

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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August 13, 2008

Ms. Debbie Brosh, Secretary Treasurer
Highlands Nurses Association and Lab Techs
714 Stauffer Avenue
Scottsdale, PA 15683

LM File Number 529-043

Case Number: [REDACTED]

Dear Ms. Brosh:

This office has recently completed an audit of Highlands Nurses Association and Lab Techs 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 disbursement, 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 Highlands Nurses Association and Lab Techs records revealed the following recordkeeping violations:

1. General Records

The union failed to maintain records that support the general course of union business. For example, the union was missing bank statements for September 2004, September 2005, April 2006, September 2006, November 2006, and February 2007 as well as several deposit tickets from Scottdale Bank and Trust account number

The audit disclosed that missing from the union records was a receipt from Wal-Mart for check number [REDACTED] for \$1,500 dated 12/24/07 for 75 gift certificates. The records also lacked some form of supporting documentation to verify and explain to whom the \$20 gift certificates were distributed.

As previously noted above, according to Section 206 of the LMRDA, records must be maintained which will provide in sufficient detail the necessary information and data from which the documents filed can be verified, explained, and checked for accuracy and completeness. 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.

Based on your assurance that the Highlands Nurses Association and Lab Techs 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 LM-4 filed by Highlands Nurses and Lab Techs for fiscal year ending August 31, 2007 was deficient in the following areas:

1. Total Disbursements/Total Receipts

According to the union's bank statements from Scottdale Bank and Trust as well as the union's disbursement records, the union disbursed two checks during fiscal year ending August 31, 2007. These checks were not listed in item 17 on the union's LM-4 report; item 17 showed zero for total disbursements. Check number [REDACTED] dated 10/1/06 for \$7,800 payable to and endorsed by PSEA and check number [REDACTED] dated 2/1/07 for \$601 payable and endorsed by Debbie Brosh, totaled \$8,401 and this amount was not reported in item 17. Additionally, check number [REDACTED] was not reported in item 18, payments to all officers, instead the LM-4 reported zero.

Additionally it appeared the union did not correctly report total receipts on the LM-4 report. The report showed receipts of \$1,680 in item 16 while according to the union's bank statements and union's receipt records, the union deposited receipts totaling \$8,846 during fiscal year ending August 31, 2007.

As a general matter, any portion of dues checkoff that is retained by the parent body for transmittal to an affiliate on the local's behalf should not be included on the local's report as either a receipt or a disbursement. However, disbursements made to third parties on the local's behalf when the local's parent body functions as an agent receiving and disbursing funds of the local to third parties (parties other than an affiliate of the local labor organization), these receipts and disbursements must be reported on the local's annual financial form. For example, if PSEA receives local's dues and makes disbursements from that money for the local to pay the local's bills (such as payments to an attorney for legal services or to a surety company for bonding premiums), those receipts and disbursements must be included on the local's 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. Highlands Nurses Association and Lab Techs amended its constitution and bylaws on April 3, 2003, but did not file a copy with its LM report for that year. The union provided a copy to OLMS of the current constitution and bylaws at the opening audit interview.

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I am not requiring the Highlands Nurses Association and Lab Techs to file an amended LM report for fiscal year ending August 31, 2007 to correct the deficient items, but the union has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Highlands Nurses Association and Lab Techs 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,



Supervisory Investigator

cc: Cheryl L Palmer, President
Gilbert J. Gall, UniServ Representative
Lynda Meinke, PSEA Staff Attorney