



July 22, 2020

Ms. Tonya Stokes, Secretary-Treasurer  
SMART Local 1704  
4047 Bales Avenue  
Kansas City, MO 64130

Case Number: 510-6018248  
LM Number: 545406

Dear Ms. Stokes:

This office has recently completed an audit of SMART Local 1704 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 July 13, 2020, 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 retain 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 1704's financial records from January 2017 through December 2019 revealed the following recordkeeping violations:

1. General Disbursements and Reimbursed Expenses

SMART Local 1704 did not retain adequate documentation for general disbursements and reimbursed expenses incurred by union officers totaling at least \$2,200. For example, in 2017 there were five payments to Luther's Florist totaling \$855.88 for which

there were no support documents; in May 2019 there was a check to Sam's Club for \$250.86 that was missing support documentation; and the union did not retain adequate documentation to support reimbursements to officers totaling at least \$150.

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.

## 2. Reimbursed Auto Expenses

Union officers who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them totaling at least \$157. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

## 3. Lost Wages

Local 1704 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$1,254. 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 1704 maintained lost time vouchers but in these circumstances did not complete the voucher with all the required information.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 1704 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.

## 4. Meeting Minutes not Maintained for 2018

During the audit, you advised OLMS that you had recorded meeting minute notes for 2018, but were unable to locate them for the audit. Minutes of all membership or executive board meetings must be maintained to report any disbursement authorizations made at those meetings.

Based on your assurance that Local 1704 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

### Reporting Violations

1. 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 1704's bylaws was approved by the union's international union on July 29, 2015; however, the local did not file a copy with its LM report with OLMS as required.

Local 1704 has now filed a copy of its constitution and bylaws by providing a copy during this audit.

2. Failure to File 2019 LM Report

Local 1704 failed to file its 2019 Labor Organization Annual Report, Form LM-3, as required by Federal law. The president and treasurer or corresponding principal officers of your organization are required to file an annual financial report with OLMS within 90 days after the end of the union's fiscal year. Therefore, your union's report should have been filed by March 30, 2020.

Local 1704 must file its delinquent Form LM-3 for the fiscal year ended December 31, 2019. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at [www.olms.dol.gov](http://www.olms.dol.gov). The Form LM-3 must be filed no later than August 7, 2020. Before filing, review the report thoroughly to be sure it is complete and accurate.

I want to extend my personal appreciation to SMART Local 1704 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,

[REDACTED]

[REDACTED]

Investigator

cc: Mr. Leon Brown, President

[REDACTED]