

Air Canada Component Trustees' Report & Recommendations

Audit Period: July 1st 2013 - June 30th 2014

I would like to take this opportunity to thank the Trustees, as well as all the staff and individuals involved in the completion of this audit. However, I would like to note that this report seems to contain issues outside of the mandate of this report, for example, this report is supposed to be stand-alone on items found during the audit period, not a rehash of issues from previous year. Furthermore, some changes were made from the original report by the Trustees and I received the final version on January 12th, 2017. The report, as well as my response, were then sent to ACCEX and CUPE National for final feedback. My response is in blue and underlined.

In Solidarity,



Antonius Lam
Secretary-Treasurer

FOLLOW UP FROM PREVIOUS AUDITS:

We have received, by email, on November 16th, 2016, confirmation that the 2012-2013 Trustees' Reports have been accepted. Component will receive an official acknowledgement letter from Brother Charles Fleury, CUPE National Secretary-Treasurer.

I) SENSITIVE INFORMATION

We are pleased to report that all the documents Trustees use, are kept with the cheques, under lock and key.

II) TRUSTEE AUDITING PROCESS

This current audit, along with the previous one, commenced lacking certain information we required. After a few days of back and forth discussions we were able to acquire the necessary information we needed for our audit.

We recommend that the process be streamlined to ensure that the information be available at the start of the process. We further recommend that the Component Secretary-Treasurer be properly informed of the required documents provided by the National Secretary-Treasurer which is detailed in the Trustee package.

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I believe that there was some disagreement as to what is required and what is not required information for the audit. I think the audit process would benefit more if resources like CUPE National rep be utilized as they can provide guidance and as a communication bridge between involved parties in the process, hence reducing any mistakes or problems down the road.

III) EXPENSE FORMS

In comparison with the last fiscal year audited, we have seen a positive improvement in the way forms are filled out and submitted.

IV) 180 DAY RULE (Art.7.4)

During this fiscal period, some members have submitted past the 180 days.

We recommend that on the expense form a line be added explaining the 180 day rule as per art. 7.4 of the Component Bylaws.

Of the few cases where the 180 day rule was not complied, none of the claimants used the reason that they didn't know the 180 day rule exist. Usually it's due to some extenuating circumstances. Also, when the members were appointed into the position, they are provided the bylaws. Also, all Committee chairs are provided the expense policy so that committees all understand the rules about the expense claims.

V) ASSET LIST

We recommend that the list be updated monthly, and all information is added as required. *The list is updated on a continuous basis when new equipment/asset is purchased.*

VI) CHEQUES - SECURITY

We have recommended in the past that the cheques be under lock and key. We are satisfied that this is now implemented.

VII) FINANCIAL OFFICERS WORKSHOP TRAINING FOR COMPONENT SECRETARY-TREASURER

In our previous audit we had a recommendation for training. We again have the following recommendation:

“We recommend that any member who wishes to run for the position of Component Secretary-Treasurer complete the Financial Officers workshop training prior to being nominated as a candidate for the position. This should be reviewed and amended in the Component Bylaws.”

In the Component Secretary-Treasurers' response, it was stated that the above was unconstitutional. We were not provided with a constitutional reference or a bylaw that would prevent the adoption of our recommendation.

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As there were no supporting documents to confirm our recommendation was unconstitutional, we recommend that any member that wishes to run for the position of Component Secretary-Treasurer complete the Financial Officers workshop training prior to being nominated as a candidate for the position. This should be reviewed and amended in the Component Bylaws.

In CUPE Constitution, there is no mention that candidates for Secretary-Treasurer must complete the Financial Officers' workshop prior to being nominated.

VIII) INSURANCE

During the last audit we asked questions to verify if the Component had enough insurance. Coverage is for \$150,000.00, yet the Component has more assets requiring further coverage. Other concerns were central site's equipment, communication equipment, as well as other off-site assets belonging to the Component.

We recommend that Component do a full asset audit and ensure that the coverage is adequate.

The \$150000 is part of the coverage, there are other additional coverage like valuable papers and records (\$100000), newly acquired contents (\$50000).

IX) MOTIONS

We have not been able to locate motions easily, as Component does not have a motion book.

We recommend that there be a chronological file or book with all motions added as per CUPE National's Recommendations.

Noted and passed this suggestion to ACCEX.

CURRENT FINDINGS:

I) FRAUD

Fraud was detected in our National Bank account. The issue was with two cheques made out for large amounts to people unknown to the Union. The amounts were \$78,409.32 and \$27,600.55. The bank contacted Component and Component advised them that it was not the correct payee, on both cheques. Stop payments were placed on the two cheques and new cheques were issued. We did not lose money in either scenario. We noted there was fraud, however no recommendation is required as all monies were accounted for.

To emphasize, none of the Union officers or staff were involved in any fraudulent activity. And the system worked as it should to detect any suspicious banking transactions.

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II) COMMITTEE BUDGET REVIEW

The following committees went over budget by 20% or more: Campaigns 125% or \$37,507.00, Communications 76% or \$22,895.00, Arbitration of Grievances 70% or \$176,206.00 and Health and Safety 37% or \$93,530.00.

The following committees had no allocation in the budget however the following amounts were expensed to the committees: Bargaining Prep (\$3,299.00), IAM Bargaining (\$37.00) and New Aircraft Services (\$301.00).

The following committees had a budget allocation, but did not use any monies: Pink Triangle (\$1,500.00), Mobilization (\$5,000.00), Women's (\$2,500.00) and Negotiations - Pension (\$50,000.00).

