

University of Alberta Students' Union

STUDENTS' COUNCIL LATE ADDITIONS

Tuesday January 23, 2007
Council Chambers 2-1 University Hall

2006-18/2

PRESENTATIONS

2006-18/2f

Jonathan Tieman, Chair of the Council Administration Committee presents on Bill #12.

Please see document LA 06-18.01

2006-18/5

BOARD AND COMMITTEE REPORTS

2006-18/5c (ii)

Audit Committee – January 17, 2007

Please see document LA 06-18.02

2006-18/7

INFORMATION ITEMS

2006-18/7d

Samantha Power, President – Report

Please see document LA 06-18.03

2006-18/7e

Formal Complaint regarding the SU and Coca-Cola

Please see document LA 06-18.04

2006-18/7f

United Students Against Sweatshops' Statement

Please see document LA 06-18.05

Council Administration Committee's Report to Student Council on Bill 12

On September 12, 2006 Council referred Bill 12 to CAC for CAC's consideration and that CAC report back to council by January 23rd

This is that report

Over the last several months CAC has endured a thorough investigation of Bill 12 and the overall expectations and results of Councilor Remuneration

In examining Bill12 CAC asked itself several questions.

These include:

1) What is Bill 12 trying to achieve?

Bill 12 has two main goals

- 1) To provided for a full or partial opt out for councilors
- 2) To create a Student Council Scholarship funded from unredeemed payments under the Councilor Remuneration program.

2) Should Councilors be given an opportunity to Opt out of Remuneration?

CAC underwent extensive discussions both for and against allowing an Opt out mechanism. An abbreviated compilation of those discussions can be found below

Against

- creates a two tier council
- if opting out to qualify for scholarships → scholarships generally less than what a councilor gets through remuneration
- if councilors getting paid – may adversely affect scholarship opportunities → should you really by on SU for only scholarship purposes
- opting out should not be used for election purposes
- if fundamentally opposed to remuneration → should be against remuneration in whole
- remuneration exists to accomplish certain goals → if opt out → goals not achieved

For

- if councilors getting paid – may adversely affect scholarship opportunities → should you really by on SU for only scholarship purposes
- money should go to students not councilors
- allows for people opposed to remuneration to opt out and yet have remuneration to encourage attendance
- allows for councilors not to be employees of the SU

It is the unanimous position of CAC that Student Council should not allow for an opt out mechanism for Councilor Remuneration. The advent of a two tiered council raises serious concerns not only for the effective administration of council but also for the potential creation of a political disadvantage to councilors who can not afford to opt out of remuneration. Furthermore, creating an opt out mechanism so that councilors can be eligible for scholarships is nonsensical. As is elaborated below, councilors are only ineligible for SU awards. The amount of money for these awards is often less than what a councilor receives via remuneration. Furthermore, there are other processes by which Student Council can make councilors eligible for SU Awards, an opt out is not necessary.

3) Should council create a “special scholarship fund” via special resolution?

- CAC is of the unanimous position that council should not be creating a scholarship through a bill of this sort
- Scholarships should be created through the Budget and Finance Process
- Even if council establishes an opt out mechanism, the establishment of a scholarship fund should be left the Budget and Finance process

Councilor Remuneration

In considering Bill 12 CAC also examined the Councilor Remuneration scheme and its effectiveness. CAC asked itself several questions in this regard.

1) Is remuneration achieving its goals?

There is no distinct answer to this question. This is the first year councilor remuneration has been in place and further investigation is needed to determine if it is meeting its goals. CAC will continue to monitor the situation and will make further findings known to council when the information is better available. So far this is what CAC is investigating.

- Primary Goal → Encourage students who would otherwise not run for SU
 - Councilor Remuneration may not be high enough to encourage councilors to attend meetings versus working
 - Is attendance higher than last year?
- Subsidiary Goal → Decrease vacant seats
 - it is hard to access whether or not we are achieving our goals as we have no long term numbers to access

2) Why is being an employee so bad?

- Councilor’s got elected without the expectation that they would be employees
- Did not really sign up to be employees → this is only a first year side effect
- Regardless of whether we are classified as employees or something else, any remuneration received will still be considered to be employment income and will be taxable

3) What else would you like to be called?

