of record that indicates the date on which money was received. 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. 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 received 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.

3. General and Credit Card Expenses

Local 547 did not retain adequate documentation for general expenses and credit card expenses incurred by the union and President Robert Connelly totaling at least \$811.65. For example, check # [REDACTED] was drawn on the union's [REDACTED] account in the amount of \$272.53. However, no supporting documentation indicating the date the check was drafted, the payee, or the purpose of the disbursement was found in the union records.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

Based on your assurance that Local 547 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 547 for fiscal year ending March 31, 2007, was deficient in the following areas:

Total Receipts/Total Disbursements Reported

The cash figures reported by the union in Item 44 (Total Receipts) and Item 55 (Total Disbursements) are not the cash figures according to the union's records. Local 547 reported receiving \$15,381 in dues in Item 38. Local 547 actually received \$10,654.81 in remittance payments from their international and \$40.46 in back dues payments from member Willard Smith during the audit year. Because the remittance payments and the back dues payment received make up the entirety of total receipts for the audit year, Item 44 should indicate \$10,695 for Total Receipts.

Local 547 reported paying \$23,072 in per capita tax. Because the SPFPA International actually received the dues check off payments and remitted 40% of these payments back to Local 547, the amount in this Item should be zero. Local 547 also reported \$6,152 in Office and Administrative Expenses, Item 48. The actual amount of Office and Administrative Expenses for Local 547 for the audit year was \$2,905.55, and because all of the union's disbursements were for office and administrative expenses, \$2,905.55 is the amount of Total Disbursements that should have been reported in Item 55.

I am not requiring that Local 547 file an amended LM report for 2007 to correct the deficient items, but Local 547 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

Book Record

Local 547 does not currently maintain a book record of receipts and disbursements, although it does maintain copies of checks, check stubs, and deposit receipts to support transactions. OLMS recommends that Local 547 keep some type of union record which would serve to chronicle account balances and keep an accurate accounting of money received and disbursed by the union during the fiscal year.

I want to extend my personal appreciation to Local 547 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,

Mark Letizi
District Director

cc: Martin Kane, Treasurer