



October 19, 2018

Mr. Bradley Stanhope, Secretary Treasurer
SMART LU 1289
1959 E. 1733rd St. S
Mounds, OK 74047

Case Number: 420-6013229
LM Number: 038314

Dear Mr. Stanhope:

This office has recently completed an audit of SMART LU 1289 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 and President Steve Tucker on July 25, 2018, 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 SMART LU 1289's 2017 records revealed the following recordkeeping violations:

1. Lack of Salary Authorization

SMART LU 1289 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.

The union is in the process of developing its own local bylaws and will include salary authorization.

2. Lack of Supporting Documents and Receipts for Disbursements

SMART LU 1289 did not maintain the proper back-up documentation for a donation in the amount of \$600.00 to [REDACTED] and a refund in the amount of \$72.00 to [REDACTED]. Both disbursements had blank vouchers which did not list the purpose and payee of the disbursement.

SMART LU 1289 also did not maintain receipts for disbursements totaling at least \$3,067.97 to Steve Tucker, Audie Stout, and [REDACTED]

The union has agreed to maintain proper documentation and receipts for all union disbursements.

Based on your assurance that SMART LU 1289 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Violation

Failure to Hold An Election Within Three Years

The union failed to hold its last regular election of officers within the maximum time frames specified by the LMRDA. Elections must be held no more than three years. The union's last election was held in November 2014. The next scheduled election is November 2018.

The union has agreed to conduct elections every three years.

Other Issue

Expense Policy

The audit revealed that SMART LU 1289 does not have a clear policy regarding the types of expenses officers may claim for reimbursement and the types of allowances authorized to be paid. There was no policy for the officer's cell phone allowance. OLMS recommends that unions adopt written guidelines concerning such matters.

The union has agreed to establish a policy for all disbursements, including salaries, allowances, and reimbursements.

I want to extend my personal appreciation to SMART LU 1289 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and

Mr. Bradley Stanhope

October 19, 2018

Page 3 of 3

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,

[REDACTED]

Investigator

cc: Mr. Audie Stout, Local Chairman
Mr. Brian Sconyers, Local Chairman