- A caterpillar
- A paid volunteer
- A SU Slave
- A Volunteer
- Employee vs Paid Volunteer
 - o There is no such distinction made by Revenue Canada
 - o Paid Volunteer = Employee

4) Scholarships

- other ways of making students eligible for awards then changing remuneration

Four Kinds of Awards

1) University

2) Coca Cola

3) SU Awards

4) External

- SU awards are the only awards we can't apply for
- Bylaw 100 is the only place where SU governs SU Awards
- SU would have to change the Awards committee's terms of reference to include councilors or direct the chair to include councilors as part of the applicable student body
- If so, the speaker should also be able to apply for SU awards

Overall, a cursory examination of Councilor Remuneration by CAC has revealed that the Councilor Remuneration process has been relatively successful in achieving its goals. The main issue that has arisen from Councilor Remuneration is the classification of councilors as employees. The unfortunate reality is that, as councilor remuneration exists today, councilors are employees of the Students Union. CAC is of the opinion that there is no other practical way to have an effective remuneration process while allowing councilors to not be employees of the students union.

University of Alberta Students' Union
Report to Students' Council

2007-01-23

Audit Committee

We had a very productive meeting on January 17, 2007. We started with postponing the deadline for CJSR to file for disbursement. This was done due to delays in them receiving their Audited financial statements.

We then had a series of announcements/clarifications involving everything from the SU Audit, PnLs, to the FAMFs and FMFs. We are making progress in regards to our review processes. This is evident from our new Standing Orders which will eventually be the home of all procedures involving the reviews conducted by Audit Committee. Standing Orders has also been revised to remove the sub-committee divisions and include more Chair and Member responsibilities.

On January 29, 2007 we started on the SU Audit and the process for the selection of the new SU Auditor. We reviewed Nov/Dec credit card statements and are in the process of getting our concerns addressed.

Our meeting schedule is set and approved for the rest of the trimester. We are looking forward into a very productive semester ☺.

Prem

PS: For your information, our meeting schedule for the rest of the term is as follows:

Winter Meeting Schedule:

TOTAL = 12 meetings

Wed	Jan 17: 3pm - 4:15	(met)
Mon	Jan 22 : 5pm - 6:15	(met)
Mon	Jan 29 : 3pm - 4:15	
Thu	Feb 08 : 5pm - 6:15	
Mon	Feb 12: 3pm - 4:15	
Thu	Mar 1: 5pm - 6:15	
Mon	Mar 5: 3pm - 4:15	
Thu	Mar 15: 5pm - 6:15	
Mon	Mar 19: 3pm - 4:15	
Thu	Mar 29: 5pm - 6:15	
Mon	Apr 2: 3pm - 4:15	
Mon	Apr 9: 3pm - 4:15	

Audit Committee Standing Orders

(Approved Jan 17, 2007)

1. The Audit Committee shall meet:
 - (a) Once at the beginning of the year to
 - i. Elect a Chair;
 - ii. Approve Standing Orders.
 - (b) To make decisions regarding:
 - i. The removal and/or replacement of the Chair;
 - ii. Changes to Standing Orders.
 - (c) Whenever called for by any member with 72 hours notice or agreement by all members of the committee as a whole.
 - (d) For the first meeting of the Committee in May, September and January, set out a meeting schedule for the following four months.
 - (e) As per meeting schedule described in 1(d).
2. The Committee will assign the task of recording minutes to a member of the Committee.
3. The Audit Committee:
 - a. Shall review the proposed uses and make a decision regarding disbursement of funds for DFUs not listed in section 6(j), no later than August 31 of each year or within 4 weeks of their submission of documents required in Bylaw 6000(1) whichever is later subject to the following:
 - i. The committee shall review the disbursement of a dedicated fee unit when:
 1. The Students' Council representative on that dedicated fee's board is present,
 2. All conditions set out in Bylaw 6000(2) have been met;
 - b. Shall monitor the use of all Faculty Association Membership Fees and Faculty Membership Fees;
 - c. Shall annually select the Students' Union auditor and oversee the Students' Union's external audit;
 - d. Shall review the Students' Union's audited financial statements in advance of their presentation to Students' Council;
 - e. Shall review all alterations made to the Students' Union's budget for the purpose of verifying compliance with Students' Union legislation;
 - f. Shall, each month, review, for appropriateness and compliance with the Students' Union's budget, the transactions of the Students' Union organizational units;
 - g. Shall review all expenditures made on Students' Union credit cards;
 - h. Shall investigate any inappropriate transactions or significant variances against the Students' Union's budget;
 - i. Shall monitor the Grant Allocation Committee's allocation of the Campus

