

Air Canada Component Trustees' Report & Recommendation

Audit Period: February 1st, 2015– June 30th, 2015

February 11, 2022

Dear Members,

I would like to thank the Trustees for the work they did in completing this audit. They asked a lot of questions and worked collaboratively as a team. Although the period of audit is almost 7 years ago, it's still an important task to review the work of the Secretary-Treasurer and I hope with this audit now behind them they'll be able to move full steam ahead and complete further audits during their term.

There have been a lot of changes on the financial side of Component since 2015 and I can confidently say that the transition to QuickBooks which was completed under Wesley Lesosky's term as Secretary-Treasurer was an important step in providing clear and transparent financial records. I've built on those changes by streamlining processes and in our current fiscal year we've gone completely paperless.

My responses to the Trustee's recommendations are found below in red font.

In Solidarity,



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.

Any agreements we have to pay a party funds, generally either flow from the Component Bylaws, a Collective Agreement entitlement, or a written agreement. I would require more specifics to reply to this finding further.

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.

This has been addressed since 2018 when there were changes made to the bookkeeper and accounting system.

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.

I agree with your recommendation, which is why the Component has moved to electronic payment methods as the direct deposit and online bill payments will only be processed once two of the three signing officers release the payment, and a digital audit trail is created.

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.

Noted.

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.”

This has been addressed since 2015 in that the Component Bylaws at Section 6.3(a) now states: “The Component Secretary-Treasurer shall: (a) Complete CUPE Financial Officer training within ninety (90) days of taking office if not already completed.”

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.

Thank you for your recommendation, with the move to QuickBooks its now easier to pull real time reports of spending by committee and ensure they remain within their allocated budget. If further funds are required, the request then goes forward to ACCEX and a motion would be recorded.

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.

I am in agreement with your recommendation, but as stated in your introduction letter the delays in completing trustee audits are a combination of many factors outside the control of the Component Secretary-Treasurer. I have budgeted in the current year additional funds to complete trustee audits in the hopes of getting caught up.

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".

This has been completed for the 2021 Year-End audited statements.

FINAL COMMENTS:

We commenced this audit for the period February 1st, 2015 to June 30th 2015 on February, 7th, 2022 and completed it on the 11th 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