

Financial Officers Handbook



About this Handbook

This Handbook helps secretary-treasurers and union trustees understand and fulfil their roles within the union. Together, you are known as the local's financial officers.

Your jobs are important because the work you do:

- keeps members' dues secure; and
- helps the local decide how to spend money in support of its members.

The Handbook contains

- ✓ how-to sections
- ✓ examples of day-to-day responsibilities
- ✓ tips and checklists to keep your work on track.

Support for Secretary-Treasurers and Trustees

- **Workshops:** Union education courses are available to help you gain hands-on experience as a secretary-treasurer or trustee. Visit <http://cupe.ca/unioneducation> to find out about workshops in your area, or contact your region's education representative.
- **Web site:** This web page is the best place to go for new financial officers <http://cupe.ca/resources-financial-officers>. It has the latest information and tools, such as electronic ledgers, the per capita form, and the trustees' report package.
- **Your National Representative:** Your CUPE servicing representative can support and advise your local. It is a good idea to give them access to your financial records.

When you need answers...

Help with the ledgers:

call **1-800-363-2873**, select **option #7** or email ledger@cupe.ca.

General questions:

call **1-800-363-2873**, select **option #5** or email treasurers@cupe.ca.

Help for trustees:

call **1-800-363-2873**, select **option #5** or email trustees@cupe.ca or by mail at:

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1. THE ROLE OF SECRETARY-TREASURERS AND TRUSTEES

Summary of Roles and Responsibilities

Role of Secretary-Treasurer	Role of Trustees
<p>Your role is to:</p> <ul style="list-style-type: none"> - Make sure there is enough money coming into the local to defend and advance the members' interests. - Ensure that the members' money is spent according to members' wishes, based on CUPE's constitution, and the local's by-laws. - Educate members about how their dues help to protect their interests in order to build a strong local and national union. 	<p>Your role is to:</p> <ul style="list-style-type: none"> - Audit the local's financial records and supervise all of the local's property and assets. - Ensure that the secretary-treasurer carries out their responsibilities as outlined in CUPE's constitution.
Responsibilities of Secretary-Treasurer	Responsibilities of Trustees
<p>Your responsibilities are to:</p> <ul style="list-style-type: none"> - Maintain and organize all financial records. - Keep an accurate record of all members who belong to the local. - Send per capita payments and initiation fees to CUPE National, along with an official monthly per capita form. - Make regular financial reports to the local's executive. - Submit a written report at each regular membership meeting. - Provide all the local's financial records to the trustees for an audit. - Respond in writing to any concerns or recommendations that the trustees make in their audit. 	<p>Your responsibilities are to:</p> <ul style="list-style-type: none"> - Audit the financial records at least once a year. - Examine all property and assets of the local at least once a year. - Make recommendations on the local's financial practices. - Submit an audit report to the local's president and secretary-treasurer for their response. - Provide a written report to the membership that includes the audit, recommendations from the audit, and a written response about the audit from the secretary-treasurer. - Send the final trustees package and all support documents to the National Secretary-Treasurer, with a copy to your servicing representative.

The role and duties of secretary-treasurers and trustees are outlined in the *CUPE Constitution, appendix B: Bylaws Governing Chartered Organizations*.

The Guide to Preparing Local Union Bylaws also provides details on the duties of a local's secretary-treasurer and trustees.

Figure 1: Secretary-Treasurer's Map





2. UNDERSTANDING UNION DUES

Union members set their dues' level democratically at a regular membership meeting, a special membership meeting, or by referendum. Union dues support the work of the union. They fund the cost of bargaining. They allow the local to enforce its collective agreement, and they support campaigns to defend and promote workers' interests.

No single worker could afford the cost of taking a grievance to arbitration. No worker could survive a strike or a lockout without strike pay. Union dues also help workers create their national strike fund.

In Canada, union members pay dues based on a fair system called the Rand Formula.

What is the Rand Formula?

The Rand Formula refers to an arbitration case decided by Justice Ivan Rand in 1946. The case involved a United Auto Workers' strike at a car factory in Windsor, Ontario.

The Rand Formula is also known as "dues check-off"

The court decision recognized the union as the bargaining agent for all workers at the plant. The judge ruled that union dues should be paid by all those who benefit from a union contract, not just by those who signed up to join the union.

The result of this legal ruling—and others that followed—was that employers would deduct dues from all unionized employees' pay cheques, and forward the funds to the union. Known as "dues check-off," this system is used in most provinces. It means that a local can bargain to include dues check-off in its collective agreement.

What is the value of the Rand Formula?

It makes it legal to have automatic dues check-off from all workers covered by a collective agreement.

Without the Rand decision, and where dues check-off does not exist, unions must go to each union member each month to collect dues. The Rand decision means that unions have the financial stability to focus on the work of representing members instead of having to collect money to support that work.



3. INCOME

Monthly Union Dues

Union dues from members are the main source of income for your local. Dues make it possible for locals to cover their per capita payments, affiliation fees, operating costs, and costs for arbitration, negotiation and attendance at conferences or conventions. It also helps locals save money for hard times.

The employer automatically collects union dues through pay cheque deductions — a practice known as dues check-off. The employer then forwards the dues to your local once a month.

Some locals choose **direct remittance** of union dues. If your local uses direct remittance, the employer sends the dues cheques to CUPE National.

You will also need to verify if dues are deducted from:

- gross wages: the total wages you are paid before taxes and deductions; or
- regular wages: do not include things like overtime, or shift premiums. You can find a detailed list on page 15.

Record this information here for your reference:

Dues rate _____ Dues are deducted from:
gross wages _____
regular wages _____

Your local can amend its union dues

The local's monthly union dues may be amended at a regular or special membership meeting or by referendum vote. This will create a bylaw change in your local's bylaws. You must submit this change to the National President's office for approval **before** you tell your employer about the dues change.

See Article B.4.3 of CUPE Constitution, and Model Bylaws

Initiation Fees

An initiation fee is the fee the union charges to those who apply to join the union. The initiation fee that locals pay to CUPE National is \$1 (*constitution: 14.1 f*); however, locals can set their own initiation fee. It can be from \$1 to \$10 (*constitution: B.4.1*). Look in your bylaws to find your local's current initiation fee and write it down:

Initiation fee _____

Members often pay the initiation fee in cash. Make sure to give the member a receipt for the fee and keep a copy for your records. New members take an oath (*constitution: B.8.4*) and receive a union membership card. You can order wallet-size membership cards at no cost from CUPE National at cupe.ca/order-online.

In rare cases, members of a bargaining unit can choose not to join the union. These employees are referred to as Rand Formula payees.

- They pay union dues and are covered by the collective agreement, but they do not pay the initiation fee.
- The union represents them in grievances and arbitrations.
- They can participate in ratification and strike votes.
- They must not participate in any other union functions.

Dues Remittance List

Once a month, the employer needs to provide your local with a dues remittance list. This is sometimes called a dues check-off list. Its purpose is to make sure that your local is getting the correct amount of union dues each month.

This list should include each member's name, employment status (such as full-time, part-time, temporary, or casual), classification or job title, regular earnings, hours worked, and dues deducted. An electronic spreadsheet makes it easy for you to double-check this information.

Figure 2: Sample Dues Remittance List

PAY PERIOD DATES: October 10 to 23
 CUPE LOCAL 1234

NAME	EMPLOYMENT STATUS	CLASSIFICATION/ JOB TITLE	REGULAR EARNINGS	HOURS WORKED	DUES DEDUCTED
Nancy Singh	Full-time	Rehab technologist	1,500.00	75	22.50
Johanne Martin	Full-time	Client service agent	1,312.50	75	19.69
David McNeil	Full-time	Nursing aide	1,125.00	75	16.87
Amir Haddad	Part-time	Resource clerk	600.00	40	9.00
Suzanne Tremblay	Casual	Dietary aide	150.00	10	2.25
		Total	4687.50	275	70.31



You can request the dues remittance list from your employer, and bargain this requirement into your collective agreement. Speak to your staff representative about resources and advice for bargaining.

Banking Options

CUPE National encourages its locals to bank with a credit union – a member-owned financial cooperative. Credit unions have a long history of building stronger communities. By banking with a credit union, your local supports people based in your community.

In this Handbook, we sometimes use the term “the bank” instead of saying “your credit union,” simply because “bank” is shorter and a more general term.

Most locals have two bank accounts:

- Chequing: for day-to-day transactions
- Savings: to earn interest, if you have extra funds that will not earn much interest in a chequing account.

Some locals also operate an investment account:

- Funds not needed for a fixed period of time can go into an account such as a Guaranteed Investment Certificate (GIC).
- GICs earn higher interest rates than savings accounts.
- Funds are locked in for the term of the investment, from 6 months to 2 years. Make sure your local will not need these funds before the investment comes due.

Remember:

Interest your local earns from bank or credit union accounts, and from any investments, is considered income. Your financial institution will issue a "statement of investment income" or T5 form. Although unions do not pay income tax on investment income, you should keep the T5 form with your records.

Is your local producing surplus funds?

If you often have a surplus, consider whether the local is doing enough to advance members' interests. The best use of members' dues is to invest in actions such as:

- union education to build members' capacity;
- joining labour groups like CUPE Councils, Provincial Divisions, District Labour Councils and Federations of Labour to build solidarity with allies;
- campaigns to build support for bargaining proposals or other goals that matter to the membership.

If you continue to build surplus funds, talk with your credit union advisor to create an investment plan.

- Be clear about your goals and ensure that you will have access to the funds when your local needs them.
- Have the investment plan approved at a membership meeting before you transfer any funds.

Income Checklist

- ✓ Receive and deposit union dues:
 - from the employer; or,
 - from CUPE National as a rebate cheque
- ✓ Receive and deposit initiation fees
- ✓ Record interest earned
- ✓ Record investment income earned
- ✓ Ensure that income cheques are made out to the local (and not to the secretary-treasurer)
- ✓ Write a receipt for income the local receives in cash
- ✓ Maintain a membership list
- ✓ Maintain a record of regular monthly wages paid to the bargaining unit



4. EXPENSES – PER CAPITA PAYMENTS

Per capita is a Latin term that means per person.

The CUPE Constitution requires locals to set a dues rate that is no less than the **per capita rate** (*constitution: B.4.3 [a]*). The per capita payment rate is currently set at .85% of the average, regular monthly wages of the bargaining unit (*constitution: 14.1 [d]*).

Per capita payments are the amounts of money locals send to CUPE National on behalf of each person in the bargaining unit. These funds pay for all services that CUPE provides to its locals, including the National Defence Fund and the National Strike Fund.

Note:

If your local uses direct remittance of union dues, go directly to Section 5.

If your local does not use direct remittance, read what follows but consider the advantages described in Section 5.

Each month, local secretary-treasurers send a per capita payment to CUPE National on behalf of each person in the bargaining unit. Here is what they do:

- Complete the CUPE Per Capita Form
- Send the form and a cheque from your local to CUPE National

Reminder:

Keep your local finances up-to-date. Submit your per capita payments each month. For instance, per capita payments for the month of December must be received by CUPE's Per Capita Department by January 31.

What happens if my local's per capita payments are late?

If your per capita payment is more than two months late, CUPE will charge interest on the late payments equal to the prime rate + 2% as set out in *Article 14.5* of the CUPE Constitution.