Recreation Enhancement Fund, the Eugene L. Brody Fund, the Golden Bear and Panda Legacy Fund, and the Refugee Student Fund;

- j. Has the authority to require to appear before it, in a reasonable period of time, any Students' Union employee(s) and/or member(s) of the Executive Committee.

4. The Chair:

- (a) Shall ensure that there is an agenda for each meeting that will include, at minimum:
 - i. Call to order,
 - ii. Items of Business,
 - iii. Adjournment,
 - iv. Confirmation of Next Meeting;
- (b) Shall, after each meeting of the committee, submit to Students' Council a report to appear on the main agenda including:
 - i. any decisions made by the standing committee acting under authority delegated to it by Students' Council,
 - ii. any recommendations made by the standing committee to Students' Council,
 - iii. any standing orders adopted by the committee, and
 - iv. a document titled "Summary of Proceedings" summarizing the activities of the committee at the meeting in question;
- (c) Notwithstanding Section 6(b), if the meeting occurs after that deadline, the Chair shall submit minutes of the Committee as soon as possible so that they appear on the late additions agenda of Students' Council;
- (d) Shall be responsible for booking meeting rooms for meetings of the Committee;
- (e) May institute Robert' Rules of Order if the meeting would benefit from the imposition of structure;
- (f) Shall be responsible for ensuring the security of all financial documents;
- (g) Shall ensure that all communication and decisions involving a dedicated fee unit and the Committee will be forwarded to the Students' Council representative on the dedicated fee unit's board;
- (h) Shall receive monthly summaries of the SU organisational units, and select those that should be reviewed by the Committee. Prior notice must be provided to committee members, and the review is subject to consent of the committee;
- (i) Shall request to be added to the GAC mailing list and to receive all minutes and agendas from GAC;
- (j) Shall provide a monthly oral report to the Committee on the activities of GAC.

5. All Members:

- a. Are required to attend all meetings of the Audit Committee. Notwithstanding this, members may be absent for three (3) meetings within a given trimester. Any additional absences shall result in the

Committee recommending to Council the removal of that member from the Committee;

- b. Shall be considered present should a proxy be appointed as per Bylaw 100, Section 15-5;
- c. Shall contribute to ensuring the security of all financial documents;

APPENDIX A – List of Yearly Reminders

Below is a timeline of events that MUST take place with regard to the Audit Committee during the course of any year. They are all ultimately the responsibility of the Chair to enforce, but may be delegated to any member of the Committee, or Administrative Staff.

TRIMESTER	REMINDER	DELEGATE
MAY - AUG	1. Elect a Chair	
	2. Formulate a Meeting Schedule for the first trimester	
	3. Add the Chair to the mailing list of the Grant Allocation Committee	Admin Staff
	4. Send out a reminder to all DFU’s regarding disbursement procedure as outlined in Bylaw 6000.	Chair reminds => Admin Staff
	5. Receive a trimester summary of Internal PR posted to Credit Card Statements.	Admin Staff
	6. Review Credit Card Statements	
	7. Review at least four (4) SU business units	
SEP – DEC	1. Send out a reminder to all DFU’s regarding disbursement procedure as outlined in Bylaw 6000 (in September and in October).	Chair reminds => Admin Staff
	2. By the last meeting for this trimester, move motions to cease funding to any DFU that has not received approval for its funding.	Chair
	3. Receive a trimester summary of Internal PR posted to Credit Card Statements.	Admin Staff
	4. Review Credit Card Statements	
	5. Review at least four (4) SU business units	
JAN – APR	1. Make inquiries about the SU Audit and Auditor Selection	Chair
	2. Prepare a presentation with regard to the SU Audit and Auditor Selection.	Chair
	3. Receive a trimester summary of Internal PR posted to Credit Card Statements.	Admin Staff

