

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
Milwaukee District Office  
310 West Wisconsin Avenue  
Room 1160  
Milwaukee, WI 53203  
(414)297-1501 Fax: (414)297-1685



February 10, 2010

Ms. Candace Owley, President  
Wisconsin Federation of Nurses and Health Professionals  
9620 W. Greenfield Avenue  
West Allis, WI 53214

LM File Number: 512-891

Case Number: [REDACTED]

Dear Ms. Owley:

This office has recently completed an audit of Wisconsin Federation of Nurses and Health Professionals (WFNHP) 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, Administrative Director Debra Kosloske, Treasurer Pamela Mueller, and C.P.A. David Grotkin on February 3, 2010, 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 WFNHP's 2008 records revealed the following recordkeeping violations:

1. Reimbursed Auto Expenses

Union officers and employees who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them totaling at least \$3,000 during 2008 related to out of state travel, in that the documentation retained did not identify the locations traveled to and from. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

In addition, WFNHP disbursed at least \$1,200 to officers and employees for the reimbursement of personal automobile insurance premiums. However, the only records retained to support the expense payments were photocopies of the summary pages of the insurance billing statements. The WFNHP's Professional/Organizing Staff Work Rules provide for reimbursement of auto insurance premiums for up to \$400 per year and require written proof that the employee's auto policy designates coverage for business use. The documentation retained in support of these payments included only a photocopy of the summary page of the insurance billing statement. In order for OLMS to verify that the expense is related to a vehicle used to conduct union business and is properly reported in column F (Disbursements for Official Business) of Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees) of the Labor Organization Annual Report (Form LM-2), the entire auto insurance bill must be retained.

2. Cell Phone Bills

Officers and employees were reimbursed more than \$1,500 for the business use of their personal cell phones. The Staff Work Rules provide that staff who require

use of a cell phone to perform their work assignment may be reimbursed up to \$55 per month for cell phone expenses. The rules also advise that in order to receive reimbursement, those eligible must submit an expense voucher with a copy of the front page of their monthly cell phone statement indicating that the total cost meets or exceeds the \$55 limit. However, adequate documentation was not retained to enable OLMS to verify that the payments were properly reported in Column F of Schedules 11 and 12 as expenses related solely to that officer or employee. The documentation retained for such expenses must be sufficient to enable OLMS to verify that the charges are related to the officer or employee's phone and no other phones.

### 3. Meal Expenses

WFNHP did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$500. 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.

Based on your assurance that the WFNHP 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 WFNHP for fiscal year ending December 31, 2008, was deficient in the following areas:

#### 1. Disbursements to Officers and Employees

Some indirect disbursements for meal expenses to officers and employees totaling more than \$3,500 were not included in the amounts reported in Schedule 11 and Schedule 12. WFNHP included only direct disbursements for meal expenses in the amounts reported in Schedules 11 and 12. It appears that the union erroneously reported these indirect payments in Schedules 15 through 19.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

2. Accounts Receivable/Accounts Payable

QuickBooks records show that the WFNHP had dues receivables and prepaid expenses totaling more than \$59,000 and liabilities totaling more than \$37,000 at the beginning and end of the year. However, the WFNHP reported no accounts receivable and no liabilities in Items 30 (Accounts Payable) and 33 (Other Liabilities).

3. 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. WFNHP amended its constitution and bylaws in 2007, but did not file a copy with its LM report for that year. WFNHP has now filed a copy of its constitution and bylaws.

I am not requiring that WFNHP file an amended LM report for 2008 to correct the deficient items, but WFNHP has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

Internal Review of Supporting Documentation

During the organizational interview on October 22, 2009, you advised that you rarely review supporting documentation before co-signing checks that are prepared by Ms. Kosloske. In order to ensure effective internal controls over union disbursements,

OLMS recommends that supporting documentation for all disbursements be reviewed by the check signers.

I want to extend my personal appreciation to Wisconsin Federation of Nurses and Health Professionals (WFNHP) 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: Barbara Kelsey, Treasurer  
Pat Skoeniczny, 1<sup>st</sup> Vice President