

Financial Officer's Handbook

CUPE *education*

November 2010

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Introduction

This handbook was prepared to help you do your “job” as a Local Union Secretary-Treasurer or Trustee.

It goes through each of the functions of the Secretary-Treasurer. In particular there is a detailed explanation of how to complete the Ledger form and Treasurer’s Report forms that are supplied to all Locals by the CUPE Accounting Department.

It also goes through the functions of Trustees. Trustees are responsible for monitoring the activities of the Secretary-Treasurer. This means seeing that proper financial practices are followed. Every year a few CUPE Locals lose large amounts of money because the financial practices described in this handbook were not followed, and because Trustees did not report these poor financial practices to the membership.

This handbook gives Trustees a list of items that they should be examining to ensure that proper procedures are followed when doing an audit. Since Trustees need to know how Secretary-Treasurers should be doing their jobs, it is important that Trustees go through the Secretary-Treasurer’s section of this handbook.

If you have any questions about how to do anything described in this handbook, please call the Secretary-Treasurer Helpline at **1-800-363-2873**.

Prepared by:

- Department of Finance and Administration
- Union Development Department

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Section 1 – Local Union Secretary-Treasurer

The Secretary-Treasurer is responsible for the money members pay to finance the activities of their union. This means:

- Making sure there is enough money coming in to defend and advance the members' interests.
- Ensuring that the members' money is spent according to the wishes of the members.
- Educating the members about the connection between the money they put into the union and the actions taken by the union to advance their interests.

Duties of the Secretary-Treasurer

Income and Deposits:

- Maintains records of the size of the bargaining unit and the regular monthly wages paid to the bargaining unit.
- Receives and deposits all initiation fees, dues and assessments.
- Writes receipts for all cash received.
- Records all income transactions in the Local's CUPE Ledger book.

Expenses:

- Makes all disbursements by cheque.
- Receives a receipt or expense voucher for all disbursements.
- Ensures that two signing officers sign all cheques.
- Ensures that all cheque stubs are completed and that cheques are pre-numbered.
- Records all transactions in the Local's CUPE Ledger book.
- Prepares Per Capita tax forms.
- Receives membership approval for all non-routine expenses.

Financial Records:

- Records all transactions in the CUPE Ledger.
- Prepares and presents a monthly Treasurer's Report to the Membership.
- Completes monthly bank reconciliation.
- Completes a Statement of Income and Expenses form every six months.
- Maintains a receipt book for all cash transactions.
- Records all payments on cheque stubs and keeps copies of all vouchers received from members.
- Keeps a copy of all minutes of Executive and membership meetings where financial payments were authorized.
- Maintains membership records and signs membership cards.
- Files all expense vouchers, invoices, and receipts.

Section 2 – Financial Controls

The most important duty of any Secretary-Treasurer is to ensure that all income owed to the Local is collected and that the Local's funds are properly spent.

This means ensuring that:

- No one steals any of the Local's money.
- Funds are spent the way the members intended.

Income Controls

- Almost all income comes from the members' dues.
- To ensure that the proper amount is paid, you need a list of the names of those who have had dues deducted in the last month along with the total amount of regular wages paid to members of the bargaining unit. See Section 9 of this Handbook for more information on membership records.
- All income cheques should be made out to the Local and never in the name of the Secretary-Treasurer.
- Anyone giving the Secretary-Treasurer cash, for things like initiation fees, should be given a receipt. Copies of all receipts must be filed for audit purposes.
- Another source of income is interest payments from credit union accounts or from investments. Any institution that pays interest or dividends must issue a "Statement of Investment Income" or 'T5' form. Even though unions pay no taxes on investment income, all 'T5' forms should be filed for audit purposes.

Authorization of Expenses

- All expenses must be authorized before they are paid. Authorization means that there must be a written document that says it's okay to pay an expense.
- In most Locals, the Secretary-Treasurer is authorized to pay all routine expenses, such as Per Capita payments, per diems, honorariums, hall rentals or lost time to attend Executive meetings, without having the membership approve each payment.
- These expenses are usually listed in your Local's by-laws.
- In some Locals, the Secretary-Treasurer is also authorized to pay all expenses below a certain amount (i.e. \$100) without getting membership approval. Be sure to check your Local's by-laws to find out about these kinds of blanket authorizations.
- Any expense not covered by a blanket authorization must be approved by a vote of the membership before any money can be paid out. The amount to be paid does not have to be specified in the motion but the activity, purchase, etc., must be approved.
- For example, you are not allowed to pay any of the expenses associated with your Local President attending the CUPE Convention unless there was a motion passed at a membership meeting authorizing the president to attend the convention.

Invoices, Expense Vouchers

- Along with authorization, expenses should only be paid after an invoice or expense voucher has been presented.
- Invoices are submitted for goods or services purchased by the Local such as hall rentals, office supplies, etc.
- Write the date, the amount paid and the cheque number on all invoices and file them so that the Trustees can easily find them when they do their audit.
- Expense Vouchers are submitted so that the members can be reimbursed for out-of-pocket expenses. Books of these Expense Vouchers are available from CUPE.

Cheques

- With the exception of petty cash, all expenses should be paid by cheque.
- In most Locals, the President, Vice-President and Secretary-Treasurer are the signing officers. Any two signing officers must sign cheques only after the cheque and the cheque stub have been completed.

Tips:

- **Never** sign blank cheques. It defeats the whole purpose of having two people sign.
- If you make a mistake on a cheque, never rip it up. Leave the cheque on the cheque book and write, “VOID” on it. The Local should order pre-numbered, personalized cheques (with the Local number, address, etc.). Trustees should be able to account for all cheques used during the period being audited and should report any missing cheques on their audit report.
- Before signing a cheque, be sure the supporting Expense Voucher is properly completed, authorized by the President and supported by the necessary receipts. Show the necessary details on the cheque stubs.
- Never make cheques payable to “Cash” and instruct your bank or credit union not to pay any cash withdrawals.
- Cheques to an organization must be made payable to the organization and not to an individual.
- All supporting invoices and other documentation should be attached to a voucher and retained on file for audit purposes. It is a good idea to attach a copy of the motion (with the date of the meeting) authorizing any non-routine expense to make it easy for the Trustees when they do an audit.

Petty Cash Accounts

- Large Locals sometimes set up a petty cash account to cover small expenses such as stamps and office supplies. The amount in the account varies with the size of the Local and is usually between \$50 and \$500.

- Use the following procedures for setting up a petty cash account:
 - Write a cheque to the Secretary-Treasurer for the specified amount of the “Petty Cash Fund”.
 - Record the cheque in the Expenses column, under “Operating Expenses” in the Ledger. This “set up” cheque is not actually an expense; it is merely a transfer of monies from your bank account to the care of the Secretary-Treasurer.
 - The Petty Cash Fund can be shown on the Trustees’ Report under the heading “Other Assets”.
 - Include the value of the Petty Cash Fund in the Asset column of all monthly statements.

The recommended procedure for operating a Petty Cash Fund is as follows:

- Obtain issuing receipts for each individual expense.
- Itemize expenses on a Petty Cash Report.
- When the fund is almost depleted, total the expenses and write a cheque to the Secretary-Treasurer for the amount spent. Cash the cheque and add to the remaining cash balance, which should return the account to its original balance.

Tip:

- Keeping track of petty cash funds is almost always more work than reimbursing members who buy things out of their own pocket.

Credit Union or Bank Accounts

- If possible, keep your Local’s money in a credit union. Credit unions are run along the same democratic lines as labour unions. Credit unions lend their surplus funds to members who live in your own community so they are a good way of ensuring your Local’s deposits are used to help people in your own community and not to bail out some overextended developer or third world dictator.

Most Locals operate 2 or 3 different accounts at their credit union or bank:

- Chequing accounts are used for day-to-day transactions.
- Any funds not needed to cover expenses should be transferred into a savings account to earn interest (chequing accounts usually pay no interest).
- Any funds that will not be needed for a fixed period of time should be invested in an investment account such as a Guaranteed Investment Certificate (GIC).
- GICs pay higher interest rates than regular savings accounts.
- The disadvantage is that the funds are locked in for the term of the investment, usually 6 months to 2 years. For this reason, you must be sure that any funds invested will not be needed.

If your Local is generating surplus funds, sit down with your credit union manager and work out a plan for investing the surplus.

- It is usually a bad idea to invest surplus funds in corporate or provincial bonds because they are often difficult to convert back into cash before the bonds mature.
- Remember to have any investment plan approved at a membership meeting before you transfer any money.

Tips:

- If your Local is generating a surplus over a year or more, investing the funds may not be the best thing to do.
- Members pay dues to change things at work not to help the Local have a huge bank balance.
- The best use of the members' money is to invest in actions such as training, affiliation to labour groups such as your CUPE Division and Council, Federation of Labour, etc., or campaigns to build support for bargaining proposals or campaigns to stop privatization or cutbacks.

Honorariums and Lost Wages

- Many Locals pay honorariums to the members of the Executive on either a monthly or an annual basis and reimburse their members for loss of wages while on union business. Some Locals also pay regular wages to the President and/or the Secretary-Treasurer.