If your local is in arrears (not paid up), you will not be able to send delegates to division or national conventions, nor can you apply for financial help from the General, Defence or Strike funds.

How to Complete the Per Capita Form

After you send the per capita form to CUPE National, they will send the yellow copy of the form back to you, to prove they have received your payment. CUPE National will also send you a new form for next month's remittance. The pre-printed form has some information already filled in for you. If you do not have a pre-printed form, you can download a blank form at cupe.ca/local-per-capita-form.

See Appendix A – Per Capita Form – Regular Remittance.

Section A - Local Information

Line A-1

CUPE National provides information for this section on the pre-printed form. Check to ensure it is correct. If not, insert the correct information.

The last line of this section notes what is the last month paid. This helps to ensure that no months are missing or repeated.

Section B - Membership Report

Line B-1

The number of members reported on your last report. (CUPE National includes this on the pre-printed form.)

Line B-2

Insert the total number of full-time and part-time members, and any Rand Formula payees who **paid** dues during the reporting month.

Include casual members with part-time members.

Note: This membership information determines the number of delegates your local can send to CUPE conventions. Attendance at conventions is based on the average number of members in the 12 months before the convention call goes to locals.

Section C - Per Capita Calculation

Line C-1

Insert the total regular wages paid to full-time, part-time, and casual members, and Rand Formula payees during the month, as reported by your employer.

Multiply the total regular wages for the month by .85% and enter that amount.
Example: $\$173,897 \times .85\% = \$1,478.12$

If your employer cannot provide the regular wages information, see (pg.16)
How to calculate regular monthly wages.

To learn what is included in regular monthly wages – and what is not – see (pg.15)
Understanding regular monthly wages.

Line C-1

Use the **pay period ending dates** to decide what month applies to your per capita report.

For example, if there are two (2), bi-weekly pay periods ending on October 7th and 21st, you will calculate your per capita payment for the month of October, even if the employer sends the dues payment to the local in November.

In months with **3 pay periods**, the per capita is due on all pay periods even if no dues are deducted on that third pay period. We recommend that dues be deducted on all pays.

- If your pay cycle is weekly, there will be 4 months each year with a fifth pay period.
- If your pay cycle is bi-weekly, there will be 2 months, once every 6 months, with a third pay period.

Tip:

If you use the pay ending dates as described above, you will always remit for the correct wages earned, in the right month.

If your local paid no dues for a month because no one worked during the summer, or because of a strike or lockout, you still need to submit a form. You should add a short explanation and insert 0 on Line C-1.

Tip:

Mark a calendar with all pay periods and monthly per capita deadlines.

Reminder:

The per capita calculation is .85% of regular wages, not .85% of the dues cheque your local receives from the employer.

Line C-2

This line no longer applies. It used to refer to the Strike Fund Levy, which is no longer collected as set out in *Article 14.1 [e]* of the CUPE Constitution.

Line C-3

List any amounts the local owes.

Line C-4

Enter the total number of new members for the month x \$1 per member.

Line C-5

Use this section for any adjustments such as:

- a top-up for a month when you sent only an estimate as payment;
- errors or omissions from previous per capita payments;
- amounts that were overpaid or underpaid in the past.

Line C-5	<p>Explain what the adjustment refers to, and provide any documents or receipts for CUPE National to review.</p> <p>Per capita for <u>retroactive pay payments</u> are included on this line.</p> <ul style="list-style-type: none"> - Outline the period when the retro was paid and the total wage amount that applies. - Multiply the total wage by .85% and insert that number under “amount.” <p>Reminder: You do not need to report the membership numbers for the retroactive pay.</p>
Section D - Other Payments	
Line D-1	All orders placed through the CUPE stock room must be prepaid unless your local uses direct remittance. Any amount showing in D-1 will be deducted from your rebate cheque.
Line D-2	You do not need to insert anything here. CUPE National will insert interest owed on late per capita payments on this line.
Line D-3	You do not need to insert anything here. CUPE National will bill you for bonding insurance premiums in the first quarter of each year. Any outstanding amounts will appear on this line as set out in CUPE Constitution: <i>13.5 and B.3.5</i> .
Line D-4	<p>Insert monthly payment amount to CUPE National if your local was granted an interest-free loan to bargain your first collective agreement.</p> <p>These payments are based on a repayment plan that CUPE has approved.</p> <p>CUPE inserts the remaining amount of loan, for information purposes only.</p>
Line D-5	Insert your local’s contribution to the Labour College of Canada, if this applies. giving.athabascau.ca
Line D-6	Insert your local’s contribution to the CUPE Global Justice Fund Inc., if this applies. cupe.ca/contribute-global-justice-fund
Line D-7	You should insert any payments not identified elsewhere on the per capita form. Explain what the payment refers to.
Line D-8	Total all the payment amounts from Section D.

Section E – Totals, and Secretary-Treasurer Information

Total Remitted	<p>Section C + Section D = total remitted to CUPE National</p> <ul style="list-style-type: none"> ✓ Write a cheque for the total amount. ✓ Make it payable to the CANADIAN UNION OF PUBLIC EMPLOYEES or CUPE. ✓ Ensure that two signing officers sign the cheque. ✓ Make sure that the written and numeric amounts on the cheque are the same. <p>For example: One hundred dollars and \$100.00.</p> <ul style="list-style-type: none"> ✓ Make sure the cheque date is correct. ✓ Complete this section on the form: <ul style="list-style-type: none"> – Indicate the total amount of payment. – Write the cheque number.
Secretary-Treasurer	<p>If you have a pre-printed form, your name and address will appear here. If something is incorrect, enter the correct information in the space to the right.</p> <p>Double-check all the information on the form, and your remittance cheque, to make sure there are no errors.</p> <p>Put your signature inside the box “certified correct.”</p> <p>The box “verified” to the right of your signature is for a CUPE National signature.</p>
Mailing	<p>Do not separate the first two pages (white and yellow copy). Send both copies, intact, to CUPE National.</p> <p>Use the return envelope provided.</p> <p>Mailing Address: CUPE National Attention: Per Capita 1375 St. Laurent Blvd, Ottawa, ON K1G 0Z7</p> <p>Keep the third page (pink copy) for your records. The yellow copy will come back to you, as a receipt for your files, along with next month’s form.</p> <p>Reminder</p> <ul style="list-style-type: none"> ✓ Pre-printed per capita forms are sent to you when CUPE National receives your payment. ✓ The local is responsible for sending in its monthly per capita form. ✓ You can obtain forms online at cupe.ca/local-per-capita-form

Understanding Regular Monthly Wages

The table below describes what are – and are not – considered regular wages for monthly per capita reports.



Regular wages	Not regular wages
<ul style="list-style-type: none"> ✓ Regular pay ✓ Statutory holiday pay ✓ Vacation pay ✓ Sick days paid by the employer ✓ Union leave with pay ✓ Other leave with pay ✓ Parental and adoption leave with pay ✓ Parental and adoption leave EI top-up ✓ Workers' compensation benefits* ✓ Retroactive pay or pay equity adjustments ✓ Replacement or acting pay ✓ Secondment or equalization pay ✓ Jury duty or bereavement pay 	<ul style="list-style-type: none"> ✗ Overtime pay ✗ Statutory holiday worked and paid at a premium ✗ Short- or long-term disability payments by insurance providers ✗ Shift or weekend premiums ✗ On-call premiums ✗ Sick leave paid by short- or long-term disability insurance ✗ Allowances for vehicle use, kilometres driven, tools, clothing, meals, etc. ✗ Payment received instead of benefits ✗ Severance pay ✗ Vacation bonus ✗ Signing Bonus ✗ Other types of extra pay, allowances or bonuses ✗ Strike or lockout pay

*** Workers' compensation benefits (WCB)**

If a worker maintains full salary from the employer because WCB payments go to the employer, then the worker's full salary is included as regular wages.

If a worker receives WCB payments directly and the employer pays the difference between WCB and regular salary, then only the difference is included as regular wages.

How to Calculate Regular Monthly Wages

If the local's dues are deducted from regular wages:

Divide the total union dues received for the month by the percentage at which your members pay union dues. The result is total regular wages.

Example:

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

$$\mathbf{\$1,260.42 \div .015 = \text{regular wages of } \$84,028.00}$$

Enter \$84,028.00 on line C-1 on the per capita form.

IMPORTANT:

Only use this formula to calculate regular wages. It cannot be used if the employer included dues paid on *other types of wages* that are not regular, such as overtime pay or shift premiums. In this case, you must ask the employer to provide a list of regular wages.

Locals on a flat rate dues structure

If your local's dues structure is based on a flat rate, there is no formula that will work to arrive at the regular wages.

Have your employer provide you with a dues check off list that includes the amount of **regular wages** members earn each month.

Make sure your collective agreement highlights the employer's responsibility to provide the local with accurate reports on wages and union dues. Talk to your servicing representative if you need help or advice.

What happens during a strike or lockout?

Your members do not receive wages during a strike or lockout. Strike pay is not considered regular wages.

If your local is on strike or lockout for a full month, fill out the per capita form showing 0 for wages, because no per capita is owing.

In a month where you are partly at work and partly on strike or lockout, you will pay per capita based on partial regular wages earned. Attach a note that describes the period of strike or lockout, as well as the calculation you have used.

During a strike or lockout, there are circumstances where some members may receive wages.

For example:

- In a large composite local, only 1 of the 15 bargaining units is on strike.
- Only some members of a bargaining unit are declared 'essential', and they cannot strike or be locked out.

When some members receive wages during a strike or lockout, dues and per capita payments continue for those members.

If you make an error in the per capita calculation

Even when we try our best, mistakes happen.

If CUPE National discovers an error in the way your local calculated or reported monthly per capita, it will recalculate for a period of up to three years.

If you discover an error in the calculating method or reporting of monthly per capita, tell CUPE National right away. You are allowed to recalculate the monthly payments for up to three years.

CUPE National does not charge interest on miscalculations.

Call CUPE National at the per capita helpline 1-800-363-2873, select option #5 if you have questions.

Tip:

The most common reasons for mistakes in per capita reports are:

- *calculating .85% of the employer's dues cheque instead of .85% of regular wages*
- *basing the per capita report on GROSS wages instead of REGULAR wages*
- *using the wrong percentage in the formula to calculate regular wages*
- *not remitting on all pay periods*
- *locals on a flat rate using an averaging formula that is outdated.*

Review your calculation to make sure that you are not making these errors.



5. EXPENSES - PER CAPITA DIRECT REMITTANCE

Per capita direct remittance is a service CUPE offers. The goal is to make it easy for locals to manage their finances. Nearly half of CUPE locals use direct remittance for their dues.

It works like this:

CUPE National receives the dues cheque, or electronic funds transfer (EFT), and the dues remittance list directly from your employer.

CUPE National deducts the per capita amount, and sends the balance to your local as a monthly rebate cheque.

You do not have to fill out the per capita form or do any calculations. CUPE does that for you.

It takes 2 to 3 weeks from the time we receive the dues cheque from your employer until CUPE mails the rebate cheque to your local. Although direct deposit of rebate cheques is not available at this time, CUPE is working to offer this in the near future.

Locals continue to set their own dues structure and control all other payments.

