



March 23, 2011

Ms. Debra Osborne, President
Wayne Professional Nurses Association
PO Box 125
Eldorado, OH 45321

Case Number: |||

LM Number: 518152

Dear Ms. Osborne:

This office has recently completed an audit of the Wayne Professional Nurses Association 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 Treasurer Anita Stockton on March 14, 2011, 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 Wayne Professional Nurses Association’s 2009 records revealed the following recordkeeping violations:

1. Hourly Payments to Officers

Wayne Professional Nurses Association did not retain adequate documentation for payments to you, Vice President Jennifer Hamm, Treasurer Stockton, and Chief Steward Rose Hall totaling at least \$1,100. For example, the union made a total of ten payments during the audit period to you, Vice President Hamm, Treasurer Stockton, and Chief Steward Hall for union business conducted after work hours at a rate of \$25 per hour. However, the union did not retain any documentation to support the payments.

As noted above, labor organizations must retain supporting documentation for all disbursements. Payments to officers such as the ones cited above should be supported by documents showing the dates work was performed, the number of hours worked, the rate of pay, and the work performed. In addition, there should be records indicating that the payments were authorized. 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.

2. Receipt Dates not Recorded

Entries in Wayne Professional Nurses Association's general ledger reflect the date the union deposited money, but not the date money was received. Union receipts records must show the date of receipt. 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 receives 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. Duplicate Receipts

Members of Wayne Professional Nurses Association pay initiation fees directly to the union. Treasurer Stockton records initiation fee payments in the union's receipts journal, but she does not issue receipts to the members. OLMS recommends that the union use a duplicate receipt system where the union issues original pre-numbered receipts to all members who make payments directly to the union and retains copies of those receipts. A duplicate receipt system is an effective internal control because it ensures that a record is created of income which is not otherwise easily verifiable. If more than one duplicate receipt book is in use, the union should maintain a log to identify each book, the series of receipt numbers in each book, and to whom each book is assigned.

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

Reporting Violation

The audit also disclosed a violation of LMRDA Section 201 which requires a labor organization to file its annual financial report with the Department of Labor within 90 days after the end of its fiscal year.

1. Delinquent Filing

Wayne Professional Nurses Association's Labor Organization Annual Report, Form LM-3, for the period ending December 31, 2009, was due March 31, 2010 or 90 days after the end of your organization's fiscal year. The report was received by the Department of Labor on April 6, 2010. The Wayne Professional Nurses Association report for 2008 was also filed after its due date.

Wayne Professional Nurses Association has agreed to file future reports on time with the Department of Labor.

Other Violation

The audit disclosed the following other violation:

1. Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

The audit revealed that the amount of Wayne Professional Nurses Association's bond is sufficient. However, the bond includes a deductible, which is a form of self-insurance that fails to meet the bonding requirements of the LMRDA. Since Wayne Professional Nurses Association's obtained a bond without a deductible during the compliance audit, no further action is necessary at this time.

I want to extend my personal appreciation to Wayne Professional Nurses Association 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,

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Investigator

cc: Ms. Anita Stockton, Treasurer