Tips:

- It is far less work to have your employer pay for the wages and benefits of the members while on union business and then bill the Local Union than to pay wages directly.
- The employer will make the necessary deductions.
- Under this arrangement you would only be concerned with the payment of honorariums.
- Errors in payments to booked-off members are a major source of messed-up books and fraud.

Tax Issues

- All payments made to Executive officers or members are made in accordance with CRA regulations. If tax issues are not considered when making such payments, the Local (and/or the member receiving the payments) may be heavily penalized should CRA ever do a tax audit of the Local.

Honorariums

- All honorariums are taxable income to the recipient.
- If the total amount of the honorariums is under \$500 for the year, the obligation falls on the recipient to report the income on their personal tax return.

- For honorariums greater than \$500 for the year:
 - a) The Local is legally required to withhold income taxes, Employment Insurance (EI), and Canada Pension Plan (CPP) contributions, as well as any other related payroll taxes and remit those withholdings to the appropriate government office.
 - b) The Local is also required to issue a T-4 at year-end so that the member who received the honorarium includes the income and amounts remitted on his/her income tax filing.
- Detailed information on how to calculate and remit required payments can be obtained from your local CRA District Office. Your local District Office of Canada Revenue Agency (CRA) has the necessary forms. You can also download them from their web site (<http://www.cra-arc.gc.ca>).

Reimbursement of Expenses

- Any expenses for which the member is reimbursed (provided those expenses are supported by an invoice, and were incurred by the individual on account of Local Union business) IS NOT A TAXABLE BENEFIT, and therefore there are no income tax implications.

Per Diems or Out-of-Pocket Allowances

- A Local may pay members a “per diem” or “out-of-pocket allowance” to cover incidental expenses such as meals that are expected to have been incurred while attending to Local Union business.
- Locals need not request supporting receipts, and can assume that the member has kept supporting receipts.
- However, should CRA do an audit, the member would be held 100% liable for all taxes that were not withheld on the amount of “per diems” paid for which the member cannot provide supporting receipts.

For example:

- If a member was paid a total of \$390 in one year as “per diems”, CRA could ask the member to produce receipts for \$390 of legitimate expenses, which would be “proof” to CRA that the “per diems” paid were a reimbursement of legitimate expenses and, therefore, not taxable. If the member only had legitimate receipts to support \$50 of the \$390 received, then CRA would require payment of taxes for the \$340 taxable benefit (i.e. \$390 payment minus \$50 in receipted expenses).

Lost Wages

- Every payment of “lost wages” paid directly to a Local Union member is taxable.
- Any payment for “lost wages” paid directly to the member by the Local must be done in accordance with CRA regulations.
- The Local Union must withhold taxes, CPP and EI and make the required remittances to CRA.
- If such withholding of taxes is not made, a CRA auditor could assess the Local and/or the member receiving the payments for all taxes that should have been paid.

- There is a lot of administrative work involved when a Local, in effect, “becomes an employer”.
- Such a situation could be very costly to the Local, and/or the member if appropriate taxes are not deducted and remitted to CRA.
- The best way to avoid this administrative burden is to arrange with your employer to continue to pay the member for lost wages (and therefore the employer does all the tax withholding and remittances), and then the Local Union can simply reimburse the employer for the payments.

Bonding

- CUPE automatically bonds all CUPE chartered organizations.
- The bond provides coverage of \$50,000 per incident.
- Newly organized groups are covered from the date of their charter.
- Under this coverage there is no need for you to formally request bonding for specific positions, nor do you have to let us know of any amendments necessitated by changes in your organization’s finances, officers, etc.
- CUPE invoices Locals in the first quarter of each year.
- Payments are listed on Line D-3 of the Per Capita form.
- The sole criterion for Local Union premium billings is the size of the membership.
- Your Local’s size has been determined by the average membership reported on the last 12 per capita payments prior to billing.

Credit Cards

- Some Locals issue credit cards to table officers for use when they travel on union business.
- The types of payments that can be made on this credit card should be clearly laid out in a motion passed at a membership meeting.
- The Secretary-Treasurer should go over each transaction to ensure that it is an authorized expense.
- If you find an item that you think should not be charged, ask whoever made the charge for an explanation.
- If you still think that the expense was not justified, ask the person to reimburse the Local.
- Trustees should check each item charged when they do their audit.

Section 3 – CUPE Ledger

The Ledger is the Local’s “books”. All of the reports that Treasurers and Trustees make are based on information recorded in the Ledger.

- The Ledger is used to record each transaction made by the Local.
- Every time money is paid to the Local, and every time the Local pays for something, the date, amount of the payment and type of income or expense is listed in the Ledger.
- The only exception to this rule is money taken from Petty Cash.
- The Ledger allows Treasurers to list money spent by how it was spent.
- For the Ledger, list how much the Local spent on CUPE Per Capita, Grievance Handling, Conventions, etc. This makes it much easier for the Treasurer and Trustees to track how the Local spends their money.
- This will help Treasurers say how much the Local spent on bargaining, grievances, conventions, and education, over the last year.

A spreadsheet version of this Ledger is available for downloading from the CUPE Web site at <http://cupe.ca/union-education/CUPELedger>.

How to Complete the CUPE Ledger

You can either download and print the CUPE Ledger from the above web page, or you can contact CUPE National and order a paper copy of the Ledger to be sent to you at a nominal cost. The Ledger comes in two formats:

- CUPE Ledger for large Locals was designed for Locals with more than 100 members.
- CUPE Ledger for Small Locals was designed for Locals with fewer than 100 members.

Here is a step-by-step guide to completing the CUPE Ledger. When column names from the Ledger for Small Locals are different from the ones in the Ledger for large Locals, it has been indicated.

Column Name	What to do
MONTH	Start a new Ledger sheet each month.
Date	Write the day of the month that any income is received or that any cheque is issued.

Column Name	What to do
Cheque No.	<p>Cheques should be pre-numbered by your bank or credit union.</p> <p>Write the cheque number for every cheque written including cheques that have been incorrectly filled out and never sent (write “void” on the cheque, keep it in the cheque book).</p>
Description	<p>Write a 2 or 3 word description of each transaction (i.e. dues payment, Per Capita, J. Hill re: convention, etc.).</p> <p>If you made a mistake and did not issue the cheque, write “void” beside the cheque number.</p>
BANK: Revenue	<p>Each transaction where money is paid to the Local (i.e. income) is listed in this column on the date that the payment was deposited.</p> <p>The sum of all the entries in this column is the total amount of money received by the Local for the month.</p>
BANK: Expenditures	<p>The amount of each cheque written on behalf of the Local is listed in this column. The sum of all of the entries in the column is the total amount of money spent by the Local for the month.</p>
<p>The remaining columns of the Ledger are used to allocate each of the transactions listed in the Revenue and Expenditures into a category. Each transaction is listed twice, once in the Revenue or Expenditures column and again in one or more of the remaining columns.</p>	
INCOME	<p>Each entry in the Revenue column must also appear in one or both columns of the Income section. Note that an income cheque can appear in more than one column if the money was paid for more than one item. For example, if your employer sent you a cheque for \$1,020 for dues and initiation fees, list \$1,020 in the Revenue column, \$1,000 in the Dues column and \$20 in the Other column.</p>
Dues	<p>List the amount of dues income received.</p>

Column Name	What to do
Other	All other forms of income go here. This includes bank interest, investment income, initiation fees, payment received for hall rentals, etc.
<p>As in the example above, some Locals collect initiation fees as part of the regular dues check off. If this is the case, be sure to give a receipt to whoever gives you the cash and keep a copy in your records.</p>	
EXPENSES	<p>Each cheque listed in the Expenditures column must be listed in one or more of the Expenses columns. The only exceptions are “voided” cheques with “0” expense.</p> <p>As with income, expense cheques that cover more than one expense category must be broken down so that the amount attributable to each category is listed in the appropriate spot.</p> <p>For example, if you write a cheque of \$1,400 to your employer to cover \$600 in lost wages for the Local President to attend a CUPE Division meeting and \$800 in lost wages for the Chief Steward to attend an arbitration hearing, list \$600 under Executive Expenses and \$800 under Grievances/Arbitrations.</p>
CUPE Per Capita	All Per Capita payments made to CUPE National.
Affiliation Fees	All fees associated with being a member of a CUPE Division or District Council, Federation of Labour, Labour Council, CUPE occupational grouping, the NDP or social planning councils.
Salaries – in the Ledger for Small Locals; this would go under “Other”.	<p>Wages and benefits costs for anyone hired by the Local to do specific jobs such as business agents, cleaning the union office, clerical support, etc.</p> <p>Honoraria and lost wages should be listed in columns that cover these activities, i.e. if your Local President is paid 2 days lost wages for attending a convention, list the expenses under Conventions/Conferences.</p>

Column Name	What to do
Operating Expenses	All regular expenses such as meeting hall or office rent, heat, light, phones, Internet connections, etc.
Special Purchases – in the Ledger for Small Locals; this would go under “ Other ”.	All non-recurring expenses such as equipment purchases, office furniture, etc.
Executive Expenses	Any expense associated with the Executive, except regular salaries and honoraria, should be listed here. These expenses include lost wages or expense payments for attending meetings, room rentals for Executive meetings, the cost of food paid for by the Local for dinner meetings.
Bargaining Expenses	Any expenses related to the costs associated with bargaining a new collective agreement including lost wages for members involved in negotiations and bargaining preparations.
Grievances/ Arbitrations	Any cost associated with processing grievances including lost wages, lawyer’s fees, room rentals, and arbitrators.
Other Committees – in the Ledger for Small Locals; this would go under “ Other ”.	Health and Safety Committee, Job Evaluation Committee, Education Committee and Social Committee expenses should be here.
Conventions/ Conferences	List all costs including travel, lost wages, meals and accommodation expenses, and registration fees associated with conventions or conferences.
Education – in the Ledger for Small Locals; this would go under “ Other ”.	List all costs including travel, lost wages, meals and accommodation expenses, and tuition fees associated with seminars or any education workshop attended by any member of the Local.
Gifts/Donations – in the Ledger for Small Locals; this would go under “ Other ”.	Donations, payment of strike appeals, flowers for members in the hospital, etc.

