

# **CUPE·SCFP**

CANADIAN UNION OF PUBLIC EMPLOYEES

## **Trustees' Audit Program**

for the period:

\_\_\_\_\_

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Local/Organization \_\_\_\_\_

Employer \_\_\_\_\_

\_\_\_\_\_

Union address \_\_\_\_\_

\_\_\_\_\_

Date audit completed \_\_\_\_\_

\_\_\_\_\_

Prepared by \_\_\_\_\_

Trustee (please sign and print name)

\_\_\_\_\_

Trustee (please sign and print name)

\_\_\_\_\_

Trustee (please sign and print name)

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## INSTRUCTIONS

### STEP ONE

Prior to starting the audit, you must request and receive from your secretary-treasurer ALL of the documents listed on Page 2.

If you are having problems obtaining the needed documentation, you should seek assistance/advice from your president. If he/she cannot help you, you should then seek assistance/advice from your CUPE National servicing representative.

### STEP TWO

Once you have received the material from your secretary-treasurer, spend fifteen or twenty minutes reviewing it to familiarize yourself with the documentation.

### STEP THREE

Spend another fifteen or twenty minutes neatly organizing all of the documents (i.e. invoices and vouchers in one file folder or box, bank statements in another file folder or box, per capita information in another, etc.) so that you don't get lost in a sea of paperwork.

It's absolutely critical to get organized *before you start the audit*, and *stay organized as you work through the audit*, otherwise the audit will take much longer than necessary to complete.

### STEP FOUR

Flip through this document and note that the audit is divided into *seven sections*. At the beginning of each section there is a list of instructions. As you start EACH section, ensure you read and follow the instructions.

### STEP FIVE

Once you have completed all *seven sections* of the audit, and you have finalized your recommendations, please send to CUPE National the following:

1. A copy of this audit report.
2. A copy of the "Secretary-Treasurer's Report to the Trustees" for the entire period under review.
3. A copy of the signed Trustees' Report.
4. A copy of your written report to the membership.
5. A copy of your final recommendations (if any) to the executive.
6. Any concerns you may have which have not been addressed to your satisfaction by your local's executive.

**Keep a copy of this report and your recommendations for the trustees' future reference. Before starting the next audit, the trustees should review this report, and ensure that your local's executive has addressed all recommendations.**

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## DOCUMENTATION THE TRUSTEES WILL NEED FROM THE SECRETARY-TREASURER

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Before starting an audit, the trustees will need the following from the Secretary-Treasurer for the period to be audited:

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1. A completed copy of the “Secretary-Treasurer’s Report to the Trustees” (copy for completion attached).
2. Yellow copy of all per capita receipts submitted for the period under review.
3. Secretary-treasurer’s completed ledger.
4. For all accounts of the local—bank statements and returned cheques, or if applicable, bank books and returned cheques.
5. Cheque stubs.
6. Copies of all bank reconciliations completed by the secretary-treasurer.
7. Documentation for all disbursements during the period (this would include authorization vouchers and/or invoices).
8. Deposits book(s).
9. Minute book(s) which detail all expenditures approved by the membership.
10. Copy of the local’s by-laws.
11. Employer’s dues check-off list (or whatever documentation is used by the secretary-treasurer to ensure dues are deducted properly).
12. Receipt book (or whatever documentation, in addition to the deposit book, is used by the secretary-treasurer to record money received by the local).
13. Copy of any insurance policy used by the local on assets owned by the local.
14. Copies of any financial reports presented by the secretary-treasurer to the executive and/or membership during the period under review.
15. Any T-5’s (which show investment income for the local) received for the period under review, if applicable.
16. If the local has rental revenue, copies of any rental agreements.
17. Copies of leave of absence request forms submitted to the employer (or other available documentation which enable the trustees to identify who was on leave for union business and on what days).
18. If the local sells supplies, any documentation or records kept to record these transactions.
19. Copy of your collective agreement.
20. Copy of the CUPE Constitution.