Here is an example:

Total regular wages for the month of September are: \$173,897
Total number of full-time members: 56
Local dues rate: 2% of regular wages

1. Your employer sends a cheque or EFT to CUPE National for \$3,477.94
 $\$173,897 \times 2\% = \$3,477.94$
2. CUPE calculates the per capita payment
 $\$173,897 \times .85\% = \$1,478.12$
3. CUPE calculates your rebate amount
 $\$3,477.94 - \$1,478.12 = \$1,999.82$

4. CUPE deducts any other amounts owing. In this example, the annual bonding insurance fee of \$98.00 is also deducted.
\$1,999.82 - \$98.00 = \$1,901.82
5. CUPE sends your local a rebate cheque for \$1,901.82 along with a yellow copy of the Per Capita form filled out for your records.

Tip:

Ask your employer to provide you with a copy of your local's dues check off list. CUPE does not include a copy of the list with your rebate cheque.

See Appendix B: Per Capita Form for Direct Remittance

Moving Your Local to Direct Remittance

Your servicing representative can help you set up direct remittance with your employer.

CUPE has made it easy for your employer to provide the information we need.

Our Direct Remittance Kit for employers includes:

- ✓ a sample cover letter to be sent along with the monthly dues remittance
- ✓ information about the direct remittance process
- ✓ a fact sheet on regular wages.

- Employers can send the dues payment by cheque or ETF.
- Our Per Capita staff can help if your employer has any questions.

Contact CUPE at percapita@cupe.ca to let us know that you have set up direct remittance. Tell us when we can expect to receive the first dues cheque from your employer.

Did you know?

If your local is affiliated to a provincial division, or any other labour body, you must make the per capita report directly to that division or labour body. CUPE National does not do so on your local's behalf.

See Appendix C: Sample Cover Letter: Direct Remittance



6. EXPENSES – LOCAL OPERATIONS

“Funds can only be spent for the valid purposes of the local union and as permitted in the bylaws or as approved by a majority vote at a regular or special membership meeting. The funds cannot be divided among individual members.”

CUPE Constitution - B.4.4 Expenditures

As secretary-treasurer, you need to understand what makes something a “valid purpose” for expenditures.

Valid purposes include:

- bargaining
- enforcing the collective agreement
- campaigns to defend or promote union issues
- union education
- conventions and conferences
- executive and membership meetings
- promoting CUPE and the local to create a sense of identity and solidarity among the members
- promoting CUPE in the community

Did you know?

*Locals may wish to provide gifts or awards to members on special occasions or during events. All monetary gifts, including gift cards, are considered **inappropriate** expenditures.*

Instead, your local can offer non-monetary items such as t-shirts or jackets that help build visibility of the membership and promote solidarity. Items like posters or pins, which are part of an ongoing campaign, are also acceptable.

Fundraising prizes and retirement gifts should be non-monetary items.

Gifts of sympathy when someone is bereaved may include flowers and donations to a charity, by the local.

Authorization of Expenses

As secretary-treasurer, you must ensure that all the local's financial decisions are transparent. That means that anyone can easily see who made the decision to spend local funds, how, and why.

There are only three ways to authorize an expense:

1. **Bylaws:** your local's bylaws specifically allow the expense.
2. **Budget:** the expense is authorized in a budget approved by a majority of members who are on site and who vote in favour of the budget at a regular or special membership meeting.
3. **Motion:** the expenditure is raised as a motion and approved by a majority of members who are on site and vote in favour of the motion at a regular or special membership meeting.

Did you know?

If your local does not have bylaws, each expense, except for the per capita payments, has to be approved at a membership meeting. This limits how a local union operates.

Tip:

Read your local's bylaws. Do they provide enough detail to guide your work as Treasurer?

The *Guide to Preparing Local Union Bylaws* can help you assess your bylaws. We provide details from this Guide in Section 10 – Resources and suggest you review the full guide at cupe.ca/guide-preparing-local-union-bylaws.

CUPE expects locals to put rules about finances in bylaws, rather than policies. If your local is now using just financial policies, you can add the policies as an appendix to your bylaws. This way the amendment and approval process will be the same, and apply to the policy and the bylaws.

Working to Prevent Fraud

The best way to prevent fraud is to have clear guidelines in your bylaws and good financial controls.

Do	Do not
<ul style="list-style-type: none">✓ Use expense vouchers to process all payments✓ Use pre-numbered cheques that show the local's name and address✓ Require two signatures on all cheques✓ Have three signing officers — usually the president, vice-president and secretary-treasurer✓ Ensure that the local president approves all expenses	<ul style="list-style-type: none">✗ Never sign blank cheques✗ Never make cheques payable to cash✗ Signing officer cannot sign cheques made out to them. The other two signing officers must sign these cheques

Bonding insurance

Bonding insurance exists to reimburse your local if a member commits fraud against the local. CUPE National buys bonding insurance for all its locals (chartered organizations). (*Constitution: 13.5 and B.3.5*)

The insurance provides up to \$50,000 with a \$5,000 deductible on each claim. The policy covers all signing officers. This means you do not need to request bonding for specific jobs within the local, or after you elect a new executive.

You will receive an invoice from CUPE once a year, usually in the first quarter of the year. If your local is on direct remittance, we will deduct the fee for bonding insurance from the rebate cheque.

Did you know?

To be eligible to file a bonding insurance claim you have to send CUPE National your trustees' report within 6 months of the end of your local's fiscal year. This new rule came into force in 2015.

Financial Controls

Expense vouchers

Expense vouchers allow the secretary-treasurer to ensure proper financial controls, and for the trustees to verify that expenses were authorized and paid the way they should be.

You can order expense vouchers from CUPE at cupe.ca/order-online or create your own.

Use expense vouchers to process all payments, except for the per capita payment and affiliation fees.

A completed expense voucher will include:

- Name and address of person getting the money (the payee)
- Date of expense
- Reason for expense
- Signature of the person asking for payment
- Support documents, such as an invoice or original receipts
- Copy of the motion authorizing the expense, and the date of the membership meeting when the vote took place.
- Payment approval signature; the local's President must approve all expenses before they can be paid
- Date of approval by the President
- Cheque number

See Appendix D: Sample CUPE Expense Voucher

Cheques

All expenses must be paid by cheque. This is the best way to ensure good financial controls and to prevent fraud. There are some exceptions: see *Credit cards* and *Petty cash* below.

Order pre-numbered cheques that include the name and address of your local. This makes it easier to track missing cheques.

Review the expense voucher and support documents to ensure everything is correct before you prepare and sign the cheque.

Tip:

If you make a mistake on a cheque do not destroy it. Leave the cheque in the cheque book and write VOID on it. Include the cheque number in the ledger and write 'void' as the description. This will help trustees account for all cheques when they do an audit.

Credit cards

Some locals provide credit cards to executive members to use when they travel on union business. Credit cards can be useful if your local spans a large region and travel expenses by executive members are high. Even so, credit cards should be used carefully.

Guidelines for using a union credit card:

- The card must be issued in the name of the local.
- The types of payments that can be made on the credit card need to be clearly defined and must be approved by a motion at a membership meeting.
- Set a reasonable maximum for charges that are allowed on the card.
- Set a reasonable credit limit on the card.
- Pay off the card monthly so the local does not have to pay interest charges.
- Review every transaction to ensure that it is an authorized expense before making a payment on the credit card.
- Pay the credit card by cheque and not with a pre-authorized bank debit.
- Attach all credit card receipts to the credit card statement.
- Trustees must check every item charged when they complete the audit.

Petty cash

Locals sometimes set up a fund called petty cash to cover small expenses such as office supplies. The amount in the fund depends on the size of the local, and is usually between \$50 and \$250.

How to set up petty cash:

- Write a cheque to the secretary-treasurer for the amount you want to have in petty cash.
- In your ledger, record the cheque in the Expenses column, under "Operating Expenses." This "set up" cheque is not a true expense; it is only a transfer of money from your bank account to petty cash in the care of the secretary-treasurer.
- Include the value of the fund for petty cash in "Other Assets" on all monthly statements, and in your annual Secretary-Treasurer's Report.

How to operate with petty cash:

- Get receipts for each individual expense.
- Record all expenses on a Petty Cash Report.
- When the fund is almost empty, total the expenses and then write an expense voucher and cheque to the secretary-treasurer to cover the total amount spent.
- Cash the cheque and add this amount to the petty cash. This should return the fund for petty cash to its original balance.

Tip:

Keeping track of petty cash can be more work than you want. The alternative is to reimburse members who buy supplies and provide a receipt.

Tax issues

Unions are non-profit organizations. Because your local is covered by the Income Tax Act, you need to consider the tax implications of certain payments.

Here are the most common tax issues for locals. For more detailed information, contact the Canada Revenue Agency (CRA) office in your region.

Honorariums

All honorariums are considered income and are fully taxable. If your local provides honorariums to executive members, you need to:

- Withhold income tax, Employment Insurance (EI) and Canada Pension Plan (CPP) contributions (employee portion).
- Calculate the employer portion of EI and CPP withheld from the employee.

- Send the total you have withheld to CRA, which means both the employee and employer portions.
- Issue a T4 at year-end to the member who received the honorarium.

Out-of-pocket expenses and per diem allowances

Payments for out-of-pocket expenses and per diems are not considered honorariums. Instead, they are money a member spends and expects to have returned because they occur while on union business.

Out-of-pocket expenses and per diem allowances are not taxable. Even so, you should follow these guidelines (and inform members) that:

- The member should keep receipts.
- Any amount not covered by a receipt is taxable; the member is responsible for paying any tax owing if CRA asks to see the receipts.

The local's bylaws should clearly outline the maximums for out-of-pocket and per diem allowances.

Lost wages

When members are booked off on union business, the local should arrange for the employer to continue wages and benefits and bill the local. The local can then reimburse the employer.

Why do we recommend this? It is so your local does not have to pay lost wages directly to members. Any payment of lost wages made directly by the local to a member is taxable. The local will be considered an employer and will have to withhold taxes, EI, and CPP.

It is better for the local and its members if the wages and benefits that happen while booked off are paid by the employer. You will not have to worry about the liability of incorrect payroll calculations. Your members can also be assured that they are getting paid the correct amount and not losing out on pension contributions and benefits.

Financial records

- Your local must keep all financial records and support documents for a minimum of seven years.
- You should keep electronic files in a secure, backed up electronic filing system. CUPE recommends that you also keep paper copies of these important documents for your archives:
 - ✓ Minutes
 - ✓ Financial statements
 - ✓ Ledgers
 - ✓ Trustees' reports
 - ✓ Bylaws
 - ✓ Collective agreements

Canada Revenue Agency requires that all organizations, including non-profits, keep adequate books and records.



7. KEEPING THE BOOKS

CUPE Ledgers

The ledger is the main part of your local's financial "books." Most locals use the CUPE electronic ledger, while some locals use a paper version. If your local is not using the Excel electronic ledger, we recommend that you start using it.

The electronic ledger makes calculations for you, and generates the secretary-treasurer's and trustees' reports. You can download the ledger and resources at cupe.ca/ledger local-union-financial-officers.

Some large locals use an accounting software program like QuickBooks, to keep their books. All CUPE locals need to know these basics of bookkeeping.

