

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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April 27, 2009

Ms. Michelle Armstrong, President
United Nurses and Allied Professional Local 5068
501 Great Road, Suite 204
N. Smithfield, RI 02896

LM number: 543-456

Case Number: [REDACTED]

Dear Ms. Armstrong:

This office has recently completed an audit of UNAP Local 5068 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 Claire Romblad on 04/23/09, 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.

Record Keeping 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 5068's 2008 records revealed the following recordkeeping violation:

General Expenses:

UNAP Local 5068 did not retain adequate documentation for expenses paid in association with the union's annual party held on March 7, 2008. Specifically, the union did not produce receipt documentation for \$475.00 in payments made for this event. An example of a disbursement that lacked adequate documentation is found in check # [REDACTED], dated 02/20/09 for \$375.00, made to [REDACTED].

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. 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 Local 5068 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 Labor Organization Annual Report LM-3 filed by Local 5086 for fiscal year ending 06/30/08 was deficient in that or deficient in the following areas:

1) Disbursements to Officers (LM-3)

Local 5068 did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). An example of this is found in check # [REDACTED], dated 03/03/08, to executive council member Lisa Butera. The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union. The union also failed to report that former treasurer [REDACTED] held office during the audit year.

The union must report most direct disbursements to Local 5068 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

2) Total Receipts

It appears that Local 5068 did not accurately report the amount of total receipts for the fiscal year ending 06/30/08 in Item 44 (Total Receipts). The total receipts were under-reported by at least \$3,127.86.

3) Total Disbursements

It appears that Local 5068 did not accurately report the amount of total disbursements made for the fiscal year ending 06/30/08 in Item 55. The total disbursements were under-reported by at least \$29.00.

Local 5068 must file an amended Form LM-3 for fiscal year ending 06/30/08, to correct the deficient items discussed above. Investigator [REDACTED] provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than 05/15/09. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Issues:

1. Duplicate Receipts

Members of Local 5086 pay some dues directly to the union. Union employees record dues payments in the union's receipts journal, but they do not issue receipts to dues payers. OLMS recommends that Local 5068 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.

I want to extend my personal appreciation to UNAP Local 5068 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,

Mark Letizi,
District Director

cc: Claire Romblad, Treasurer