

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
San Francisco District Office
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November 23, 2004

Mr. Joel Blaylock, Treasurer
American Federation of Teachers, Sacramento Job Corps
8489 Camino Vista Way
Elk Grove, CA 95624

LM File Number: 543-286
Case Number: [REDACTED]

Dear Mr. Blaylock:

This office has recently completed an audit of American Federation of Teachers, Sacramento Job Corps 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 Vice President Robert Losacco, Field Representative Jeff Freitas and you on October 24, 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.

Record Keeping 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 AFT Sacramento Job Corps' records revealed the following recordkeeping violations:

Officer and Employee Expenses

Union officers and employees did not retain adequate documentation for reimbursed expenses incurred by officers totaling \$1,258. Each year, your union sends representatives to a training center. For each Sacramento Job Corps representative attending the meeting, your local union issues a check to the California Federation of Teachers (CFT) to hold their spot. This check is not typically deposited because the check is only used to reserve the spot and the actual payment comes from the CFT. In 2006, the AFT, Sacramento Job Corps, issued two checks to hold two spots and the checks cleared the bank. No supporting documentation was available to explain these expenses. Additionally, your local was not aware of the checks clearing and has not yet resolved this discrepancy. You explained that CFT was made aware of the two checks clearing the bank and intended on reimbursing the local for the mistake. AFT, Sacramento Job Corps did not document this agreement. As we discussed, CFT will reimburse the AFT, Sacramento Job Corps for the two mistakenly deposited checks, and the receipt of \$1,258 will be reported on your 2007 Form LM-3.

Voided Checks

All checks that were voided and not issued were not retained. You explained that you chose to use a document shredder and destroyed the checks due to the possibility of identity theft. As we discussed, you will maintain all voided checks in the future.

Meeting Minutes

Information was not recorded in meeting minutes. Union personnel have advised that financial matters are discussed when membership meetings take place, though meeting minutes are not taken. Additionally, membership meetings do not take place as prescribed in your bylaws.

Based on your assurance that AFT, Sacramento Job Corps will retain adequate

documentation in the future, 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. Your union's Labor Organization Annual Report (Form LM-3) was not filed for fiscal year ending December 31, 2006.

I am requiring that you file your 2006 LM-3 with the San Francisco District Office no later than November 9, 2007, and, as we discussed, you will timely file all future LM-3 reports.

I want to extend my personal appreciation to American Federation of Teachers, Sacramento Job Corps 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: Mr. Robert Losacco, Vice President

Mr. Jeff Freitas, Field Representative