



September 26, 2014

Mr. Stephen Pollock, Secretary-Treasurer
Communications Workers Local Union 4326
240 Ludlow Avenue
Springfield, OH 455005

Case Number: 350-6002430()
LM Number: 058797

Dear Mr. Pollock:

This office has recently completed an audit of Communications Workers Local Union 4326 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 Vice President Harold Foster on August 1, 2014, 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 4326's 2013 records revealed the following recordkeeping violations:

1. General Reimbursed and Debit Card Expenses

Local 4326 did not retain adequate documentation for reimbursed expenses and debit card expenses incurred by President Paul Storms, Vice President Harold Foster and Secretary-Treasurer Stephen Pollock totaling at least \$1,400. For example, all officers utilized their

union debit card to purchase pizza and other miscellaneous items for the union, however there were not supporting documentation.

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. Christmas Party gift cards and door prizes

Local 4326 give away gift cards and door prizes at the union's Christmas party. However, the local does not record who receives the cards or prizes. OLMS recommends the union document the amount of the card/prize, and the person/member receiving the card/prize.

Based on your assurance that Local 4326 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

The audit disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. The Labor Organization Annual Report (Form LM-3) filed by Local 4326 for the fiscal year ended September 30, 2013, was deficient in that:

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 4326 amended its constitution and bylaws in 1998, but did not file a copy with its LM report for that year.

Local 4326 has now filed a copy of its bylaws.

Other Violations

The audit disclosed the following other violation(s):

Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

Local 4326's officers and employees are currently bonded for \$5,000 but they must be bonded for at least \$5,393. Local 4326 should obtain adequate bonding coverage for its

officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than October 25, 2014.

Other Issues

Debit Card Transactions

Local 4326 has a policy of two signatures requirement for checks. However, the president, vice president and secretary-treasurer have individual debit cards which they can use for purchases. The debit card transactions bypasses the two signature requirement. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. OLMS recommends that Local 4326 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Communications Workers Local Union 4326 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. Paul Storms, President