- The ledger is a log book for all the income and expense transactions of the local. Every time you receive a deposit and every time you make a payment, you will enter the date, the amount, and a description of the income or expense.
 - The ledger provides a record of money spent based on the kind or category of expense. This will help you stay on track and plan the local's budget.
 - The treasurer's and trustees' reports are always based on information recorded in the ledger.
 - Electronic ledgers covering different fiscal periods are available from CUPE National. This is useful if your local has a fiscal year that is not a calendar year.
- cupe.ca/ledger-local-union-financial-officers

How to complete the CUPE electronic ledger

Here is a sample of a completed ledger.

In our example, Local 9000 has direct remittance for per capita payments. The sample covers the month of September.

	Cheque No.	Amount	Description
INCOME:			
Sept. 19		\$3,570.00	Dues payment received from the employer in the amount 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 Singh for time at grievance hearing.
Sept. 6	Cheque #2	\$32.00	To Labour Council for affiliation fee, July and August.
Sept. 6	Cheque #3	\$475.00	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.
Sept. 20	Cheque #7	\$1,830.00	To CUPE National for August Per Capita, \$1,730, \$2 initiation fees and \$98 bonding premium for the local.
Sept. 29	Cheque #8	\$500.00	To CUPE National for registration fees for two delegates to the CUPE Fall school.
Sept. 30	Cheque #9	\$34.20	To Vice-President Henry Reynolds to reimburse for payment of pizza bought for executive dinner meeting.

Figure 3: Sample Ledger

MONTH		September		BANK		INCOME		EXPENSES													
Date	Cheque No.	Cheque is cleared	Name of Payee or Description	Revenue	Expenditures	Dues	Other	CUPE Per Capita	Affiliation Fees	Salaries	Operating Expenses	Special Purchases	Executive Expenses	Bargaining Expenses	Grievances/ Arbitration	Committee Expenses	Conventions/ Conferences	Education	Contributions/ Donations	Other	
3	1	✓	N. Singh (Grievance hearing)		115.38										115.38						
6	2		Labour Council		32.00				32.00												
6	3		ACME Computer Software		475.00							475.00									
17	4	✓	J. McNeil (lost wages)		539.21													539.21			
19	5	✓	J. McNeil (expenses)		793.43													793.43			
19			Aug. Dues from Employer	3,570.00		3,550.00	20.00														
20	6		VOID																		
20	7	✓	CUPE National (Aug PC)		1,830.00			1,732.00			98.00										
29	8	✓	CUPE Ntl. - Registration fees (workshop)		500.00													500.00			
30	9		H. Reynolds (exec. Meeting)		34.20								34.20								
			TOTAL:	3,570.00	4,319.22	3,550.00	20.00	1,732.00	32.00		98.00	475.00	34.20		115.38		1,332.64	500.00			
Local No:		9000		TOTAL INCOME:		3,570.00							TOTAL EXPENSES:		4,319.22						

Column Name	What to do
A MONTH	Start a new ledger sheet each month.
B Date	Write the day of the month when the local receives any income or issues a new cheque.
C Cheque No.	Record the cheque number for every cheque you write, including cheques that have mistakes and were never sent (write "void" on that cheque and keep it in the cheque book). Ensure that cheque numbers appear in numerical order, including the void cheques.
D Name of Payee or Description	Write two or three words to describe each transaction. For example: dues received, CUPE National (Aug. Per Capita)

MONTH		September		BANK		INCOME		EXPENSES													
Date	Cheque No.	Cheque is cleared	Name of Payee or Description	Revenue	Expenditures	Dues	Other	CUPE Per Capita	Affiliation Fees	Salaries	Operating Expenses	Special Purchases	Executive Expenses	Bargaining Expenses	Grievances/ Arbitration	Committee Expenses	Conventions/ Conferences	Education	Contributions/ Donations	Other	
3	1	✓	N. Singh (Grievance hearing)		115.38										115.38						
6	2		Labour Council		32.00				32.00												
6	3		ACME Computer Software		475.00							475.00									
17	4	✓	J. McNeil (lost wages)		539.21												539.21				
19	5	✓	J. McNeil (expenses)		793.43												793.43				
19			Aug. Dues from Employer	3,570.00		3,550.00	20.00														
20	6		VOID																		
20	7	✓	CUPE National (Aug PC)		1,830.00			1,732.00			98.00										
29	8	✓	CUPE Ntl. - Registration fees (workshop)		500.00													500.00			
30	9		H. Reynolds (exec. Meeting)		34.20								34.20								
			TOTAL:	3,570.00	4,319.22	3,550.00	20.00	1,732.00	32.00		98.00	475.00	34.20		115.38		1,332.64	500.00			
Local No:		9000		TOTAL INCOME:		3,570.00		TOTAL EXPENSES:					4,319.22								

Column Name	What to do
E BANK: Revenue	The sum of all entries in this column is the total amount of money the local received that month.
F BANK: Expenditures	The sum of all of entries in this column is the total amount of money the local spent that month.
G INCOME	<p>This provides details about revenue. The entries you record in this section will be automatically totalled in the BANK: Revenue column.</p> <p>An income cheque can appear in more than one column if the money covered more than one item. For example, if the employer sent you a cheque for \$3,570 for dues and initiation fees, list \$3,550 in the Dues column and \$20 in the Other column. The amount \$3,570 will appear in the BANK: Revenue column.</p>

MONTH				September		BANK		INCOME		EXPENSES										
Date	Cheque No.	Cheque is cleared	Name of Payee or Description	Revenue	Expenditures	Dues	Other	CUPE Per Capita	Affiliation Fees	Salaries	Operating Expenses	Special Purchases	Executive Expenses	Bargaining Expenses	Grievances/ Arbitration	Committee Expenses	Conventions/ Conferences	Education	Contributions/ Donations	Other
3	1	✓	N. Singh (Grievance hearing)		115.38										115.38					
6	2		Labour Council		32.00				32.00											
6	3		ACME Computer Software		475.00							475.00								
17	4	✓	J. McNeil (lost wages)		539.21												539.21			
19	5	✓	J. McNeil (expenses)		793.43												793.43			
19			Aug. Dues from Employer	3,570.00		3,550.00	20.00													
20	6		VOID																	
20	7	✓	CUPE National (Aug PC)		1,830.00			1,732.00			98.00									
29	8	✓	CUPE Ntl. - Registration fees (workshop)		500.00													500.00		
30	9		H. Reynolds (exec. Meeting)		34.20								34.20							
				TOTAL:	3,570.00	4,319.22	3,550.00	20.00	1,732.00	32.00	98.00	475.00	34.20		115.38		1,332.64	500.00		
Local No:				9000	TOTAL INCOME:		3,570.00							TOTAL EXPENSES:		4,319.22				

Column Name	What to do
H Dues	Record the dues income received from the employer. If your local is on direct remittance, see section on Direct Remittance, p. 30.
I Other	Record all other forms of income here. This includes bank interest, investment income, initiation fees, deposits received for hall rentals, etc.
J EXPENSES	<p>This provides details about expenses. The entries you record in this section will be automatically totalled in the BANK: Expenditure column.</p> <p>Expense cheques that cover more than one expense category must be broken down so that the amount that applies to each category appears in the correct column.</p> <p>For example, if you write a cheque for \$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>

MONTH		September		BANK		INCOME		EXPENSES														
Date	Cheque No.	Cheque is cleared	Name of Payee or Description	Revenue	Expenditures	Dues	Other	CUPE Per Capita	Affiliation Fees	Salaries	Operating Expenses	Special Purchases	Executive Expenses	Bargaining Expenses	Grievances/ Arbitration	Committee Expenses	Conventions/ Conferences	Education	Contributions/ Donations	Other		
3	1	✓	N. Singh (Grievance hearing)		115.38										115.38							
6	2		Labour Council		32.00				32.00													
6	3		ACME Computer Software		475.00							475.00										
17	4	✓	J. McNeil (lost wages)		539.21																539.21	
19	5	✓	J. McNeil (expenses)		793.43																	793.43
19			Aug. Dues from Employer	3,570.00		3,550.00	20.00															
20	6		VOID																			
20	7	✓	CUPE National (Aug PC)		1,830.00			1,732.00			98.00											
29	8	✓	CUPE Ntl. - Registration fees (workshop)		500.00																500.00	
30	9		H. Reynolds (exec. Meeting)		34.20																	34.20
			TOTAL:	3,570.00	4,319.22	3,550.00	20.00	1,732.00	32.00		98.00	475.00	34.20		115.38		1,332.64	500.00				
Local No:		9000	TOTAL INCOME:	3,570.00							TOTAL EXPENSES:	4,319.22										

K
L
M
N

Column Name	What to do
K CUPE Per Capita	Record all per capita payments paid to CUPE National including initiation fees.
L Affiliation Fees	Record all fees associated with being a member of a CUPE Division or District Council, Federation of Labour, Labour Council, or CUPE occupational group.
M Salaries	<p>Record wages and benefits for anyone the local hires to do a job, such as business agents, cleaners for the union office, clerical support, etc.</p> <p>Do not include lost wages or honorariums for executive members here. They will be listed in the category that relates to the activity.</p>
N Operating Expenses	Record all regular expenses such as meeting space or office rent, heat, light, phones, internet connections, bank charges, etc.

MONTH		September		BANK		INCOME		EXPENSES												
Date	Cheque No.	Cheque is cleared	Name of Payee or Description	Revenue	Expenditures	Dues	Other	CUPE Per Capita	Affiliation Fees	Salaries	Operating Expenses	Special Purchases	Executive Expenses	Bargaining Expenses	Grievances/Arbitration	Committee Expenses	Conventions/Conferences	Education	Contributions/Donations	Other
3	1	✓	N. Singh (Grievance hearing)		115.38										115.38					
6	2		Labour Council		32.00				32.00											
6	3		ACME Computer Software		475.00							475.00								
17	4	✓	J. McNeil (lost wages)		539.21												539.21			
19	5	✓	J. McNeil (expenses)		793.43												793.43			
19			Aug. Dues from Employer	3,570.00		3,550.00	20.00													
20	6		VOID																	
20	7	✓	CUPE National (Aug PC)		1,830.00			1,732.00			98.00									
29	8	✓	CUPE Ntl. - Registration fees (workshop)		500.00													500.00		
30	9		H. Reynolds (exec. Meeting)		34.20								34.20							
			TOTAL:	3,570.00	4,319.22	3,550.00	20.00	1,732.00	32.00		98.00	475.00	34.20		115.38		1,332.64	500.00		
Local No:			9000	TOTAL INCOME:		3,570.00							TOTAL EXPENSES:		4,319.22					

Column Name	What to do
O Special Purchases	Record all one-time expenses such as equipment purchases, office furniture, etc.
P Executive Expenses	Record all expenses that relate to executive members such as salaries/honorariums, mileage, per diem, etc. Do not list expenses related to bargaining, grievances, arbitrations, or conventions/conferences. They will be listed in special categories below.
Q Bargaining Expenses	Record all expenses that relate to any member (including executive members) involved with bargaining and negotiations, such as lost wages, per diem, mileage, meeting rooms, bulletins, etc.
R Grievances/Arbitrations	Record all expenses that relate to any member (including executive members) involved in processing grievances or that come from arbitrations, such as lost wages, per diem, mileage, arbitrator's and lawyer's bills, etc.
S Committee Expenses	Record all expenses that relate to committees such as the Health and Safety Committee, Women's Committee, etc.

