
CUPE·SCFP

CANADIAN UNION OF PUBLIC EMPLOYEES

SUGGESTED RECOMMENDATIONS

(This guide is to be used with the Trustees' Audit Program)

****Does not need to be returned to National****

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The following recommendations are intended as a guide only.

The suggested recommendations may or may not be suitable for your local. If not, these recommendations can serve as a starting point for you to develop recommendations tailored to your local's particular circumstances.

The objectives of these recommendations are:

- 1) to make the secretary-treasurer's job as easy as possible, by helping him/her to maintain neat, complete and organized records;
- 2) to help the trustees do their job as quickly and effectively as possible;
- 3) to help ensure that the financial information being reported to the membership is presented fairly and accurately; and
- 4) to reduce the risk of fraud taking place in the local.

The suggested recommendations have been numbered to follow the questions on the **Trustees' Audit Program**. For example, if you answer "No" to question 1.1 on the **Trustees' Audit Program**, then you should suggest Recommendation 1.1 to your secretary-treasurer and/or executive; if you answer "No" to question 1.2 on the **Trustees' Audit Program**, then you should suggest Recommendation 1.2.

SECTION 1: BOOKS AND RECORDS

NO.	CONCERN	RECOMMENDATION
□ 1.1	If the accounting system used by the secretary-treasurer is not understandable to you (even after several discussions and explanations from the secretary-treasurer), the system may be deficient, and the financial information that is being given to the membership may be incomplete.	The secretary-treasurer should be encouraged to enroll in the CUPE Financial Officer's Workshop or download a copy of the handbook from the CUPE website at www.cupe.ca , in order to understand how to set up the local's books properly. Starting to use the CUPE ledger book is a good beginning.
□ 1.2	Inadequate financial information is being given to the members about how their union dues are being spent.	Same as 1.1
□ 1.4	If the accounting records are computerized, and aren't regularly backed up, all of the local's financial records could be permanently lost. Recreating the financial records could be very difficult, time-consuming and expensive.	<p>If computerized accounting records are maintained:</p> <ol style="list-style-type: none"> 1) back-up copies of the computer files should be made on a regular basis (depending upon the volume of transactions, it may be necessary to back up the files daily, weekly, or perhaps monthly) and stored in a safe place, somewhere other than in the same place as the computer; 2) hard copy printout of ALL journal entries should be filed and maintained; and 3) hard copy printout of all bank account transactions (with closing balances) should be filed with each completed (and balanced) monthly bank reconciliation.

SECTION 2: BANKING

NO.	CONCERN	RECOMMENDATION
□ 2.1 B	<p>In order to protect the members' money, access to the local's bank account(s) should be limited to a few authorized individuals only; otherwise, unauthorized individuals may be able to improperly withdraw the local's money.</p>	<p>If the members have decided to change who has signing authority for their bank account(s), then such changes should be finalized promptly with the bank or credit union authorities.</p>
□ 2.2	<p>Money deposited in a bank account or invested in a term deposit legally belongs to the individual or entity in whose name the account or deposit is registered. Legal ownership is very difficult to challenge.</p> <p>If the local's bank accounts or investments are registered in the name of an individual, it could be very difficult or impossible to prove that the money belongs to the local, not the individual.</p> <p>Therefore, money and/or investments of the local should be registered in the name of the local (not in the name of one of the officers or local members). It is acceptable to register the investment in the name of the local, c/o someone, but the investment should not be registered in an individual person's name.</p>	<p>All of the financial assets of the local must be registered in the name of the local, not in an individual's name.</p>

NO.	CONCERN	RECOMMENDATION
□ 2.3 B	<p>The amount of interest earned on money held in a chequing account is minimal. Therefore, the local should not leave excess money sitting in a chequing account because the return is so small. (For example, if the local has \$10,000 in its chequing account and the average monthly expenses are only about \$4,000, some of the money could be invested in term deposits, GICs, or any other risk-free investment vehicle so that greater interest income is earned). The types of investments the members decide to make should take into consideration the fact that some or all of the excess money may need to be available at various times.</p>	<p>The local should consider investing its excess money in term deposits, GIC's, or other investment vehicle, rather than letting the money sit in a low-return chequing account. (The local's interest income is not taxable.)</p>

