



# Trustees' Checklist and Suggested Recommendations

For the audit period:

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Local Number  
or Organization

\_\_\_\_\_

Date audit completed

\_\_\_\_\_

Prepared by

X \_\_\_\_\_

Trustee (please sign and print name)

X \_\_\_\_\_

Trustee (please sign and print name)

X \_\_\_\_\_

Trustee (please sign and print name)

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### QUESTIONS:

1-800-363-2873, option 5  
or [trustees@cupe.ca](mailto:trustees@cupe.ca)

**All three Trustees must be available to work together to complete the audit in a timely manner. It would also be beneficial that prior to the audit they attend the CUPE Financial Officer's Workshop.**

**Keep a copy of this document 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.**

## STEP BY STEP INSTRUCTIONS

**1** - 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 trouble 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.

**2** - Once you have received the material from your Secretary-Treasurer, spend some time reviewing it to familiarize yourself with the documentation.

**3** - Spend some time 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.). It's absolutely critical to get organized before you start the audit, and stay organized as you work through the audit.

**4** - All three Trustees should complete this document together. At the beginning of each section there is a list of instructions. As you start each section, ensure you read and follow the instructions.

**5** - Once you have completed all six sections of the audit, and you have finalized your recommendations, please send the originals to CUPE National and a copy of the following to your Servicing Representative:

1. This checklist;
2. The Secretary-Treasurer's Financial Report to the Trustees;
3. The signed Trustees' Audit Report;
4. Your written report to the membership;
5. Your written report to the President and Secretary-Treasurer;
6. The written response of the Secretary-Treasurer to the Trustees.

# DOCUMENTATION THE TRUSTEES WILL NEED FROM THE SECRETARY-TREASURER

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1. A completed copy of the "Secretary-Treasurer's Financial Report to the Trustees".
2. Copies of all per capita receipts submitted for the period under review.
3. Secretary-Treasurer's completed ledger, either paper or electronic version.
4. The bank statements and returned cheques or, if applicable, bank books for all the local's bank accounts.
5. Cheque stubs.
6. Copy of all bank reconciliations completed by the Secretary-Treasurer.
7. Documentation for all expenses incurred 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 bylaws.
11. Employer's dues check-off list (or similar documentation used by the Secretary-Treasurer to ensure dues are deducted properly).
12. Receipt book (or similar documentation, in addition to the deposit book, used by the Secretary-Treasurer to record money received by the local).
13. Copy of any insurance policy held by the local on assets owned by the local.
14. Copy of any financial reports presented by the Secretary-Treasurer to the Executive and/or membership during the period under review.
15. Any T5's (which show investment income for the local) and copies of all investment statements received for the period under review, if applicable.
16. If the local has rental revenue, copy of any rental agreements.
17. Copy 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.

***In addition to these documents being provided, the Secretary-Treasurer should also be available to answer questions, but under no circumstances should any local executive member be present during the audit.***

# SUGGESTED RECOMMENDATIONS

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The suggested recommendations are intended as a guide only and may or may not be suitable for your local. If not, these recommendations can serve as a starting point for you to develop recommendations tailored to your local's particular circumstances. The objectives of these recommendations are:

- to make the Secretary-Treasurer's job as easy as possible, by helping him/her to maintain neat, complete and organized records;
  - to help the Trustees do their job as quickly and effectively as possible;
  - to help ensure that the financial information being reported to the membership is presented fairly and accurately; and
  - to reduce the risk of fraud taking place in the local.
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As a 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.

**If you do have recommendations, you should:**

1. Sit down and prepare a written report to the Local President and Secretary-Treasurer outlining your findings and/or concerns as well as any recommendations;
2. Review the written response from the Local Secretary-Treasurer;
3. Prepare a written report to the membership;
4. Once all the written reports have been approved by the membership, please submit them to CUPE National along with all the financial reports;
5. Don't forget to also send a copy to your servicing representative and keep a copy for the local and one for the Trustees.