MONTH		September		BANK		INCOME		EXPENSES													
Date	Cheque No.	Cheque is cleared	Name of Payee or Description	Revenue	Expenditures	Dues	Other	CUPE Per Capita	Affiliation Fees	Salaries	Operating Expenses	Special Purchases	Executive Expenses	Bargaining Expenses	Grievances/ Arbitration	Committee Expenses	Conventions/ Conferences	Education	Contributions/ Donations	Other	
3	1	✓	N. Singh (Grievance hearing)		115.38										115.38						
6	2		Labour Council		32.00				32.00												
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19			Aug. Dues from Employer	3,570.00		3,550.00	20.00														
20	6		VOID																		
20	7	✓	CUPE National (Aug PC)		1,830.00			1,732.00			98.00										
29	8	✓	CUPE Ntl. - Registration fees (workshop)		500.00													500.00			
30	9		H. Reynolds (exec. Meeting)		34.20								34.20								
			TOTAL:	3,570.00	4,319.22	3,550.00	20.00	1,732.00	32.00		98.00	475.00	34.20		115.38		1,332.64	500.00			
Local No:		9000	TOTAL INCOME:		3,570.00		TOTAL EXPENSES:					4,319.22									

T U V W

Column Name	What to do
T Conventions/ Conferences	Record all expenses that relate to any member (including executive members) attending conventions and conferences, such as lost wages, per diem, mileage, registration, etc.
U Education	Record all expenses that relate to any member (including executive members) attending union education workshops, such as lost wages, per diem, mileage, registration fees, etc.
V Contributions/Donations	Record all contributions for retiring members, on-going campaigns, strike support donations, election donations, or contributions to other organizations.
W Other	Record any expense that does not fit into other categories, such as special campaigns, or transfer of funds to an investment, etc. The electronic ledger has a glossary of expense categories for more information.

Direct Remittance: recording per capita in the ledger

When a local is on direct remittance, your employer sends the dues cheque or EFT to CUPE National. Your local receives a rebate cheque for the difference between the total dues collected and the per capita.

Both of these transactions must appear in the ledger. The example below shows how direct remittance appears in the local's ledger. The example below also shows that the bonding insurance fee is deducted.

Figure 4: Sample Ledger: Direct Remittance

MONTH		November			BANK		INCOME		EXPENSES									
Date	Cheque No.	Cheque is cleared	Name of Payee or Description	Revenue	Expenditures	Dues	Other	CUPE Per Capita	Affiliation Fees	Salaries	Operating Expenses	Special Purchases	Executive Expenses	Bargaining Expenses	Grievances/ Arbitration	Committee Expenses	Conventions/ Conferences	Ed
			Union dues received for Sept - Direct remittance rebate cheque \$1,901.82	3,477.94	1,576.12	3,477.94		1,478.12			98.00							
			INDICATE REBATE CHEQUE AMOUNT IN DESCRIPTION		TOTAL DUES COLLECTED BY EMPLOYER AND SENT TO CUPE NATIONAL		PER CAPITA DEDUCTED (LINE C-1)				BONDING DEDUCTED (LINE D-3)							
			TOTAL:	3,477.94	1,576.12	3,477.94		1,478.12			98.00							

How to Complete the Bank Reconciliation

Each month, you need to compare the amount of money that the books say should be in the local's bank accounts against the actual bank balance. This is called "bank reconciliation."

It is rare that all the cheques you issue in a month clear the bank that same month. In the example below, because of outstanding cheques (cheques not cashed), the "Bank Balance as per Bank Statement" at the start of the month will be larger than your actual balance, or "Ledger Bank Balance."

Figure 5: Sample: Complete Bank Reconciliation

BANK RECONCILIATION		September
A	Bank Balance as per Bank Statement:	5,691.98
B	Add Income Not Recorded on Statement:	
C	Deduct Outstanding Cheques	
	Cheque No.	Amount
	2	32.00
	3	475.00
	9	34.20
	Total of Outstanding Cheques:	541.20
D	*Ledger Bank Balance: (A)	5,150.78
* Ledger Bank Balance in the bank reconciliation section (amount above) MUST equal the Ledger Bank Balance at End of Period in the Treasurer's Report to the Membership. A = A		
If an amount appears in the box to the right, your ledger is NOT in balance		

	Description
A Bank balance as per bank statement	<p>This figure records the month end balance as it appears on the credit union (or bank) statement.</p> <p>It is the amount of money in the account on the last day of the month.</p> <p>In the example, the local had \$5,691.98 in its account on September 30.</p>
B Add income not recorded on statement	<p>Add any deposits that do not yet appear on the credit union or bank statement. This is rare because deposits are usually recorded on the day they are made. Sometimes, a bank may record a deposit on the next business day and it will then appear in next month's statement.</p>
C Deduct outstanding cheques	<p>Your first step is to review the bank statement, then go through all of the cashed cheques and tick off each entry in the ledger in the column "cheque is cleared."</p> <p>List each cheque that has not cleared plus any cheques still outstanding from previous months.</p> <p>In the example, three cheques totalling \$541.20 have not cleared the local's account as of September 30.</p>
D Ledger Bank Balance	<p>The Bank Balance PLUS Income Not Recorded on Statement MINUS Total of Outstanding Cheques EQUALS Ledger Bank Balance.</p> <p>In the example, \$5,691.98 (Bank Balance) MINUS \$541.20 (Outstanding Cheques) EQUALS \$5,150.78 (Ledger Bank Balance).</p> <p>This amount needs to match the Ledger Bank Balance in the monthly Secretary-Treasurer's Report.</p>

Tip:

When you review the bank statement, make sure to record all the transactions listed by the bank in your ledger. If you miss something, your bank reconciliation will not balance.

Examples of bank transactions:

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

Tip:

Make sure that the bank cleared each cheque for the same amount written on the cheque itself.

What is a transposition error?

A transposition error involves reversing two digits (transposed). For example, 78 becomes 87.

How can you know if you have made a transposition error?

If your bank reconciliation is out of balance with your ledger, and that amount can be divided by 9, you have made a transposition error.

Example:

You entered a cheque as \$ 91.75 that should have been \$19.75

Difference is \$72
 $72 \div 9 = 8$

How do I record a stale dated cheque?

After six months, cheques that have not been cashed can no longer be cashed – they become stale dated.

Contact the person or organization named on the cheque to find out what has happened. The cheque may be missing or was never received. This is money already entered into the ledger as an expense, and you will need to reverse it in the following way:

- In the current month's ledger sheet, enter a negative amount in the same expense category that the original cheque was written in. In the description column, write "reverse stale dated cheque." Record the original cheque number in the cheque number column.
- Remove the original cheque number from the outstanding cheques list on the bank reconciliation.
- Re-issue a new cheque and enter it into the same expense category as the original cheque using the new cheque number and date.
- If the new cheque remains outstanding (not cashed) at the end of that month, enter it in the bank reconciliation.



8. SECRETARY-TREASURER'S REPORT TO THE MEMBERSHIP

The secretary-treasurer must make monthly, written reports to the membership.
Section B.3.6 CUPE Constitution

The monthly report describes:

- **Income:** how much money the local brought in
- **Expenses:** how much money the local spent since the last report
- **Balances:** how much money the local has in the bank at the beginning and at the end of the period under review

It is easy to present this information using the "Treasurer's Report to the Membership" that the CUPE electronic ledger generates for you.

Figure 6: Sample: Treasurer's Report to the Membership

TREASURER'S REPORT TO THE MEMBERSHIP			September
A	No. of Full-Time Members:	45	No. of Part-Time Members: 5
B	Ledger Bank Balance for Beginning of Period:		5,900.00
C	INCOME		
	Dues	3,550.00	27,959.10
	Other	20.00	172.00
	Total Income:	3,570.00	28,131.10
D	EXPENSES		
	CUPE Per Capita	1,732.00	14,951.24
	Affiliation Fees	32.00	212.40
	Salaries		
	Operating Expenses	98.00	330.15
	Special Purchases	475.00	475.00
	Executive Expenses	34.20	661.54
	Bargaining Expenses		
	Grievances/ Arbitration	115.38	7,553.31
	Committee Expenses		
	Conventions/ Conferences	1,332.64	4,125.64
	Education	500.00	500.00
	Contributions/Donations		
	Other		73.50
	Total Expenses:	4,319.22	28,882.78
E	Surplus (Deficit) for the Period:		- 749.22
F	*Ledger Bank Balance at End of Period: (A)		5,150.78

	Description
A Number of Members	Enter the number of full and part time members in your local that you listed on the Per Capita form sent to CUPE National for the month. Include casual members as part time members
B Ledger Bank Balance for Beginning of Period	This amount comes from the "Ledger Bank Balance at End of Period" from the previous month's Treasurer's Report. In the example, \$5,900.00 means that once all of the cheques written against the local's accounts up to August 31 have cleared, \$5,900.00 will remain in the local's account.
C INCOME	The two items in this section are dues received and other income.
D EXPENSES	Each of the items listed under EXPENSES relates to and appears in a column in the EXPENSES section of the ledger.
E Surplus (Deficit) for the Period	This is the difference between the Total Expenses and the Total Income. It could be a surplus (more than \$0) or a deficit (less than \$0). In the example, the local had \$3,570 in income but spent \$4,319.22 in September. This left the local with a deficit of -\$749.22 for the month.
F Ledger Bank Balance at End of Period	This is the difference between the Ledger Bank Balance for Beginning of Period and the Surplus (Deficit) for the 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.

Make sure that the Ledger Bank Balance in your report matches the bank reconciliation, and print both pages with your report. The electronic ledger generates a monthly Secretary-Treasurer's Report to the membership that shows the year-to-date income and expenses.

Tip:

If your local has a January to December fiscal year, CUPE National has a ledger available that tracks and reports the year-to-date figures compared to total remaining budget. This can be useful if your local uses a budget. See cupe.ca.

Presenting the Report to the Membership

Distribute a copy of your report, paper or electronic, for the membership meeting. You may also project the report during the meeting.

Provide a short summary of your report to the members, add any comments and observations, and be prepared to answer their questions.

For example, as the secretary-treasurer of Local 9000, you would:

- Expect that members will want to know why the local had a deficit of \$749.22 for the month of September.
- Explain the one-time cost of \$475 for computer software and the \$1,332.64 cost of sending delegates to convention.

- Remind members that these non-routine expenses were approved by the membership before any money was spent, and refer to the motion(s) that approved the expenses.

Tell members how actual spending by the local compares to what you budgeted for the year.

Part of your responsibility as secretary-treasurer is to inform members how their dues are helping to solve issues and problems the local faces. For example:

- Money spent on grievances deals with and sometimes solves workplace problems.
- Donating to another local during a strike appeal may help them win contract changes; your local may build on this during your next round of bargaining.
- Spending to support allies in a campaign (to protect public water, for example) may give your local a positive profile in the community, and protect public sector jobs.



9. PREPARING A BUDGET

Budgets help locals deal with issues facing the membership over time. Mostly, the planning timeframe is a year.

Example:

Local members are concerned about contracting out of their jobs, and your local decides to spend money to help deal with privatization.

As secretary-treasurer, you also become the local's financial advisor. This role means you will need to:

- estimate the cost of any new or non-routine expenses;
- give the membership advice on what the local can afford to do without raising union dues or dipping into reserve funds.

These questions are hard to answer, if you do not know how much money will be left over after the local pays all routine expenses.

A budget is an estimate of income and expenses for the coming year. It will help answer “can we afford it?” questions, and help your local plan activities.

