



July 3, 2019

Mr. Roger Brown, President
SMART Local 1137
1641 8th Street N
Fargo, ND 58102

Case Number: 320-6015153
LM Number: 027372

Dear Mr. Brown:

This office has recently completed an audit of SMART Local 1137 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 Treasurer Pete Nowicki on May 14, 2019, 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 1137's 2017 records revealed the following recordkeeping violations:

1. Lack of Salary Authorization

Local 1137 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 amounts and, therefore, were correctly reported. During the audit year, some monthly officer salary

payments were based on monthly membership numbers. For example, Treasurer Pete Nowicki was authorized to be paid a salary of \$3 per member per month. Local 1137 did not maintain records that identified the monthly membership numbers that were used to determine salary payments, which is insufficient. 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.

2. Lost Wages

Local 1137 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$11,161. 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 1137 maintained vouchers for some lost wage reimbursements; however, the vouchers did not always identify the date that lost wages were incurred or the specific union business. For example, you received a \$950 lost wage reimbursement on May 20, 2017. The voucher for this reimbursement identifies the purpose as "1 Trip \$950." Additionally, the voucher does not identify the date that the lost wages were incurred, which is insufficient.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 1137 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.

3. Disbursements to Vendors and General Reimbursed Expenses

Local 1137 did not retain adequate documentation for disbursements to vendors and reimbursed expenses incurred by union officers totaling at least \$11,354. For example, you received a \$918.84 reimbursement on May 20, 2017 for the purchase of meals and soda for the Spring Swing. The union did not maintain any documentation in support of this reimbursement, which is insufficient. As another example, Local Chairman Corey Gullickson received a \$2,890.54 reimbursement on April 6, 2017. The union did not maintain a voucher for this payment, which is insufficient.

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.

4. Reimbursed Auto Expenses

Local Chairman Corey Gullickson, who received reimbursement for business use of his personal vehicle, did not retain adequate documentation to support a payment to him totaling \$437.50 during 2017. For example, Mr. Gullickson received a \$437.50 mileage

reimbursement on September 14, 2017. A voucher was maintained for this reimbursement; however, the voucher did not identify the dates of travel or the locations traveled to and from, which is insufficient. 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.

Based on your assurance that Local 1137 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

I want to extend my personal appreciation to SMART Local 1137 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. Pete Nowicki, Treasurer