



October 31, 2005

Mr. Daniel Schroeder, Treasurer  
Locomotive Engineers Division 48  
16 Barto Drive  
St. Louis, Missouri 63135

Dear Mr. Schroeder:

This office has recently completed an audit of Locomotive Engineers Division 48 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 you on October 4, 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.

The following violations were revealed during the audit of Division 48's 2004 records.

Title II of the LMRDA establishes certain reporting and record keeping requirements. Section 206, among other things, requires that records be maintained for at least five years from which the documents filed with the Secretary of Labor can be verified, explained, and clarified. As a general rule, all records used or received in the course of union business must be retained.

During the audit, backup billing documentation was not provided for disbursement payments made for insurance coverage to [redacted], 4. However, as discussed and verified during the exit interview, you have maintained those billing statements and will continue to keep those billing statements as part of the official financial records of Division 48.

Additionally, seven disbursement checks were identified in the union ledger as "VOID," yet only four were retained and provided during the audit. Voided 7 were not retained. As discussed during the exit interview, these voided checks were traced to determine if they cleared the bank and it was agreed that all voided checks would be retained in the future.

The CAP also disclosed a violation of LMRDA Section 201(a) which requires that unions submit a copy of their current constitution and bylaws with its LM report. As discussed during the exit interview, Division 48 does not have their own bylaws in addition to the international's constitution and bylaws. During the exit interview, you provided our agency a copy of the constitution and bylaws of the International Brotherhood of Locomotive Engineers for our files. As agreed, if Division 48 develops their own bylaws in the future, two copies will be filed with our agency.

The audit also revealed that numerous disbursement checks had only one officer signature. Additionally, you explained during the opening interview that in some instances, blank disbursement checks were pre-signed by an officer. As we discussed, using two officer signatures on all disbursement checks is encouraged and is an effective internal control of union funds. Countersigning a blank check in advance does not attest to the authenticity of a completed check.

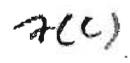
Also, as suggested during the exit interview, it would be beneficial that meeting attendance prizes be clarified in writing and a lost time voucher form be developed. Although both attendance prize notifications and approval of lost time payment were included in membership meeting minutes, additional clarification is an encouraged practice on such topics.

I want to thank you for your cooperation and courtesy during this compliance audit. 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,

Dennis L. Eckert  
District Director

By:   
Investigator

  
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