Column Name	What to do
Other	All expenses that don't fit in anywhere else are listed here. This includes the cost of banquets or socials, a banner for the Local, initiation fees paid to CUPE, bank charges, etc.

Totalling Income and Expenses

Once all of the transactions for the month have been added to the Revenue and Expenditures columns plus one or more of the other columns, the next step is to add up each column and list the results on the bottom line.

- The sum of the INCOME columns should equal the sum of the Revenue column.
- The sum of all of the EXPENSES columns should equal the sum of the Expenditures column.
- If everything adds up, you have balanced the books.
- If they don't add up, you've made a mistake at some point and you should go back and check your addition.

Here are a few accounting tips to help you find mistakes:

When things don't work, look to see what the difference is and go from there.

1. When the difference – the amount you are off from the expected total – is evenly divisible by 9, you have a transposition error. A transposition error happens when you reverse two digits in a number or leave a zero off the end of a number. Both are extremely easy to do. Transposition errors always result in differences divisible by 9. For example: If you should have written (or entered into your adding machine or computer) 672 but you accidentally wrote 762, you have made a transposition error. The first two digits are reversed. The difference (762 - 672) is 90. Check to see if 90 is divisible by 9.
2. If the difference is 3 or 30 or 300 or 3000 (off by 3 in one column only), chances are that you've made a ten-key error on your calculator. That's because each key on a ten-key pad of a calculator is exactly 3 higher than the key immediately below it. Thus, if you reach for the 1 key but go a little too high, you'll hit the 4 key. Difference? 3 or 30 – depending on which column contains the error. You can be high by 3 (or 30, etc.) or low by 3; each is usually the result of getting the key on the wrong row.
3. Look through the listing of figures you were balancing to see if you can locate the exact amount of the difference. This would occur if you merely left out a number when adding or posting the figures. If you find the exact amount, you've found the error.
4. If that fails, divide your difference by 2. Check your listings of figures or balances for that number. If you add or post a number in the wrong column (as a debit when it should be a credit, or vice versa), your difference will always be double the amount that you put in the wrong column. If you find this half-the-difference figure, it's probably in the wrong column or you've added when you should have subtracted (or vice versa).

Taken from: http://www.essortment.com/all/accountingtechn_rtgh.htm

- Once the Ledger balances, you can use the figures at the bottom of the columns to complete the monthly Treasurer's Report and Bank Reconciliation.
- If you are using the CUPE Ledger, the columns are automatically totalled as entries are made in each column.

Example of a Completed Ledger Sheet (Using the CUPE Ledger for Small Locals)

Local 9000 had the following transactions for the month of September.

	Cheque No.	Amount	Description
INCOME:			
Sept. 19		\$3,570	Dues payment of \$3,550 + \$20 initiation fee (both in one cheque).
EXPENSES:			
Sept. 3	Cheque #1	\$115.38	To employer for one day's lost wages to Chief Steward Nancy Smith for time at a grievance hearing.
Sept. 6	Cheque #2	\$32	Affiliation fee for Labour Council for July and August.
	Cheque #3	\$475	To Acme Computer Company for word processing software.
Sept. 17	Cheque #4	\$539.21	To employer for 3 days lost wages to Local President Jane McNeil for time at a CUPE Division Convention.
Sept. 19	Cheque #5	\$793.43	To President McNeil for expenses while attending CUPE Division Convention.
Sept. 20	Cheque #6		Void cheque.
	Cheque #7	\$1,830	To CUPE for August Per Capita tax, \$1,730, \$2 initiation fees and \$98 bonding premium for the Local.
Sept. 29	Cheque #8	\$500	To President McNeil honorarium for June, July and August.
Sept. 30	Cheque #9	\$34.20	To Vice President Frank Domino to reimburse for payment of pizza bought for Executive dinner meeting.

See the Example of a Ledger Sheet on the following page to see how these transactions are entered.

Example of a Ledger Sheet using CUPE Ledger for Small Locals:

MONTH		September	BANK		INCOME		EXPENSES							
Date	Cheque No.	Description	Revenue	Expenditures	Dues	Other	CUPE Per Capita	Affiliation Fees	Operating Expenses	Executive Expenses	Bargaining Expenses	Grievances/ Arbitrations	Conventions/ Conferences	Other
3	1	N. Smith - Grievance Hearing		\$ 115.38								\$ 115.38		
6	2	Labour Council		\$ 32.00				\$ 32.00						
6	3	Computer Software		\$ 475.00										\$ 475.00
17	4	Lost Wages - J.McNeil		\$ 539.21									\$ 539.21	
19	5	Expenses - J.McNeil		\$ 793.43									\$ 793.43	
19		Dues received from Employer	\$ 3,570.00		\$ 3,550.00	\$ 20.00								
20	6	VOID												
20	7	CUPE Per Capita		\$ 1,830.00			\$ 1,830.00							
29	8	Honorarium - J.McNeil		\$ 500.00						\$ 500.00				
30	9	F.Domino - Exec Meeting		\$ 34.20						\$ 34.20				
		TOTAL:	\$ 3,570.00	\$ 4,319.22	\$ 3,550.00	\$ 20.00	\$ 1,830.00	\$ 32.00	\$ -	\$ 534.20	\$ -	\$ 115.38	\$ 1,332.64	\$ 475.00
Local Union No:			TOTAL INCOME:		\$ 3,570.00						TOTAL EXPENSES:		\$ 4,319.22	

Section 4 – Treasurer’s Report to the Membership

- According to Section B.3.6 of CUPE’s Constitution, Secretary-Treasurers must make monthly reports to the membership.
- This report should describe how money was spent since the last report, how much money the Local took in and how much money the Local has in the credit union at the beginning and at the end of the period under review.
- The best way to prepare for this report is to complete the “Treasurer’s Report to the Membership” in the CUPE Ledger.
- Since almost all of the information in the Treasurer’s Report is taken from the Ledger sheets, the report should only take a few minutes to complete. The electronic version of the report automatically copies the totals from the Ledger to the appropriate column of the Treasurer’s Report, saving time and eliminating copying errors.
- The following example uses the information from the September Ledger above.

How to Complete the Treasurer’s Report Form

If you are doing the Treasurer’s Report “by hand”, it is completed in the following manner:

	Description
Number of Members	List the number of full and part time members from your Local that you listed on the Per Capita form sent to CUPE for the month.
Ledger Bank Balance for Beginning of Period	<p>This is the amount of money left over after all of last month’s expenses have been paid.</p> <p>The amount is taken from the “Ledger Bank Balance at End of Period” from the previous month’s Treasurer’s Report.</p> <p>In the example, the \$5,900 figure means that once all of the cheques written against the Local’s accounts up to September 1 had cleared; there would be \$5,900 left in the Local’s account.</p>

Description

INCOME

The two items in this section correspond to the INCOME columns on the Ledger Sheet.

Total Income is the sum of these columns and should equal the total income from the INCOME Column.

EXPENSES

Each of the items listed under EXPENSES corresponds to a column in the EXPENSES section of the Ledger.

For each item, write in the total for the appropriate column.

Total Expenses are the sum of all of the EXPENSES listed. The sum should equal the sum of the EXPENSES column of the Ledger.

If the totals do not equal, you either missed an entry or made a calculation error.

Surplus (Deficit) for the Period

Subtract Total Expenses from Total Income.

In the example, the Local took in \$3,570 in income but spent \$4,319.22 in September. This left the Local with a deficit (this can be indicated with brackets around the number or with a negative sign in front of the number) of -\$749.22 for the month.

Ledger Bank Balance at End of Period

Add (or subtract if there was a deficit) the “Surplus (Deficit) for the Period” to “Ledger Bank Balance for Beginning of Period”.

In the example, the Ledger Bank Balance went from \$5,900 on September 1 to \$5,150.78 on September 30 due to the \$749.22 deficit for the period.

