

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
Philadelphia District Office  
170 S. Independence Mall West  
Room 760  
Philadelphia, PA 19106  
(215)861-4818 Fax: (215)861-4819



July 31, 2008

Ms. Dorothy Johnson, Treasurer  
SEIU Local 612, AFL-CIO  
6135 Delancey Street  
Philadelphia, PA 19143

LM File Number 067-996

Case Number: [REDACTED]

Dear Ms. Johnson:

This office has recently completed an audit of 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 July 31, 2008, 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 612's 2007 records revealed the following recordkeeping violations:

1. General Expenses

Local 612 did not consistently retain adequate documentation for expenses incurred by the union totaling at least \$1,200.00. For example, the local rents the Berean Presbyterian Church located at 21<sup>st</sup> and Diamond in Philadelphia, PA for its membership meetings. Only one contract/agreement was maintained for back-up documentation, an agreement for meetings held March 17, 2007 and April 2, 2007 from 1:00 p.m. to 3:00 p.m. for a total of \$400.00. Invoices were not maintained for the remaining six months in which meetings were held. These invoices are necessary to verify that all disbursements are for union purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206. You have since provided invoices for the remaining six months in which meetings were held.

2. Information not Recorded in Meeting Minutes

During the audit, Ms. Johnson advised OLMS that the executive board authorized a \$150.00 annual phone expense for four officers at its November 2007 meeting. Discussion of the expense was recorded in the meeting minutes however, the minutes of the meeting do not contain any reference to the authorization or approval for the expense. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings. You have since amended the meeting minutes to notate the authorization of the expense.

Based on your assurance that Local 612 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issue

The audit disclosed the following other issues:

Countersignature (Signing Blank Checks)

During the audit, you advised that one authorized signatory occasionally signs blank checks in advance. The countersignature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, countersigning a blank check in advance does not attest to the authenticity of a completed check, and completely circumvents and undermines the whole purpose of the countersignature requirement. I recommend that Local 612 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation 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: John Addison, President  
Bruce Ludwig, Esq.