

COMPONENT SECRETARY TREASURER'S RESPONSE

***Air Canada Component Trustees' Report & Recommendations***

Audit Period: July 1<sup>st</sup> 2012 - June 30<sup>th</sup> 2013

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***FIRST OF ALL, I WANT TO THANK THE COMPONENT TRUSTEES FOR THEIR HANDWORK, REFLECTED CLEARLY BY THEIR REPORT. I ALSO WANT TO THANK OUR ADMINISTRATIVE STAFF WHO TOOK TIME FROM THEIR BUSY SCHEDULE AND ASSISTED ME IN PROVIDING HUNDREDS OF PAGES OF SUPPORTING DOCUMENTS REQUESTED BY THE TRUSTEES. PLEASE SEE MY RESPONSE BELOW IN BLUE AND UNDERLINED ITALIC FONT.***

***In Solidarity.***



***Antonius Lam***  
***Component Secretary - Treasurer***  
***July 20th, 2016***

(All Component Bylaw references are quoted from two sets of Bylaws depending on the dates: December 1, 2010 to January 10, 2013 or January 11, 2013 to June 30, 2013)

**SENSITIVE INFORMATION**

Upon taking the task to commence the audit, we had all boxes and information left in the boardroom. It is to be noted that one year later, these boxes are still in the boardroom in the open. We had a concern during the audit where we could not locate some sensitive information, yet the Component Secretary-Treasurer was able to find these items on top of the boxes. It was also noted to the Trustees that certain files were not located once the term commenced.

This is of grave concern as there are many sensitive, confidential and proprietary files that should not be easily available to the general membership, visitors and Air Canada Management. We recommend that these files be kept under lock and key at all times when not in use.

***The boxes were provided to trustees to go through during the periods that they were in the office, and I was informed sometimes the documents were not in correct order after the trustees used them in the past. As there is a lot of paperwork involved, it takes everyone's effort to keep them organized. I was not***

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*aware of the grave concern as the trustees had left the documents in the same location during the period when they were not in the office since the office was open longer than when they worked during the days, or when they left for lunch or went to attend company road show. Should I have known, I would assist the trustees to move the boxes to a location that is more "secure". Going forward, the boxes are placed inside our Accounting staff's office which can be locked.*

#### **TRANSPARENCY (FINANCIAL STATEMENTS AND SALARIES)**

We recommend that the financial statements be posted on the Component website as this has been done in the past yet has not been consistently maintained. The Component website is password protected and having transparency in the unions finances will enable members to be more informed on the Component spending and savings.

*This decision is made by ACCEX based on the circumstances they are in. I will make a recommendation at our next ACCEX. Once approved, it will be posted on our website.*

Every May the salaries of staff and elected officers at CUPE National are sent to all Locals and Components. We recommend that this information be put on the Component website for our members to view. We have attached a copy for ease of reference.

*CUPE National salary grid is outside of the Trustees' mandate.*

#### **AUDITING PROCESS**

During this audit we found it challenging to complete an audit report due to the fact that many of our questions were not properly answered and at times not answered at all.

We recommend for the next audit that more care is taken to properly answer any of our questions, and clear and concise replies are provided. As trustees we are the eyes and ears of the membership and it is our responsibility to ensure that money is spent according to the Bylaws, motions and the CUPE Constitution.

*Partly because the questions were either deemed out of mandate or unclear or in some cases questions were answered that triggered more questions that seemed to have changed directions*

#### **A) EXPENSES**

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**I) EXPENSE FORMS**

Multiple expense claim forms were missing signing officers' signatures, members' signatures, duties were not often specified and dates were not filled in for submission. We noted that chairs of committees were also signing off on their own forms.

We recommend that there be one updated and standard form to be used, electronic and/or paper. A date line should be added to the signing officer signature line, to ensure the 180 day rule is followed and would allow a clear paper trail for auditing purposes. We recommend that the SIN line be removed as this is not deemed to be necessary as wages are not paid from these forms. If a form is not completed properly, in its entirety, we recommend the cheque not be issued until the form is completed. We recommend that Component Officers, committee members and members in general be more diligent in completing the expense forms in their entirety.