TREASURER'S REPORT TO THE MEMBERSHIP		September	
No. of Full-Time Members:		No. of Part-Time Members:	
Ledger Bank Balance for Beginning of Period:		5,900.00	
INCOME		September	Year to Date
	Dues	3,550.00	3,550.00
	Other	20.00	20.00
Total Income:		3,570.00	3,570.00
EXPENSES		September	Year to Date
	CUPE Per Capita	1,830.00	1,830.00
	Affiliation Fees	32.00	32.00
	Operating Expenses	0.00	0.00
	Executive Expenses	534.20	534.20
	Bargaining Expenses	0.00	0.00
	Grievances/ Arbitration	115.38	115.38
	Conventions/ Conferences	1,332.64	1,332.64
	Other	475.00	475.00
Total Expenses:		4,319.22	4,319.22
Surplus (Deficit) for the Period:		-749.22	
Ledger Bank Balance at End of Period:		5,150.78	

Making a Treasurer's Report

The Treasurer is required to distribute a Treasurer's Report at each regular membership meeting.

As well as going over the Treasurer's Report, the Secretary-Treasurer should comment on the report and be prepared to answer questions.

- If a Treasurer delivered the report used in the example, the members would probably want to know why the Local went \$749.22 into deficit for the month of September.
- The Treasurer would point out the one-time cost of \$475 for computer software and the \$1,332.64 cost of sending delegates to conventions.
- These non-routine expenses should have been approved by the membership before any money was spent.
- If this was the case, the Treasurer could mention that the members had voted to make these expenses.

- If the expenses were not authorized, the Treasurer is in trouble!

Part of any Treasurer's job is to help educate the members about how their dues money is used to address issues and problems facing the members.

- This could mean explaining how the money spent on grievances addresses workplace problems; how donations to strike appeals help other unions win contract changes that your Local will use in the next round of bargaining, etc.
- You also need to give the members an overview of how the actual spending of the Local compares to the amounts you budgeted for the year.
- Look in Section 7 for advice on how to develop a budget.

Section 5 – Bank Reconciliation

If all the cheques written by the Local in any month had “cleared” your credit union accounts by the end of the month, then the amount of money in the accounts would equal the “Ledger Bank Balance at End of Period” in the Treasurer’s Report.

Since there are almost always some outstanding cheques, the “Bank Balance as per Bank Statement” at the beginning of the month is almost always larger than the “Ledger Bank Balance at End of Period” in the Treasurer’s Report.

The purpose of a Bank Reconciliation is to compare the amount of money that the books say should be in the Local’s accounts against the actual bank balance.

The following example of a Bank Reconciliation uses the numbers on the Ledger Sheet and on the Treasurer’s Report shown previously.

How to Complete the Bank Reconciliation Form

The form is completed in the following manner:

	Description
Bank Balance as per Bank Statement	<p>This figure is the closing/month end balance taken from the credit union (or bank) statement.</p> <p>It is the amount of money in the account (or accounts, if you are using more than one) on the last day of the month.</p> <p>In the example, the Local had \$5,691.98 in their account on September 30.</p>
Add Income Not Recorded on Statement	<p>Here you will add in any deposits you might have made that do not yet appear on the credit union (or bank) statement.</p>
Deduct Outstanding Cheques	<p>When you get the bank statement, go through all of the returned/cashed cheques, and tick each entry in the Ledger where a cheque has been returned.</p> <p>List each cheque that has not been returned plus any cheques still outstanding from previous months.</p> <p>The list must contain <u>all</u> uncashed cheques. In the example, 3 cheques worth \$541.20 total had not cleared the Local's account as of September 30.</p>
Ledger Bank Balance	<p>The Bank Balance PLUS Income Not Recorded on Statement LESS Total of Outstanding Cheques should equal Ledger Bank Balance from the month's Treasurer's Report.</p> <p>In the example, once the \$541.20 of outstanding cheques has been deducted from the \$5,691.98 Bank Balance, the amount – \$5,150.78 – equals the Ledger Bank Balance from the September Treasurer's Report.</p>

NOTE:

Bank Initiated Transactions:

- It is important to record all transactions initiated by the bank in the Ledger before totalling the Ledger.

For example:

- Income – interest earnings from investments deposited to the account and;
- Expenses – withdrawals by the bank for new cheques or service charges.

Stale dated Cheques:

After six months, cheques that were issued to individuals or organizations and are not cashed can no longer be cashed – they become non-negotiable.

- Because this is money that was already entered into the Ledger as an expense, you will need to reverse it in the following way:
- In the Ledger, record the amount of the cheque in the BANK “Revenue” column.
- Record the corresponding amount in the INCOME “Other” column.
- Do not record the cheque as an outstanding item in the Bank Reconciliation.
- The next thing to do will be to contact the person or organization to which you had issued the cheque to find out what might have happened. The cheque has probably been misplaced. You can now make arrangements to reissue the cheque and re-enter it into the Ledger using the new cheque no. and date. It should get recorded under “Other” expenses.

BANK RECONCILIATION		September
Bank Balance as per Bank Statement:		5,691.98
Add	Income Not Recorded on Statement:	
Deduct	Outstanding Cheques	
	Cheque No.	Amount
	2	32.00
	3	475.00
	9	34.20
Total of Outstanding Cheques:		541.20
*Ledger Bank Balance:		5,150.78

* The Ledger Bank Balance must equal the Ledger Bank Balance at End of Period as shown in the Treasurer’s Report to the Membership.

Section 6 – CUPE Per Capita Payments

Each month, Secretary-Treasurers must complete a CUPE Per Capita form and send it to the CUPE National Office along with a cheque for all per capita owing. It is important that the report and cheque be sent promptly. CUPE has to borrow money to cover operating expenses when per capita payments are late.

For example, per capita payments for the month of December must be received by the Accounting Department by January 31st. CUPE charges interest (prime rate + 2%) for Locals whose per capita payments are in arrears in excess of 2 months.

How to Complete the Per Capita Form

- Complete one Per Capita form for each month paid.
- Copies of the form are sent to Locals each month by the CUPE Accounting Department after a payment has been received.
- If you lost the forms, you can make photocopies of a blank form or you can download it from the CUPE website, www.cupe.ca.

Section	What to do
Section A	<ul style="list-style-type: none"> • This section will have been completed by National Office. • Check the information to ensure it is correct. If not, please insert the correct month the payment is for. • The bottom line of this section will indicate the last month paid and received at the National Office (to make sure that no months are omitted or duplicated).
Section B – Membership Report	
Line B-1	The number of members reported on your previous report. (Completed by National Office.)
Line B-2	Shows the total membership and Rand Formula payees of the month for which the Local received dues. It is imperative that all Locals complete this section as representation at conventions is based on the average number of members of the last 12 months before the convention call is sent out.
Note: “Rand Formula” comes from the name of the judge who ruled that employees who decided not to join a union still had to pay union dues. Returning members and new Rand Formula payees pay per capita tax but do not have to pay initiation fees.	

Section	What to do
Section C - Per Capita Tax Calculation	
Line C-1	<ul style="list-style-type: none"> • Write down the total regular wages paid to full-time and part-time members and Rand Formula payees during the month, as reported by your employer. • If your employer is not able to provide this information, go to page 30 of this handbook for an explanation of how to calculate regular monthly wages. • Multiply this amount by the percentage indicated (.85%). • If your Local has 0 income for a month because no one worked during the summer or because of a strike or lockout, write 0 on Line C-1 and attach a short explanation.
Line C-2	This line was used to calculate the Strike Fund Levy, which is no longer being collected as per Article 14.1(d)(iv) of the CUPE Constitution.
Line C-3	List the arrears owed by the Local to CUPE.
Line C-4	Initiation Fees: The total of the new full and part-time members, at the rate of \$1.00 each, should be entered in this area.
Line C-5	Used for any other adjustments such as adjustments for a previous month for which an estimate was paid or errors or omissions from previous per capita payments, short or over payments amounts. A full explanation should be provided.
Section D – Other Payments	
Line D-1	Payments for supplies ordered from the National Office stockroom. An invoice will have been mailed to you separately, and the amount will appear on this line if it remains unpaid.
Line D-2	Interest on late payments of per capita tax, in accordance with Article 14.1(e) of the CUPE Constitution. This section will be completed by the National Office.
Line D-3	Bond premiums payments. Bond premiums will be billed by the National Office in the first quarter of each year. Any outstanding amounts will be recorded on this line.
Line D-4	Monthly payments for any interest-free loans granted by the National Office to Locals for first collective bargaining should be indicated on this line, based on the approved repayment schedule. The loan amount remaining will also appear for information purposes only.

