

U.S. Department of Labor

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January 4, 2008

Ms. Linda Goeldner, Executive Director
American Nurses Association
Iowa Nurses Association
1501 42nd Street, Suite 471
West Des Moines, IA 50266

LM File Number 040-907

Case Number: [REDACTED]

Dear Ms. Goeldner:

This office has recently completed an audit of Iowa 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 on December 13, 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 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 Iowa Nurses Association's 2006 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Iowa Nurses Association did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by you and [REDACTED]. For example, vouchers were maintained to support expenses paid to [REDACTED], but there were no invoices to support expenses such as airfare and lodging. Additionally, none of the invoices for cell phone bills charged to [REDACTED] union credit card were maintained.

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. You agreed to maintain this documentation in the future.

2. Lack of Salary Authorization

Iowa Nurses Association did not maintain records to verify that the salaries reported in Item 46 (To Employees) of the LM-3 was the authorized amount and therefore was correctly reported. For example, there was no union record to show authorization of your 2006 salary level. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries and approve salary increases.

Based on your assurance that Iowa Nurses Association 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. The Labor Organization Annual Report (Form LM-3) filed by Iowa Nurses Association for fiscal year ending December 31, 2006, was deficient in that:

Transactions Netted from Form LM-3

The Form LM-3 filed for fiscal year ending December 31, 2006 inaccurately stated total receipts (Item 44) and total disbursements (Item 55) on Statement B. Both the figures were underreported in that transactions such as per capita tax paid to the American Nurses Association and payments made by the Iowa Nurses Foundation to the Iowa Nurses Association were netted.

Work papers from Iowa Nurses Association's CPA indicate the inaccurate total receipts and disbursements figures reported on Form LM-3 are the result of netted transactions. Netting is the offsetting of receipts against disbursements and reporting only the balance (net) as either a receipt or disbursement. The correct total receipts and disbursements figures must include all transactions in which cash is disbursed and received, including payments to and from the Iowa Nurses Foundation and intermediate and parent bodies of the Iowa Nurses Association since these are separate organizations. The Form LM-3 instructions state netting is not permitted. Thus in the future, your union's Form LM-3 should reflect all cash flowing in and out of the organization.

I am not requiring that Iowa Nurses Association file an amended LM report for 2006 to correct the deficient items, but Iowa Nurses Association has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violation

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

Ms. Linda Goeldner
March 17, 2008
Page 4 of 4

total funds those individuals or their predecessors handled during the preceding fiscal year.

Iowa Nurses Association's officers and employees are currently bonded for \$10,000, but they must be bonded for at least \$40,986. Iowa Nurses Association should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than February 1, 2008.

I want to extend my personal appreciation to Iowa 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,

[REDACTED]

Investigator

cc: Donna Kirschenmann, Treasurer