Overall, the committees expense budget was over by 7.5% or \$126,742.00. The planned budget was \$1,693,835.00, the component spent \$1,820,577.00 for the 2013-14 budget year.

Looking over the budget, we recommend that committees that are not spending their budget should have the budget reduced to accommodate those that require a larger budget for their day-to-day functions. A review should be done with the Component Secretary-Treasurer to determine the reasons that budgets go over, as well as those that are not used. We noted the committees that went over budget were committees that were required and utilized daily to defend the Collective Agreement.

Noted and suggestion will be passed on to the next Secretary-Treasurer.

III) CREDIT CARD

When we verified the credit card and the names associated, we were notified that former officers names were on the card 9 months into this fiscal period.

We recommend that the names and authorizing signatures be updated in a timelier fashion when there is a change in officers.

Noted. The Component officers at the time approached the bank as soon as they took office, but there was an administrative delay from the bank.

IV) UNION OFFICERS SIGNING CHEQUES

We noted 58 cheques (which require two authorized signatures), included the signature of the Union Officer who was receiving the payment.

We recommend that there always be three signing officers to ensure that union officers are not put in the position to sign their own cheques.

It is the current practices that all three Component Officers have signing authorities so that they do not sign their own cheques.

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V) LATE FEES

During this term, we had multiple late fees, requests for payment and late reminders on our basic utility bills, insurance, city tax and other vendors. When we inquired, the standard reply was "Administrative process delay - either late getting signatures or late sending out".

If the above recommendation, to have three signing officers is implemented, this would alleviate the potential for any late fees as there would always be two signing officers.

Noted.

VI) PER CAPITA REMITTANCE

June, July and August 2013 it was reported by CUPE National that we paid our per capita late. After reviewing the direct deposit information, we confirmed that our dues were posted to the account in a timely fashion.

We recommend that all payments to CUPE National be made as per the CUPE Constitution and on time, to ensure we maintain our good standing with CUPE National.

I agree that we always try to make payments on a timely fashion.

VII) DIRECT DEBIT

The MasterCard Credit Card is paid by direct debit. We confirmed that Component is set up with this service. The Component Secretary-Treasurer confirmed that the Component Finance Administrator sends all invoices along with the statement to him for review.

As CUPE National does not recommend this process, we recommend that all expenses be paid with a cheque, authorized and signed by two officers with back up documents approved and attached.

It is impossible to do so. So many companies and organizations now require deposit or payment as soon as a purchase is made. There are also other situations where a cheque payment is not possible (some companies don't accept personal cheque as payment form).

VIII) EMAIL POLLS

Email polls are at times conducted among ACCEX members, between ACCEX meetings.

We recommend that the minutes pertaining to anything financial or motions in an email poll, be added to the following ACCEX meeting.

Email polls sometimes are needed because of the urgent nature of the matters. I agree that it will be helpful to provide description of the e-mail poll in the minutes of ACCEX meeting of what issue was being decided and voted on.

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IX) OUTSTANDING MONIES OWED FROM CUPE NATIONAL

We currently have \$44,305.74 owed to Component from CUPE National, mostly for flight releases. Our Component Financial Administrator is currently working with the Regional Director for Airline Division to re-coup these funds.

We recommend that this money be recovered from CUPE National and resolved.

The Component continues to work on these outstanding invoices. We have recently sent again the invoices and supporting documents to CUPE National.

X) SETTLEMENT

A settlement was made in this fiscal year we audited. It was confirmed by both the Component Secretary- Treasurer and the National Rep. that a confidentiality agreement was signed by the individuals involved. We were not provided a copy of the confidentiality agreement. As there is a confidentiality agreement, we were unable to audit this and we are unable to provide any further detail in this matter.

We recommend that any future disputes or settlements be open so that they can be properly finalized and audited without a confidentiality agreement. We recommend that in the future if any monies coming from dues are used to payout a settlement that the membership be made aware. A file number with a legal opinion should be filed for ease of review and further reference. We also stress that we are not able to complete an audit effectively without full access to the financials.

Although very seldomly used, the Union from time to time had to resort to settlement to resolve some matters. In all cases, legal council and CUPE National would be consulted and carefully considered by the Union. In this case, the whole ACCEX at the time was present during the process, and proper procedure had been followed. Furthermore, it is not uncommon such settlement has a confidentiality element attached to it.

XI) MONIES OWED TO AIR CANADA

During our review of the September 2013 ACCEX meeting minutes, Section F8, there is a note that "This issue has been resolved. No further discussion required." We sought further clarification with the current Component Secretary-Treasurer and were told "Joyce did not recall what it was" and "I checked my own notes on that ACCEX but only stated the same thing that it was resolved and no details".

We recommend that any future items dealing with a financial nature are recorded in a more thorough fashion to ensure Trustees can audit the process as per the Component By-laws and CUPE Constitution.

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It is not uncommon that some items are withdrawn from the agenda. There is then no need to record anything further than that if there is no discussion occurred.

FINAL COMMENTS:

We commenced this audit for the fiscal year 2013-14 in July 2016 and completed it on the 17th of November 2016.

We would like to thank the Air Canada Executive, and all of the staff at 25 Belfield Road for assisting us with this audit.

We hope every member will take the time to read this report. We are all available to answer any of your questions or concerns.

We can be contacted by email at trustees@acomponent.ca

Regards,



Helen Bond



Wesley Lesosky



Marc Roumy

Component Trustees