



September 22, 2014

Ms. Deborah Jowanna, Treasurer
Nurses Local 709
11 Church Road
Media, PA 19064

Case Number: 140-6000598()
LM Number: 529069

Dear Ms. Jowanna:

This office has recently completed an audit of Nurses Local 709 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 Pennsylvania Association of Staff Nurses and Allied Professionals (PASNAP) Bookkeeper Elaine Lawrence on September 15, 2014, 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 Local 709's 2013 records revealed the following recordkeeping violations:

1. Lost Wages

Local 709 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$8,240.28. The union must maintain records in support of

lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local 709 maintained expense vouchers for each lost time claim, but did not identify on the lost wage vouchers the union business conducted or rate of pay on the majority of claims.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 709 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

2. Lack of Cell Phone Policy

During the audit year, President Barbara McClay received at least \$1,240.28 for reimbursed cell phone expenses. Local 709 did not maintain records to verify that President McClay was authorized to receive reimbursed cell phone expenses. The union must keep a record, such as meeting minutes, to show the current authorized policy for reimbursed expenses.

Based on your assurance that Local 709 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 disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. Local 709 was deficient in that:

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. Local 709 last filed their bylaws with this office in 1993. Local 709 had since amended its constitution and bylaws, but did not file a copy with its LM report for that year.

Local 709's most recent constitution and bylaws are now filed with this office.

Other Issue

Two Signature Requirement

During the audit, you advised that it is Local 709's practice for you to sign all union checks, and that only checks totaling over \$500 require a second signature from President McClay. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, having only one

signature on checks totaling under \$500 negates the purpose of the two signature requirement. OLMS recommends that Local 709 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Nurses Local 709 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: Ms. Bobbi McClay, President