



Sent via email to [REDACTED]

January 22, 2024

Mr. Sean Kelly, Secretary/Treasurer
Sheet Metal, Air, Rail and Transportation
Local 845
16432 1st Park SE
Bothell, WA 98012

Case Number: 530-6027806([REDACTED])
LM Number: 043885

Dear Mr. Kelly:

This office has recently completed an audit of Sheet Metal, Air, Rail and Transportation (SMART) Local 845 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 January 19, 2024, 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 845's 2022 records revealed the following recordkeeping violations:

1. Lost Wages

Local 845 did not retain adequate documentation for lost wage reimbursement payments to Vice Local Chairman Christopher Gorman totaling at least \$1,571. The union must

maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local 845, retained lost wage vouchers; however, the date the lost wages were incurred were not recorded on the voucher.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 845 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

2. Lack of Salary Authorizations

Local 845 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

3. General Reimbursed Expenses and Disbursement to Vendors

Local 845 did not retain adequate documentation for reimbursed expenses incurred by union officers and employees totaling at least \$318. For example, adequate supporting documentation was not retained for a \$54 reimbursement made to you on September 15, 2022. In support of this expense, Local 845 retained a receipt of wages and expense payment form and check image, which is not sufficient.

Additionally, Local 845 did not retain adequate documentation for disbursements to vendors totaling at least \$1,341. For example, adequate supporting documentation was not retained for a \$60 disbursement the union made to the Mini Max Storage on January 5, 2022. In support of this disbursement, Local 845 only retained an expense voucher, which is not sufficient.

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 845 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 845 amended its constitution and bylaws in 2021, but did not file a copy with its LM report for that year.

As agreed, Local 845 will file a copy of its current constitution and bylaws with OLMS as soon as possible but not later than February 2, 2024.

Other Issue

Lost Time Policy

As discussed during the exit interview with Local 845, the audit revealed that Local 845 does not have a clear policy regarding the reimbursement of lost wages to officers and employees. OLMS recommends that unions adopt written guidelines concerning such matters.

I want to extend my personal appreciation to SMART Local 845 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