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

EMAIL TO: [trustees@cupe.ca](mailto:trustees@cupe.ca)

FAX TO: (613) 237-5508

# SECTION 1: BOOKS AND RECORDS

Before completing this section, you should:

1. Spend some time (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 Paper Book?  Yes  No  n/a  
or the CUPE electronic ledger?  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



**Concern**

*If the accounting system used by the Secretary-Treasurer is not understandable to you (even after several discussions and explanations from the Secretary-Treasurer), the system may be deficient, and the financial information that is being given to the membership may be incomplete.*



**Recommendation**

*The Secretary-Treasurer should be encouraged to enroll in the CUPE Financial Officer’s Workshop or download a copy of the FO handbook from the CUPE website at [cupe.ca/resources-financial-officers](http://cupe.ca/resources-financial-officers) in order to understand how to set up the local’s books properly. Also available from the website is the CUPE electronic ledger which is highly recommended.*

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



**Concern**

*Inadequate financial information is being given to the members about how their union dues are spent.*



**Recommendation**

*Same as 1.1.*

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



**Concern**

*If the accounting records are computerized, and are not regularly backed up, all of the local's financial records could be permanently lost. Recreating the financial records could be very difficult, time-consuming and expensive.*



**Recommendation**

*If computerized accounting records are maintained:*

- 1) back-up copies of the computer files should be made on a regular basis (depending upon the volume of transactions, it may be necessary to back up files daily, weekly, or perhaps monthly) and stored in a safe place, somewhere other than in the same place as the computer;*
- 2) hard copy printout of ALL journal entries should be filed and maintained; and*
- 3) hard copy printout of all bank account transactions (with closing balances) should be filed with each completed (and balanced) monthly bank reconciliation.*

## SECTION 2: BANKING

Before completing this section, you should:

1. Spend some time (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



### **Concern**

*In order to protect the members' money, access to the local's bank account(s) should be limited to a few authorized individuals only, otherwise, unauthorized individuals may be able to improperly withdraw the local's money.*



### **Recommendation**

*If the members have decided to change who has signing authority for their bank account(s), then such changes should be finalized promptly with the bank or credit union authorities.*

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

**Concern**

*Money deposited in a bank account or invested in a term deposit legally belongs to the individual or entity in whose name the account or deposit is registered. Legal ownership is very difficult to challenge.*



*If the local's bank accounts or investments are registered in the name of an individual, it could be very difficult or impossible to prove that the money belongs to the local, not the individual.*

*Therefore, money and/or investments of the local should be registered in the name of the local (not in the name of one of the officers or local members). It is acceptable to register the investment in the name of the local c/o someone, but the investment should not be registered in an individual person's name.*



**Recommendation**

*All of the financial assets of the local must be registered in the name of the local, not an individual's name.*

- 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

**Concern**

*The amount of interest earned on money held in a chequing account is minimal. Therefore, the local should not leave excess money sitting in a chequing account because the return is so small. (For example, if the local has \$10,000 in its chequing account and the average monthly expense are only about \$4,000, some of the money could be invested in term deposits, GICs, or any other risk free investment vehicle so that greater interest income is earned). The types of investments the members decide to make should take into consideration the fact that some or all of the excess money may need to be available at various times.*



**Recommendation**

*The local should consider investing its excess money in term deposits, GICs or other investment vehicle, rather than letting the money sit in a low return chequing account. (The local's interest income is not taxable.)*



## SECTION 3: BYLAWS

Before completing this section, you should:

1. Read through the most recent approved version of the bylaws for your local;
2. On a separate piece of paper, for your own use, make a quick and brief list of all the bylaws that deal with financial matters (for example, the bylaws that specify the honorarium amounts 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 bylaws?  Yes  No  n/a



### **Concern**

*Bylaws are very important for the efficient functioning of the local for several reasons. The two most important reasons are:*

- 1- the local's bylaws are a formal record of how the members want their union run; and*
- 2- the local's bylaws are the rules by which the elected Executives make decisions, in accordance with the members' wishes. As long as the executive acts within the boundaries of the bylaws, they are properly fulfilling their duties and cannot be criticized for their actions.*

*If the members approve the bylaws, then it is relatively easy for the local's Executive to run the local the way the members intend it to be run. If there are no bylaws, the Executive must "make up their own rules" as they go — and this may or may not be acceptable to the members and could result in inconsistency.*





### **Recommendation**

*Every local should have bylaws, which have been submitted to, and approved by, the National President. These bylaws should, at a minimum, address each of the following issues, which are set out in the Guide to Preparing Local Union Bylaws:*

- 1) Membership Meetings*
- 2) Expenditures*
- 3) Officers*
- 4) Executive Board*
- 5) Duties of Officers*
- 6) Out-of-Pocket Expenses*
- 7) Fees, dues and assessments*
- 8) Non payment of dues and assessments*
- 9) Nomination, election and installation of officers*
- 10) Delegates to Conferences, Conventions and Educationals*
- 11) Committees*
- 12) Rules of Order*
- 13) Amendments*