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## SECTION 1: BOOKS AND RECORDS

Before completing this section, you should:

1. Spend 15-20 minutes (depending on the size of your local) looking through the ledgers maintained by the secretary-treasurer;
  2. Take a few minutes to review the filing system used to file invoices that have been paid by your local.
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Now you are ready to answer the questions.

1.0 Does your local use the CUPE Ledger Book?  Yes  No  n/a

1.1 If the answer to 1.0 is “no”, is the present accounting system used by your secretary-treasurer understandable to you?  Yes  No  n/a

*If the answer to this question is “no”, check off Recommendation 1.1 in the document entitled SUGGESTED RECOMMENDATIONS.*

1.2 Does the present accounting system permit adequate reporting to the membership? (i.e., reports at each membership meeting detailing all income and expenditure items not a report stating there is \$xx in the bank)  Yes  No  n/a

*If the answer to this question is “no”, check off Recommendation 1.2 in the document entitled SUGGESTED RECOMMENDATIONS.*

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1.3 Is the accounting system used by your local computerized?  Yes  No  n/a

1.4 If the accounting system is computerized, are procedures in place to ensure that the files are backed up on a timely basis?  Yes  No  n/a

*If the answer to this question is “no”, check off Recommendation 1.4 in the document entitled SUGGESTED RECOMMENDATIONS.*

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## SECTION 2: BANKING

Before completing this section, you should:

1. Spend 15-20 minutes (depending on the size of your local) sorting through the bank statements given to you by the secretary-treasurer;
  2. Put the bank statements in order by month, being careful not to mix up the paperwork and cancelled cheques attached to each statement.
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**Now you are ready to answer the questions.**

2.0 A - Are you (the trustees) aware of all the banks and/or credit unions that your local deals with?  Yes  No  n/a

B - Were all statements and/or passbooks for all accounts made available to you?  Yes  No  n/a

2.1 A - Has there been a change of officers since the last trustees' report?  Yes  No  n/a

B - If there has been a change of officers, have you confirmed with the bank(s) and/or credit unions that the signing authorities were changed promptly?  Yes  No  n/a

*If the answer to 2.1(b) is "no", check off Recommendation 2.1(b) in the document entitled SUGGESTED RECOMMENDATIONS.*

2.2 Are all of the accounts, term deposits and investments registered in the name of the local?  Yes  No  n/a

*If the answer to this question is “no”, check off Recommendation 2.2 in the document entitled SUGGESTED RECOMMENDATIONS.*

2.3 A - Does your local keep all of its money in a chequing account?  Yes  No  n/a

B - Do you think there is excess money sitting in the local’s bank accounts that could be earning more interest if it was invested in a term deposit or a GIC?  Yes  No  n/a

*If the answer to 2.3(b) is “yes”, check off Recommendation 2.3(b) in the document entitled SUGGESTED RECOMMENDATIONS.*

## SECTION 3: BY-LAWS

Before completing this section, you should:

1. Read through the most recent approved version of the by-laws for your local;
2. On a separate piece of paper, for your own use, make a quick and brief list of all the by-laws that deal with financial matters (for example, the by-laws that specify the honorarium to be paid to members of the executive, how and when and to whom per diems and mileage claims are to be paid, etc.)

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**Now you are ready to answer the questions.**

3.0 Does your local have by-laws?  Yes  No  n/a

*If the answer to this question is “no”, check off Recommendation 3.0 in the document entitled SUGGESTED RECOMMENDATIONS.*

3.1 Have the by-laws and all changes to the by-laws been submitted to and approved by the CUPE National President?  Yes  No  n/a

*If the answer to this question is “no”, check off Recommendation 3.1 in the document entitled SUGGESTED RECOMMENDATIONS.*

3.2 Have you reviewed the by-laws, and made a list of all by-laws with respect to financial matters? (Note: you will need to refer to this list of by-laws when answering questions later in this report.)  Yes  No  n/a

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## SECTION 4: MINUTES

Before completing this section, you should:

1. Read through the minutes of all meetings held by your local during the period under review.
  2. On a separate piece of paper, for your own use, make a quick and brief list of all the motions made and passed that deal with financial matters (for example, approval for donations, approvals for various purchases by the executive, authorizations to attend conferences or conventions, etc.)
- 