*The 180 day rule is for the requirement to submit the expense claims, not the approval. The current electronic form no longer has the line asking for SIN. Although we agree that the expense form should be filled out with more care in some cases, also "properly" is subjective and common sense should be applied as to not deny/delay claims unreasonably. For example, if someone forgot to put the title or the month of claim in one box, but provide the same information in another box under the signature, it would be unreasonable to delay reimbursement*

**II) CHILDCARE SUBSIDY FORM**

We understand that child care has been claimed and approved for payment during this term. We have not been able to find the limitations or requirements for claiming these expenses.

We recommend that the CUPE National form, entitled "Reimbursement for child care or family care" be utilized as a starting point to draft and build a childcare subsidy bylaw reflective of our working environment.

*Currently we have an ACCEX approved childcare expense policy. Under the policy, strict guidelines must be followed including official receipt before reimbursement will be made.*

**III) EXPENSE POLICY**

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During this fiscal period we are auditing, there was no expense policy in place. This is necessary to have in order to validate claims made; examples being: childcare, car rental, gas, taxi, cell phones, long distance and internet.

Our recommendation would be that an expense policy be made and discussed at ACCEX, and that the policy be enforced through periodic verification. Note: It is our understanding that an expense policy now exists as of the Fall of 2014.

*As noted, there is an ACCEX approved Component Expense Policy in place currently.*

#### **IV) 180 DAY RULE**

We were presented with multiple examples of this Bylaw (Article 7.4)<sup>i</sup> being violated.

We recommend that in the future, when an expense form is submitted for payment after the 180 days it is returned to the member with a note stating "As per the bylaw any expenses submitted more than 180 days after being incurred will not be considered for payment by the ACC."

*There are extenuating circumstances that expense might be submitted past the deadline. The claim can then be requested to be taken to ACCEX for appeal and ACCEX will decide if the amount was paid out via a motion at the end.*

#### **V) EXPENSE BREAKDOWN**

We recommend that the budget and actual reflect costs by committees and not just in general, i.e.: Accommodation, Salary, Time Loss etc. This would allow a smoother transition for Trustees as well as Component Secretary-Treasurer in doing budgets and Committee reviews.

*Noted. The current practice is sufficient and conforming to the CUPE standards. Budget should be composed considering many factors, historical working documents can be obtained through staff at Belfield office to assist the Secretary-Treasurer.*

#### **VI) CAR RENTALS**

During this term we have found that there were multiple car rentals that were not pre-approved as per Article 7.2c <sup>ii</sup>. We also noted members were reimbursed for gas, mileage and rental.

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We recommend that Article 7.2c <sup>iii</sup> be adhered to and standard language be made with regards to what mileage is, i.e.: gas, wear and tear, insurance etc.

*Cases that were brought to my attention were all approved. However, I agree that it would be easier for audit purpose to document on black and white format (e.g. e-mail) attached to the claim. The cases where car rental was approved occurred when it's cheaper to do so than taking taxi for out of base travel work or avoid hotel room charge.*

**VII) PASS TRAVEL FOR UNION WORK**

We noted during this term that there were isolated times when a C1 pass was used.

We recommend that a policy be formulated on pass travel when it involves union work.

*Members (with exception of ACCEX) traveling for union business can only use personal pass in order to attend important meetings and duties, and sometimes it is almost impossible to get on the flights due to very high passenger load. Currently, there is less of a financial concern of using C1 pass as current contract contains the provision of zero administration fee for all personal travel including CQ pass.*

**B) FINANCES**

**I) HOTEL INVOICES**

For auditing purposes, we require clarity and would like to see that when an invoice is submitted and paid for a hotel, it is shown what committee and who the member(s) were that stayed in the hotel. We also recommend that where possible, direct billing be used so that member(s) are not out of pocket for an extended period of time.