SECTION 3: BY-LAWS

NO.	CONCERN	RECOMMENDATION
□ 3.0	<p>By-laws are very important to the efficient functioning of the local for several reasons. The two most important reasons are:</p> <ol style="list-style-type: none"> 1. the local's by-laws are a formal record of how the members want their union run; and 2. the local's by-laws serve as guidelines to the elected executive so that the decisions they make will be in accordance with the members' wishes. As long as the executive acts within the boundaries of the by-laws they are properly fulfilling their duties and cannot be criticized for their actions. <p>If the members approve the by-laws, then it is relatively easy for the local's executive to run the local the way the members intend it to be run. If there are no by-laws, the executive must "make up their own rules" as they go—and these rules may or may not be acceptable to the members.</p>	<p>Every local should have by-laws, which have been submitted to, and approved by, the National President. These by-laws should, at a minimum, address each of the following issues, which are set out in the CUPE Model By-Laws:</p> <ol style="list-style-type: none"> 1. Membership Meetings 2. Voting of Funds 3. Officers 4. Executive Board 5. Duties of Officers 6. Out-of-Pocket Expenses 7. Fees, dues and assessments 8. Non-payment of dues and assessments 9. Nomination, election and installation of officers 10. Delegates to Conventions 11. Committees 12. Rules of Order 13. Amendments to by-laws
□ 3.1	<p>All changes to the by-laws of a local must be submitted to the National President's office because, as set out in Section B.VII of the CUPE Constitution, by-laws and changes to by-laws "shall not become effective until approved by the National President of the Canadian Union of Public Employees".</p>	<p>Changes to the by-laws, and submission of the by-laws to the National President's office, must be done in accordance with the requirements set out in Section B.VII of the CUPE Constitution.</p>

SECTION 4: MINUTES

NO.	CONCERN	RECOMMENDATION
□ 4.1	<p>The source of most of the local's revenue is the members' dues, deducted from the members' wages. Therefore, the members have a right to know what their money is being spent on.</p> <p>Article B.3.6 of the CUPE Constitution requires that written financial reports be presented to each regular membership meeting, and such reports are to be noted in and included as part of the meeting minutes.</p>	<p>In accordance with Article B.3.6 of the CUPE Constitution, the secretary-treasurer shall regularly make a full financial report to meetings of the local's executive board, as well as a written financial report to each regular membership meeting, detailing all income and expenditures for the period.</p> <p>(A quick and easy way to give the members a financial report is to use a photocopy of the bank statement, with handwritten comments explaining each disbursement and receipt. It should only take the secretary-treasurer a few minutes to make such a quick report for the members, if he/she doesn't have the time to prepare a more formal report.)</p>
□ 4.2	<p>It is very important that full and complete records of the proceedings of all meetings be recorded and kept in a safe place. This responsibility is given to the local's recording secretary, as set out in Section B.3.3 of the CUPE Constitution.</p>	<p>The recording secretary must make every effort to carry out the responsibilities assigned to the position, as set out in Section B.3.3 of the CUPE Constitution. These responsibilities include maintaining a minute book that clearly explains the proceedings of all meetings, especially with respect to motions and voting.</p> <p>The minutes are very important legal property of the local and must be stored in a safe place.</p>

SECTION 5: REVENUE

NO.	CONCERN	RECOMMENDATION
□ 5.1 D	Unexplained differences between the amount of deposits and per capita receipts could mean the local's money is being used improperly.	Contact your national representative and discuss the situation with him/her. He/she will assist you with what your next step should be depending upon the specifics of your local.
□ 5.3	Timely (and complete) deposit of the union dues (or reimbursement cheques from CUPE National) helps to limit the possibility of misplacing the cheque and ensures that the local earns as much interest as possible (either in the local's bank account, or through the purchase of an investment).	All union dues should be promptly deposited into the local's bank or investment account.
□ 5.4 C	It is very important that the local calculate per capita correctly. If the calculation is incorrect, the local may be under or over-paying per capita to CUPE National.	The local should discuss their method of per capita calculation with their assigned servicing representative and/or call the Per Capita Help Line at 1-800-363-CUPE.
□ 5.5 B	Proper records must be kept of all money collected by the local. Maintaining proper records helps to ensure that ALL of the local's money is properly managed.	The secretary-treasurer should maintain full and complete records for all money received by the local as initiation fees.

