



August 10, 2005

Robert Rohauer
Locomotive Engineers
Division 421
1125 Penora Street
Depew, NY 14043-4523

Dear Mr. Rohauer:

This Office has recently completed an audit of Locomotive Engineers, Division 421 under the Compliance Audit Program (CAP) to determine compliance with provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with you on August 9, 2005, 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.

Title II of the LMRDA establishes certain reporting and record keeping requirements. Section 206 requires, among other things, that adequate records be maintained 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipients of the goods or services.

The following record keeping violations were revealed during the audit of Division 421's 2004 records:

- Although the majority of receipts were maintained, the union failed to maintain adequate receipts for a few disbursements. For example, ~~7(c)~~ reported on one expense report that some receipts were lost. Also, on ~~7(c)~~ expense reports, receipts for meals and incidentals were not retained. All bills for which the union reimburses a percentage to the union officer must also be retained by the union.

Some union officers failed to retain adequate documentation for reimbursed expenses. The record retention requirement includes not only the retention of original bills, invoices, receipts, and vouchers, but also additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and all the

recipients of the goods or services. In addition, the names of individuals present for meal expenses paid for by the union and the locations (names of restaurants) where meal expenses were incurred must also be recorded. In most instances, this documentation requirement can be most easily satisfied with a sufficiently descriptive receipt. If a receipt is not sufficiently descriptive, a note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

As agreed, provided that Division 421 maintains adequate documentation for its disbursements in the future, no additional enforcement action will be taken regarding this violation.

The CAP also disclosed a violation of LMRDA section 201(b), because the Labor Organization Annual Report (Form LM-3) filed by Division 421 for fiscal year ending December 31, 2004 was deficient in the following areas:

- The expenses paid to officers for the audit year were not recorded properly on Item 24
- The annual fidelity bond premium was listed on the report in Item 54, Other Disbursements, however; the premium should be listed in Office and Administrative Expenses, Item 48

All other areas of the report were accurately recorded. I am not requiring that Division 421 file an amended LM-3 report for 2004 to correct these deficient items, but as agreed, your union will properly report the deficient items on all future reports filed with this agency.

I strongly recommend that you make sure that this letter and the compliance assistance materials that were provided to you are passed on to your successors at whatever time you may leave office.

I want to thank you for all your cooperation and courtesy during this compliance audit. Please keep up the good work in complying with the LMRDA. If we can be of any assistance in the future, please do not hesitate to contact me or any other representative of our office.

Sincerely,



Investigator