	4. Review Credit Card Statements	
	5. Review at least four (4) SU business units	
ON-GOING	1. Forward to Audit Comm. all alterations made to the SU Budget.	Admin Staff
	2. The Chair shall receive monthly summaries of the SU business units, and select those that should be reviewed by the Committee. Prior notice must be provided to committee members, and the review is subject to consent of the committee.	Chair
	3. The Chair shall provide a monthly oral report to the Committee on the activities of GAC.	Chair

APPENDIX B – Mandate Translation

Below is a list of some of Audit Committee’s Mandates, and a literal translation put into procedures that should be conducted by the Committee. This information is not complete, and shall remain a working progress across the years until completion.

1. Review of DFUs
 - a. APIRG
 - b. Gateway
 - c. CJSR
2. Review of Faculty Association Membership Fees
3. Review of Faculty Membership Fees
4. Review of SU organisational units e.g. Powerplant, Week of Welcome, etc.
5. Selection of the SU Auditor, review the SU external audited financial statements
6. Making a presentation to Council on the SU audited financial statements
7. Reviewing alterations made to the SU budget.
8. Review of Credit Card statements

Monthly credit card statements of SU Executive and Staff are to be prepared into packages:

- a. Including copies of receipts for all purchases posted;
- b. Each expense must be charged to a budget line (which should also be indicated);
- c. A trimester summary of transactions from each credit card, posted to Internal PR.

- d. The package must be prepared for each member of the Committee.

Simultaneously, each member shall look through the package for each month looking out for inconsistencies and/or inappropriate expenditures, bearing in mind that the credit cards are provided to “make reasonable expenditures for which it is not possible, or there is no time to request a purchase order or cheque. In particular, the following should be investigated:

- i. Expenses made on or at a place that services alcoholic beverages, gambling, or any other business that would portray the SU as non-professional;
 - ii. Expenses that have no receipts, especially larger expenses;
 - iii. Large expenses for which no suitable reason is known at that time;
 - iv. Expenses that are not posted to a particular budget line;
 - v. The overall expense made posted to Internal PR per trimester, per card holder;
9. Investigation of serious variances between budget and actuals, with regard to any SU unit.
 10. Monitoring the Grant Allocation Committees activities with regard to the disbursement of funds. (See standing orders for list)
 11. When should we, and when should we not require the attendance by a Manager, or executive.

12. Breach of Contract with the Students' Union

Upon finding that the Students' Union is in breach of a contract, Audit Comm. shall, in no particular order:

- a. Inform Council and indicate to Council a proposed course of action to remedy or mitigate the breach;
- b. Inform and question the Executive Committee, as soon as reasonably prudent, concerning the circumstances of the breach, its causes, and the actions being taken by the Executive to remedy or mitigate the breach.

MINUTES

2007-01-17

Audit Committee

Wednesday, January 17, 2007

3:00 pm

Lower Level Meeting Room (010 of SUB)

Call to Order: Eruvbetine called the meeting to order at 3:00 p.m.

Attendance: Eruvbetine, Lewis, Sumar, Chapman (arrived at 3:10), Gamble (arrived at 3:20).

Guests: James Baumgartner (CJSR) and Jennifer Serafin (AA-Students' Council).

1. Approval of the Agenda

LEWIS/ERUVBETINE moved to approve the agenda.

ERUVBETINE moved to make item 4A a Special Order.

3/0/0 CARRIED

4 a. Approval of CJSR DFU Disbursement

i. Repeal of Previous Motion

James: Explains audit problems (taxable receipts for Charitable Donations). Funds for a Documentary changed funding for CJSR which made for changes in the Financial Statements. He explained that the DFU is for salary pay.

Eruvbetine: Explains that the Audit Committee requires from CJSR the Actuals from 05/06, the Budget from 05/06 and the Budget Projections for 06/07 and 05/06 Financial Statements.