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

 **Concern**  
*All changes to the bylaws of a local must be submitted to the National President's office because, as set out in Section B.VII of the CUPE Constitution, bylaws and changes to bylaws "shall not become effective until approved by the National President of the Canadian Union of Public Employees".*

 **Recommendation**  
*Changes to the bylaws, and submission of the bylaws to the National President's office, must be done in accordance with the requirements set out in Section B.VII of the CUPE Constitution.*

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

## 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.).

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**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



### **Concern**

*The main source of a local's revenue is the members' dues, deducted from the members' wages; therefore, the members have a right to know what their money is being spent on.*



### **Recommendation**

*In accordance with Article B.3.6 of the CUPE Constitution, the Secretary-Treasurer shall regularly make a full financial report to meetings of the local's Executive Board, as well as a written financial report to each regular membership meeting, detailing all income and expenditures for the period. These reports are to be noted in and included as part of the meeting minutes. The electronic ledger features a report that can easily be printed that provides up to date information for these meetings.*

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



**Concern**

*It is very important that full and complete records of the proceedings of all meetings be recorded and kept in a safe place as they represent the legal property of the local.*



**Recommendation**

*The Recording Secretary must make every effort to carry out the responsibilities assigned to the position, as set out in Section B.3.3 of the CUPE Constitution. These responsibilities include maintaining a minute book or binder that clearly explains the proceedings of all meetings, especially with respect to motions and voting. The minutes should be approved by the membership and then signed by the President and Recording Secretary.*

- 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 revenue) section of the ledger, so that you are familiar with the types of revenue your local receives.

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**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 rebate cheque from CUPE National?  Yes  No  n/a

(i.e. the rebate cheque from CUPE National represents the difference between the total dues received by CUPE National from your employer and the per capita, initiation fees or bonding premiums or other monies owed to CUPE National by your local)

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

- c) Within the audit period, were all the per capita receipts received and rebate cheques cashed?  Yes  No  n/a



### **Concern**

*Local may be missing a monthly rebate cheque. Either it was lost in the mail or was never received by the local.*



### **Recommendation**

*Contact the per capita department at CUPE National to verify if there are any outstanding rebate cheques and they can be re-issued.*

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

- e) Was the Secretary-Treasurer able to explain to your satisfaction, each of these differences, if any?  Yes  No  n/a



**Concern**

*Unexplained differences between the amount of deposits and per capita receipts could mean the local's money is being used improperly.*



**Recommendation**

*Contact your National Representative and discuss the situation with him/her. He/she will assist you with what your next step should be depending upon the specifics of your local.*

If the answer to 5.1 (e) is “no”, 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

- 5.3 Have all the union dues cheques received from your employer 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



**Concern**

*Timely (and complete) deposit of the union dues (or rebate cheques from CUPE National) helps to limit the possibility of misplacing the cheque and ensures that the local earns as much interest as possible (either in the local's bank account, or through the purchase of an investment).*



**Recommendation**

*All union dues should be promptly deposited into the local's bank or investment account. A reminder that cheques become stale dated six months after the cheque date.*

- 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



**Concern**

*It is very important that the local calculate per capita correctly. If the calculation is incorrect, the local may be under or over-paying per capita to CUPE National. In either case, a three-year revision would have to be done.*



**Recommendation**

*The local should discuss their method of per capita calculation with their assigned Servicing Representative and/or call the Per Capita Help Line at 1-800-363-2873 or [treasurers@cupe.ca](mailto:treasurers@cupe.ca).*

- 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



**Concern**

*Maintaining proper records of all money collected by the local helps to ensure that funds are properly managed.*



**Recommendation**

*The Secretary-Treasurer should maintain full and complete records for all initiation fees received by the local.*

- c) Can you trace these receipts into the bank deposit?  Yes  No  n/a
- d) Are the initiation fees being remitted to CUPE National as per Article 14.1(f) of the CUPE Constitution?  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 total 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

### **Concern**

*Incomplete record keeping of the sale of supplies by the local could result in problems such as:*

- missing inventory
- misplaced money
- selling supplies at a loss to the union



### **Recommendation**

*Proper records should be maintained for the sale of all supplies. Such records would, at a minimum include maintaining:*

- an accurate list of inventory on hand;
- copies of invoices of purchases by the local (so the local knows how much to charge the members);
- invoices issued to members.