Section	What to do
Line D-5	Your Local's contribution to the Labour College of Canada, if applicable.
Line D-6	Your Local's contribution to the CUPE Global Justice Fund Inc., if applicable.
Line D-7	<ul style="list-style-type: none"> • Other remittances not specifically identified on the report form. When remittances are entered on this line, please identify their purpose clearly. • This line may be used by Local Unions whose members wish to pay affiliation fees to their provincial New Democratic Party where permissible by law.
Line D-8	Total the amounts entered in Section D. This total is to be included with your per capita remittance.
Section E	<ul style="list-style-type: none"> • "Total remitted" is the amount for which your cheque should be issued. It should include any amounts indicated in Sections C and D. • Make your cheque payable to the CANADIAN UNION OF PUBLIC EMPLOYEES and ensure that it is signed by two signing officers. • Be sure to include your cheque number in the space below. • It is important that the body and figures of the cheque are the same and that they correspond to the amount indicated on the form. • If there are any errors at all in your cheque, it will be returned to you for correction causing an undue delay in processing of your payment, and possible interest charges. <p>In addition to this, section E must also provide the following information:</p> <ul style="list-style-type: none"> • Name, address, city, province and postal code of the Secretary-Treasurer. If this section is completed but not correct, enter the corrections in the area to the right. • Return envelopes are enclosed for your convenience. • If you do not use the return envelope, clearly indicate on the envelope that it is a per capita payment. • To complete the form, the Secretary-Treasurer should sign in the indicated area to verify that the form is "certified correct" (the "verified" box to the right of the signature line is for National Office use). • Do not separate the first two pages (white and yellow). Both should be sent, intact, to the National Office. • Keep the third copy (green) for your records. • A receipted copy will be returned for your files, along with the next month's form.

MONTHLY PER CAPITA REPORT – RAPPORT MENSUEL DE LA CAPITATION

WHITE AND YELLOW COPIES TO BE SENT TO NATIONAL OFFICE – LES COPIES BLANCHE ET JAUNE DOIVENT ÊTRE ENVOYÉES AU BUREAU NATIONAL
 GREEN COPY TO BE RETAINED BY LOCAL – LA COPIE VERTE DOIT ÊTRE RETENUE PAR LA SECTION LOCALE

REGULAR REMITTANCE REMISE RÉGULIÈRE		MONTH MOIS	PERIOD/PÉRIODE	LOCAL SECTION LOCALE	
PER CAPITA LAST PAID (MONTH, YEAR) DERNIÈRE CAPITATION PAYÉE (MOIS, ANNÉE)			MEMBERSHIP – EFFECTIF		
			FULL TIME PLEIN TEMPS	PART TIME TEMPS PARTIEL	
DESCRIPTION					
1	LAST MONTH MOIS DERNIER	TOTAL MEMBERSHIP REPORTED INCLUDING RAND FORMULA PAYEES TOTAL DE L'EFFECTIF INSCRIT Y COMPRIS LES COTISANTS EN RAISON DE LA FORMULE RAND			
* IT IS IMPERATIVE FOR ALL LOCALS TO COMPLETE SECTION B2 / IL EST IMPÉRATIF QUE TOUTES LES SECTIONS LOCALES COMPLÈTENT LA SECTION B2 *					
2	CURRENT MONTH MOIS COURANT	TOTAL MEMBERSHIP REPORTED INCLUDING RAND FORMULA PAYEES FOR THE MEMBERS WHO PAID UNION DUES FOR THE CURRENT MONTH TOTAL DE L'EFFECTIF INSCRIT QUI A PAYÉ LA COTISATION SYNDICALE POUR LE MOIS COURANT Y COMPRIS LES COTISANTS EN RAISON DE LA FORMULE RAND			
THE CUPE CONSTITUTION REQUIRES PER CAPITA TO BE SENT NO LATER THAN THE LAST DAY OF THE FOLLOWING MONTH. INTEREST EQUAL TO THE PRIME RATE PAID BY CUPE +2% SHALL BE APPLIED TO PER CAPITA PAYMENTS OWING IN EXCESS OF 2 MONTHS. THE TIMELINESS OF YOUR PAYMENTS IS VITAL TO KEEPING CUPE STRONG AND EFFECTIVE. LES STATUTS DU SCFP EXIGENT QUE LA CAPITATION SOIT ENVOYÉE AU PLUS TARD LE DERNIER JOUR DU MOIS SUIVANT. L'INTÉRÊT ÉGAL AU TAUX PRÉFÉRENTIEL PAYÉ PAR LE SCFP +2% EST APPLIQUÉ AUX PAIEMENTS DE CAPITATION DUS DEPUIS PLUS DE 2 MOIS. LA PONCTUALITÉ DE VOS PAIEMENTS EST ESSENTIELLE AU MAINTIEN D'UN SCFP VIGOUREUX ET EFFICACE.					
PER CAPITA - CAPITATION				RATES/TAUX	AMOUNT/MONTANT
1	TOTAL REGULAR WAGES FOR THE MONTH (full time and part time) TOTAL DES SALAIRES MENSUELS RÉGULIERS (plein temps et temps partiel)		\$	@ 0.85%	
2	STRIKE FUND LEVY ARTICLE 14.1 (d) (iv) – AS PER THE TOTAL WAGES REPORTED ON LINE C1 PRÉLÈVEMENT CAISSE DE GRÈVE ARTICLE 14.1 (d) (iv) – SELON LE TOTAL DES SALAIRES INSCRIT À LA LIGNE C1			@ 0.04%	
3	ARREARS (ITEMIZE) ARRÉRAGES (DÉTAILLER)				
4	INITIATION FEES ARTICLE 14.1 (f) (REMIT \$1.00 FOR EACH NEW MEMBER INITIATED) DROITS D'ADHESION ARTICLE 14.1 (f) (PAYEZ 1,00 \$ POUR CHAQUE NOUVEAU MEMBRE)				
5	ADJUSTMENTS (PLEASE SPECIFY) AJUSTEMENTS (S.V.P. PRÉCISER)				
OTHER PAYMENTS - AUTRES PAIEMENTS					
1	PAYMENT OF INVOICES PAIEMENTS DES FACTURES	No(s)	5	LABOUR COLLEGE OF CANADA COLLÈGE CANADIEN DES TRAVAILLEURS	
2	INTEREST INTÉRÊT		6	CUPE GLOBAL JUSTICE FUND INC. FONDS DU SCFP POUR LA JUSTICE MONDIALE INC.	
3	BONDING CAUTIONNEMENT		7	OTHER (PLEASE SPECIFY) AUTRES (S.V.P. PRÉCISER)	
4	LOAN PRÊT		8	SUB-TOTAL (LINES D.1 TO D.7 INCLUSIVE) SOMME PARTIELLE (LIGNES D.1 À D.7 INCLUSIVEMENT)	
SECRETARY-TREASURER : NAME/ADDRESS SECRETÉAIRE-TRÉSORIER (E) : NOM/ADRESSE			TOTAL REMITTED MONTANT REMIS		
_____ CERTIFIED CORRECT - CERTIFIÉ CONFORMÉ SIGNATURE OF SECRETARY-TREASURER - SIGNATURE DU SECRETÉAIRE-TRÉSORIER(E)			CHEQUE NO. N° DU CHÈQUE		
			VERIFIED VÉRIFIÉ		
IF CHANGE IN SECRETARY-TREASURER PLEASE PRINT CLEARLY SI CHANGEMENT DE SECRETÉAIRE-TRÉSORIER(E) S.V.P. IMPRIMER CLAIEMENT			NAME / NOM		
			ADDRESS / ADRESSE		
			CITY / VILLE		
			PROVINCE		POSTAL CODE / POSTAL
PHONE NO. / N° DE TÉL.:			HOME / RÉS.	() ()	-
			WORK / TRAVAIL	() ()	-

cope/sepb

Total Regular Monthly Wages

Locals must pay CUPE .85% of the total regular wages each month.

What are “regular wages”?

Regular wages are all earnings of a regular nature for time worked, including:

- Statutory holiday pay
- Vacation pay in lieu of time worked
- Sick leave pay in lieu of time worked
(Sick days paid by the employer, but not those paid by insurance that kicks in after an employee is off sick for more than five (5) days.)
- Other leaves with pay in lieu of time worked
- Union leaves with pay
(Even if the Local Union reimburses the employer.)
- Maternity/paternity/adoption leaves with pay
(In cases where the employer pays only a portion of the salary to supplement maternity/paternity/adoption leaves, the top up salary is considered regular wages.)
- Workers’ compensation benefits
(If an employee maintained full salary from the employer, and the WCB payments went to the employer, the full salary is to be included in regular wages; if the employer pays an employee the difference between monies received from Workers’ Compensation and that employee’s regular salary, the difference is to be included in the total regular wages.)
- Retroactivity
- Replacement pay

Regular wages **do not** include:

- Leaves without pay
- Overtime pay
- Shift premiums
- Allowances for vehicle use, kilometres driven, tools, clothing, etc.
- Monies received in lieu of benefits
- Severance pay
- Vacation bonus
- Other types of extra pay, allowances or bonuses

How to Calculate Regular Monthly Wages

- Divide the total union dues received for the month from all your members by the percentage at which your members pay union dues (union dues structure) to arrive at the total regular wages.

- If the union dues structure is 1.5% of regular monthly wages and regular monthly dues are \$1,260.42:

$$\text{\$1,260.42} \div .015 = \text{\$84,028.00 (enter on line C-1 of the Per Capita form)}$$

Employer Documentation for Per Capita Payments

- In order to complete the Per Capita forms, you need to know the total regular wages paid to all members of the bargaining unit, the number of full and part-time members, the number of Rand Formula employees, the number of new full and part-time members and the number who retired, or were laid off. All this information must come from your employer.
- In order to check that the amount of dues payments forwarded to you is correct, you will also need a list of employees and the amount of dues deducted for each employee. Your CUPE Representative can help you with the documentation needed to get this information.