Gathering the Information You Need

To prepare a budget for the coming year, you need information on actual income and expenses from the previous year. The electronic ledger has a budget tab that automatically adds the yearly totals for income and expenses to the appropriate columns.

You need to see what the local spent, by budget category.

For instance: How much did the local spend on:

- Per capita
- Grievances
- Union education
- Operating expenses

Now estimate how much each source of income and each expense category will change in the coming year.

For instance:

- Will income from dues be higher because of higher salaries?
- Will income from dues decrease because of layoffs?
- Will the office rent increase?
- How many delegates will the local send to conventions next year?
- Did the local spend more or less than usual on grievances last year?
- Will the local need to 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 is easy to estimate next year’s income from dues and CUPE per capita payments.

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

Figure 7: Sample: Budget Worksheet

BUDGET				
	A	B	C	D
INCOME	Current Year Actual	Current Year Budget	Current Year Variance	Next Year Budget
Dues	40,525.00	40,000.00	525.00	41,740.75
Other	50.00	20.00	30.00	30.00
TOTAL INCOME:	40,575.00	40,020.00	555.00	41,770.75
EXPENSES				
CUPE Per Capita	22,809.46	23,000.00	- 190.54	23,493.74
Affiliation Fees	810.00	850.00	- 40.00	1,160.00
Salaries				
Operating Expenses	2,275.00	2,500.00	- 225.00	2,500.00
Special Purchases	1,200.00	1,500.00	- 300.00	-
Executive Expenses	570.00	600.00	- 30.00	600.00
Bargaining Expenses				5,000.00
Grievances/Arbitration	3,200.00	2,000.00	1,200.00	1,500.00
Committee Expenses				
Conventions/Conferences	3,650.00	3,500.00	150.00	1,500.00
Education	750.00	1,000.00	- 250.00	1,500.00
Contributions /Donations				
Other	250.00	300.00		
TOTAL EXPENSES:	35,514.46	35,250.00	314.46	38,003.74
				3,767.01
Expenses Incurred Last Year That Will Not Happen This Year	Amount			
not as many arbitrations	-	1,700.00		
no National convention in the next year	-	2,150.00		
no equipment purchases	-	1,200.00		
		5,050.00		
Anticipated Increase or New Expenses for Next Year	Amount			
bargaining new collective agreement		5,000.00		
more union education to prepare for bargaining		750.00		
member mobilization material for bargaining (other)		500.00		
		6,250.00		

A Sample Budget Worksheet

The example budget worksheet beside comes from the electronic ledger. It shows the differences between last year’s budget and this year’s budget, for each budget category. There is a place at the bottom of the worksheet where you can note the most important differences.

The Worksheet columns:

- A** Current year: actual income or expense for this year
- B** Current year budget: estimated income or expense for this year
- C** Current year variance: the difference between estimated income or expense and actual income or expense
- D** Next year budget: best estimated income and expenses for next year
- E** **Income**

The local’s income this year was \$40,575

- \$40,525 from dues
- \$50 from initiation fees (see line “other”)

Estimated dues (based on an average salary increase of 3%):

Calculation: $\$40,525 \times 3\% = \$1,215.75$
 $\$40,525 + \$1,215.75 = \$41,740.75$

Estimated initiation fees:

The number of new workers hired this year increased and will not be the case next year. The amount of money from initiation fees should be reduced, and in this case by an estimated \$20 for next year.

Calculation: $\$50 - \$20 = \$30$

Next year’s estimated income

Calculation: Dues + Other (initiation fees) = total income
 $\$41,740.75 + \$30 = \$41,770.75$
 Total: \$41,770.75

Calculate the difference between next year’s income and this year’s income:

$\$41,770.75 - \$40,575 = \$1,195.75$

This shows an increase in income of \$1,195.75 for the next year.

BUDGET				
INCOME	Current Year Actual	Current Year Budget	Current Year Variance	Next Year Budget
Dues	40,525.00	40,000.00	525.00	41,740.75
Other	50.00	20.00	30.00	30.00
TOTAL INCOME:	40,575.00	40,020.00	555.00	41,770.75

EXPENSES				
CUPE Per Capita	22,809.46	23,000.00	- 190.54	23,493.74
Affiliation Fees	810.00	850.00	- 40.00	1,160.00
Salaries				
Operating Expenses	2,275.00	2,500.00	- 225.00	2,500.00
Special Purchases	1,200.00	1,500.00	- 300.00	-
Executive Expenses	570.00	600.00	- 30.00	600.00
Bargaining Expenses				5,000.00
Grievances/Arbitration	3,200.00	2,000.00	1,200.00	1,500.00
Committee Expenses				
Conventions/Conferences	3,650.00	3,500.00	150.00	1,500.00
Education	750.00	1,000.00	- 250.00	1,500.00
Contributions /Donations				
Other	250.00	300.00		
TOTAL EXPENSES:	35,514.46	35,250.00	314.46	38,003.74
				3,767.01

Expenses Incurred Last Year That Will Not Happen This Year	Amount
not as many arbitrations	- 1,700.00
no National convention in the next year	- 2,150.00
no equipment purchases	- 1,200.00
	- 5,050.00

Anticipated Increase or New Expenses for Next Year	Amount
bargaining new collective agreement	5,000.00
more union education to prepare for bargaining	750.00
member mobilization material for bargaining (other)	500.00
	6,250.00

F Expenses

CUPE PER CAPITA

The actual per capita expense this year is \$22, 809.46. A 3% increase in income from dues will produce a 3% increase in per capita payments to CUPE National:

Calculation: $\$22,809.46 \times 3\% = \684.28
 $\$22,809.46 + \$684.28 = \$23,493.74$
 Total per capita budget: \$23,493.74

AFFILIATION FEES

The local spends \$810 in affiliation fees per year. This year, the executive also wants to join (affiliate with) the CUPE District Council. This costs \$350 per year.

The total budget for affiliation fees will be:
 $\$810 + \$350 = \$1,160$

OPERATING EXPENSES

The secretary-treasurer expects operating expenses to remain about the same next year. The local will budget the same amount as this year: \$2,500.

SPECIAL PURCHASES

The local bought a laptop this year but is not planning to buy any other equipment in the next year.

EXECUTIVE EXPENSES

The secretary-treasurer expects executive expenses to remain about the same, and will therefore budget the same as this year: \$600.

BARGAINING EXPENSES

The executive wants to budget \$5,000 for bargaining because the current collective agreement will be renegotiated in the next year.

GRIEVANCES/ARBITRATION

The local believes that the \$3,200 spent on two arbitrations this year is not likely to occur next year. It decides to budget \$1,500 for the next year.

BUDGET				
INCOME	Current Year Actual	Current Year Budget	Current Year Variance	Next Year Budget
Dues	40,525.00	40,000.00	525.00	41,740.75
Other	50.00	20.00	30.00	30.00
TOTAL INCOME:	40,575.00	40,020.00	555.00	41,770.75

EXPENSES				
CUPE Per Capita	22,809.46	23,000.00	- 190.54	23,493.74
Affiliation Fees	810.00	850.00	- 40.00	1,160.00
Salaries				
Operating Expenses	2,275.00	2,500.00	- 225.00	2,500.00
Special Purchases	1,200.00	1,500.00	- 300.00	-
Executive Expenses	570.00	600.00	- 30.00	600.00
Bargaining Expenses				5,000.00
Grievances/Arbitration	3,200.00	2,000.00	1,200.00	1,500.00
Committee Expenses				
Conventions/Conferences	3,650.00	3,500.00	150.00	1,500.00
Education	750.00	1,000.00	- 250.00	1,500.00
Contributions /Donations				
Other	250.00	300.00		
TOTAL EXPENSES:	35,514.46	35,250.00	314.46	38,003.74
				3,767.01

Expenses Incurred Last Year That Will Not Happen This Year	Amount
not as many arbitrations	- 1,700.00
no National convention in the next year	- 2,150.00
no equipment purchases	- 1,200.00
	- 5,050.00

Anticipated Increase or New Expenses for Next Year	Amount
bargaining new collective agreement	5,000.00
more union education to prepare for bargaining	750.00
member mobilization material for bargaining (other)	500.00
	6,250.00

F Expenses (cont.)

CONVENTIONS/CONFERENCES

There is no National Convention in the coming year but the local will attend the division convention. It decides to budget \$1,500 instead of the \$3,500 from this year's budget.

EDUCATION

The local set aside \$1,000 this year for education but only spent \$750. It plans to send members of the bargaining committee to union workshops to help them prepare for bargaining. The local decides to increase this budget to \$1,500.

OTHER

The local wants to be ready to act quickly in support of the bargaining committee. It budgets \$750 for buttons, flyers, and other materials.

Calculate the difference between next year's estimated expenses and this year's expenses:

$$\$38,003.74 - \$35,514.46 = \$2,489$$

This shows an estimated increase in budget expenses of \$2,489.28 for the next year.

G Overall budget

Income - Expenses = the total deficit or surplus

Calculation: **\$41,770.75 - \$38,003.74 = \$3,767.01**

The budget surplus for next year will be: \$3,767.01

Approval of the Budget

Your local should complete the budget process before the next fiscal year begins.

- Make sure that most of the current year's income and expenses are recorded in the ledger, so that you have the most up-to-date totals for your budget calculations.
- Review the new proposed budget with the local executive. Some locals appoint a budget committee. Make changes, as needed.
- When you have a final budget, present it to the membership. Respond to any questions.

The members must vote to approve the budget. If the first meeting about the budget means you must make major changes, it will have to come to a second meeting. Most locals find the amendments are small, changes can be made quickly, and the budget will be approved as amended.

Tip:

It helps to provide details in a footnote for each category so that all parts of the budget are clear to members, and they know exactly what they are approving.

Example:

A budget line for conventions/conferences set at \$10,000 does not give members enough details.

However, if you provide an exact amount for each convention/conference your local will attend, and the number of members going to each event, members can make an informed decision.

These details can be included as a footnote in the ledger.

Footnote:

- Convention/conferences: budget amount \$ 10,000
- CUPE National Convention: 2 delegates @ \$3,000 each = \$ 6,000
- Provincial Division Convention: 2 delegates @ \$2,000 each = \$ 4,000

A budget allows for adjustments in your local's finances during the year.

- If the local spends more than the budget allows in any category, you would provide a motion at a membership meeting to approve an increase to that budget line.
- If the local spends less than what the budget allows in a category, that amount cannot be applied to a different category that may be over budget. Instead, you need to ask the membership to approve the proposed change at a membership meeting.

IMPORTANT:

Each item in a revised budget must be approved at a regular or special membership meeting.

How the local union spends funds always requires the membership's approval.



10. TRUSTEES' AUDIT

Budgets help locals deal with issues facing the membership over time. Mostly, the planning timeframe is a year.

Trustees act as a committee that independently examines the books and accounts of the local. This process is called an audit.

An audit must occur once a year. CUPE Constitution *Article B.3.12*.

However, CUPE National recommends that an audit take place every six months, especially for larger locals with many transactions. Doing an audit more often makes the task simpler.