*Hotel invoices usually including the name of the guest staying at the hotel. Expense claim form includes the spot to fill out the union position/committee. Unfortunately, direct billing is not always possible as hotels may not accept that arrangement and prefer bills to be settled at the time of stay.*

**II) LEGAL COSTS**

Legal costs have gone up considerably.

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We recommend that the Component look at utilizing the legal services already provided by CUPE National out of our dues. We also recommend that Component should have the CUPE Legal Department sit with them to assist in helping decide what types of legal services, including National Reps, would be best suited to accommodate the Component's needs. Cost sharing should also be explored, as again, our dues assist in funding CUPE lawyers that are there for the benefit of all members.

*The Legal costs have gone up as our in-house lawyer has moved on and works for a private law firm. The Union works with CUPE National closely and constantly working with CUPE lawyers for many cases. And cost sharing is explored when appropriate.*

**III) ASSET LIST**

The asset list for Component has not been updated to a functional format, nor updated in general. This is something that lists assets that have a cost value that is also insured and needs to reflect real time asset control. An updated asset list would save a lot of work when it comes time to audit as this is something the Trustees must verify.

We recommend that the list be updated monthly and maintained in a user friendly format.

*The Component will pay closer attention in maintaining an updated asset list. It is constantly updated when items are added or removed.*

**IV) CHEQUES - SIGNING**

Stamps were used for both signing officers on the same cheque in certain situations, for pay claims as well as government payments.

We recommend that cheques be signed by authorized signing officers at all times.

*Noted and currently the Component does not allow the use of stamp signatures for cheques signing purposes.*

**V) CHEQUES - SECURITY**

We were made aware the blank unused cheques are left in an open office, we recommend that all unused cheques, if not already, be locked up at all times.

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*The cheques were at all time placed in the chief accounting staff's office and she processes and issues cheques on frequently, almost on a daily basis.*

**VI) BANK ACCOUNT - FRAUD**

It was noted that we kept the cheques and account that had fraud on it open. It was noted that the account was changed to a payroll account.

Since that account had fraud, we recommend that the account be closed and a new account be opened. We recommend that a policy be put in place for all future accounts that have any form of fraud detected.

*The trustees did not raise this concern during the investigative process and seem to be missing some details in their report. The "fraud" mentioned was due to some issued cheques being stolen after they were sent to Canada post mail drop. The bank has stopped payments on all cheques related to this account. Instead, this account has been turned into a direct-deposit only payroll account. The left over cheques are only used for internal paper record purpose only with no signatures.*

**VII) UNION DUES**

We are not able to verify that the union dues are being collected as per the Component Bylaws and CUPE Constitution as the company does not supply us with gross earnings per member. This is of concern as we see multiple members being charged dues multiple times within a one month period with no explanation. We also noted that there is no breakdown of dues collection by base causing the Component Secretary-Treasurer to have to manually process dues reporting to the locals. It was also noted that we are paying an administration fee that is potentially avoidable through the current Collective Agreement.

We recommend that the Component follow up with Article 20.03.06 of the 2011-2015 Collective Agreement with regards to the removal of the administration fee on union dues. We recommend that at the time of discussion on Article 20.03.06, a discussion be had with company to assist in dues check off and verification. We recommend that the Secretary-Treasurer, in order to follow Article 8.4.1<sup>iv</sup>, review the list supplied by the company and build a list by base so that local funding is applied accordingly. This needs to be accurately reported for compliance with said Bylaw.

*Regarding 8.4.1 OF BYLAWS, I have started to provide each Local of their membership number since late 2015 based on the base strength report and cross checked and adjusted based on the dues report received from the company. I be-*

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*lieve the best effort has been made to ensure the accuracy of the number. There was some research done on article 20.03.06 during the last term including inquiring previous Component officer of this long standing practice; however no gainful evidence was received.*

**VIII) LEASE AGREEMENTS**

We have historically had a lease agreement with CUPE National, however during this term it was month-to-month. Our concern is that we may not be getting fair market value or a long term commitment on prime union office space. As of today, we have a lease in effect with Sunwing, Air Transat, WIP and EAP.

