November 12, 2012

We have examined the financial records of the Coalition of Graduate Employees, Oregon State University (AFT Local 6069) for the period July 1, 2011 though June 30, 2012 and found them to be in good order, with the following exceptions:

     1. Financial decisions appear not to be documented in Executive Committee (EC) meeting minutes in enough detail.  We request the EC require financial decisions to be entered into meeting minutes even if decisions were made outside of a meeting.  Further we request that at least every month, the CGE Secretary–Treasurer report financial issues to the EC including discussing the current state of each budgeted category and reconciling the revenue and expenses for a prior month using a variance report.  We make this suggestion so that this is an ongoing activity throughout the year rather than only an end–of–the–year activity done by the audit committee.

     2. Several budget categories were over budget.  We were unable, however, to find meeting minutes to document the decision to go over budget.  We suggest that EC be required to discuss spending funds that will put a category over budget or for spending funds for any category already over budget.  Further, we suggest that the EC document these decisions in meeting minutes.

     3. The audit committee was unable to find documentation in EC meeting minutes regarding passing the yearly budget.  We suggest the EC be required to document budget decisions such as this.  As an alternative, if these decisions are already being documented, we suggest the EC make financial sections of the minutes more easy to find.

     4. Dues deductions appear to potentially not be accurate.  We recommend that the EC institute a mechanism to determine each month if dues are not being taken out of paycheques for those employees the union expects dues to be taken out of.  Additionally, we recommend the EC continue trying to proactively get more accurate data from OSU.

     5. We recommend the EC investigate if the Fidelity Bond covers Directors and Officers (D&O) liability in the case of wrongdoing that isn't caught by the EC and that might be due to fault of a lack of oversight of the EC.  If the Fidelity Bond does not cover this type of insurance, we suggest the EC look into obtaining this type of insurance.

     6. It does not appear to the audit committee that members traveling to official CGE events are covered by CGE's insurance in case of an accident during travel or at official activities.  We recommend the EC investigate this issue and obtain insurance to cover injuries sustained in these instances if our insurance does not already cover them.  Alternatively, we recommend the EC setup procedures using the current insurance to ensure travel to official activities and the activities themselves are covered in case of an accident.

     7. Two cheques were found where the dollar figure was simply crossed out and changed, and there was no initials provided from the EC

member who made the alteration.  Whereas we do not think this is an example of nefarious behavior, we do think it would be easier to reconcile the budget if this activity was stopped and instead cheques were voided and a new cheque written when a change such as this needs to be made.

8. The audit committee had difficulty reconciling the budget for the Brew Off.  We recommend better budgeting of this event including adding additional categories to the budget for incoming funds and outdoing donations in addition to actual upfront costs associated with the event.

9. The audit committee recommends the Secretary-Treasurer prepare a short report for the audit committee prior to the committee meeting.  This report should include a variance report for the year, variance reports for any pertinent months such as the month of the Brew Off, and any *suggested* "fair-share" percentages driven by approximate work hours performed by CGE employees.

10. It is currently CGE policy to require two signatures on each outdoing cheque however it was not known if the bank cashing the cheque could require enforcement of this policy.  We recommend the EC request the bank enforce this policy if that is an option.

11. It came to our attention during our audit that a former employee of CGE may know the location of a key for the safe used to hold the chequebook.  We suggest the EC move the key and institute a policy to move hidden keys and change passwords upon a more frequent basis.

The audit committee would like to thank Rachel Erstad for her help with the audit.  Ms. Erstad was an equal partner in all discussions and helped to draft this letter however was not able to sign her name below due to circumstances outside of her control.

This examination was performed by a committee of members of the Coalition of Graduate Employees and was not conducted in accordance with generally accepted accounting or auditing principles. Based upon our examination, we consider the attached financial statements for the period July 1, 2011 though June 30, 2012 to be an accurate summary of transactions conducted during that period.

Sincerely

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| Expenses | | | Total | Chargeable | Non-Chargeable |
|---|---|---|---|---|---|
| | Staff Salaries | *Organizer* | $ 51,972.08 | $ 23,387.44 | $ 28,584.64 |
| | | *Business Manager* | $ 12,616.05 | $ 12,616.05 | $ - |
| | Payroll Taxes | | $ 6,334.04 | $ 3,530.80 | $ 2,803.24 |
| | AFT Oregon | | $ 96,845.15 | $ 76,924.10 | $ 19,921.05 |
| | AFT National | | $ 62,531.55 | $ 47,511.47 | $ 15,020.08 |
| | AFL-CIO State | | $ 6,777.33 | $ - | $ 6,777.33 |
| | Office Exp. | | $ 12,332.04 | $ 12,332.04 | $ - |
| | Union Exp. | | $ 8,211.84 | $ 8,211.84 | $ - |
| | AFT Oregon Annual Conv. | | $ 3,444.13 | $ 3,444.13 | $ - |
| | Organizing Exp. | | $ 1,608.67 | $ 1,206.50 | $ 402.17 |
| | Collective Bargaining Exp. | | $ 677.58 | $ 677.58 | $ - |
| | Leadership Training Exp. | | $ 5,309.11 | $ 5,309.11 | $ - |
| | Insurance | | $ 614.21 | $ 614.21 | $ - |
| | *Total* | | *$ 269,273.78* | *$ 195,765.27* | *$ 73,508.51* |
| Total | | | | | |
| | Percentages | | 100% | 72.70% | 27.30% |

Member dues are 2.0% of gross monthly income.
Fair-share dues are 72.7% of that, or 1.45% of gross monthly income.