

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Boston District Office
Room E-365
JFK Federal Building
Boston, MA 02203
(617)624-6690 Fax: (617)624-6606



September 25, 2009

Mr. Thomas Gosnell, President
Teacher AFL-CIO
AFT State Federation Massachusetts
38 Chauncy Street, Ste 402
Boston, MA 02111

LM File Number 519-430
Case Number: [REDACTED]

Dear Mr. Gosnell:

This office has recently completed an audit of AFT State Federation Massachusetts 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 Mark Allred, Paul DePrisco and you on September 22, 2009, 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 Violation

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 State Federation Massachusetts 2007 records revealed the following recordkeeping violation:

Meal Expenses

AFT State Federation Massachusetts 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. For example, president Gosnell's "late work" notation was not sufficient to establish that the charge was necessary to the business of the union. It was agreed that the union will establish a more formal procedure for the authorization of these expenses. 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.

Other Violation

The audit disclosed the following other violation:

1. 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 audit revealed that officers and employees were not bonded for the minimum amount required at the time of the audit. However, the union obtained adequate

bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

2. Extra Auto Expenses

The audit disclosed that both reimbursed mileage and direct payment of automobile expenses were received by President Gosnell. The repayment of \$7,728.16 representing direct automobile expenses has been made to the union for these duplicate expenses.

Other Issue

Expense Policy

As I discussed during the exit interview with you, Mark Allred and Paul DePrisco, the audit revealed that AFT State Federation Massachusetts does not have a clear policy regarding the types of expenses personnel may claim for reimbursement and the types of expenses that may be charged to union credit cards. OLMS recommends that unions adopt written guidelines concerning such matters. This was evident in the payment of both reimbursed mileage and direct payment of automobile expenses received.

I want to extend my personal appreciation to AFT State Federation Massachusetts 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,



Senior Investigator

cc: Mark Allred, Treasurer
Paul DePrisco, CPA