

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Minneapolis Resident Investigator Office
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Minneapolis, MN 55402
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March 9, 2007

Ms. Brenda Sollars, President and CEO
Diagnostic Imaging Technologists
2351 180th Ave. NW
Andover, Minnesota 55304-1368

Re: Case Number [REDACTED]

Dear Ms. Sollars:

This office has recently completed an audit of the Association of Diagnostic Imaging Technologists (ADIT) 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, Treasurer Brenda Lindemann, and accountant Scott Mason on February 2, 2007, 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 adequate records be maintained 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, vouchers, and applicable resolutions, but also adequate additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipients of the goods or services. In most instances, this documentation requirement can be most easily satisfied with a sufficiently descriptive receipt. If a receipt is not sufficiently descriptive, a note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

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 following recordkeeping violations were revealed during the audit of the Association of Diagnostic Imaging Technologists' 2005 records:

1. Failure to Maintain Adequate Records for Expenses

The president and treasurer of your union, who are required to sign your union's LM report, are responsible for the proper maintenance of union records. In the case of the ADIT, the audit revealed adequate documentation was not retained for disbursements totaling at least \$9,000 to vendors and officers and for credit card expenses incurred by officers totaling at least \$9,750.

As an example, no receipt or other documentation was retained for a credit card expense charged to a union Visa credit card issued to former Treasurer Jodie Wolla at Best Buy in Roseville, Minnesota for \$802.38 on August 28, 2005. You initially explained that this charge was for office supplies. Ms. Lindemann suggested that this charge may have been for printer supplies and software. During the audit, I obtained a copy of the receipt from the store. The receipt shows that the credit card charge was for the purchase of a printer, computer software, an internal cd-rom drive, a jump drive, and various office supplies.

Other expenses for which adequate supporting documentation was not retained included expenses for hotel meeting rooms, internet bills, office supplies, additional computer software, and meals. During the audit, I provided you with a list of disbursements and expenses for which adequate documentation was not retained, and you explained the business purpose of each or provided some documentation for the expense.

The date, amount, and business purpose of every expense must be recorded on at least one union record. In addition, the names of individuals present for meal expenses and the locations (names of restaurants) where meal expenses were incurred must be recorded.

2. Failure to Maintain Adequate Records for Mileage Reimbursement

A review of the expense vouchers you maintained to support disbursements to you for mileage reimbursements revealed several instances where you did not identify the locations traveled to and from and the purpose of the trips. As an example, you frequently reported on your mileage logs that the purpose of a trip was simply for a, "meeting" without identifying the specific purpose of the meeting. A more appropriate description might be, "meeting with Joe Smith regarding Johnson grievance at Allina." In the case of reimbursed mileage expenses for personal vehicles used for business travel, records must be maintained which identify the date of travel, locations traveled to and from, number of miles driven, and the specific business purpose of each use.

3. Failure to Maintain Voided Checks and Checkoff Lists Issued to Diagnostic Imaging Technologists

ADIT did not keep voided checks and records of dues withheld from member wages by employers. During the interview at the beginning of the audit, you stated that former Treasurer [REDACTED] did not know she was required to maintain voided checks until after attending an OLMS compliance assistance seminar in 2005 or 2006. You also stated that Ms. Wolla shredded all of the checkoff records because they contained members' social security numbers. As previously noted above, Section 206 of the LMRDA requires that all records be maintained for at least five years.

As agreed, provided that the Diagnostic Imaging Technologists 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 ADIT for the fiscal year ending December 31, 2005, was deficient in the following areas:

1. Item 24, Line 10 - Deductions for Officers

ADIT reported no amounts were withheld from payments to officers on Line 10 (Deductions) of Item 24 (All Officers and Disbursements to Officers). The IRS form W-3 (Transmittal of Wage and Tax Statements) filed by ADIT for 2005 shows \$21,209.97 was withheld from officer salaries. The LM-3 instructions for Item 24 require that the total amount withheld for taxes and other deductions be reported on Line 10.

