



March 2, 2016

Ms. Deborah Tanno, Treasurer  
American Federation of Teachers Staff Union  
555 New Jersey Avenue, NW  
Washington, DC 20001-2079

Case Number: 450-6006417 [REDACTED]  
LM Number: 542743

Dear Ms. Tanno:

This office has recently completed an audit of the American Federation of Teachers Staff Union (AFTSU) 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 Executive Vice President Timothy Shea and you on February 19, 2016, 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 AFTSU's 2014 records revealed the following recordkeeping violations:

#### 1. Meal Expenses

AFTSU did not always require officers to submit itemized receipts for meal expenses. For example, there were a few instances where AFTSU officers incurred restaurant or bar charges at hotels and charged them to their room. These charges were listed on the hotel

receipts. However, the union did not have receipts from the restaurant or bar showing what was purchased. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

2. Disposition of Property

AFTSU did not maintain an inventory of shirts, scarves, and other property it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 28 (Other Assets) of the LM-2. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 28.

The union must record in at least one record the date, the person that received the property, and the amount received from each union shirt, scarf and other item sold or given away.

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 AFTSU for the fiscal year ended December 31, 2014, was deficient in the following areas:

1. Disbursements to Officers

AFTSU did not report the name of an officer and the total amount of payments to him or on his behalf in Schedule 11 (All Officers and Disbursements to Officers). The union must report in Schedule 11 all persons who held office during the year regardless of whether they received any payments from the union.

The union must report in Column F of Schedule 11 (Disbursements for Official Business) direct disbursements to officers for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedule 11 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedule 11 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

2. Failure to Itemize Disbursements

AFTSU did not properly report some “major” transactions in Schedule 15. A “major” transaction includes any individual transaction of \$5,000 or more or total transactions to or from any single entity or individual that aggregate to \$5,000 or more during the reporting period and which the local cannot properly report elsewhere in Statement B. The audit revealed disbursements reported in Schedule 15 (Representational Activities) to Zwerdling, Paul, Kohn & Wolly, and K&R Promotional Products that totaled \$5,000 or more, but no itemization pages were filled out for these entities.

I am not requiring AFTSU file an amended LM report for 2014 to correct the deficient items, but AFTSU 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 total funds those individuals or their predecessors handled during the preceding fiscal year. While AFTSU was bonded for the appropriate amount, the audit revealed that AFTSU has a \$1,000 single loss retention on its bond. The single loss retention is a form of self-insurance. Self-insurance by the union, in whole or in part, fails to meet the bonding requirements of the LMRDA. AFTSU should obtain adequate bonding coverage for its officers immediately. Please provide proof of the updated bonding coverage to this office as soon as possible, but not later than March 25, 2016.

I want to extend my personal appreciation to the American Federation of Teachers Staff Union 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,

Mark Wheeler  
District Director

cc: Ms. Alisha Ashley, President