



August 20, 2013

Case Number: 130-15399 [REDACTED]
LM Number: 515880

Mr. Sean Gerie, General Chairman
Maintenance of the Way Employees,
Commuter Railroad System Division
P.O. Box 1238
Trenton, NJ 08607-1238

Dear Mr. Gerie:

This revises our letter to you of May 28, 2013, regarding our audit of the Commuter Railroad System Division 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 May 23, 2013, 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.

Record Keeping 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 the Commuter Railroad System Division's records for the fiscal year ending March 31, 2012, revealed the following recordkeeping violations:

1. Failure to Record Receipts and Disbursements.

You did not have your Quickbooks records for the audit year, nor had you been keeping a journal of receipts and disbursements. Proper internal controls require the maintenance

of such a record in addition to the copies of checks and bank statements that you have been keeping. OLMS was able to verify your check copies against the bank statements.

2. Failure to Retain Receipt Records

The System Division's primary receipts are reimbursements from the National Division for the actual expenditures of the System Division. The National Division reports accompanying these reimbursements have not been retained, but must be in the future.

3. Failure to Maintain Executive Board Minutes/Authorizations for Charitable Contributions

Executive Board minutes were not available. Minutes must be taken of Executive Board meetings, and retained for five years. Because of the lack of minutes, there were no authorizations in the records for charitable contributions. In the case of one organization, the Philadelphia Area Project on Occupational Safety and Health (PHILAPOSH), contributions amounted to \$2,275 for the audit year. OLMS was able to verify the latter disbursements by contacting PHILAPOSH directly.

Based on your assurance that the System Division will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations; however, it is noted that charitable contributions in item 51 of the LM-3 were incorrectly reported as only \$1,000.

Other Issues

As I discussed with you during the audit, you have been acting as the sole signatory to checks, despite the fact that your Secretary-Treasurer and Vice Chairman are also authorized to sign checks. Proper internal controls require at least two signatures on checks. You agreed that in the future all checks will have two signatures.

I want to extend my personal appreciation to Maintenance of the Way Employees, Commuter Railroad System Division 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,

Senior Investigator

cc: Mr. Steven Mocher, National Division Auditor