**Now you are ready to answer the questions.**

4.0 Are regular membership meetings being held by the local?  Yes  No  n/a

4.1 Are written financial statements being presented to the membership at every meeting?  Yes  No  n/a

*If the answer to this question is “no”, check off Recommendation 4.1 in the document entitled SUGGESTED RECOMMENDATIONS.*

4.2 Are minutes of the executive and general membership meetings being kept in a bound book and in a safe place?  Yes  No  n/a

*If the answer to this question is “no”, check off Recommendation 4.2 in the document entitled SUGGESTED RECOMMENDATIONS.*

4.3 Has at least one of the trustees read the minutes and made a list of all motions which affect the finances of the local?  Yes  No  n/a

*(Note: You will need to refer to this list when answering questions later in this report.)*



## SECTION 5: REVENUE

Before completing this section, you should review the deposit (or receipt) section of the ledger, so that you are familiar with the types of receipts your local receives.

**Now you are ready to answer the questions.**

- 5.0 Does your employer send your union dues directly to CUPE National?  Yes  No  n/a

*If “no” skip question 5.1 and go directly to question 5.2.*

YES = DIRECT REMITTANCE  
NO = REGULAR REMITTANCE

*If “yes” go to question 5.1.*

- 5.1 A- Does your local receive a reimbursement cheque from CUPE National?  Yes  No  n/a

(i.e. the reimbursement cheque from CUPE National represents the difference between:

- (i) the dues paid to CUPE National by your employer; and
- (ii) the per capita owed to CUPE National by your local.)

- B - Go through the deposit book, month by month, and check to ensure that each reimbursement cheque was deposited in full (i.e. check the amount of each deposit versus the amount on each per capita receipt).  completed

- C - Are there any differences between the amount of the deposits and the per capita receipts?  Yes  No  n/a

- D - Was the secretary-treasurer able to explain to your satisfaction, each of these differences, if any?  Yes  No  n/a

*If the answer to 5.1 (d) is “no”, check off Recommendation 5.1 (d) in the documents entitled SUGGESTED RECOMMENDATIONS. Skip 5.2 and go directly to question 5.3.*

- 5.2 A - Examine the ledger for the period under review and find the first time the local's dues were deposited. Note how much the deposit was for.  completed
  
- B - Examine the dues check-off list provided by the employer and check to ensure that the amount on the dues check-off list equals the amount recorded in the ledger.  completed
  
- C - Take a look at the deposit slip (dated on or about the date of the entry in the ledger in (A) above). Check to ensure that the amount on the deposit slip is equal to both the ledger entry and the dues check-off list.  completed
  
- D - Take a look at the bank statement (dated on or about the date of the entry in the ledger in (A) above). Check to ensure that the amount of the deposit recorded on the bank statement for dues is equal to the ledger entry, the dues check-off list, and the deposit slip.  completed
  
- E - Repeat steps (A) to (D) for each dues deposit received by the local. (The easiest way to do this is by date order.)  completed

*If you encounter problems with this section, refer to Recommendation 5.1 (d) in the document entitled SUGGESTED RECOMMENDATIONS.*

- 5.3 Have all the union dues (or reimbursement cheques) been deposited in the local's bank account:
  - A - in full; and  Yes  No  n/a
  - B - on a timely basis?  Yes  No  n/a

*If the answer to 5.3 (a) or (b) is "no", check off Recommendation 5.3 in the document entitled SUGGESTED RECOMMENDATIONS.*

5.4 A - With respect to your local's per capita calculation, have you verified the calculation of regular wages by your secretary-treasurer (or employer)?  Yes  No  n/a

B - Is the calculation correct?  Yes  No  n/a

C - If the calculation is not correct, were you able to discuss it with your secretary-treasurer (or employer) in order to determine the correct way to calculate regular wages?  Yes  No  n/a

*If the answer to 5.4 (c) is "no", check off Recommendation 5.4 (c) in the document entitled SUGGESTED RECOMMENDATIONS.*