CHAPMAN/LEWIS moved to extend the deadline of the previous motion of Dec. 1st regarding CJSR, to the end of February.

5/0/0 CARRIED

2. Approval of the Minutes

LEWIS/CHAPMAN moved to approve the minutes of the last meeting.

5/0/0 CARRIED

3. Announcements

- a. Meeting Schedules (for the Winter)
- b. Procedure for PnLs
- c. General Services Update
- d. CJSR Disbursement
- e. Member Contributions
- f. Need Volunteer to Attend Bylaw Meeting

4. Old Business

- c. Approval of Proposed Draft of Bill 10a
Take the draft to Bylaw Committee and recommend these changes.

- d. Approval of Bill 10b – affecting Bylaw 6000
Add to point A “Any new” at the beginning and add a point stating “Will come into effect May 1, 2007”,
CHAPMAN/ERUVBETINE moved to approve the amendments to Bill 10B.
4/1/0 (Gamble) CARRIED

- e. Approval of Standing Orders
Amendments to the Standing orders:
Motion to strike point 7 (b). Add new 7 (b) “ All members shall be considered present should they send a proxy”.
Motion to add new point 6 (j) “Shall provide a monthly oral report to the Committee on the activities of GAC”
Motion to strike “removal of that member from the Committee” in point 7(a) and replace with “Committee recommending to Students’ Council the removal of that member from the Committee”.
Motion to strike “The Chair” from point 6 (i).
Motion to add “WOW” to point 4 of Appendix B.

ERUVBETINE/LEWIS moved to approve the Standing Orders, as amended.
4/0/0 CARRIED

ERUVBETINE/LEWIS moved to adjourn.
4/0/0 CARRIED

Meeting adjourned at 4:19 pm.

University of Alberta Students' Union
Summary of Proceedings

2007-01-17

Audit Committee

Wednesday January 17, 2007

3:00 pm

Lower Level Meeting Room (0-10 SUB)

Call to Order: ERUVBETINE called the meeting to order at 3:00 p.m.

1. LEWIS/ERUVBETINE moved to approve the agenda.
3/0/0 CARRIED
 2. LEWIS/CHAPMAN moved to approve the minutes of the last meeting.
5/0/0 CARRIED
 3. CHAPMAN/LEWIS moved to extend the repealed CJSR DFU motion to the end of February.
5/0/0 CARRIED
- ERUVBETINE/LEWIS moved to approve the Standing Orders, as amended.
4/0/0 CARRIED
4. ERUVBETINE/LEWIS moved to adjourn at 4:19 p.m.
4/0/0 CARRIED

Next Meeting: TBA via email.

January 23 – Report of the President

Board Finance and Property Committee – Jan. 11th – The tuition proposal, rent increase and most mandatory fee increases went to BFPC. The tuition proposal was to increase by CPI, it went through with two against (points to the councilor who guesses who!). The rent increase was not as cut and dry. There were two abstentions, two votes against and four in favour. All of these proposals will go to the BoG meeting on Friday. You're welcome to attend. It is from 8am to noon this Friday in council chambers. It's a public meeting.

Organizing for Action – Jan. 13th – This was a training day for students involved in student groups to become familiar with advocacy and activism. It went really well, with great evaluations of the day. We had presentations on media training, consensus decision making, and creative fundraising. Over thirty people attended.

Day of Action – Feb 7th!!!! – The National Day of Action is February 7th. We have confirmed two speakers and are working on all the details. Dave and I are classroom speaking, we'll have tables set up and materials to give out. If you want to volunteer email Dave. It will be fuN!!!!

Meeting with New Democrats – We were invited to a planning session of the New Democrats. With a new minister and several developments in the advanced ed portfolio we were invited to meet with ND Advanced Ed critic Raj Pannu to discuss post-secondary issues on a provincial level.

Jack Layton – First Rick Mercer, then Stephane Dion and now Jack Layton – Edmonton has seen a number of national celebrities in the past two weeks and they've all stopped by the UofA. Jack Layton was in town for a federal nomination and was able to stop and have a meeting with Dave, myself and the grad students. He was interested in our numbers on how Albertans view affordability, changes to the student finance system and we talked about funding research costs and operating budgets of universities.

