

# **NATIONAL TRUSTEES' REPORT**

## **January 1 to December 31, 2023**

### **INTRODUCTION**

The Trustees met from June 3 to June 7, 2024, at the CUPE National Office in Ottawa. On Monday June 3, 2024, Candace Rennick, CUPE National Secretary-Treasurer, met with the Trustees in the morning. Mark Hancock, CUPE National President, met with us virtually in the afternoon and Candace came back in person.

To do our Trustee duties, we reviewed financial information given to us and had access to the minutes of all National Executive Committee (NEC) meetings and all National Executive Board (NEB) meetings. The draft financial statements dated December 31, 2023, for the General Fund, the National Defence Fund, and the National Strike Fund were reviewed. The Global Justice Fund draft financial statements with sample expenses were tested. We also looked at the files on per capita payments and arrears, and the expenses of the National Strike and National Defence Fund.

During the week, we met with the Deloitte LLP representatives to review their draft financial statements and the Audit Results report. We met with the consulting and actuarial firm Eckler, which presented the actuarial valuation of the post-retirement and post-employment benefit plans along with the Pension Plan. Lastly, we met with SPAC Smith Pension & Actuarial Consultants, and Mr. Smith went over the Financing of the Post-Retirement Benefits.

### **General Fund**

The Trustees reviewed the General Fund and to the best of our knowledge found them to be in good order. The total assets of the General Fund are \$404,840,122. Highlights are listed below:

<b>Accounts</b>	<b>Balances</b>
<b>National General Fund revenue</b>	<b>\$279,283,605</b>
<b>National General Fund expenses</b>	<b>\$257,144,160</b>
<b>Excess of revenue over expenses (deficiency)</b>	<b>\$22,139,445</b>

### **National Defence Fund**

The Trustees reviewed entries made to the National Defence Fund and found them to be in compliance with National Defence Fund Regulations. The Defence Fund is currently at \$21,141,081. Highlights are listed below:

Accounts	Balances
National Defence Fund revenue	\$19,875,603
National Defence Fund expenses	\$14,788,445
Unrealized gains (deficiency)	644,184
Excess of revenue over expenses (deficiency)	5,731,342

### **National Strike Fund**

The Trustees looked at entries made to the National Strike Fund and found them in compliance with the National Strike Fund Regulations. The total assets in the Strike Fund are \$124,562,263. Highlights are listed below:

Accounts	Balances
National Strike Fund revenue	\$19,130,171
National Strike Fund expenses	\$29,293,861
Unrealized gains (losses)	\$4,157,177
Excess of revenue over expenses (deficiency)	(\$6,006,513)

## **FINDINGS**

### **Per Capita Receivables, Per Capita Arrears**

The per capita receivables as of December 31, 2023, were \$36,375,655. An estimated portion of that amount (.87%) is over 90 days (about 3 months) in arrears.

### **Expense Forms**

The Trustees looked at the expense forms of National Executive Board members, Executive Assistants, Senior Management, and a random selection of staff. The staff expenses are all processed electronically, and we were given access to Moniroo to go over them. This made it easier to view and allowed us to sample and review expenses randomly across the country. We found that the expense remittance and receipts matched.

### **Bank Reconciliations**

We went in detail over various bank accounts, including payroll, and we found them to be balanced and well organized.

### **CUPE Corporate Credit Card Statements**

We followed the CUPE Corporate Credit Card Policy when going over the credit card statements of nine (9) cardholders and found them to be well-kept.

### **Cost-Shared Campaigns**

The Trustees reviewed the cost-shared campaigns and found the files to be well organized and in compliance with the regulations of the various funds.

### **Accrued Benefit Liability - Other Plans**

In 2023, the accrued benefit liability amounted to \$269,004,263 which is reported on the balance sheet. This information can be found in the 2023 financial statements of the General Fund (please refer to Note 7).

### **Accounting Standards**

On January 1, 2022, changes to the Canadian Accounting Standards for Not-For-Profit Organizations were adopted. This resulted in CUPE's decision not to follow the Canadian Accounting Standards for not-for-profit organizations.