We recommend that lease talks commence with CUPE National to secure a long term agreement so that the budget and planning can be accurate.

*The month to month lease is working fine giving both parties flexibility. We believe it is in the Union's best interest to remain the current arrangement unless there is further changes to the space allocation.*

**IX) FINANCIAL OFFICERS WORKSHOP TRAINING FOR COMPONENT SECRETARY-TREASURER**

During this audit period we had two Secretary-Treasurers, one that took the training and one that did not.

We recommend that any member that wishes to run for the position of Component Secretary-Treasurer should 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.

*This is out of the Trustees' mandate. Also, CUPE National deems such requirement would be unconstitutional.*

**X) AIR CANADA SHARES - BMO**

In 2010, all unions representing members at Air Canada were issued shares; the Air Canada Component of CUPE received 3,420,000 shares worth an approximate current market value of \$27 million. The Component pays an administration fee. The agreement for the shares is that if and when sold the funds will go to the pension plan that has the highest deficit.

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We recommend that the Component Secretary-Treasurer supply information to the membership with regards to the current value, administration fees and any other valued information on a quarterly basis.

*As part of the pension concessions the Unions took during the 2009 Negotiation, some shares were negotiated and obtained by each union group, and any transaction of those shares must be put back into the pension plan of which has the highest deficit as per the agreement. A detailed bulletin was sent out at the time to explain. Recently the Component President also reported on the status of the share trust in his report.*

#### XI) TOP UP PAY COMPONENT SECRETARY-TREASURER

On April 27, 2012, there was a letter from the Component Secretary-Treasurer with regards to the wages he was receiving credit for from Air Canada. The union believed that they were an entitlement as he was in Bargaining. The company disagreed and replied they would not pay.

We recommend that prior to any bargaining, cost allocation is set out between the union and the employer.

*The issue at hand was actually about some verification of work done on new collective agreement language, not bargaining. The Component Secretary-Treasurer was seeking credit from Company for the work done afterwards. However, I agree that it is important to obtain such agreement prior to such work project.*

#### XII) BAD DEBTS

During this term we came across a few bad debts that we were not able to settle. This was between both Component and Locals, as well as between Component and members.

We recommend that once recognized, these bad debts need to go through the motion procedure at ACCEX. We also feel that a bad debt, once recognized should be accounted for as a bad debt and not be carried from one term to the next.

*Outstanding amount owed to Componet varies in a nature and can take a considerable amount of time to collect.*

#### XIII) COPE CONTRACT

The COPE Contract covers specific members that work in the Belfield office. We had one of the staff covered under this agreement take time off and we needed to re-

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place her with another staff member. The staff that was brought in was from a temp agency and we were concerned that we would have had a grievance for not having covered the position from within the bargaining unit.

We recommend that the Component Secretary-Treasurer seek a clear understanding of what our responsibilities would be, financially, if one of these COPE members were to leave their employ and we were required to hire or offer relocation within the bargaining unit as per the current Collective Agreement with COPE.

*Consent was obtained from COPE prior to hiring the temporary staff.*

#### **XIV) EAP**

EAP is the Employee Assistance Program. They have their own set of finances and operate separately from Air Canada Component of CUPE on a financial level. One of the EAP representatives had a flight release listed under "Arbitrations" on the Component balance sheet and the reason given was that there is no budget line for EAP. We understand there is no line for EAP because EAP has its own financials and is funded separate from union dues collected.

We recommend that EAP and Component finances remain separate, and work performed is billed accurately and reported, in which case it should be clearly labeled on the expense form and under committee expenses. EAP was not audited by the Component Trustees for this term. We recommend that if there is not an auditing process in place that one is put in place.