*Invoices issued to members should record:*

- 1) the name of the purchaser;
- 2) the item(s) purchased;
- 3) the amount charged for each item;
- 4) a total of the purchases;
- 5) a signature from the purchaser; and
- 6) a notation indicating how the purchase was paid for (i.e. cash, cheque, deduction from the union dues, etc.).





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 food and beverage sales?  Yes  No  n/a
- c) to track all purchases made for the event (i.e. food and beverage, entertainment, supplies, etc.)?  Yes  No  n/a
- d) Are all these monies deposited?  Yes  No  n/a



**Concern**

*Incomplete record keeping of the money received and spent for social events held by the local could result in problems such as:*

- losing money on the event when the local intended to make money, or at least break even;
- missing money



**Recommendation**

*Proper records should be maintained for the money spent and collected for social functions held by the local. Such records would, at a minimum, include:*

- 1) *setting up a budget, or a plan, to determine how much the local intends to spend for the event;*
- 2) *keeping track of all purchases for the event (in order to check and make sure only the budgeted amounts are spent);*
- 3) *issuing receipts (two copies, one for the member, one for the union's records) to all individuals who have purchased tickets; and*
- 4) *setting up a simple system to keep track of food and beverage sales (if applicable), at the event.*

## SECTION 6: EXPENSES

Before completing this section, you should review that all the documentation you received from the Secretary-Treasurer is organized as recommended in the instructions on page 2.

You will also need the lists you made from the bylaws 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 a) 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



### **Concern**

*If expense vouchers are not properly completed and authorized prior to being paid, the local executive could:*

- run into problems when trying to explain to the members how their money was spent (because the records are incomplete); and/or
- unintentionally spend the local's money on items that have not been approved by the members.



### **Recommendation**

*The signing officers should not sign a cheque for any item unless an authorized and completed voucher for the funds accompanies the request for payment. For example, in the case of a member requesting reimbursement of expenses for attending a meeting, the request for funds should include such details as:*

- 1) the location of the meeting;
- 2) the purpose of the meeting;
- 3) who authorized the member to claim expenses;
- 4) the original invoice for any requests for reimbursement; and
- 5) a signature from someone (usually the President), indicating that the expenditure has been approved by the members (either by pre-approval at a meeting, or within the bylaws of the local).

- b) Were any of the local's expenses or a credit card account paid through pre-authorized bank payments?  Yes  No  n/a

**(THIS PROCESS IS NOT RECOMMENDED)**



### **Concern**

*If the local expenses are paid via pre-authorized bank payments the normal process of authorization is jeopardized.*



### **Recommendation**

*All expenses should be paid with a local cheque; authorized and signed by two signing officers with back up documents approved and attached.*

- 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



**Concern**  
Same as 6.0 a)



**Recommendation**  
Same as 6.0 a)

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



**Concern**  
*If cancelled cheques are not returned to the local, it could be difficult for the Secretary-Treasurer to determine exactly what went through the local's bank account(s).*



**Recommendation**  
*The cancelled cheques should be returned to the local each month. Having the cancelled cheques on hand also makes the Trustees' job easier to do.*

- 6.3 For every cancelled cheque, do the following:
- a) **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
  - b) **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
  - c) **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
  - d) As you examine each cheque, look at it to ensure that it has been **signed by the proper two signing officers**.  completed

- e) Was the cheque made payable to the same person that also signed the cheque?  Yes  No  n/a



**Concern**

*In order to have good accounting practices, a signing officer should never sign their own cheque.*



**Recommendation**

*The payee should ask the other two signing officers to sign his or her cheque.*

- 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



**Concern**

*If cheques are not recorded as issued, or at least in the month they are issued, then:*

- 1) the Secretary-Treasurer may run into unnecessary problems trying to reconcile the bank statement to the ledger;*
- 2) there is a greater possibility that a recording error will be made; and*
- 3) the information in the ledger won't be up to date, meaning that any financial information given to the members or the Executive from the ledger will not be current.*



**Recommendation**

*Cheques should be recorded in the ledger as soon as they are issued, or at the very least, on a monthly basis.*

- 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? **(NOT RECOMMENDED)**  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.