Per Capita Dispensation for a Strike or Lockout Period

- Because of CUPE's percentage per capita system, dispensation is automatically calculated through the lower wages earned during a strike or lockout period (reduced wages multiplied by the appropriate % per capita rate = reduced per capita owing).
- When making a monthly payment which has been reduced, please attach a note indicating the period of strike or lockout, as well as the calculation(s) you have used.
- Similarly, return Per Capita forms, with a note of explanation, for any full month or months during which your Local was involved in a strike or lockout, and for which per capita would not be owing.

Per Capita Miscalculations

- CUPE National has a three-year statute of limitations policy for per capita miscalculations, whether in favour of CUPE or the Local Union.
- This means that, when either CUPE National or a Local Union discovers an error in the calculating method or reporting of monthly per capita, that office will recalculate the corrected monthly payments for a period of up to three years prior to the date of notification (CUPE National notifies the Local or the Local notifies CUPE National).
- CUPE will reimburse the Local if the Local has overpaid on per capita during the period under review.
- The Local Union will reimburse CUPE if the Local has underpaid on per capita during the period under review and will be subject to interest penalties.
- In order to process any adjustments, CUPE National requires copies of the dues check-off lists for each month within the adjustment period.

Section 7 – Budgets

One of the roles of a Secretary-Treasurer is to act as the Local's financial advisor. This means estimating the cost of any new or non-routine expense. This also means being able to tell the membership if the Local can afford an expense without having to raise dues or dip into the Local's reserve funds.

Budgets are a way of looking at issues facing the membership over the coming year and the allocation of funds to address these issues. For example, if the members of your Local are concerned about the contracting out of their jobs, then your Local should be spending money on dealing with privatization.

Remember that the workers pay dues to address workplace issues, not to have fancy union offices or huge amounts of money in bank accounts.

These questions are hard to answer if you don't have an idea of how much money will be left over once all routine expenses, such as CUPE per capita payments, rent, and honorariums have been paid.

To help answer these "Can we afford it?" questions and to help the Local plan its future activities, Secretary-Treasurers should prepare a budget.

A budget is an estimate of anticipated income and expenses for the coming year.

Preparing a Budget

To prepare a budget for the coming year, you need to know how much money your Local took in the previous year and how much it spent.

These figures should be broken down so that you can see how much was spent by budget category:

- How much went to per capita?
- How much went to Executive salaries?
- How much was spent fighting grievances?
- How much was spent on education last year?

Once you know last year's income and expenses, the next step is to estimate how much each source of income and each expense category will change in the coming year:

- Will dues income increase because of salary increases?
- Will it decrease because of layoffs?
- How much will CUPE per capita payments increase?
- Is the office rent increasing?
- How many delegates will the Local send to conventions next year?
- Was the amount spent fighting grievances last year unusually high or low?

- Should the Local set aside money to prepare for bargaining next year?
- Is the Local spending enough money to train members to be stewards?

Some of these cost changes are easy to estimate. If you know how much wages will increase, it's easy to estimate next year's dues income and CUPE per capita payments.

Other items are harder to estimate. For example, it's impossible to know how many grievances will be filed next year, or how many will go to arbitration.

Still other costs, such as the decision to affiliate to the CUPE District Council, to increase the honorarium paid to Executive members or to move to a bigger office, must be ratified by the membership before any expenses are made.

As this last point indicates, a budget gives the Executive the opportunity to sit back and look at priorities for the coming year.

Without a budget, the Executive reacts to events as they come up with little knowledge if their decisions will leave the Local with a whopping deficit or a huge surplus at the end of the year.

To help Secretary-Treasurers develop budgets, we have a Budget Worksheet. As with the other forms mentioned in this handbook, we have also developed a spreadsheet version of the budget that automatically adds the yearly totals for income and expenses to the appropriate columns.

Using the Budget Worksheet

The Budget Worksheet has the same income and expense categories as the CUPE Ledger and Treasurer's Report. For our example, we will continue to use the CUPE Ledger for Small Locals.

The worksheet has 3 columns:

- In "Last Year", the totals for each budget category for the previous year are listed.
- In "Difference", an estimate of how much each category will increase or decrease is made.
- In "Next Year", "Difference" is added or subtracted from "Last Year" to arrive at an estimate for next year's budget.

In the example:

- The Local took in \$35,950 last year; \$35,100 from dues, \$50 from initiation fees and \$800 from term deposit interest.
- The estimated increase in dues income of \$1,404 is based on an average salary increase of 3% and a 1% increase in the number of members (4% of \$35,100 = \$1,404).

- The number of new employees hired in the last year was unusually high, so the amount of money from initiation fees was reduced by \$20.
- Interest rates look like they will be lower next year so interest income was assumed to decline by \$130.
- The total estimated change in income is the sum of these 3 items (i.e. $\$1,404 - \$20 - \$130 = +\$1,254$).
- “Next Year” TOTAL INCOME will equal “Last Year” TOTAL INCOME plus the estimated “Difference” in TOTAL INCOME (i.e. $\$35,950 + \$1,254 = \$37,204$).
- Estimates of expenses are done the same way as estimates for income.
- The 4% increase in dues income will produce a 4% increase in per capita payments to CUPE (4% of $\$18,980 = \756).
- Since the Treasurer assumes that the membership will stay about the same size and that per capita rates will remain unchanged, the \$648 payment to the CUPE Division will remain the same.
- The Executive decided to propose affiliating to the CUPE District Council and the provincial Federation of Labour but to drop out of the Labour Council.
- Thus, the estimated cost of affiliating to the CUPE Council (+ \$108 per year) and the Federation of Labour (+ \$702) plus the savings of not having to pay the Labour Council Per Capita (- \$162) are listed in the “Difference” column.
- Under Other (Special Purchases if you were using the Ledger for large Locals), the Executive decided to propose spending \$2,600 for a new computer, monitor and printer/copier.
- The Treasurer estimated that there would be small increases in the cost of postage and telephone under Operating Expenses.
- Under Conventions/Conferences, the Executive decided to propose sending fewer people to conventions next year (saving \$1,000) but to send 1 person to a weeklong bargaining workshop (estimated cost \$1,600).
- Under Bargaining, the Executive decided to budget \$1,400 for bargaining because the current collective agreement will be renegotiated in the coming year.
- They also decided that the \$3,200 spent on 2 arbitrations in the past year is unlikely to be repeated next year. The Local budgeted for one arbitration thus saving \$1,600.
- The result of all these estimates (Total Expenses) is that expenses will increase by \$4,434 from \$34,745 last year to \$39,179 in the coming year.
- By comparing the income and expense estimates, “Savings”, we see that the Local will be going from a small surplus of \$1,205 last year to a not so small deficit of \$1,975 next year.

BUDGET

BUDGET			
INCOME	Last Year	Difference	Next Year
Dues	\$ 35,100.00	\$ 1,404.00	\$ 36,504.00
Other	\$ 850.00	\$ (150.00)	\$ 700.00
TOTAL INCOME:	\$ 35,950.00	\$ 1,254.00	\$ 37,204.00
EXPENSES	Last Year	Difference	Next Year
Per Capita	\$ 18,980.00	\$ 756.00	\$ 19,736.00
Affiliation Fees	\$ 810.00	\$ 648.00	\$ 1,458.00
Operating Expenses	\$ 4,645.00	\$ 30.00	\$ 4,675.00
Executive Expenses	\$ 360.00		\$ 360.00
Bargaining		\$ 1,400.00	\$ 1,400.00
Grievances/Arbitration	\$ 3,200.00	\$ (1,600.00)	\$ 1,600.00
Conventions/Conferences	\$ 2,900.00	\$ (1,000.00)	\$ 1,900.00
Other	\$ 3,850.00	\$ 4,200.00	\$ 8,050.00
TOTAL EXPENSES:	\$ 34,745.00	\$ 4,434.00	\$ 39,179.00
AVERAGE MEMBERSHIP	Last Year	Difference	Next Year
Full-Time Members	102	3	105
Part-Time Members	15	1	16
Costs Incurred Last Year That Will Not Happen This Year			Cost
TOTAL SAVINGS:			\$ -
Planned Increases in Costs and Expenses for Next Year			Cost
TOTAL COST INCREASE:			\$ -

Section 8 – Union Dues

The amount of regular monthly union dues paid to the Local Union is a matter to be determined by each Local Union.

However, the CUPE Constitution requires that the regular dues shall not be less than the national per capita tax. At the present time, the per capita is set at .85% of total regular wages per month per person.

Obviously, setting the Local Union dues at the bare minimum will not give the Executive the funds required to carry out the day-to-day administration of the Local. A recent survey shows that the average dues charged by CUPE Locals are 1.5% of monthly wages.

If the Executive finds that there isn't enough money to actively involve its members in the union's program, then dues should be increased. **It is important to advise CUPE National when a Local Union does make changes to its dues structure.**

Sometimes this becomes a very political issue, and Local Union leaders are reluctant to ask the membership to support a dues increase.