*An EAP Committee budget line has been created for 2015 fiscal year for flight release purpose only. EAP internal budget has been separated out under the Trustees' recommendation in previous year as EAP receives their revenue outside of Component. As a result, the Component audit does not apply to EAP money that does not come out from Component budget.*

#### **XV) COMMITTEE BUDGET REVIEW**

The following committees went over budget by 20% or more: Central Site 64%, Component Officers 121%, Education and Conference 91% and Health and Safety 70%.

The following committees used 35% or less of their budget: Campaigns 10%, Reserve 18%, Uniform 35%, UMHQ 27% and Women's 10%.

The following committees had no allocation in the budget: Communication (\$18,341.00 spent), Legal Opinion (\$151,597.00) and Negotiations/Bargaining (\$34,889.00).

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The following committees had a budget allocation, but did not use any monies: Mobilization Committee (\$10,000.00), Crew Rest (\$500.00), Legal Indemnification (\$125,000.00) and Negotiations - Pension and LCC (\$100,000.00).

Overall, the committee expenses budget was over by 14% or \$250,377.00. The planned budget was \$1,687,054.00, the component spent \$1,937,431.00 for the 2012-13 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.

*Each Committee budget line was thoroughly discussed and revised if necessary before it was approved by ACCEX. However, unexpected circumstances could happen. H&S had a very challenging year, absorbing costs associated with very expensive arbitrations. The change of administration saw the creation of new Communication Committee midway through the fiscal year. Also, an All-Locals/Component Officers training was organized in early 2013 that pushed the education over budget. It is extremely common that over the fiscal year, the budget is reviewed and flexibility is allowed to use funding from some under-budgeted committees to support the function of other committees that had to take on unexpected yet necessary expenses.*

C) INSURANCE

I) INSURANCE

The insurance policy covers our assets at 90% of \$150,000 and we feel it would be prudent to have the amount increased as our assets are higher than this amount and would cost more to replace than the value listed.

We recommend a limit of \$500,000.00, yet having an updated asset list would assist in an accurate amount for coverage and insurance placement. We recommend that a verification and confirmation be made that all assets off site are insured and covered.

*Off site asset insurance is very costly and is deemed not cost effective to purchase such insurance.*

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**II) INDEMNIFICATION INSURANCE**

Indemnification insurance is in force and covers up to \$1,000,000.00.

We recommend that a review be made to confirm whether the amount should be increased due to our size and required coverage.

*I will include this item for ACCEX to discuss for the next Component Budget discussion.*

**KATHERINE THOMPSON PAY DISPUTE 2007-2009**

In 2007-2009, the Component Secretary-Treasurer, Katherine Thompson, believed that she was entitled to a pay top up, the Component President, Lesley Swann, disagreed with the Component Secretary-Treasurers' interpretation of the Bylaws. In 2009, Katherine Thompson became the Component President and requested an interpretation of the Component Bylaws from the CUPE National President, Paul Moist. The CUPE National President provided his interpretation of the Component Bylaws in April 2009<sup>v</sup>. Based on his interpretation, and the Component President's view of that interpretation, Ms. Thompson received 15 cheques, signed by herself and the Component Secretary-Treasurer, for approximately \$20,000.00. The trustees whom audited the 2008-09 fiscal year had recommended that any payment that was made and contrary to the Bylaws, should be repaid to the Component. In June 2012, the Component President, Jeff Taylor, sent a letter to the National President requesting clarification of his interpretation of Article 7.35 of the Air Canada Component Bylaws.<sup>vi</sup> There were two main questions, "Was it your intent to apply this decision retroactively or was it intended only for the go forward?" second question was, "In your opinion, do we have a right to recoup the said funds that Katherine Thompson paid to herself?" In June 2012, CUPE National President stated "my ruling became effective on that date and was not to be applied retroactively."<sup>vii</sup> There was no further comment with regards to recouping the funds paid. There was an update<sup>viii</sup>, from the CUPE Component Staff Rep in July 2012 that the Component will be sending a letter to Ms. Thompson to give her the opportunity to reply on the matter and to ask her to return the funds. It was also stated "The next step, should no response be received will be to call the police and make a report for the insurance company." On August 29, 2012, the Component President, Jeff Taylor, stated that the individual was sent a letter via email and registered mail, to attempt to mitigate the pay dispute found by the trustees, there was no response, a process server also tried to deliver the letter but it was not accepted by Ms. Thompson at her house. The Component President stated in August 2012, "The union has a fiduciary responsibility to recoup the funds and we are now seeking a legal opinion on the next steps from CUPE National."<sup>ix</sup> In April 2013, after a review and opinion submitted by the insurance claim adjuster, the newly elected

