

**U.S. Department of Labor**

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September 29, 2009

Ms. Linda McDonald, Local President  
United Nurses and Allied Professionals  
Local 5098  
375 Branch Avenue  
Providence, RI 02904

LM File Number 526-823  
Case Number: [REDACTED]

Dear Ms. McDonald:

This office has recently completed an audit of UNAP Local 5098 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 Office Bookkeeper Eilenn Nahabedian, CPA Paul Sarza, and yourself on September 28, 2009, 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.

The CAP disclosed recordkeeping violations, reporting violations, and other violations.

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 Local 5098's 2008 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 5098 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers and employees totaling at least \$4,030. For example, reimbursements for parking expenses; meals for officers, local meetings, and local events; office and administrative expenses; and donation expenses were lacking adequate documentation.

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.

2. Meal Expenses

Local 5098 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$1,000. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 5098 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the

restaurant charges. For example, officer meals while conducting official union business were lacking information regarding the individuals incurring the restaurant charges and sometimes the union business conducted. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

### 3. Local Receipts

Local 5098 did not retain adequate documentation for local receipts totaling at least \$250. These receipts included payments for supplies purchased by the local during the fiscal year ending December 31, 2008.

As previously noted above, labor organizations must retain at least one record showing the date, amount, purpose, and source of money received. The president and treasurer of your union are responsible for properly maintaining union records.

### 4. Receipt Dates not Recorded

Entries in Local 5098's receipts journal 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-2. The LM-2 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.

Based on your assurance that Local 5098 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 (Form LM-2) filed by Local 5098 for fiscal year ending December 31, 2008, was deficient in that:

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. Local 5098 amended its constitution and bylaws in 2002, but did not file a copy with its LM report for that year.

Local 5098 has now filed a copy of its constitution and bylaws.

#### Other Violations

The audit disclosed the following other violation:

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. Local 5098's current bond has a deductible that needs to be removed.

Local 5098 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than October 19, 2009.

I want to extend my personal appreciation to UNAP Local 5098 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: Katherine Lucas, Local 5098 Treasurer  
Eileen Nahabedian, Office Bookkeeper

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Paul Sarza, CPA