Telus Center Tour – Dave, myself and the UAO went on a tour of the Telus Center to see some of the changes they're making to make it an academic building after the UofA purchased it. They're making several "smart" classrooms and upgrading the technology available. There's a new computer lab on the first floor, so if you're looking for somewhere to study, check it out. There are also small break out/study areas, the building will be wireless.

Residence Rent Increase – We've coordinated with the RHA to send around a petition against the rent fee increase. I'll bring copies to council to view the wording. This petition was sent around residences and will be presented to the Board on Friday. We're opposed to the 6.4% increase in top of the CPI increase of 3.6%. We'll be presenting alternatives on Friday.

Upcoming:

Jan 24th – APC

Meeting with Rehab Med FA

Wall of Debt Final! 11:15am Wall of Debt!

Jan. 25th – AAS:UA

Jan. 26th – BOG!! Tuition and Residence Rent! Council chambers 8am to noon

Jan. 29th – Nursing FA meeting

Jan. 30th – Education Students' Association forum on K-12 education w. Dean Fern Snart, and Larry Booi

Feb. 6th – CAUS meeting and meeting w. Minister

Feb. 7th – NATIONAL DAY OF ACTION!!

United Students Against Sweatshops' Statement

April 15, 2005

Cal-Safety Compliance Corporation is Not a Credible Monitor for
Coca-Cola's Labor Practices

The Coca-Cola Company has recently released a report by the for-profit corporation Cal-Safety Compliance Corporation as an "independent investigation" of Coca-Cola's labor practices in Colombia. This is a public relations move in anticipation of the huge protests that will happen at Coca Cola's shareholder meeting on April 19th as well as increasing student pressure on campuses throughout the nation.

We want to make clear that we view this development as entirely unacceptable and unviable as a means of moving forward the process of ensuring that workers' rights are respected in Coca-Cola bottling facilities in Colombia.

Cal-Safety is not regarded as a credible monitoring organization within the mainstream worker rights advocate community as result of its track record of missing egregious violations in high profile cases and its flawed monitoring methodology. This investigation by Cal-Safety funded by Coca-Cola will not be taken seriously by the anti-sweatshop movement and does not put to rest our long standing concern about human rights abuses in Coca-Cola's plants in Colombia.

The document provides some background that informs our view of Cal-Safety and why the company cannot be relied upon to find, report, and correct worker rights violations in this case.

Cal-Safety and the Case of El Monte

Cal-Safety is perhaps best known among worker advocates for its role in the case of El Monte, the most infamous incident of sweatshop abuse in modern American history. In this case, 75 women 5 men were kept in conditions resembling slavery in a factory compound located in El Monte, California. For up to five years, the workers were forbidden to leave the compound, forced to work behind razor wire and armed watch, sewing garments for top American brands for less than a dollar an hour. The workers worked from 7:00 am until midnight, seven days a week. Eight to ten people were forced to live in rat infested rooms designed for two.[1]

Cal-Safety was the registered monitor for the front shop, D&R. D&R transferred hundreds of bundles of cut cloth to the slave sweatshop and delivered thousands of finished garments to manufacturers and retailers each day, yet there were fewer than a dozen sewing machines at the D&R facility. Cal-Safety's inspection of the facility failed to uncover anything unusual, including the large volume of work being sent out to the slave sweatshop. In addition, Cal-Safety even failed to identify the numerous wage and hour violations of the 22 Latino workers employed by the D&R facility.[2] The revelations of abuse at the El Monte factory was a major event in American labor history, helping to spark the modern anti-sweatshop movement. The failure of Cal-Safety to find abuses in this case is one of the most widely cited examples of the shortcomings of the private monitoring industry.

Additional Incidents of Ineffective Monitoring by Cal-Safety

As a result of its failure to identify violations in the El Monte case, Cal-Safety was the subject of extensive public criticism. However, even with this criticism, Cal-Safety's auditing practices continued

to be exposed as inadequate. The following are additional high profile cases in which Cal-Safety failed to find and/or report worker rights violations.