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members of ACCEX found the disputant, not liable for the monies the previous Component felt was owed.<sup>x</sup>

We recommend that Component ensures that when signing a cheque for payment of funds, the signing officer is not signing their own cheque. We also recommend that the Component Bylaw (Article 7.4<sup>xi</sup>) be adhered to when any funds are over \$500.00. In the above, a motion should have been made.

*I am very puzzled why such a lengthy report on this incident which was already reported by Trustees back in 2011-2012) The recommendation made about the signature had also been made already by the Trustees in their report. This is clearly outside of the mandate for this audit. Also for the record, Top up is not a grant or contribution and has never been subject to article 7.4 in the bylaws.*

*As mentioned, ACCEX during the fiscal year, based on recommendation of the insurance investigator report, motioned to close this file and included a very detailed bulletin published shortly after to the membership. Attached at the end of this report is the bulletin that had been provided to the Trustees during the audit process.*

*Further the ACCEX and CUPE National have serious concerns that individual names are being used in their report and had provided such feedback to the Trustees prior to issuing this response.*

#### **LAWSUIT BETWEEN KATHERINE THOMPSON AND LESLEY SWANN**

This lawsuit was initiated in 2008. The lawsuit was regarding Ms. Thompson accusing Component President Swann of violating her privacy by reading her emails. On May 23, 2013, the union reported "This case has been settled and is now behind us, and in the end it cost our union around \$200,000.00."<sup>xii</sup> During this audit, we were to review all finances and one of the files we reviewed dealt with the legal fees and proceedings of this case. One of our primary findings was that we spent "approximately \$9,800.00, \$1,700.00 and a third legal opinion of \$29,704.41" in legal fees.<sup>xiii</sup> These fees were all sought after discussions at ACCEX and properly voted on. In the end the full process cost our union approximately \$200,000.00. With the confidentiality agreement that was agreed to by a previous administration, it made it impossible for both incoming Component administration as well as the Component Trustees to get full disclosure and accurate numbers for review.

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 members be made aware. A file number with a legal opinion should be filed for ease of review and further reference.

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*Confidentiality agreement is standard when dealing with lawsuit settlement .  
Once again, ACCEX and CUPE National have serious concerns that individual  
names are being used in their report and feedback had been provided to Trustees  
prior to the publication of this report.*

**FINAL COMMENTS**

We commenced this audit for the fiscal year 2012-13 in April 2015. It has now been a year; this has been a lengthy process to complete this audit. The primary reason for the delay in this audit was due to bargaining. Other factors included lack of continuity in having a Component Secretary-Treasurer who was not involved in this fiscal year of the audit, who needed to take time to research, and difficulties in obtaining answers and clarification in a timely fashion.

To conclude this report, we would like to thank the Component Officers, CUPE National Representatives and all of the staff at 25 Belfield in assisting us with this audit. We would like to offer a special thanks to Helen Gibb-Gavel, National Staff Rep for her assistance and insight.

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@accomponent.ca](mailto:trustees@accomponent.ca).

Regards,



Helen Bond



Wesley Lesosky



Marc Roumy

Component Trustees

Dated: April 25, 2016

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## A MESSAGE FROM YOUR COMPONENT OFFICERS

### **"PAY DISPUTE" CASE CLOSED THE UNION APOLOGIZES TO KATHERINE THOMPSON**

On May 31, 2012, the Component Trustees submitted a report with recommendations concerning the audit period of July 1, 2008 to June 30, 2009. In that report, they raised a concern regarding compensation paid to Ms. Katherine Thompson, the Component Secretary Treasurer for that time period.

