



December 5, 2023

Mr. Joshua S. Leber, Secretary-Treasurer
Brotherhood of Railroad Signalmen Local Lodge 228
P.O. Box 475
Bradner, OH 43406

Case Number: 350-6027597()
LM Number: 011-365

Dear Mr. Leber:

This office has recently completed an audit of Brotherhood of Railroad Signalmen Local Lodge 228 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 Secretary-Treasurer Joshua Leber on December 4, 2023, 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 Violations

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 Local Lodge 228's 2022 records revealed the following recordkeeping violations:

1. Debit Card Expenses

Local Lodge 228 did not retain adequate documentation for reimbursed expenses incurred by Herb Denney totaling at least \$1,234.05. For example, the union debit card was used on June 25, 2022, to pay for Denney's lodging at the Mission Bay Resort in San Diego,

California. However, there was no invoice or receipt supplied by Local Lodge 228 in support of this expense.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

Based on your assurance that Local Lodge 228 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

The audit disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. The Labor Organization Annual Report (Form LM-3) filed by Local 228 for the fiscal year ended December 31, 2022, was deficient in the following area:

1. Acquire/Dispose of Property

Item 13 [LM-3] (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away union-embroidered knit caps totaling more than \$1,785.99 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

I am not requiring that Local Lodge 228 file an amended LM report for 2022 to correct the deficient items, but Local Lodge 228 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Expense Policy

As I discussed during the exit interview with Secretary-Treasurer Leber, the audit revealed that Local Lodge 228 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 debit or credit cards. OLMS recommends that unions adopt written guidelines concerning such matters.

2. Lost Time Policy

The audit revealed that Local Lodge 228 does have a lost time policy. However, the local does not have an employer verification process included in the policy. Local Lodge 228's lost time policy should address who is eligible, the rate of pay, authorization procedures,

and required documents that must be submitted for a lost time claim. OLMS recommends that unions adopt written guidelines concerning such matters.

3. Check Signatures

During the audit, it was revealed that only one signature is required on disbursement checks. A two-signature requirement is an effective control of union funds because its purpose is to attest to the authenticity of a completed document. OLMS recommends that Local Lodge 228 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Brotherhood of Railroad Signalmen Local Lodge 228 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,



Investigator

cc: Mr. Herb Denney, President