

U.S. Department of Labor

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January 22, 2010

Ms. Fran Ricker, Executive Director
Colorado Nurses Association
1221 Clarkson St., Suite 205
Denver, CO 80210

LM File Number: 044-207
Case Number: [REDACTED]

Dear Ms. Ricker:

This office has recently completed an audit of Colorado Nurses Association 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, Naomi Hull and Julie Osenga on January 20, 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 the Colorado Nurses Association (CNA) 2008 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Colorado Nurses Association (CNA) did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union employees. For example, union employees were reimbursed for two expenses totalling \$167.40. This was not accompanied by any documentation. Three parking expense reimbursement and/or credit card charges for parking were not accompanied by a receipt. On two occasions, credit card charges to Office Max and the American Nurses Association were not accompanied by receipts or other documentation. The charges totalled \$77.90.

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

Colorado Nurses Association 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. 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. Failure to Record Receipts

Colorado Nurses Association (CNA) did not record in its receipts records some small varied receipts for a nursing training video. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

Based on your assurance that the Colorado Nurses Association will retain adequate documentation in the future, and the decision of the CNA to discontinue all union activities and its affiliation with all union organizations, 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 the Colorado Nurses Association for fiscal year ending December 31, 2008, was deficient in the following areas:

1. 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. Colorado Nurses Association amended its constitution and bylaws in 2007, but did not file a copy with its LM report for that year. Colorado Nurses Association (CNA) has now filed a copy of its constitution and bylaws.

2. Terminal Union Status

The Colorado Nurses Association voted to disassociate from all union activities and affiliations in November 2008. As a result, the union no longer falls under the jurisdiction of the LMRDA and must file a terminal report. The CNA is no longer required to file an LM-2 report once it files a terminal report.

Colorado Nurses Association (CNA) must file an amended Form LM-2 for fiscal year ending December 31, 2008, to correct the deficient items discussed above. I explained to you the filing procedures and the availability of filing software on the OLMS website (www.olms.dol.gov). The amended Form LM-2 must be electronically filed as soon as possible, but not later than February 22, 2010. Before filing, review the report thoroughly to be sure it is complete and accurate, and properly signed with electronic signatures.

Other Violations

The audit disclosed the following other violation:

Inadequate 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 those individuals or their predecessors handled during the preceding fiscal year. The CNA had insurance to protect itself from all aspects covered by labor union bonds, but the coverage was not a bond specific to labor unions. However, the CNA is no longer required to maintain labor union bonding coverage, since it no longer falls under the jurisdiction of the LMRDA.

I want to extend my personal appreciation to Colorado Nurses Association 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,

A solid black rectangular box used to redact the signature of the investigator.

Investigator