

**U.S. Department of Labor**

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March 15, 2007

Ms. Norma O'Mara, Treasurer  
Oregon Nurses Association  
18765 SW Boones Ferry Road  
Tualatin, OR 97062-8487

Re: Case Number: [REDACTED]

Dear Ms. O'Mara:

This office has recently completed an audit of ONA 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 Susan King, Robyn Belozar, Kathy Gannett, Alan Yoder, Jeff Hart, and yourself on February 2, 2007, and during a subsequent telephone conversation on March 15, 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 5 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, and vouchers, 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 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 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.

The audit of ONA's fiscal year ending June 30, 2006 revealed that union employees failed to maintain adequate documentation for reimbursed expenses charged to union credit cards. In addition to maintaining the receipt, at least one union record must show the date, amount, and business purpose of every expense. In addition, the names of individuals present for meal expenses and the locations (names of restaurants) where meal expenses were incurred must be recorded.

For example, on the credit card statement covering December 17, 2005 to January 19, 2006, there were seven charges totaling \$633.17 charged to the ONA credit cards of three different union employees that were lacking documentation.

As agreed, provided that ONA maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding this violation.

Reporting Violations:

In addition, 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 ONA for fiscal year ending June 30, 2006, was deficient in the following areas:

ONA failed to include indirect reimbursements to employees in Schedule 12 (Disbursements to Employees). Such payments appear to have been erroneously reported in Schedules 15 through 19. Indirect disbursements made to another party (such as a credit card company) for business expenses incurred by union personnel must be reported in Column F of Schedules 11 (for officers) and 12 (for employees). However, indirect disbursements for business expenses incurred for transportation by public carrier (such as an airline) and for temporary lodging expenses incurred while traveling on union business must be reported in Schedules 15 through 19. Any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business must be reported in Column G (Other Disbursements) of Schedules 11 and 12. As agreed, provided that ONA corrects the reporting error discussed above in the future, no additional enforcement action will be taken regarding this violation.

Item 14 of the LM-2 for fiscal year ending June 30, 2006, erroneously lists the maximum amount recoverable under the labor organization's fidelity bond for employee dishonesty as \$2,000,000. The maximum allowable bond coverage is \$500,000. ONA's bond coverage is \$500,000.


Finally, the following errors were found in the reporting of investments on Schedules 3, 4, and 5:

- o Marketable securities were overstated by over \$30,000. The union's accountant determined that errors were made when the union transferred its securities to a different investment company during the audit year. A recalculation of the figures concluded that the ending cost for the union's securities (Schedule 5, Item 1) as of June 30, 2006, should be \$663,563 and investment sales (Schedule 3) should be \$204,803.
- o Although income received from ONA's marketable securities was promptly reinvested, these reinvestments were not deducted from the sale and purchase of investments on Line 14 of Schedules 3 and 4 of the LM-2 report, thus overstating receipts and disbursements on Statement B.
- o The cost of ONA's investment in Aspen Place, LLC was understated by \$16,662 on the investment schedule of the union's LM-2 for fiscal year ending June 30, 2004. This error was carried over to subsequent LM reports, understating the cost of this asset by \$16,662 for fiscal years ending June 30, 2005 and June 30, 2006.

ONA must file an amended Form LM-2 for fiscal year ending June 30, 2006, to correct the deficient items discussed above. I explained to you the filing procedures and the availability of the filing software on the OLMS website ([www.olms.dol.gov](http://www.olms.dol.gov)). The amended Form LM-2 must be electronically filed as soon as possible, but not later than April 30, 2007. Before filing, review the report thoroughly to be sure it is complete and accurate, and properly signed with electronic signatures.

I want to extend my personal appreciation to ONA 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: Susan King