NO.	CONCERN	RECOMMENDATION
□ 5.7 B	Incomplete record keeping of the sale of supplies by the local could result in problems such as: <ul style="list-style-type: none">- missing inventory- misplaced money- selling supplies at a loss to the union	Proper records should be maintained for the sale of all supplies. Such records would, at a minimum include maintaining: <ul style="list-style-type: none">a) an accurate list of inventory on hand;b) copies of invoices of purchases by the local (so the local knows how much to charge the members);c) invoices issued to members. Invoices issued to members should record: <ul style="list-style-type: none">1) the name of the purchaser;2) the items purchased;3) the amount charged for each item;4) a total of the purchases;5) a signature from the purchaser; and6) a notation indicating how the purchase was paid for (i.e. cash, cheque, deduction from union dues, etc.)

NO.	CONCERN	RECOMMENDATION
□ 5.8	<p>Incomplete record keeping of money received and spent for social events held by the local could result in problems such as:</p> <ul style="list-style-type: none">- losing money on the event when the local intended to make money, or at least break even- missing money	<p>Proper records should be maintained for the money spent and collected for social functions held by the local. Such records would, at a minimum, include:</p> <ul style="list-style-type: none">a) setting up a budget, or a plan, to determine how much the local intends to spend for the event;b) keeping track of all purchases for the event (in order to check and make sure only the budgeted amounts are spent);c) issuing receipts (two copies, one for the member, one for the union's records) to all individuals who have purchased tickets; andd) setting up a simple system to keep track of liquor and/or food sales (if applicable), at the event.

SECTION 6: DISBURSEMENTS

NO.	CONCERN	RECOMMENDATION
<ul style="list-style-type: none"> □ 6.0 6.1 	<p>If expense vouchers are not properly completed AND authorized prior to being paid, the local executive could:</p> <ul style="list-style-type: none"> a) run into problems when trying to explain to the members how their money was spent (because the records are incomplete); and/or b) unintentionally spend the local's money on items that have not been approved by the members. 	<p>The signing officers should not sign a cheque for any item unless an authorized and completed voucher for the funds accompanies the request for payment. For example, in the case of a members requesting reimbursement of expenses for attending a meeting, the request for funds should include such details as:</p> <ul style="list-style-type: none"> a) where the meeting was; b) the purpose of the meeting; c) who authorized the member to claim expenses; d) the original invoice for any requests for reimbursement; and e) a signature from someone (usually the president), indicating that the expenditure has been approved by the members (either by pre-approval at a meeting, or within the by-laws of the local).
<ul style="list-style-type: none"> □ 6.2 	<p>If cancelled cheques are not returned to the local, it could be difficult for the secretary-treasurer to determine exactly what went through the local's bank account(s).</p> <p>Having the cancelled cheques on hand also makes the trustees' job easier to do.</p>	<p>The cancelled cheques should be returned to the local each month.</p>

NO.	CONCERN	RECOMMENDATION
□ 6.4	<p>If cheques are not recorded as issued, or at least in the month they are issued, then:</p> <ul style="list-style-type: none"> a) the secretary-treasurer may run into unnecessary problems trying to reconcile the bank statement to the ledger; b) there is a greater possibility that a recording error will be made; and c) the information in the ledger won't be up to date, meaning that any financial information given to the members or the executive from the ledger will not be current. 	<p>Cheques should be recorded in the ledger as soon as they are issued, or at the very least, on a monthly basis.</p>
□ 6.6	<p>If your local pays lost wages directly to members, then the local is required by law to deduct income taxes, EI, QPIP and CPP/QPP from the wages and remit them to the appropriate government office.</p> <p>If the local does not properly remit the money for these items, and Revenue Canada/Revenue Quebec performs an audit on the local (which does happen), then the local and/or the member could be found liable for all the past payments, penalties, and interest.</p>	<p>The local must deduct and remit income taxes, CPP/QPP, QPIP, and EI premiums for any lost wages that were paid directly to the members by the local.</p> <p>The secretary-treasurer should contact the local district taxation office to find out how to deal with this, or the local should consider making an arrangement with the employer so that the employer pays the members, and then bills the local (that way the government remittance issue is dealt with by the employer rather than the local).</p>

