

## ***Air Canada Component Trustees' Report & Recommendation***

Audit Period: February 1<sup>st</sup>, 2015– June 30<sup>th</sup>, 2015

February 11, 2022

### **FOLLOW UP FROM PREVIOUS AUDITS:**

The previous Component Secretary-Treasurer, Wesley Lesosky, received a letter dated July 4, 2017, confirming that the 2013-2014 Trustee's Report had been accepted from the CUPE National Secretary-Treasurer, Mr. Charles Fleury.

#### **I) OUTSTANDING MONIES OWED FROM CUPE NATIONAL**

In the 2013-2014 Trustee report, it stated that \$44,305.74 was owed to Component from CUPE National, mostly for flight releases.

The current Component Secretary-Treasurer, Alex Habib, has confirmed that all outstanding flight releases have been collected up to date.

### **CURRENT FINDINGS:**

#### **I) FILING AND WRITTEN AGREEMENTS**

We tried to confirm certain payments that have been made but failed to find any document or written agreements to validate those payments.

**We recommend that any agreement made between the Component Executive and any other partie(s) must be written and filed properly for current and future Secretary-Treasurers and Trustees to validate.**

#### **II) LATE PAYMENTS**

We noticed that many payments were late.

**We recommend that all invoices and payments be made in a timely manner. Late payments incur extra surcharges which unnecessarily increase costs.**

#### **III) IMPROPERLY FILLED EXPENSE CLAIMS AND AUTHORIZING SIGNATURES**

We noticed multiple expense claims that were improperly filled out. Information that was missing were home addresses or signatures either from the claiming member or the signing officer.

As well, some cheques were missing two signatures from the authorizing officers.

**We recommend that expense claim forms be properly and completely filled out. All cheques must have two signing officers. The Component Secretary-Treasurer must ensure that expense claims are properly filled out and not issue any payments unless completed in full.**

IV) COMPONENT SECRETARY-TREASURER FINANCIAL REPORTS TO MEMBERSHIP

For the period we are auditing, we noticed the Component Secretary-Treasurer, Antonius Lam, did not provide any financial information via bulletin to the membership. As stated in the Component Bylaws, Section 6.3 (m), the Component Secretary-Treasurer shall: "Make a full financial written report regularly to the ACC membership on the financial matters affecting the union."

**We recommend that the Component Secretary-Treasurer provide quarterly financial reports via bulletin to the membership, in order to be in compliance with the Component Bylaws, Section 6.3 (m).**

**We would also like to recommend that an amendment be made in the Component Bylaws, Section 6.3 (m) to clarify what "full" and "regularly" are defined as.**

V) FINANCIAL OFFICERS WORKSHOP TRAINING FOR COMPONENT SECRETARY-TREASURER

In our previous two audits we recommended 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."**

VI) COMMITTEE BUDGET REVIEW

The following committees went over budget by 20% or more: Central Site 23% or \$3,555, Component Executive (ACCEX) 114% or \$45,916, Mobilization 395% or \$47,429 and Uniform 32% or \$388.

The following committees had a budget allocation but did not use any monies: Benefits (\$10,000), Crew Rest (\$500) and New Aircraft/Services (\$1,000).

Overall, the committees expense budget was under budget by \$322,868. The planned budget was \$1,562,295, the Component spent \$1,239,427 for the 2014-2015 fiscal 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 would like to note some committees that went over budget were committees impacted by contract negotiations, as 2015 was a bargaining year.**

## VII) LATE TRUSTEE AUDITS

As stated in our introductory letter, the Component Trustee audits are late by 6 years. This was due to numerous reasons, such as: late audits done by the accounting firm, high turn over of Component Secretary-Treasurer and Trustees, and most importantly, the COVID-19 pandemic and restrictions.

This is problematic on numerous levels.

First, it is stated in the Component Bylaws that Component Trustees have to audit the books and accounts at least “once every calendar year”. Refer to Component Bylaws: Section 6.4(a).

Second, CUPE National provides bonding insurance **only** when Trustees’ reports are submitted to National on an annual basis. CUPE National requires reports are due within 6 months of end of the local/component’s fiscal year. Bonding insurance covers the union in the event of a fraudulent or dishonest act committed by a member, to a maximum of \$50,000 per incident.

Third, the lengthy time delay makes it difficult to receive accurate responses to our enquiries. Key personnel and executive members are either no longer employed by the union or fulfilling the same union officer position. More importantly, should the audit uncover any major issue during the audit, such as misappropriation of assets or financial mismanagement, a proper investigation would be difficult to perform due to the time lag. There could be constraints which could hinder a possible accounting investigation.

**We recommend that the year end audit should be completed no later than one year from the end of a fiscal year and that the Component Bylaw be followed. Refer to Section 6.4 (a) of the Component Bylaws.**

## **HOUSEKEEPING:**

### Payloss/Flight Releases

“Payloss” is used in the financial statements to define “Flight Releases”.

**We recommend this to be updated: that “Flight Releases” be used instead of “Payloss”.**

## **FINAL COMMENTS:**

We commenced this audit for the period February 1<sup>st</sup>, 2015 to June 30<sup>th</sup> 2015 on February, 7<sup>th</sup>, 2022 and completed it on the 11<sup>th</sup> of February 2022.

This is the first audit we worked on together as Trustees. We are pleased to report that we worked cohesively and successfully resolved differing points of view in a professional and respectful manner. We look forward to continuing our work as Trustees together.

We would like to thank the Component Secretary-Treasurer, Alex Habib, and all 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.

Regards,

Choying Dolkar

Benjamin Paneghel

Marc Roumy

Air Canada Component Trustees