There is nothing wrong with trying to keep dues rates low. But if this means not having any money for the training of Executive members and stewards, for communicating with the membership or for affiliating to organizations such as labour councils or CUPE provincial divisions, then it is a false economy.

Active, effective Locals usually win better settlements than passive, inactive Locals. It takes money for the training, communication and affiliation fees necessary to build a more active Local.

Setting a Dues Rate

Dues rates are calculated in the following manner:

Estimate Next Year's Expenses

- Using the methods described in the "Budget" Section of this handbook, estimate next year's costs by first establishing how much was spent on each expense item last year and then by estimating how much each expense will change in the coming year.
- In addition, you may wish to build in a contingency reserve on top of the estimated expenses since budgets are never 100% accurate.

Estimating Next Year's Average Salary

- Once estimates of next year's expenses have been developed, the amount of money per member needed to cover these costs can be calculated. The actual method of calculation depends on the type of dues structure in place.
- Since CUPE per capita payments are now based on a percentage of wages and since Section B.4.3(b) of the CUPE Constitution requires that all Locals chartered since 1982 have a dues structure that varies with income, we will concentrate on these types of dues.
- A percentage dues structure requires that each member pay the same percentage of their income as union dues.
- Our experience indicates that Locals should collect about 1.5% of wages to have enough money to run a viable operation.
- Percentage dues are the most straightforward way of setting dues and the easiest to calculate. Percentage dues also have the advantage of allowing the same dues structure for full and part-time workers.
- To calculate the percentage of wages needed to cover the Local's expenses, divide the estimated expenses for the coming year by an estimate of total regular wages paid to the bargaining unit in the coming year; then convert to a percentage basis by multiplying by 100%.
- $\text{Percentage Dues} = \text{union expenses} \div \text{total regular wages multiplied by } 100\%$.
- To develop an estimate of next year's total regular wages, look at last year's figure. It should be available from the printout of dues check-off supplied by your employer (and listed on line C-1 of the Monthly Per Capita form).
- Adjust the total of last year's wages by an estimate of the average percentage wage increase and by any anticipated change in the size of the bargaining unit.
- For example, if last year's total regular wages was \$1,200,000 and you have negotiated a 5% wage increase and expect to have an increase of two people (from 48 to 50 members of the bargaining unit), then next year's wage bill will be:

$$\begin{aligned} & \$1,200,000 + 5\% \text{ (wage increase)} \times 50 \div 48 \\ & = \$1,200,000 \times 1.05 \times 50 \div 48 = \$1,312,500 \text{ per year} \end{aligned}$$

- If this Local estimates its expenses at \$20,340 for the coming year, dues payments will be:

$$\begin{aligned} & \$20,340 \div \$1,312,500 \times 100\% \\ & = .0155 \times 100 \text{ (rounded off)} = 1.55\% \end{aligned}$$

Note: Both estimates of payroll and expenses must be on a yearly basis.

Presenting a Dues Increase to the Membership

Calculating a dues rate needed to cover projected expenses is one thing, convincing the membership that a dues increase is needed is another.

Dues increases are often controversial; nobody wants more money taken from their pay cheques.

To avoid the possibility that the membership may reject a needed increase in dues, the Secretary-Treasurer and other members of the Executive must explain why the increase is needed and how the extra money will be spent.

Here are some tips for presenting a dues increase to the membership:

Start Early:

- If the Local is having problems financing its activities, then this should be part of each month's Treasurer's Report to the members.
- If the members keep hearing that everything is okay and then start to hear that there is a problem, they have every reason to be sceptical about the need for a dues increase.

Publicize the Meeting Where the Dues Increase Will Be Presented:

- Never try to "sneak" an increase past the membership.
- It's an undemocratic way to operate and will only come back to haunt the Executive when members start noticing the change in their pay stubs.
- Give lots of notice and make sure that everyone knows that a proposed dues increase is on the agenda.

Prepare for the Meeting:

- The table officers should spend some time deciding who is going to say what, in support of the dues increase.
- Generally speaking, it is the responsibility of the Secretary-Treasurer to explain the financial necessity of the dues increase (which costs have increased, the cost of new activity, etc.) and the responsibility of other table officers to explain why the Executive decided not to cut back on activities, to explain the value of any new activities, and the necessity of the dues increase.

Develop a Written Explanation:

- Locals raise dues either because costs of existing activities have increased or because the Local has decided to undertake new activities that will cost money. In either case, the Secretary-Treasurer should distribute a written explanation to the members.
- If the dues increase is necessitated by cost increases, the document should list which costs have increased since the last dues increase.
- Be specific, which costs have gone up? How much? If the dues increase is needed to cover the projected costs of new activities, the Secretary-Treasurer should document the increased costs.
- For example, if the Executive wants a dues increase in order to pay the lost time of members taking stewarding workshops, the Treasurer should show the estimated number of members taking these workshops over the next year, the estimated cost of lost wages and any other costs associated with the proposal, such as tuition fees, travel expenses, etc.

Explain the Tax Savings:

- Union dues are tax deductible. This means that 30 to 40% of any increase in union dues will be returned to the members through tax savings.

Direct Remittance of Union Dues

Union Executives should spend their time fighting to advance the members' interests, not puzzling over employer printouts of union members and wage bills and CUPE Per Capita forms.

If completing the Per Capita form takes up time that could be spent on other things, then Locals should consider the direct remittance of union dues to CUPE National. Here is how it works:

- The CUPE Accounting Department receives dues cheques directly from employers, deducts per capita payments and sends the balance to the Local (at no charge), in the form of a rebate cheque.
- It takes about 2 weeks from the time that the Accounting Department receives the dues cheque from an employer until the rebate cheque is mailed to the Local.
- Locals can still set their own dues structure and control all other payments. More than 35% of CUPE Locals are serviced on a direct remittance basis.
- For more information on direct remittance, contact your National Representative.

Establishing Direct Remittance

To avoid time-consuming and unnecessary follow-up when starting direct remittance, the Accounting Department has developed the following guidelines to follow when putting a Local on direct remittance:

- It is important for your employer to send a cover letter to the CUPE National Office along with the monthly remittance. This letter must indicate clearly all the information listed on the sample letter (see following page). CUPE National requires this information to ensure that your monthly per capita payment is recorded accurately.
- Your CUPE Representative, your employer or a member of your Local Executive should inform us when we can expect to receive the first remittance from the employer.
- The name, address and telephone number of the person to contact in the employer's payroll office would be helpful in case we run into any problems.
- If a Local starts direct remittance right after its first collective agreement is negotiated, note if there were any union dues deducted from the retro pay received by the members.

Direct Remittance and the CUPE Ledger

- When a Local opts for direct remittance from the employer, the Secretary-Treasurer will receive a rebate cheque from National Office each month for the difference between the total dues collected from the employer less the amount paid to CUPE for per capita.
- The Secretary-Treasurer will also receive the yellow copy of the Per Capita form as a receipt. It will reflect the amount of per capita paid, and any other miscellaneous items deducted (such as initiation fees or bonding), the amount rebated back to your Local and the total union dues received from your employer.
- To avoid understating both the revenue and expenses of the Local, the Treasurer should ensure that the dues received, the per capita paid and the rebate received from CUPE National are recorded properly in the Local's books.

This transaction should be entered in the CUPE Ledger in the following manner:

- List the amount of the rebate received from CUPE in the "Revenue" column of the Ledger.
- On the same line, list the amount of money CUPE National received from your employer (Section E – TOTAL REMITTED – of the Per Capita form) in the "INCOME" column under "Dues".
- Continuing on the same line, list the amount of per capita and initiation fees paid to CUPE (from line C-1 to C-5 of the per capita receipt) in the "CUPE Per Capita" column.
- List any other payments deducted from Section D in the appropriate expense category, again continuing on the same line.

Sample letter from the Employer to CUPE National Office for direct remittance.

Date: _____

Canadian Union of Public Employees

1375 St. Laurent Blvd.
OTTAWA, Ontario
K1G 0Z7

Attention: Finance and Administration Department
Per Capita Section

Re: Local # _____

Deduction of Union Dues

Enclosed please find a cheque in the amount of \$_____. This cheque covers the month of _____ 20____. This Local had _____ full-time members and _____ part-time members during this month, which included _____ newly-hired members.

The union dues structure is as follows: _____.

The **total regular wages** paid (as per the attached documents) during the month was \$_____.

Please enclose a list of names and the amount of union dues deducted from the above members of this Local and send a copy to the Local's Secretary-Treasurer.

Employer:

Address:

:lg/cope 491
Attachments
Nov 2010

cc: Secretary-Treasurer, CUPE Local _____
(Copy of the dues check-off list)

Enquiries: 1-800-363-2873

Email: percapita@cupe.ca

Section 9 – Union Membership Records

In most cases, the Secretary-Treasurer maintains the Local's membership list. These lists could be in the form of a printout of check-off records supplied by your employer, in the form of a card file with each current member's name and address listed on a card, or in a database.

In any case, it is important to check the employer's records to ensure that the number of employees paying dues is correct. In a number of cases, employers have "missed" a number of employees, thus short-changing the Local.

