

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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July 21, 2006

Andre Lewis
Treasurer
Government Security Officers
Local 44
7715 Tinkers Creek Drive
Clinton, MD 20735

Re: Case Number: ~~XXXXXXXXXX~~

Dear Mr. Lewis :

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 Fayon Kellam and you on July 21, 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 recordkeeping requirements. Section 206 requires, among other things, that adequate records be maintained for at least 5 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 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 note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

In the case of receipts, the date, amount, and source of all money received by the union must be recorded in at least one union record. Bank records and canceled checks must also be retained for all accounts.

The audit of Local 44's 2005 records revealed the following recordkeeping violations:

1. Officer Expenses

Union officers failed to maintain adequate documentation for reimbursed expenses and for expenses charged to union credit cards that were direct-paid by the union. The date, amount, and business purpose of every expense must be recorded on at least one union record.

2. Canceled Checks

Local 44 failed to retain copies of canceled checks provided by the bank with the union's bank statements during the audit period. All canceled checks must be retained.

3. Receipts

Local 44 failed to retain in its records documents related to the receipt of money. The union failed to keep dues check-off lists and check stubs received from the employer for some dues payments. All of these records must be retained.

As agreed, provided that Local 44 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding these violations.

Reporting Violations

The CAP 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 audit revealed the following reporting violations:

1. Delinquent LM Report

The law requires union's to file a Labor Organization Annual Report (Form LM -3) within 90 days after the completion of the union's fiscal year. Since the union's fiscal year ended on December 31, 2005, the LM-3 report was due by March 31, 2006. However, the union's LM-3 report was not received until July 18, 2006. As agreed, provided that the union files the LM-3 report within 90 days after the end of the fiscal year in the future, no additional enforcement action will be taken regarding this violation.

2. Failure to File Bylaws

The CAP 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 constitution and bylaw changes are made. A copy of Local 44's constitution and bylaws has now been filed.

Other Issues

The audit disclosed the following other issues:

1. Signature Requirement

During the audit you advised that checks are not always signed by two officers and that there are times when just you sign checks. Your union's bylaws require that all checks be signed by the president and treasurer. The two signature requirement is an effective internal control of union funds. Its purpose is to have two officers attest to the authenticity of a completed document. However, the signature of only one officer completely circumvents and undermines the whole purpose of this requirement. I recommend that Local 44 review these procedures to improve the internal control of union funds.

2. Meeting Minutes

Local 44 failed to record minutes of meetings. I strongly recommended that meeting minutes from all membership and executive board meetings be taken to improve the internal control of union funds.

3. Lost Time

During the audit, I advised you that the union's lost time policy could not be found in the union records. I recommend that Local 44 document the lost time policy in its bylaws or record them in meeting minutes or some other internal document (following discussion in the appropriate membership and/or executive board meeting). When the lost time policy has been recorded in the union records, please forward a copy of the record documenting the authorization to me at the above address.

I want to extend my personal appreciation to United Government Security Officers of America Local 44 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,


Investigator

cc: Fayon Kellam, Vice President
Raleigh Harsley, President