

In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts.

The audit of the Professional Council of the Bay Area Medical Center's (PC BAMC) 2005 records revealed the following recordkeeping violations:

1) Lost Wages

Union officers failed to record the date and purpose of some lost wage claims. Records must be maintained that identify the date, number of hours lost, rate of pay, and the specific union purpose for all lost wages.

For example, the following checks were issued to you for lost wages: [REDACTED], [REDACTED], [REDACTED] and [REDACTED]. The union business identified on the check stubs for these payments was not sufficiently descriptive. Additionally, neither the date the lost wages were incurred nor the rate of pay was identified on the check stubs for the lost wage payments. There were other lost time payments to Tina Schlenvogt, Kathy Kanakuta, Dawn Bublitz, and Phyllis Johnson which did not identify the date the lost wages were incurred, the number of hours, or the union business being conducted.

Adequate documentation was not retained for several additional disbursements, including payments to Tequila Juke Box, Brothers Three, and the Zion church. No documentation could be found in union records to explain the union purpose of these disbursements.

2) Receipt Records

The PC BAMC failed to record any dues payments from the Michigan Nurses' Association. The PC BAMC also failed to keep any records of the money market account. Interest payments made by the bank to the money market account were not recorded in any union record.

Adequate records were not maintained to account for money collected from the sale of dinner dance tickets and raffle tickets sold by stewards. At a minimum, records must identify the date, purpose, identity of each person who sold tickets, and the amount received from each ticket seller. In this case, because of the low ticket price, the PC BAMC is not required to retain further records which identify the names of members who purchased tickets and the dates and amounts of individual ticket sales to members. However, the PC BAMC must maintain

records to show that ticket sellers have accounted for the number of tickets provided to them by returning any unsold tickets plus money equivalent to the number of tickets sold.

Union receipts records must include an adequate identification of each receipt of money. The records should show the exact date the money was received, the identity of the source of the money, and the individual amount received from each source.

3) Acquisition/Disposal of Property

The PC BAMC failed to retain an inventory of raffle prizes that were either purchased or donated and later given away at the nurses' week party.

The PC BAMC must retain records that account for all union property to verify, explain, or clarify information that is required to be reported on the Labor Organization Annual Reports (Form LM-3) filed by your union.

As agreed, provided that the PC BAMC maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding these violations.

Reporting Violations

The CAP 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-3) filed by the Professional Council at the Bay Area Medical Center for fiscal year ending December 31, 2005, was deficient in the following areas:

1) Item 13

Item 13 (Acquire or dispose of any goods or property in any manner other than by purchase or sale) should have been answered, "Yes," because the PC BAMC acquired raffle prizes that were later given away at the Nurses' Week party. The Council also donated gifts to Toys for Tots.

The type and value of any property received or given away must be identified in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property.

2) Item 24

The PC BAMC failed to include some reimbursements to officers in Item 24 (All Officers and Disbursements to Officers). Such payments appear to have been erroneously reported in Item 48 (Office and Administrative Expenses) and Item 50 (Benefits). The payments include check [REDACTED] to you for reimbursement for a dinner with the MNA representative, check [REDACTED] to you (the check stub indicates check was payable to Office Max; however, the canceled check indicates the check was payable to you) for office supplies, check [REDACTED] to you for "TGIF supplies," check [REDACTED] to Nora Plym for TGIF "stuff," and check [REDACTED] to Tina Schlenvogt for gift certificates for Toys for Tots.

All direct disbursements to the PC BAMC officers and certain indirect disbursements made on behalf of its officers must be reported 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. An "indirect disbursement" to an officer is a payment to another party (including credit card companies) 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).

3) Other Disbursements

The PC BAMC erroneously reported certain expenses for the Nurses' Week party and the Toys for Tots purchases in Item 50 (Benefits). These expenses, other than the reimbursed expenses paid directly to the officers as described above, should be reported in Item 54 (Other Disbursements).

4) Item 55

The amount reported in Item 55 (Total Disbursements) is not accurate. The checks that were written from the PC BAMC's checking account during the fiscal year totaled \$6,157, as recorded in the union's checkbook. This is not consistent with the figure reported in Item 55 (\$6,328).

When the correct disbursement figure is used in Item 55, the report does not reconcile. The cash reported at the beginning of the year (\$25,053) plus the total

receipts (\$13,624), minus the total disbursements (\$6,157) does not equal the amount reported for cash at the end of the year (\$32,349). This can be seen in the following calculation:

Cash at beginning of year (Item 25A):	\$25,053
Plus total receipts (Item 44):	+ \$13,624
Minus total disbursements (Item 55):	- <u>\$6,157</u>
Equals cash at end of year (Item 25B)	\$32,520

Treasurer Plym reported the cash at the end of year (Item 25B) as \$32,349. The report must reconcile or an explanation for the reason it does not balance must be provided in the additional information section of the report.

During the opening interview, Treasurer Plym stated she reconciled the book figures to the bank statement on a monthly basis. Ms. Plym also stated that she did not record any receipts in the union's records. The council's financial records showed no evidence of any reconciliation worksheets balancing the books with the bank statements, nor would a true reconciliation be possible if the council is not recording all of its transactions.

5) Failure to File By-laws

The CAP 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 constitution or bylaw changes are made. The PC BAMC amended its constitution and bylaws in 2002, but a copy was not filed with its LM report for that year.

A copy of the Council's constitution and bylaws has now been filed.

I am not requiring that the PC BAMC file an amended LM report for 2005 to correct the deficient items, but as agreed, the PC BAMC will properly report the deficient items on all future reports filed with this agency.

Other Violations

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 handled by those individuals or their predecessors during the preceding fiscal year. The PC BAMC's officers and employees are not currently bonded.

The Council must obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as adequate coverage has been obtained, but not later than August 16, 2006.

Other Issues

During the CAP it was also determined that the PC BAMC follows none of the state or federal requirements for withholding of various taxes from payments to officers and employees. While the council itself may be exempt from income taxes, payments made by the PC BAMC to officers and employees are not exempt, except in certain circumstances. While this office has no authority to interpret the state or federal tax code, it is my understanding that all salary and supplemental payments are subject to the withholding of income, Social Security, and Medicare taxes, and that the PC BAMC as an "employer" must also pay its share of Social Security and Medicare taxes. The PC BAMC may be liable for the Federal Unemployment Tax (FUTA) as well. I recommend that you contact the Wisconsin Department of Revenue in Madison at (608) 266-2776 (ask for the publication "Wisconsin Employer's Withholding Tax Guide"), and the Internal Revenue Service (ask for "Circular E, Employer's Tax Guide" and Form 990, which PC BAMC may be required to file). I also suggest that you determine the PC BAMC's requirements, if any, under the Wisconsin Worker's Compensation Act by contacting the Wisconsin Dept. Workforce Development (DWD) in Madison at (608) 266-3131.

I want to extend my personal appreciation to the Professional Council of the Bay Area Medical Center 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 are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,


Investigator

cc: Nora Plym, Treasurer
LM 530-385