Trustees do more than check the books. They review the local's financial practices to be sure that:

- ✓ proper financial controls exist and are being used
- ✓ the ledger is up-to-date and correct
- ✓ the Secretary-Treasurer's Report to the Trustees for the period under review is completed as it should be
- ✓ monthly bank reconciliations are accurate
- ✓ estimated income is enough to cover estimated expenses
- ✓ extra (surplus) funds are invested appropriately
- ✓ the inventory of equipment and supplies is up-to-date
- ✓ the local's insurance covers replacement of all equipment
- ✓ all changes to the local's bylaws are approved by the CUPE National President's Office

Did you know?

- *Three (3) trustees will complete the audit. (Constitution B.2.1)*
- *Locals may hire a qualified accountant or accounting firm to audit the local's books. Trustees are still expected to supervise the local's finances, and make written reports as set out in the Constitution. (Constitution B.3.13)*
- *Locals with fewer than 20 members, and who cannot elect 3 trustees, may appoint a member of the executive who is not a signing officer to perform the duties of a trustee. The membership must approve the appointment. (Constitution B.3.11)*

What the Trustees Need from the Secretary-Treasurer

- A completed copy of the Secretary-Treasurer's Report to the Trustees.
- Yellow copies of all per capita receipts submitted for the period under review.
- The secretary-treasurer's completed ledger, either paper or electronic version.
- Bank statements and returned cheques or bank books for all the local's bank accounts.
- Cheque stubs.
- A copy of all bank reconciliations completed by the secretary-treasurer.
- Support documents for all expenses incurred during the period (such as authorization vouchers, invoices, and receipts).
- Deposit books.
- Minute books or other recording of motions, which detail all expenditures approved by the membership.
- Copy of the local's bylaws.
- Employer's dues check-off lists (or a similar document the secretary-treasurer uses to ensure dues are deducted properly).
- Receipt book (or similar document, in addition to the deposit book the secretary-treasurer uses to record money received by the local).
- Copy of any insurance policy held by the local on assets owned by the local.
- Copy of any financial reports presented by the secretary-treasurer to the executive and the membership during the period under review.
- Any T5s (showing investment income for the local) that apply to the period under review.

- If the local has rental income, a copy of any rental agreements.
- Copy of request forms for leaves of absence submitted to the employer (or other forms that allow the trustees to identify members on leave for union business and the dates of such leave).
- If the local sells supplies, any records of these transactions.
- A copy of your collective agreement.
- A copy of the CUPE Constitution.

IMPORTANT:

The secretary-treasurer should be available to answer the trustees' questions when they are doing the audit. However, no local executive member may be present during the audit.

Trustees' Recommendations

A big part of any audit is checking to see if proper controls are in place, and making recommendations to help the local improve its financial practices and controls.

CUPE National has issued a document Trustees' Checklist and Suggested Recommendations that helps trustees do their job. Each local secretary-treasurer gets a copy of this by mail from CUPE National, along with other audit documents, in January. It is also available online at cupe.ca/trustees-report-package.

Trustees' Audit Report

Follow these steps to complete the audit and prepare the Trustees' Audit Report:

1. Answer the list of questions in the booklet *Trustees Checklist and Suggested Recommendations*.
2. Complete the Trustees' Audit Report if the local uses a paper ledger. If the local uses the electronic ledger, print and sign the report generated from the ledger.
3. Develop recommendations to deal with any problems you find during the audit.
4. Submit a written report to the local president and secretary-treasurer that includes all recommendations and any concerns that exist. If the audit makes no recommendations and if all is in order, the report should state this.
5. Receive a written response to recommendations from the local secretary-treasurer.
6. Provide a written report to the membership that includes the findings and recommendations of the audit, and the local secretary-treasurer's written response.
7. Present the report to the membership; highlight any recommendations for changing procedures.

8. Keep copies of all reports and submissions for your records.

9. Send these documents to the CUPE National Secretary-Treasurer, with a copy to your servicing representative:

- the completed Trustees' Checklist
- the Trustees' Audit Report
- the Secretary-Treasurer's Report to the Trustees (including the bank reconciliation at fiscal year-end)
- written recommendations made to the president and secretary-treasurer of the local
- the local secretary-treasurer's response to the recommendations
- the written report to the membership.

Email documents to: trustees@cupe.ca or,

Mail to:

**CUPE National
Attention: National Secretary-Treasurer
1375 St. Laurent Blvd
Ottawa, ON K1G 0Z7**

10. Request help from your servicing representative if you are having trouble completing the audit, or if you suspect fraud or suspicious activity.

(See Constitution Duties of Trustees: B.3.12)

Figure 8: Sample: Treasurer's Report to Trustees

CUPE Canadian Union of Public Employees **TREASURER'S REPORT TO THE TRUSTEES**

LOCAL NO.:		January		TO		December											
YEAR:		Ledger Bank Balance from Previous Report:				Full-Time	Part-Time										
		Membership from Previous Report:															
MONTHLY TOTALS																	
Month	INCOME		EXPENSES													MEMBERS	
	Dues	Other	CUPE Per Capita	Affiliation Fees	Salaries	Operating Expenses	Special Purchases	Executive Expenses	Bargaining Expenses	Grievances / Arbitration	Committee Expenses	Conventions / Conferences	Education	Contributions / Donations	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: (A)										

BANK RECONCILIATION				December			
Bank Balance as per Bank Statement:							
Add	Income Not Recorded on Statement:						
Deduct	Outstanding Cheques			Outstanding Cheques (cont'd)			
	Cheque No.	Amount		Cheque No.	Amount		
Total of Outstanding Cheques:			Sub-Total of Outstanding Cheques:				
*Ledger Bank Balance: (A)							

ASSETS AND LIABILITIES	
ASSETS	
*Ledger Bank Balance:	
Other Bank Account - i.e. Savings:	
Union Dues Owng to Local:	
Investments Owned by Local:	
Property and Equipment (at cost):	
Other	
TOTAL ASSETS:	
LIABILITIES	
Money Owng to CUPE National:	
Other	
TOTAL LIABILITIES:	

Figure 9: Sample: Treasurer's Report

TRUSTEES' REPORT FOR THE PERIOD		January	TO	December																										
LOCAL NO.		<table border="1"> <thead> <tr> <th colspan="2">NUMBER OF MEMBERS</th> </tr> <tr> <th></th> <th>Full-Time</th> <th>Part-Time</th> </tr> </thead> <tbody> <tr> <td>Beginning of Period</td> <td></td> <td></td> </tr> <tr> <td>End of Period</td> <td></td> <td></td> </tr> <tr> <td>Difference</td> <td></td> <td></td> </tr> </tbody> </table>			NUMBER OF MEMBERS			Full-Time	Part-Time	Beginning of Period			End of Period			Difference														
NUMBER OF MEMBERS																														
	Full-Time				Part-Time																									
Beginning of Period																														
End of Period																														
Difference																														
YEAR																														
BALANCE FROM PREVIOUS REPORT																														
INCOME AND EXPENSES FOR THE PERIOD		<table border="1"> <tr> <td colspan="2">Is your local's union dues rate based on a % or flat rate?</td> <td></td> </tr> <tr> <td colspan="2">Please indicate the dues rate</td> <td></td> </tr> </table>			Is your local's union dues rate based on a % or flat rate?			Please indicate the dues rate																						
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INCOME		<table border="1"> <thead> <tr> <th colspan="2">ASSETS AND LIABILITIES</th> </tr> <tr> <th colspan="2">ASSETS</th> </tr> </thead> <tbody> <tr> <td>Ledger Bank Balance</td> <td></td> </tr> <tr> <td>Other Bank Account - ie. Savings</td> <td></td> </tr> <tr> <td>Union Dues Owning to Local</td> <td></td> </tr> <tr> <td>Investments Owned by Local (at cost)</td> <td></td> </tr> <tr> <td>Value of Property and Equipment (at cost)</td> <td></td> </tr> <tr> <td>Other</td> <td></td> </tr> <tr> <td>TOTAL ASSETS:</td> <td></td> </tr> <tr> <th colspan="2">LIABILITIES</th> </tr> <tr> <td>Money Owning to CUPE National</td> <td></td> </tr> <tr> <td>Other</td> <td></td> </tr> <tr> <td>TOTAL LIABILITIES:</td> <td></td> </tr> </tbody> </table>			ASSETS AND LIABILITIES		ASSETS		Ledger Bank Balance		Other Bank Account - ie. Savings		Union Dues Owning to Local		Investments Owned by Local (at cost)		Value of Property and Equipment (at cost)		Other		TOTAL ASSETS:		LIABILITIES		Money Owning to CUPE National		Other		TOTAL LIABILITIES:	
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EXPENSES																														
CUPE Per Capita																														
Affiliation Fees																														
Salaries																														
Operating Expenses																														
Special Purchases																														
Executive Expenses																														
Bargaining Expenses																														
Grievances/Arbitration																														
Committee Expenses																														
Conventions/Conferences																														
Education																														
Contributions /Donations																														
Other																														
TOTAL EXPENSES:																														
Surplus (Deficit) for the period:																														
LEDGER BANK BALANCE AT END OF PERIOD:																														
<p><i>For further information on the responsibilities of the trustees, please refer to Article B.3.12 of the CUPE Constitution.</i></p> <p>We, the undersigned, have examined the books and records of the local for the period above, and have found everything in order and correct with the following exceptions:</p> <p><i>(Make comment. If everything is in order and correct, no comment is necessary.)</i></p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>SIGNATURE OF TRUSTEES: _____</p> <p>CONTACT INFO FOR TRUSTEES: _____</p> <p>_____</p> <p>_____</p> <p>DATE: _____</p> <p style="text-align: right;">CUPE <small>Canadian Union of Public Employees</small></p>																														



11. RESOURCES ON MODEL BY-LAWS

To help your local create bylaws that support good financial control, here are two sections on bylaws from the *Guide to Preparing Local Union Bylaws*.

See cupe.ca/guide-preparing-local-union-bylaws.

- Pages 16 – 18
- Sections 11 to 16 (pages 26 to 34)





Glossary

Affiliation

A CUPE local joins another labour group. These groups usually charge an annual fee for you to be “affiliated” with them. Locals often affiliate with:

- a provincial CUPE division;
- a district labour council;
- a provincial federation of labour;
- the Canadian Labour Congress.

Audit

The local’s trustees examine the local’s ledger (books) and accounts. A financial audit assures CUPE members that all the local’s statements and records are complete and accurate.

Bank reconciliation

This process sets out the difference between the local’s bank statement and the amount shown in the local’s financial records at the end of each month.

Bonding insurance

This insurance covers the union against fraud.

Book-off

A union member is away from work on union business, either with pay (from the employer or the union) or without pay. The employer must allow book-off for union business if your local has negotiated this into your collective agreement.

Bylaws

Your local’s bylaws set out how the local is organized and what rules it must follow. Each local creates its own bylaws, based on the CUPE Constitution.

CUPE Constitution

This document sets out CUPE’s structure, basic principles, and rules of operation.

Deficit

Expenses (planned for in a budget) are more than the local’s income, during a fiscal year.

Direct remittance

The employer sends your local’s union dues directly to CUPE National each month.

Dues

Union dues are the way workers who are part of a union pay for the work of the union. Union dues fund the cost of bargaining, enforce the collective agreement, and allow CUPE National and its locals to launch campaigns aimed at protecting workers' interests.

Dues check-off

Also known as the Rand Formula, this law says that all workers in a bargaining unit must pay union dues. Dues check-off requires the employer to deduct union dues from each worker's pay cheque. Once a month, the employer needs to provide your local with a dues remittance list, sometimes called a dues check-off list.