In addition to membership records, Secretary-Treasurers are responsible for signing and filing a number of forms and cards.

Membership cards are available from the CUPE National Office.

Section 10 - Union Trustees

Duties of Trustees

Trustees act as internal auditors.

The primary duty of Trustees is to uncover any fraud or misuse of union funds. The secondary function of Trustees is to review the way that the Secretary-Treasurer is doing his or her job and to suggest ways that the financial affairs of the Local could be improved.

To carry out these functions, Trustees should audit the activities of the Secretary-Treasurer every 6 months and report the results of the audit to the membership and mail a copy to the National Secretary-Treasurer's Office in Ottawa.

Specifically, Trustees have the following responsibilities:

Audit

Trustees should investigate the following:

- That proper financial controls as described in Section 2 of this handbook are in place and being used.
- That the Ledger is up to date and properly completed.
- That the Statement of Income and Expenses for the period under review has been completed properly.
- That monthly bank reconciliations have been completed properly.
- That projected income is adequate to cover projected expenses.
- That surplus funds are invested properly.
- That the inventory of equipment and supplies is up to date.
- That the Local's insurance is adequate to cover the replacement of all equipment inventoried.
- That all changes to the Local's by-laws have been approved by CUPE.

Report

- Complete the Trustees Audit Program.
- Develop recommendations to deal with any problems found during the audit.
- Send a copy to the National Secretary-Treasurer in Ottawa.
- Distribute copies of the Trustees Report to the Membership and make a verbal report that highlights any recommendations for changing procedures.
- Request help if you are having trouble completing the audit or if you suspect any dishonesty.

Audit Procedure

Assemble Materials and Reports

Before starting an audit, Trustees will need the following from the Local's Secretary-Treasurer for the period to be audited:

- Yellow copy of all per capita receipts submitted for the period under review.
- Secretary-Treasurer's completed Ledger (in paper form).
- For ALL accounts of the Local – bank statements and returned cheques, or if applicable, bank books and returned cheques.
- Cheque stubs.
- Copies of all bank reconciliations completed by the Secretary-Treasurer.
- Documentation for all money spent during the period (this would include authorization vouchers and/or invoices).
- Deposit book(s).
- Statement of Income and Expense forms previously completed by the Secretary-Treasurer.
- Minute book(s) which detail all expenses approved by the membership.
- Copy of Local's by-laws.
- Employer's dues check-off list (or whatever documentation is used by the Secretary-Treasurer to ensure dues are deducted properly).
- Receipt book (or whatever type of documentation, in addition to the bank deposit book, is used by the Secretary-Treasurer to record money received by the Local).
- Copy of any insurance policy held by the Local on account of assets owned by the Local (if applicable).
- Copies of any financial reports presented by the Secretary-Treasurer to the Executive and/or the membership during the period under review.
- Any T-5's (which show investment income for the Local) received for the period under review (if applicable).
- If the Local has rental revenue, copies of any rental agreements.
- If the Local sells supplies, all documentation or records kept to record the transactions.
- Copy of the CUPE Constitution.

You should also have:

- Calculator/paper
- Pencils
- Ruler
- Scrap paper
- Red pen (for totals)
- A computer if the Treasurer used a spreadsheet or bookkeeping program to record and classify transactions.

Note:

The Secretary-Treasurer must complete a “Secretary-Treasurer’s Report to the Trustees” form (see next page). This form consolidates the information on the Monthly Treasurer’s Report forms for the period being audited.

Trustees’ Recommendations

Trustees do more than just check to see if all funds spent by the Local can be accounted for. A big part of any audit is checking to see if proper controls are in place.

To be of value to your Locals, Trustees report back and often make recommendations.

To help Trustees make recommendations, CUPE has developed a set of “Suggested Recommendations”. These recommendations suggest things that Trustees can suggest if they have concerns about anything they find during their audit. To help guide Trustees through an audit, CUPE has developed a “Trustees’ Audit Program”. These documents are sent from CUPE National each January to all Locals but are also available on the CUPE website at www.cupe.ca.

By going through the steps outlined in the program, a complete audit of a Local’s books can be carried out by Trustees.

TREASURER'S REPORT TO THE TRUSTEES FOR THE PERIOD

January	TO	December
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Local Union No.:

Ledger Bank Balance from Previous Report:		
	Full-Time	Part-Time
Membership from Previous Report:		

MONTHLY TOTALS												
Month	INCOME		EXPENSES								MEMBERS	
	Dues	Other	Per Capita	Affiliation Fees	Operating Expenses	Executive Expenses	Bargaining Expenses	Grievances / Arbitrations	Conventions / Conferences	Other	Full-Time	Part-Time
Jan	-	-	-	-	-	-	-	-	-	-		
Feb	-	-	-	-	-	-	-	-	-	-		
March	-	-	-	-	-	-	-	-	-	-		
April	-	-	-	-	-	-	-	-	-	-		
May	-	-	-	-	-	-	-	-	-	-		
June	-	-	-	-	-	-	-	-	-	-		
July	-	-	-	-	-	-	-	-	-	-		
Aug	-	-	-	-	-	-	-	-	-	-		
Sept	-	-	-	-	-	-	-	-	-	-		
Oct	-	-	-	-	-	-	-	-	-	-		
Nov	-	-	-	-	-	-	-	-	-	-		
Dec	-	-	-	-	-	-	-	-	-	-		
Total	-	-	-	-	-	-	-	-	-	-		
TOTAL INCOME:	-				TOTAL EXPENSES:	-				AVERAGE MEMBERSHIP:		
LEDGER BANK BALANCE AT END OF PERIOD:											-	

BANK RECONCILIATION				December
Bank Balance as per Bank Statement:				-
Add	Income Not Recorded on Statement:			-
Deduct	Outstanding Cheques			
		Cheque No.	Amount	
	1			
	2			
	3			
	4			
	5			
	6			
	7			
	8			
	9			
	10			
Total of Outstanding Cheques:				-
Ledger Bank Balance:				-

ASSETS AND DEBTS	
ASSETS	
Bank Balance:	
Union Dues Owing to Local:	
Investments Owned by Local:	
Property and Equipment (at cost):	
Other	
TOTAL ASSETS:	
-	
DEBTS	
Money Owing to CUPE National:	
Other	
TOTAL DEBTS:	
-	

TRUSTEES' REPORT FOR THE PERIOD		January	TO	December
LOCAL UNION NO. :				
BALANCE FROM PREVIOUS REPORT:				
INCOME AND EXPENSES FOR THE PERIOD				
INCOME				
Dues	-			
Other	-			
TOTAL INCOME:	-			
EXPENSES				
Per Capita	-			
Affiliation Fees	-			
Operating Expenses	-			
Executive Expenses	-			
Bargaining	-			
Grievances/Arbitration	-			
Conventions/Conferences	-			
Other	-			
TOTAL EXPENSES:	-			
BALANCE FOR THE YEAR:	-			
		NUMBER OF MEMBERS		
		Date	Full-Time	Part-Time
		Beginning of Period:		
		End of Period:		
		Difference :		
		Percentage Dues Rate:		
		Dues Rate Based:		
		ASSETS AND DEBTS		
		ASSETS		
		Bank Balance:		
		Union Dues Owing to Local:		
		Investments Owned by Local:		
		Value of Property and Equipment: (at cost)		
		Other		
		TOTAL ASSETS:	-	
		DEBTS		
		Money Owing to CUPE National:		
		Other		
		TOTAL DEBTS:	-	
<i>For further information on the responsibilities of the Trustees, please refer to Article B.3.12 of the CUPE Constitution.</i>				
We, the undersigned, have examined the books and records of CUPE Local _____ for the period above, and have found everything in order and correct with the following exceptions:				
<i>(Make comment. If everything is in order and correct, no comment is necessary.)</i>				
SIGNED BY THE TRUSTEES: _____				

DATE: _____				

Problem Audits

Trustees are sometimes faced with missing documentation, or cheques, poorly done books that don't balance, etc.

- Trustees cannot complete an audit until all missing documentation is accounted for and until the Trustees understand exactly how the Secretary-Treasurer documented each transaction in the Ledger.
- If documents are missing, ask the Secretary-Treasurer for them. If the missing material is not forthcoming, contact your CUPE Representative and explain the problem.
- If you can't follow how the Secretary-Treasurer did the bookkeeping, ask him or her to explain how they handled each transaction that you didn't understand. If you find the explanations reasonable and there is no evidence those cheques or invoices have been tampered with, accept the explanations and make recommendations on how the bookkeeping could be improved. If you remain suspicious, contact your CUPE Representative.
- If you find evidence of fraud such as unexplained withdrawals, forged signatures, forged expense vouchers, etc., immediately contact your CUPE Representative and the CUPE Accounting Department in Ottawa.
- Collect any evidence of wrongdoing and give it to one Trustee who will be responsible for turning it over to the police or the CUPE Accounting Department.
- Make sure that no one can tamper with or destroy the evidence. Do not discuss your findings with anyone except other Trustees, the police, your CUPE Representative or the CUPE Auditor. It is important not to alert a thief that you are suspicious. And it would be terrible to blacken someone's reputation if your suspicions are unfounded.