

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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September 22, 2006

Mr. Larry Singer, Financial Secretary
Fraternal Order of Police
Lodge 113
4040 Chestnut St
Philadelphia, PA 19104

Re: Case Number: XXXXXXXXXX

Dear Mr. Singer :

This office has recently completed an audit of FOP Lodge 113, Penn Police 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 Larry Singer on September 14, 2006, 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 record keeping requirements. Section 206 requires, among other things, that adequate records be maintained 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipients of the goods or services.

The following record keeping violations were revealed during the audit of Local Lodge 113's 2004 records:

Lodge 113 failed to maintain the backup documentation for its credit card disbursements charged by officers of the local. In addition to the statements provided

by the credit card company, the local must maintain the signed receipts and invoices from the vendors. In the case of meals charged to the credit card, the persons attending the meal as well as the union business that was discussed during the meal or the purpose of the meal.

Additionally, Lodge 113 failed to maintain a record of all receipts received during the fiscal year. The record must include the date, amount, payer, and purpose/source of every receipt of monies.

As agreed, provided that Local Lodge 113 maintains adequate documentation for its receipts and disbursements in the future, no additional enforcement action will be taken regarding this violation.

Reporting Violations:

The CAP disclosed a violation of LMRDA section 201(b), because the Labor Organization Annual Report (Form LM-3) filed by Local Lodge 113 for fiscal year ending December 31, 2004 was deficient in the following areas:

The union did not file an accurate financial report (Form LM-3) with the Secretary. Lodge 113 reported all receipts from the University of Pennsylvania as dues. However, the University also reimbursed the local for members who attended the union's Christmas party. The reimbursed funds should have been listed in Item 44 "Other Receipts."

I am not requiring that Local Lodge 113 file an amended LM-3 report for 2004 to correct the deficient items, but as agreed, your union will properly report the deficient items on all future reports filed with this agency.

Other Findings:

Because the union created record that described each individual disbursement was not created until the end of the fiscal year, OLMS advised the union to begin to keep a disbursements journal that would have each check entered into it as it was written. The journal, like the current record, would include the date, amount, payee, check number, and purpose of each check.

OLMS also advised the union of the procedure to maintain a receipts journal. Such a record would assist in accurately filing the lodge's LM-3 Annual Financial Report because it would keep all receipts figures in one place and clearly delineate the source

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of all receipts. Receipts journals in their most basic form include columns of payer/source, purpose, amount, and date received.

I want to extend my personal appreciation to FOP Lodge 113, Penn Police 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,

Peter Papinchak
District Director