5.5 A - Does the secretary-treasurer collect initiation fees directly from the new members?  Yes  No  n/a

B - Are receipts issued?  Yes  No  n/a

*If the answer to 5.5 (b) is "no", check off Recommendation 5.5 (b) in the document entitled SUGGESTED RECOMMENDATIONS.*

C - Can you trace these receipts into the bank deposit?  Yes  No  n/a

5.6 If the local has rental income, have you been able to account for the total received? (i.e. \$xx per month for xx months should be \$xx of rental income)  Yes  No  n/a

- 5.7 A - Does your local sell supplies (i.e. jackets, hats, etc.) to members?  Yes  No  n/a
- B - If supplies are sold, are there proper receipts issued for sales?  Yes  No  n/a

*If the answer to 5.7 (b) is "no", check off Recommendation 5.7 (b) in the document entitled SUGGESTED RECOMMENDATIONS.*

- 5.8 If the local holds a social function where members pay to attend, are proper records maintained:

- A - to track all money received from ticket sales?  Yes  No  n/a
- B - to track all money received from liquor sales?  Yes  No  n/a
- C - to track all purchases made for the event (i.e. food, liquor, entertainment, supplies, etc.)  Yes  No  n/a
- D - Are all these monies deposited?  Yes  No  n/a

*If the answer to ANY OF THESE QUESTIONS is "no", check off Recommendation 5.8 in the document entitled SUGGESTED RECOMMENDATIONS.*

## SECTION 6: DISBURSEMENTS

Before completing this section, you should ensure that all the documentation you received from the secretary-treasurer is organized as recommended in the instructions on page 1.

You will also need the lists you made from the by-laws in Section 3 and the list of motions you made from the minute book in Section 4.

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### Now you are ready to answer the questions.

- 6.0 Does your local use vouchers (i.e. an authorization form, such as the CUPE voucher) which records all the details for every expense including date, amount, reason, and who approved the disbursement?  Yes  No  n/a

*If the answer to this question is “no”, check off Recommendation 6.0 in the document entitled SUGGESTED RECOMMENDATIONS.*

- 6.1 Are vouchers for personal expenses completed in full with proper descriptions for the expense, details of the days claimed, mileage claimed, a signature authorizing the expense, etc.?  Yes  No  n/a

*If the answer to this question is “no”, check off Recommendation 6.1 in the document entitled SUGGESTED RECOMMENDATIONS.*

- 6.2 Does your local’s bank/credit union return the cancelled cheques with the monthly bank statement?  Yes  No  n/a

*If the answer to this question is “no”, check off Recommendation 6.2 in the document entitled SUGGESTED RECOMMENDATIONS.*

6.3 For every cancelled cheque, do the following:

1. **Compare the cancelled cheque to the bank statement** (i.e., check to ensure that the amount written on each cheque is equal to the amount that was recorded on the bank statement).  completed
2. **Compare the cancelled cheque to the entry made in the ledger** (i.e. check to ensure that the date, cheque number, amount and payee recorded on the cheque is equal to the same information recorded in the ledger).  completed
3. **Compare the cancelled cheque to the voucher, invoice, or other supporting documentation** (check to ensure that the date, cheque number, amount and payee recorded on the cheque is equal to the same information recorded on the voucher, invoice, or other supporting documentation).  completed
4. As you examine each cheque, look at it to ensure that it has been **signed by the proper two signing officers**.  completed

6.4 Are all cheques recorded in the ledger as they are issued, or at least in the month they are issued?  Yes  No  n/a

*If the answer to this question is "no", check off Recommendation 6.4 in the document entitled SUGGESTED RECOMMENDATIONS.*

6.5 A - Does your local send members to conferences, seminars, educationals, or conventions?  Yes  No  n/a

B - If yes, does the employer continue the members' wages (and then is reimbursed by the local)? or  Yes  No  n/a

C - Does your local pay lost wages directly to members?  Yes  No  n/a

6.6 The local is responsible for deducting and remitting income tax, EI, QPIP and CPP/QPP when the local pays members' wages directly to them.

