



June 1, 2023

Ms. Renee Lyell, Secretary-Treasurer  
AFGE LU 2505  
227 Redoak Dr  
Hot Springs, AR 71913

Case Number: 420-6026217( )  
LM Number: 501541

Dear Ms. Lyell:

This office has recently completed an audit of American Federation of Government Employees (AFGE) LU 2505 under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Civil Service Reform Act of 1978 (CSRA), 5 U.S.C. 7120, and the Department's regulations, 29 CFR 458. As discussed during the exit interview with you, President Ralph DeJuiis, and National Vice President Robert Harrison on June 1, 2023, 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 of the LMRDA and Title 29 of the Code of Federal Regulations (C.F.R.) Section 403.7 require, among other things, that labor organizations maintain adequate records for at least five years after reports are filed by which the information on the reports can be verified, explained and clarified. Pursuant to 29 C.F.R. Section 458.3, this recordkeeping provision of the LMRDA applies to labor organizations subject to the requirements of the Civil Service Reform Act of 1978 (CSRA) as well. Therefore, as a general rule, labor organization 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 AFGE LU 2505's 2022 records revealed the following recordkeeping violation:

### Recruitment Bonus

The union failed to maintain supporting documents to support three disbursements totaling \$300.00 to [REDACTED], [REDACTED], and [REDACTED]. The union will maintain supporting documents for all recruitment bonus disbursements.

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 AFGE LU 2505 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

### Reporting Violation

Pursuant to 29 C.F.R., Section 458.3, the reporting requirement under 29 C.F.R. Section 403.2 (see Section 201(b) of the Labor-Management Reporting and Disclosure Act (LMRDA)) is made applicable to labor organizations subject to the requirements of the CSRA. This provision requires labor organizations to file annual financial reports that accurately disclose their financial condition and operations. The audit disclosed a violation of this requirement. The Labor Organization Annual Report Form LM-3 filed by AFGE LU 2505 for the fiscal year ended December 31, 2022, was deficient in that:

#### Per Capita

The union failed to report per capita disbursements to AFGE National Council 220 totaling at least \$6,136.50 on Item 47 of the LM3 for FYE 12/31/22. The union will properly report all per capita payments on Item 47.

I am not requiring that AFGE LU 2505 file an amended LM report for 2022 to correct the deficient items, but AFGE LU 2505 has agreed to properly report the deficient items on all future reports it files with OLMS. AFGE LU 2505 has also agreed to file all future reports electronically.

### Other Issues

#### 1. Signing Blank Checks

During the audit, you advised that President Ralph DeJuliis signs blank checks. Your union's bylaws require that all checks be signed by the president and treasurer. 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. However, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two-signature requirement. OLMS

recommends that AFGE LU 2505 review these procedures to improve internal control of union funds.

2. Book Balance

The union failed to maintain a book balance in at least one union record. The union stated it will begin using QuickBooks or an excel spreadsheet to maintain a book balance.

I want to extend my personal appreciation to AFGE LU 2505 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. Ralph DeJuliis, President  
Mr. James Short, Executive Vice President  
Ms. Cynthia Hill, Vice President (Arkansas)  
Mr. James Shanks, Vice President (Oklahoma)