§ In 1998, Cal-Safety gave Trinity Knitworks, a garment factory in Los Angeles, a clean report despite the fact that the factory failed to provide complete records and had failed to pay employees for months. Cal-Safety reported to Disney, its client in this case, that Trinity was fully compliant with labor standards at nearly the same moment that investigators of the California Department of Labor were investigating the factory and citing it with massive minimum wage violations, including \$213,000 in back wages owed to some 142 workers.[3] In September, 1998, when the Department of Labor seized 17,000 Disney garments from Trinity, the factory's checks to workers had been bouncing for five months. Cal-Safety had visited the factory during this period. A December 1, 1998 *Los Angeles Times* article reported that "as representatives of Disney and the other firms kept close watch over production details, such as the placement of inseams, hemlines and zippers, monitors hired by the companies failed to notice Trinity workers were not being paid." The article goes on to quote Joe A. Razo, California's deputy labor commissioner, who said, "You'd have to be pretty blind not to know what was happening at Trinity." [4]

§ In 1999, Cal-Safety was the monitor hired by John Paul Richard, a high-end garment manufacturer producing in Los Angeles. Cal-Safety failed to identify and report sweatshop conditions, including falsified time records, off-the-clock work and sub-minimum wages. In fact, following a visit from a Cal-Safety inspector, two Latino garment workers who had spoken to Cal-Safety were fired in the presence of factory managers. When Cal-Safety was contacted about this act of retaliation for cooperating with a monitor, Cal-Safety refused to do anything, insisting that it wasn't Cal-Safety's problem. After the workers filed a federal lawsuit against the manufacturers and retailers in that case, formal discovery of Cal-Safety revealed a thoroughly inadequate process

for training, inspecting and reporting.[5]

§ In 1999, Cal-Safety was hired by Wal-Mart to audit a factory in China called Chun Si which produced handbags for Wal-Mart's Kathy Lee Gifford line. As revealed in a lengthy expose by *Business Week*, the factory kept workers in virtual captivity, locked in the walled in compound for twenty three hours a day. Management confiscated workers' identify guards, placing them in danger of deportation if they left the factory. Factory guards routinely beat workers for talking back to managers or walking too slow.

Workers were fined as much as one dollar for infractions as minor as spending too long in the restroom. Cal-Safety, along with Price Waterhouse Coopers, audited the factory five times. **Business Week** reported that, while Cal-Safety's audits found some of the less serious violations regarding unpaid and excessive overtime, Cal-Safety's "audits missed the most serious abuses including beatings and confiscated identity papers." [6]

Cal-Safety's Flawed Monitoring Methodology

Information about the above examples of Cal Safety's monitoring track record is complemented by the results of a thorough investigation into Cal Safety's monitoring methodology by Dr. Jill Esbenshade, presented in the recently released book, "Monitoring Sweatshops." In her research, Esbenshade conducted extensive interviews with Cal-Safety auditors and directly observed the company's labor auditing in practice. Given the problematic practices documented, Cal-Safety's poor track record is perhaps not surprising. In numerous key areas, Cal Safety failed to adhere to minimum accepted standards for competent factory investigation.

- Unannounced factory visits have been shown to be substantially more effective in identifying worker rights violations, because they deny management the opportunity to hide abuses. Yet the majority

of Cal-Safety's factory audits are announced, meaning that factory management has full knowledge that the auditors will be visiting the factory on the appointed date and time.[7]

- The process of identifying, documenting, reporting, and correcting worker rights abuses is a difficult and labor intensive process. Department of Labor investigations take roughly 20 hours to complete. WRC investigations often take hundreds of person hours over a period of months. However, Cal-Safety purports to accomplish the same work in just a few hours. Cal-Safety factory audits are generally scheduled every three hours, including time to commute to a new site or take a lunch or rest break, meaning that audits frequently take substantially less than three hours.[8]