Are these amounts being deducted from, and remitted by your local to the appropriate taxation office(s) on a regular basis?  Yes  No  n/a

*If the answer to 6.6 is "no", check off Recommendation 6.6 in the document entitled SUGGESTED RECOMMENDATIONS.*

6.7 A. Do any members of the executive receive an honorarium from the local, in recognition of their services?  Yes  No  n/a

B. If yes, were the amounts of the honorariums pre-authorized by the membership, either by motion, or as set out in the approved by-laws?  Yes  No  n/a

*If the answer to 6.7(b) is "no", check off Recommendation 6.7(b) in the document entitled SUGGESTED RECOMMENDATIONS.*

6.8 A- Was the honorarium paid to any one individual more than \$500?  Yes  No  n/a

B- If the total honorarium paid to an individual was greater than \$500, then by law the local is responsible for withholding and remitting income taxes, EI/QPIP, and CPP/QPP payments to the government. The local is also required to issue a T4 at year-end. Were the proper remittances made?  Yes  No  n/a

*If the answer to 6.8(b) is "no", check off Recommendation 6.8(b) in the document entitled SUGGESTED RECOMMENDATIONS.*

- 6.9 A- Have any members of your local been elected to sit on boards, or selected to work for a CUPE division, council, or CUPE National?  Yes  No  n/a
- B - If yes, are any of their expenses paid for by your local?  Yes  No  n/a
- C - If some of the expenses have been paid by the local, should the local be reimbursed for these expenses from the division or council or other organization?  Yes  No  n/a
- D - If yes, has the local been reimbursed yet?  Yes  No  n/a
- E - If your local has not been reimbursed, have you received a satisfactory explanation from the organization as to why the funds have not yet been received by your local?  Yes  No  n/a

*If the answer to 6.9(e) is "no", check off Recommendation 6.9(e) in the document entitled SUGGESTED RECOMMENDATIONS.*

- 6.10 Please examine the supply of unused cheques on hand.

Are any of the unused cheques not filled out, but already signed by one or more of the signing officers?  Yes  No  n/a

*If the answer to this question is "yes", check off Recommendation 6.10 in the document entitled SUGGESTED RECOMMENDATIONS.*

- 6.11 Refer to the summary of motions (financial related ones only) you wrote out in Section 4 (Page 8):

- A - Were all of the motions to purchase or pay for something, that were approved of by the membership, carried out?  Yes  No  n/a
- B - Were there any expenditures made which were not approved by a motion in the minutes, OR which do not appear to have been authorized by the local's by-laws?  Yes  No  n/a

*If the answer to 6.11(b) is "yes", check off Recommendation 6.11(b) in the document entitled SUGGESTED RECOMMENDATIONS.*

6.12 A- Were any cheques made payable to cash?  Yes  No  n/a

B- If cheques have been made payable to cash, are there supporting vouchers and receipts to justify the payment?  Yes  No  n/a

*If the answer to 6.12(b) is "no", check off Recommendation 6.12(b) in the document entitled SUGGESTED RECOMMENDATIONS.*

6.13 A- Does your local pay out-of-pocket expenses?  Yes  No  n/a

B- Do these payments conform to the by-laws of the local (or were the payments approved by the membership BEFORE the payments were made to the individuals)?  Yes  No  n/a

*If the answer to 6.13(b) is "no", check off Recommendation 6.13(b) in the document entitled SUGGESTED RECOMMENDATIONS.*

6.14 A- Does your local have any assets such as office furniture, computers, equipment, buildings, etc.?  Yes  No  n/a

B- Have you checked to ensure that these assets still exist, and did you physically inspect the assets?  Yes  No  n/a

C- If your local does have assets, does it carry adequate insurance against potential loss?  Yes  No  n/a

*If the answer to 6.14(c) is "no", check off Recommendation 6.14(c) in the document entitled SUGGESTED RECOMMENDATIONS.*

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## SECTION 7: RECOMMENDATIONS

As the result of your audit, you may have some recommendations to make regarding how the books, records and finances of your local would be better handled.

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If you do have recommendations, you should:

1. Sit down and discuss them with your executive to decide if the recommendation(s) makes sense for your local.
2. Prepare a written report of your final recommendations to the membership.