Based on those recommendations, on June 19, 2012, the Air Canada Component Executive (ACCEX) motioned that the disputed monies be recovered.

A claim of theft was submitted with our insurance company. A senior insurance claims adjuster with over 30 years of experience from an independent third party, the firm BBCG Claims Services Ltd. investigated the issue thoroughly by examining the documents and speaking with the parties involved.

The insurance claim adjuster's ruling dated April 13, 2013 is stated verbatim below:

**"After review of the proof of loss and the details provided with it, we fail to see where Ms. Katherine Thompson was dishonest or fraudulent in her decision to apply Mr. Paul Moist's interpretation of entitlement to 'top-up' retroactively.**

**Ms. Thompson's request for Mr. Moist's interpretation, dated April 2, 2009, included several historical references to the way Section 7.3(s) was interpreted prior to Ms. Lesley Swann's term. We would have thought that Mr. Moist should have realized that Katherine was posing the question with a view to making a positive interpretation retroactive. Ms. Swann was set in her interpretation for her term, but one can argue that Mr. Moist's reversal, could be taken as agreement that Ms. Swann was unjustified to withhold the top-ups, making retroactivity a sensible extension. Unfortunately, there does not appear to be any clear evidence to support that Mr. Moist's interpretation was not to be applied retroactively.**

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**Ms. Thompson followed proper channels in appeal, and did not conceal or misrepresent the grounds upon which she felt entitlement to the top-up. This appears to be a case of miscommunication, not theft and fraud.**

**The insurer denies that there is coverage under the policy for the transactions in question. The main reason for such denial is the absence of proof that a dishonest act has occurred to start with. The insurer reserves its rights to invoke any other available defense if the claim is indeed pursued further by the local."**

The senior insurance adjuster was clear in his assessment: Ms. Katherine Thompson followed the proper channels of appeal and did not commit any wrongdoing.

On September 18, 2013, the Air Canada Component Executive motioned to withdraw the claim against Ms. Katherine Thompson and close the file.

The Union sincerely apologizes to Ms. Katherine Thompson and deeply regrets any damage done to Ms. Thompson's reputation and undeserved consequences that might have resulted from this allegation.

Document Links:

1. [Component Trustees report with Secretary Treasurer's Response](#) (June 2012)
2. [Paul Moist's interpretation letter](#) (April 28, 2009)
3. [Paul Moist's interpretation of Taylor letter](#) (June 20, 2012)

In solidarity,

Michel Cournoyer  
Component President  
[m.cournoyer@accomponent.ca](mailto:m.cournoyer@accomponent.ca)

Katherine Kontosthenos  
Component Vice-President  
[k.kontosthenos@accomponent.ca](mailto:k.kontosthenos@accomponent.ca)

Joyce Nakanishi  
Component Secretary-Treasurer  
[j.nakanishi@accomponent.ca](mailto:j.nakanishi@accomponent.ca)

Air Canada Component of CUPE

<sup>i</sup> 2013 Component Bylaws

<sup>ii</sup> 2013 Component Bylaws

COMPONENT SECRETARY TREASURER'S RESPONSE

***Air Canada Component Trustees' Report & Recommendations***

Audit Period: July 1<sup>st</sup> 2012 - June 30<sup>th</sup> 2013

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- iii 2013 Component Bylaws
- iv 2013 Component Bylaws
- v Moist-Thompson-BylawInterpretation-20090428
- vi Moist-Taylor-KTPayInquiry-20120620
- vii Moist-Taylor-KTPayInquiry-20120620
- viii ACCEX Minutes of July 10-12, 2012
- ix ACCEX Special Meeting of August 29, 2012
- x Component Officers Bulletin, October 9, 2013
- xi 2013 Component Bylaws
- xii Component President Report, May 23, 2013
- xiii Message from Component Secretary - Treasurer, April 30, 2013