- It is well established that interviewing workers outside of the factory in locations workers choose is far more effective in getting candid information about working conditions than interviewing workers inside of the factory where managers know who is being interviewed and workers can become the subjects of reprisal and retaliation. Yet, according to Cal-Safety auditors, Cal-Safety primarily conducts worker interviews on the factory floor or in an office in the factory. A former Cal-Safety monitor said, "There is no privacy in the conversation. The employer knew who was being interviewed." [9]

- The key area of concern in Coca-Cola's bottling facilities is freedom of association and the right of workers to unionize and bargain collectively, and thus expertise in this area is critical to an effective investigation. Yet Cal-Safety does not consider collective bargaining rights or freedom of association to be within the purview of its audits in the United States, and does not investigate for violations of the National Labor Relations Act. At the Cal-Safety office, researchers noticed anti-union propaganda posted on the wall voicing the message that monitoring is a substitute for unionization.[10] No evidence could be found indicating that Cal-Safety has experience or expertise investigating violations of

associational rights overseas.

- A basic principle of credible monitoring is that organizations that are beholden to the industry they monitor as their principle source of income are not likely to produce reports that are entirely unbiased or critical of their paymaster. However, Cal-Safety has been contracted and paid directly by many of the world's largest corporations, including Wal-Mart, Walt Disney, the Gap, and Nike.[11] Cal-Safety's annual revenue through private for-profit monitoring is in the millions of dollars.[12] Corporate contracts are its principle source of income.

- A basic principle of the University's anti-sweatshop policy is transparency and the public disclosure of factory information a practice to which Cal-Safety has never submitted itself. Cal-Safety does not publicly disclose its monitoring reports to the public or to the workers whom the audits are supposedly designed to benefit. Even the names and locations of factories are a strictly held secret. Indeed, Cal-Safety's website states, "CSCC considers all of its monitoring interactions to be extremely confidential; inspection data is strictly controlled and released only to the client of record." [13]

Conclusion

In sum, based upon the information available, there are ample grounds to conclude the Cal-Safety is unfit to monitor Coca-Cola's labor practices in Colombia. Indeed, given its repeated failure to find egregious violations in high profile cases of worker abuse, its status as a for-profit corporation, its practice of monitoring generating revenue from the major corporations for whom it monitors, its lack of experience with the core issue of freedom of association, its flawed methodology in visiting factories and conducting worker interviews, and its utter lack of transparency, Cal-Safety should easily be ruled out as a candidate for credibly investigating the case of Coca-Cola in Colombia.

We expect that if Cal-Safety does conduct a paid audit of Coca-Cola's practices, the most likely outcome will be that it finds minor violations sufficient to slap Coca-Cola on the wrist but fails to adequately investigate and report on the serious violations, involving violence and the threat of violence against trade unionists, that have prompted worldwide concern.

The University should not lend its credibility or place any credence in this transparent effort to whitewash a serious case of human rights abuse.

[1] For a detailed account of the El Monte case, see Robert Ross et al. 1997. *No Sweat: Fashion, Free Trade and the Rights of Garment Workers*.

[2] Hearing before the Subcommittee on Oversight and Investigations of the Committee of Education and the Workforce, California House of Representatives, May 18, 1998. Statement of Julie A. Su, Attorney, Asian Pacific Legal Center

[3] Patrick McDonnell, Los Angeles Times December 1, 1998. Industry Woes Help Bury Respected Garment Maker

[4] Ibid.

[5] Asian Pacific American Legal Center. September 20, 2000. Settlement Reached With Major L.A. Garment Manufacturers Who Ignored Reports of Sweatshop Labor

[6] *Business Week*, Business News 2 October 2000. "Inside a Chinese Sweatshop: A Life of Fines and Beating"

[7] Esbenshade, Jill. 2004. *Monitoring Sweatshops: Workers, Consumers, and the Global Apparel Industry*. pg 73

[8] Ibid. pg 72

[9] Ibid. pg 77

[10] Ibid. pg 81

[11] Source: National Labor Committee

[12] Esbenshade, Jill. 2004. Monitoring Sweatshops: Workers, Consumers, and the Global Apparel Industry. pg 65

[13] From Cal-Safety's website: http://www.cscconline.com/faqs/container_faqs.shtml#