2. Item 24, Column D - Gross Salary

ADIT did not include in the amounts reported in Item 24, Column D (Gross Salary) a lost time payment to Jodie Wolla and a vacation buyout payment to you. In addition, union records show no taxes were withheld from the payments, and the payments were not included in the total amounts reported on the IRS form W-2's issued to you and [REDACTED]. The LM-3 instructions require that these payments be included in the amounts reported in Column D.

3. Item 24, Column E - Allowance and Other Disbursements

ADIT did not include credit card expenses and reimbursements to officers totaling at least \$4,390 in the amounts reported in Item 24, Column E (Allowances and Other Disbursements). Such payments appear to have been erroneously reported in Item 48 (Office and Administrative Expense) and/or Item 54 (Other Disbursements).

All direct disbursements to union officers and some 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).

4. Item 29 - Fixed Assets and Item 30 - Other Assets

ADIT reported in Items 29 and 30 that it had no fixed or other assets during 2005. The audit revealed ADIT owns various assets including filing cabinets, computers, printers, and a fax machine. The LM-3 instructions for Items 29 and 30 require that you report the book value of those assets at the start and end of the reporting period.

5. Item 35 - Other Liabilities

During 2005, you received a payment of more than \$1,300 for a "buyout" of vacation you stated you earned but did not use. You advised me that you currently have accumulated 340 hours of vacation with a cash value of \$11,063.60. Further, that at the end of 2005, the value of your unused vacation was approximately \$7,134.12. Approval of the payment to you for the unused vacation is noted in meeting minutes. The ADIT's bylaws contain no provisions regarding payment for unused vacation. Any unused vacation time that has a cash value is a liability for LM reporting purposes, and the amount of the liability must be reported in Item 35. As previously noted above, no income taxes were withheld from the payment to you, and it appears the payment was not included in the amount paid to you reported in Item 24.

6. Item 40 - Fees, Fines, and Work Permits

The audit revealed ADIT received some income from initiation fees paid by members during 2005. However, ADIT reported no receipts in Item 40 (Fees, Fines, and Work Permits).

7. Item 46 - Disbursements to Employees

ADIT reported in Item 46 (Disbursements to Employees) that it made no payments to employees. The audit revealed that the union issued some meeting attendance payments to member representatives, who are considered employees for LM reporting purposes. The instructions for Item 46 require that the union report the total of all salaries, allowances, and other direct and indirect disbursements to employees of your organization during the reporting period.

8. Item 50 - Benefits

ADIT reported no disbursements in Item 50 (Benefits). However, the audit revealed that the union disbursed more than \$5,000 for benefits paid on your behalf. The LM instructions for Item 50 require that you enter the total of all direct and indirect disbursements made by your organization for benefits. Direct disbursements are those made to officers, employees, members, and their beneficiaries from your organization's funds. Indirect benefit disbursements are those made from your organization's funds to a separate and independent entity, such as a trust or insurance company.

9. Item 51 - Contributions, Gifts, and Grants

ADIT failed to report charitable contributions in Item 51. These payments appear to have been erroneously reported in Item 54 (Other Disbursements).

ADIT must file an amended Form LM-3 for fiscal year ending December 31, 2005, to correct the deficient items discussed above and noted on the attached error summary. I have included with this letter a blank form and instructions. Forms can also be accessed online at 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 March 23, 2007. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Violation

Adequate Bonding

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 audit revealed that the union's bond had a deductible, which is considered to be a form of self-insurance and is not sufficient. Adequate bonding coverage was obtained and documentation provided during the audit. No further enforcement action will be taken.

Other Issues

As previously discussed, the audit revealed that in August 2005, former Treasurer [REDACTED] purchased various items totaling \$802.38 from Best Buy with a union credit card.

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At the time of the audit, the majority of the items purchased were still in the possession of former Treasurer [REDACTED] who advised OLMS that she believed she was authorized to keep the items. You advised that ADIT's constitution required that any property in her possession be returned to the union. Ms. Wolla advised me that she would return the items to ADIT as soon as possible, and today you advised that the majority of the items were returned to the union.

I want to extend my personal appreciation to the Association of Diagnostic Imaging Technologists 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,

[REDACTED]
Investigator

cc: Brenda Lindemann, Treasurer
Scott Mason, accountant
LM: 066-125

Enc: Blank LM-3 and instructions
Copy of 2005 LM-3
Error Summary