Expenses

All money spent by the local.

Fiscal year

Sometimes called a budget year, this is the accounting period for which your local must prepare a yearly financial statement. A fiscal year may be different from the calendar year.

Flat dues structure

All members of a local pay the same amount in union dues, regardless of job type or earnings. This means lower income earners pay the same dues as higher-earning union members. The opposite would be dues based on a percentage of income.

Gross Wages

The total wages paid to a worker before income tax, pension contributions, employment insurance premiums, union dues and other items are deducted.

Honorarium

This is a payment that recognizes someone's volunteer work with the union. It helps the person cover their expenses and time.

Income

All money received by the local.

Initiation Fee

A one-time fee the union charges to those who apply to join the union.

Ledger or Books

The main record for all the local's financial matters. The ledger provides all the details on income and expenses that the local needs to prepare its financial statements. The ledger is often called the "books."

Local Executive or Executive Board

Union members elected by the local union to act on their behalf. The elected jobs may include president, vice-president, secretary-treasurer, recording secretary and trustees. Their duties are set out in the local's bylaws and the CUPE constitution.

Lockout

When the employer stops workers from working, to pressure them to agree to its collective bargaining proposals. A lockout is only legal after the collective agreement has expired and bargaining has gone through the steps required by law.

Motion

A formal proposal to do something, put forward by a union member to the membership, for discussion and decision. Formal rules called parliamentary procedures are followed.

Outstanding Cheque

This is a cheque written and recorded in the ledger, but not cashed before the end of a bank statement period.

Paid Leave

Some collective agreements allow workers to take a leave on time paid by the employer. Paid education leave is an example. This is different from being "booked off on union business," which usually means that the union covers the worker's wages.

Pay Period

The schedule by which an employer pays workers. Examples of pay periods are:

- weekly= 52 pay cheques in a year
- every second week (bi-weekly) = 26 pay cheques in a year
- twice monthly (semi-monthly) =24 pay cheques in a year
- monthly=12 pay cheques in a year

Per Capita payments

Per capita is a Latin term that means for each person. These payments are what local unions must pay to CUPE National each month, based on the wages of each member.

Percentage dues structure

Members of a local contribute union dues based on a percentage of their regular pay. The opposite would be a flat dues structure.

Per Diem

Per Diem is Latin for per day or for each day, and refers to a daily allowance to cover a member's expenses while on union business.

Rand Formula

This Canadian law says that all workers in a bargaining unit must pay union dues, whether or not they are members of the union.

Rebate cheque

When CUPE National receives union dues from an employer, it deducts the per capita amount and sends the rest to the local as a monthly rebate cheque.

Referendum vote

All local members vote on a single proposal or question. This vote must allow all members to participate.

Retroactive pay

A change of income comes into effect on a date that has passed. For example, if your local's collective agreement expired 6 months ago, and the union negotiates a wage increase, members may be paid the increase in a lump sum that covers the last six months.

Severance pay

A worker receives a payment when their job is terminated. Severance pay is usually based on how long someone has worked for the employer.

Stale-dated cheque

Any cheque that is older than six months; it cannot be cashed.

Strike

Workers stop working as a way to pressure the employer to settle a collective agreement or other dispute. Usually, strikes are legal only after the collective agreement ends and certain bargaining steps have been completed.

Surplus

Income (planned for in a budget) is more than expenses, during a fiscal year.

Year-to-date

The period of time from the start of a fiscal year up to the present.

Appendix A:

Per Capita Form: Regular Remittance



MONTHLY PER CAPITA FORM – FORMULAIRE 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
PINK COPY TO BE RETAINED BY LOCAL – LA COPIE ROSE DOIT ÊTRE RETENUE PAR LA SECTION LOCALE

A		REGULAR REMITTANCE REMISE RÉGULIÈRE	MONTH MOIS	PERIOD/PÉRIODE	LOCAL SECTION LOCALE	
				MEMBERSHIP – EFFECTIF		
				FULL TIME PLEIN TEMPS		
				PART TIME TEMPS PARTIEL		
PER CAPITA LAST PAID (MONTH, YEAR) DERNIÈRE CAPITATION PAYÉE (MOIS, ANNÉE)						
B 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 DES MEMBRES QUI ONT PAYÉ LEURS COTISATIONS SYNDICALES POUR LE MOIS COURANT, Y COMPRIS CEUX QUI PAIENT EN VERTU 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.						
C PER CAPITA - CAPITATION					RATES/TAUX	AMOUNT/MONTANT
1	TOTAL AVERAGE REGULAR WAGES FOR THE MONTH (full time and part time) TOTAL DES SALAIRES MENSUELS RÉGULIERS MOYENS (plein temps et temps partiel)			\$	@0.85%	
2	STRIKE FUND LEVY ARTICLE 14.1(e) – AS PER THE TOTAL WAGES REPORTED ON LINE C1 PRÉLEVEMENT CAISSE DE GRÈVE ARTICLE 14.1(e) – SELON LE TOTAL DES SALAIRES INSCRIT À LA LIGNE C1				@0.04%	N/A
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)					
D 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)	
III SECRETARY-TREASURER : NAME/ADDRESS SECRETÉRIE-TRÉSORIER (E) : NOM/ADRESSE				TOTAL REMITTED MONTANT REMIS		
				CERTIFIED CORRECT - CERTIFIÉ CONFORME SIGNATURE OF SECRETARY-TREASURER - SIGNATURE DU SECRETÉRIE-TRÉSORIER(E)		CHEQUE NO. N° DU CHÈQUE
				IF CHANGE IN SECRETARY-TREASURER PLEASE PRINT CLEARLY		VERIFIED VÉRIFIÉ
				NAME / NOM		
				ADDRESS / ADRESSE		
				CITY / VILLE		
				PROVINCE		POSTAL CODE POSTAL
				PHONE NO. / N° DE TÉL.:		
				HOME / RÉS. () -		
				WORK / TRAVAIL () -		

This form is available at cupe.ca/local-per-capita-form // Ce formulaire est disponible à scfp.ca/rapport-mensuel-de-la-capitacion

Appendix B:

Per Capita Form: Direct Remittance



MONTHLY PER CAPITA FORM – FORMULAIRE MENSUEL DE LA CAPITATION

YELLOW COPY TO BE RETAINED BY LOCAL – COPIE JAUNE À CONSERVER PAR LA SECTION LOCALE

A		DIRECT REMITTANCE VERSEMENT DIRECT	MONTH MOIS	09,2016	LOCAL SECTION LOCALE	1234
		PER CAPITA LAST PAID (MONTH, YEAR) DERNIÈRE CAPITATION PAYÉE (MOIS, ANNÉE)			MEMBERSHIP – EFFECTIF	
		08,2016			FULL TIME PLEIN TEMPS	PART TIME TEMPS PARTIEL
B 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			53	0
2	CURRENT MONTH MOIS COURANT	TOTAL MEMBERSHIP REPORTED INCLUDING RAND FORMULA PAYEES FOR THE MEMBERS WHO PAID UNION DUES FOR THE CURRENT MONTH TOTAL DES MEMBRES QUI ONT PAYÉ LEURS COTISATIONS SYNDICALES POUR LE MOIS COURANT, Y COMPRIS CEUX QUI PAIENT EN VERTU DE LA FORMULE RAND			56	0
C PER CAPITA - CAPITATION					RATES/TAUX	AMOUNT/MONTANT
1	TOTAL AVERAGE REGULAR WAGES FOR THE MONTH (full time and part time) TOTAL DES SALAIRES MENSUELS RÉGULIERS MOYENS (plein temps et temps partiel)		\$	173,897.00	@0.85%	1,478.12
		Use Wages / Utiliser Salaires <input type="checkbox"/>	OR/OU	2.00	%	
2	STRIKE FUND LEVY ARTICLE 14.1(e) – AS PER THE TOTAL WAGES REPORTED ON LINE C1 PRÉLÈVEMENT CAISSE DE GRÈVE ARTICLE 14.1(e) – SELON LE TOTAL DES SALAIRES INSCRIT À LA LIGNE C1			@0.04%	N/A	
3	PREPAYMENT PAIEMENT D'AVANCE					
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)					
					REBATE / REMBOURSEMENT	1,901.82
D OTHER PAYMENTS - AUTRES PAIEMENTS						
1	PAYMENT OF INVOICES PAIEMENTS DES	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		98.00	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)	98.00
E SECRETARY-TREASURER : NAME/ADDRESS SECRÉTAIRE-TRÉSORIER (E) : NOM/ADRESSE				IF CHANGE IN SECRETARY-TREASURER, PLEASE CONTACT US AT: 1-800-363-2873 OR PERCAPITA@CUPE.CA	TOTAL REMITTED MONTANT REMIS	3,477.94
				SI CHANGEMENT DE SECRÉTAIRE-TRÉSORIER (E), S.V.P. CONTACTEZ NOUS: 1-800-363-2873 OU CAPITATION@SCFP.CA	PAYMENT NO. N° DE PAIEMENT	12345
					VERIFIED VÉRIFIÉ	LM
OFFICE USE ONLY / À USAGE INTERNE SEULEMENT						

Appendix C:

Sample Cover Letter : Direct Remittance



Employer Name: xxx
Address: xxx
Contact Person: xxx

Date: October 15, 2016

Canadian Union of Public Employees
1375 St. Laurent Blvd.
OTTAWA, Ontario
K1G 0Z7

Attention: Per Capita

Re: Deduction of Union Dues
CUPE Local No. 1234

Enclosed please find a payment in the amount of \$ 3,477.94 .

This covers the month of September 2016 . During this month, the local had 56 full-time members and 0 part-time/casual members.

The union dues structure is as follows: 2.0 % .

Total regular wages earned during the month was \$ 173,897.00 .

Dues remittance list must be attached or sent by email to CUPE National.

Distribution of Dues Remittance List:

- | | Yes | No |
|---|------------|------------|
| • Local Secretary-Treasurer received a copy | <u>✓</u> | <u> </u> |
| <u>OR</u> | | |
| • A duplicate copy is attached | <u> </u> | <u>✓</u> |

Inquiries: 613-237-1590
Fax: 613-237-5508
Email: percapita@cupe.ca

Appendix D:

Sample CUPE Expense Voucher



CUPE·SCFP

Expense Voucher

Compte de dépenses

Name Date Submitted
 Nom Date de présentation
 Address Reason for Expense
 Adresse Raisons des dépenses

Date Expense Incurred Dates des dépenses encourues	Full Details of Expense Détails des dépenses	Receipt "R" Attached Reçu «R» inclus	TOTAL

Please attach necessary receipts and mark "R" in appropriate column where a receipt applies.
 Veuillez joindre vos reçus et inscrire «R» dans la colonne réservée à cet effet.

CERTIFICATE – CERTIFICAT

This is to certify that the amounts shown on this statement were incurred by me on behalf of CUPE and/or its Local

Je certifie que les montants ci-dessus ont été dépensés par moi pour le compte du SCFP et/ou de la section locale

Signature ...X.....

Payment recommended by:
 Paiement recommandé par :

Approved by:
 Approuvé par :

Paid by Cheque No.:
 Payé par chèque no. :

Date:

:jvp/cope/sepb 491

Distribution of Charges Répartition des frais		
Account – Compte	\$	¢
TOTAL		