- a) 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



**Concern**

*If your local pays lost wages directly to members, then in accordance with the Income Tax Act, the local is required to deduct income taxes, EI, QPIP and CPP/QPP from the wages and remit them to the appropriate government office.*

*If the local does not properly remit the money for these items, and Revenue Canada or Revenue Quebec performs an audit on the local, then the local and/or the member could be found liable for all the past payments, penalties and interest.*



**Recommendation**

*The local must deduct and remit income taxes, EI, QPIP and CPP/QPP for any lost wages that were paid directly to the members by the local.*

*The Secretary-Treasurer should contact the local district taxation office to find out how to deal with this, or the local should consider making an arrangement with the employer so that the employer pays the members, and then bills the local (that way the government remittance issue is dealt with by the employer rather than the local).*

6.7 a) Do any members of the Executive receive an honorarium from the local, in recognition of their services, which was not a direct expense reimbursement?  Yes  No  n/a

b) If yes, was the amount of the honorarium pre-authorized by the membership, either by motion, or as set out in the approved bylaws?  Yes  No  n/a



**Concern**

*The local Executive is only allowed to use the local's money for expenditures that are approved by the membership (approval must be received BEFORE the expenditure is made) either by approved motion at a meeting, or as set out in the bylaws of the local.*

*If the Executive makes unauthorized expenditures, they may find themselves having to defend the decisions they have made and can be held accountable to the membership.*



**Recommendation**

*All expenditures made by the Executive must be approved by the membership either through motions at a meeting (prior to making a specific expenditure), and/or by establishing bylaws which clearly set out what types of expenditure the members will allow the Executive to make.*

- c) If an honorarium was paid to an individual,  Yes  No  n/a  
 then in accordance with the Income Tax Act, 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?



**Concern**

*Revenue Canada allows individuals to receive honorariums separate and aside from the reimbursement of expenses for a “volunteer” position such as being on the Executive of a local union.*

*If the union does not pay these required remittances, and Revenue Canada or Revenue Quebec performs an audit, then the union and/or the individual receiving the money would be held liable for paying the remittances, along with any penalties and interest.*



**Recommendation**

*The local should be deducting and remitting income taxes, EI, QPIP, and CPP/QPP on any honorarium paid to members and/or the Executive. The local must also prepare a T4 at year-end. The Secretary-Treasurer should contact the nearest district taxation office to receive more information.*

- 6.8 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



**Concern**

*It is important to collect all outstanding receivables on a timely basis to maintain a good cash flow since the local has already paid out these expenses.*



**Recommendation**

*Contact your National Representative and discuss the situation with him/her. He/she will assist you with what your next step should be depending upon the specifics of your local.*

6.9 Please examine the supply of unused cheques on hand.

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



**Concern**

*Cheques should never be pre-signed. A pre-signed blank cheque could be misused by anyone, perhaps a stranger, or perhaps a dishonest member who could write a cheque for personal reasons, rather than for local business.*



**Recommendation**

*Cheques should never be pre-signed by either of the two signing officers.*

*However, sometimes because of geographic problems the signing officers are not in the same city. The Secretary-Treasurer should write out the cheque with all the pertinent information and mail it to the second cheque signer for them to sign and return to the Secretary-Treasurer. Once returned, the Secretary-Treasurer would co-sign and send out the cheque to the payee.*

6.10 Refer to the summary of motions (financial related ones only) you wrote out in Section 4 (Page 10):

- 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, which do not appear to have been authorized by the local's bylaws?  Yes  No  n/a



**Concern**

*Same as 6.7 b)*



**Recommendation**

*Same as 6.7 b)*

- 6.11 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



**Concern**

*Every disbursement made by the local must have supporting documentation which explains why the money was spent and who authorized the expense. If there is no documentation for a disbursement (such as a cheque payable to “cash” signed for by one of the signing officers) then the individual who received the money could be in a difficult position when explaining the purpose to the membership.*



**Recommendation**

*Every disbursement made by the local must have supporting documentation which explains why the money was spent and who authorized the expenditure. Cheques made payable to “cash” should be used only under exceptional circumstances.*

- 6.12 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



**Concern**

*The local should carry adequate insurance to protect their assets (i.e. building, equipment, computers, etc.) so that it is protected in case of fire, theft, or any other unfortunate event.*



**Recommendation**

*The local should increase the amount of insurance it carries, so that in case a claim is submitted, the local can replace their assets accordingly.*