NO.	CONCERN	RECOMMENDATION
□ 6.7 B	<p>The local executive is only allowed to use the local's money for expenditures that are approved by the membership (approval must be received BEFORE the expenditure is made) either by approved motion at a meeting, or as set out in the by-laws of the local.</p> <p>If the executive makes unauthorized expenditures, they may find themselves having to defend the decisions they have made and can be held accountable to the membership.</p>	<p>All expenditures made by the executive must be approved by the membership either through motions at a meeting (prior to making a specific expenditure), and/or by establishing by-laws which clearly set out what types of expenditure the members will allow the executive to make.</p>
□ 6.8 B	<p>Revenue Canada allows individuals to receive honorariums (this has NOTHING to do with reimbursement of expenses, this strictly concerns receiving honorariums) for a "volunteer" position such as being on the executive of a local union.</p> <p>If the honorarium paid to an individual is greater than \$500, then the paying party (i.e. the local union) is responsible for remitting income taxes, CPP/QPP, QPIP, and EI to the government for such payments. If the union does not pay these required remittances, and Revenue Canada/ Revenue Quebec performs an audit, then the union and/or the individual receiving the money would be held liable for paying the remittances, along with any penalties and interest.</p>	<p>The local should be deducting and remitting income taxes, EI, QPIP, and CPP/QPP on any honorariums paid to members and/or the executive, if the honorarium for any individual is greater than \$500. The local must also prepare a T-4 at year-end. The secretary-treasurer should contact the nearest district taxation office to receive more information.</p>

NO.	CONCERN	RECOMMENDATION
□ 6.9 E	It is important to collect all outstanding receivables on a timely basis to maintain a good cash flow since the local has already paid out these expenses.	Contact your national representative and discuss the situation with him/her. He/she will assist you with what your next step should be depending upon the specifics of your local.
□ 6.10	Cheques should never be pre-signed. A pre-signed blank cheque could be misused by anyone, perhaps a stranger, or perhaps a dishonest member who could write a cheque for personal reasons, rather than for local business.	Cheques should never be pre-signed by either of the two signing officers. However, if because of geographic problems, or some other good reason, the signing officers feel it is absolutely necessary to pre-sign the cheques, then the bank statements and cancelled cheques should be mailed directly from the bank to one of the trustees (rather than to the secretary-treasurer) so that on a monthly basis, the trustee can take a quick look at the cancelled cheques to ensure that improper cheques have not been issued. Once the trustee has taken a look at the cancelled cheques and the bank statement, they can be handed over to the secretary-treasurer for reconciliation and safekeeping.
□ 6.11 B	Same as 6.7 (b).	Same as 6.7 (b).

NO.	CONCERN	RECOMMENDATION
□ 6.12 B	Every disbursement made by the local must have supporting documentation which explains why the money was spent and who authorized the expense. If there is no documentation for a disbursement (such as a cheque payable to “cash” signed for by one of the signing officers) then the individual who received the money could be in a difficult position when explaining the purpose to the membership.	Every disbursement made by the local must have supporting documentation which explains why the money was spent and who authorized the expenditure. Cheques made payable to “cash” should be used only under exceptional circumstances.
□ 6.13 B	Same as 6.7 (b).	Same as 6.7 (b).
□ 6.14 C	The local should carry adequate insurance on the assets it owns (i.e. land, building, equipment, computers, etc.) so that it is protected in case of theft, fire, or other unfortunate event.	The local should increase the amount of insurance it carries on its assets, so that in case of fire, theft, or other occurrence, the local can replace the asset(s).