## Actuaries

The Trustees discussed the post-retirement and post-employment benefit plans and the CUPE Employees' Pension Plan with Eckler Consultants. As well, we reviewed the financing of post-employment benefits documents provided by Don Smith from SPAC Smith Pension & Actuarial Consultants.

- Eckler – CUPE Employees' Pension Plan (CEPP)

"To the best of our knowledge and on the basis of discussions with CUPE, it is our understanding that there were no events which occurred between December 31, 2023, and the date of this report which would have a material impact on the results of the valuation or the year end disclosures at December 31, 2023. The indexing coming into effect January 1, 2024, has been reflected as previously described. Although this indexation may change, we do not anticipate that a change would result in a difference greater than Deloitte's overall materiality threshold.

-quote taken from Eckler Pension Plan Report

As per the Eckler report, the pension plan is fully funded.

- Eckler – Benefit Plans

We analyzed the 2023 actuarial valuation of the post-retirement and post-employment benefit plan; Phillippe Laplante from Eckler walked us through their methodologies and assumptions used in their report.

- Smith Pension & Actuarial Consultants – Financing of Post-Employment Benefits

Smith Pension & Actuarial Consultants (SPAC) noted that CUPE has made the decision to continue using a "funding valuation" to calculate its accrued benefit obligation for its employee future benefit plans. This means that CUPE will continue to have a qualified audit opinion. CUPE has accomplished what it set out to do with its road map for the Benefits.

## RECOMMENDATIONS

The Trustees have the following recommendations after the 2023 audit:

- Review and update if needed, all existing policies at minimum every 3 years.
- To reinforce the previous recommendation from the trustees, we insist that bank reconciliations must be reviewed and signed off monthly.
- Trustees would like to have the strike forms updated and more user-friendly.
- Ensure that the financial motions are numbered for easy reference.

### Updates for Past Recommendations

Audit Year	Recommendation	Status
2021	Encourage Locals to sign up for Electronic Fund Transfer (EFT) (around 95% is on EFT)	In-Progress and doing well

As of the 2023 audit, there is 1 (one) recommendation outstanding to be addressed going forward.

## CONCLUDING REMARKS

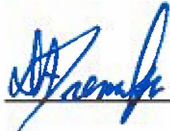
The Trustees found the books to be in good order. We congratulate Mark and Candace for their efforts during the last year. We also thank the CUPE staff in the Accounting, Administration, and IT branches for preparing most documents to be accessible.

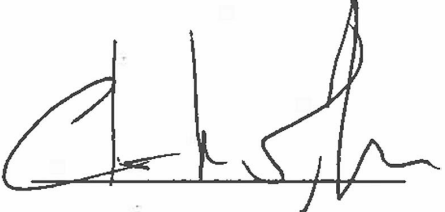
Special thanks to Marie-Anne Ruelland for all her help with this audit, as she was always readily available to us, which made our job run smoothly. We would like to thank Isabelle Gendron and Linda Marcoux for making themselves available. We especially would like to wish Tammy Griffin a well-deserved retirement and thank her for all the times she was available to answer our questions.

## INTERNAL AUDIT PLAN 2023

<b>AUDITABLE PROCESS OR UNIT</b>	<b>RELATIVE RISK RATING</b>	<b>NATURE OF WORK</b>	<b>KEY AUDIT AREAS OR ISSUES</b>
Per Capita Arrears  Over 3 months	2021: Medium 2022: Medium 2023: Low	Financial review	Membership stats
	2021: Low 2022: Low 2023: Low		
Pension Liability	Going-Concern Report: 2021: Low 2022: Low 2023: Low	Financial review	Review investment Report policy
	Solvency: 2021: High 2022: Medium 2023: Medium	The solvency gap has increased to 8.8%  Financial Review See Trustees' Report	Actuarial valuation 2023: Trustees met with the actuaries
Post-Retirement and post-Employment Employee Benefits	2021: Low 2022: Medium 2023: Low	Financial review See Trustees' Report	2023: Trustees met with the Actuaries

  
DONNA VAN KROONENBURG

  
DAVID TREMBLAY

  
CHRISTIAN TRUDEAU

  
BOB GUENTHER

  
TALITHA DEKKER

Signed on JUN 07 2024

:tn/cope491  
June 6, 2024