

National Board of Trustees

First Verification February 22 to March 3, 2016 2015-2019 Term

1. INTRODUCTION

The National Board of Trustees met from February 22 to March 3, 2016 at the National Office of the Union in Ottawa for the first verification of this mandate.

As provided in the National Constitution under sections 4.96 to 4.99, we have completed an examination of the financial transactions of the Union for the period of July 1, 2014 to June 30, 2015.

The work of the National Board of Trustees consisted of examining the national treasury books, vouchers pertaining to expenditures, expense accounts for National and Regional Officers and Union Representatives as well as all other documents deemed useful and necessary for a sound administration of the union funds.

2. COMPOSITION OF THE NATIONAL BOARD OF TRUSTEES

The National Board of Trustees is composed of the following members:

Pacific Region	Brother Anthony Holzer	Chairperson
Atlantic Region	Brother Kevin Peterson	Secretary
Quebec Region	Brother Jean Marcon	Member
Metro-Montreal Region	Brother Roland Savard	Member
Central Region	Sister Mary Aitken	Member
Metro-Toronto Region	Brother Gurpreet Nijjar	Member
Ontario Region	Brother John Lawrence	Member
Prairie Region	Brother Robert Laliberte	Member

At our first meeting held on February 22, 2016, the National Board of Trustees elected Brother Anthony Holzer, Pacific Region, and Brother Kevin Peterson, Atlantic Region, Chairperson and Secretary of the Board respectively.

All elected Trustees, from their respective regions, were in attendance for the first verification of this mandate.

3. RESOLUTIONS AND RECORDINGS

The National Board of Trustees verified all resolutions and records of proceedings of the National Executive Board meetings for the period of July 1, 2014 to June 30, 2015, for the purpose of verifying financial resolutions, as per section 4.99 of the National Constitution.

During this verification, the National Board of Trustees continued to find resolutions that did not contain a dollar amount and/or which fund was to be accessed so as to allow us to properly verify that expenses were constitutional. The Trustees noticed an improvement in this mandate's resolutions from the National Executive Board.

Therefore the National Board of Trustees recommends:

- *That the National Executive Board defer a resolution until a dollar amount, timeframe and fund that it applies to are attached.*

The National Executive Board strives to meet the requirements of this recommendation. Where deferring a decision until complete financial information is received does not adversely affect the cost of such decision, the Board will do so.

4. ANNUAL VERIFICATION

The National Board of Trustees met for the first time since the 2015 Quadrennial Convention which made changes to our National Constitution, including Article 4.

It is noted by the National Board of Trustees that section 4.95 of the National Constitution was not complied with.

On February 22, 2016, the members of the National Board of Trustees arrived at National Office to find the office of the Director of Finance and Administration vacant. The National Board of Trustees had immediate concerns as the Director of Finance and Administration serves as an integral part in our verification process.

After questioning the National Secretary-Treasurer on the morning of February 22nd, Sister Collins informed the National Board of Trustees that the National Executive Board had reached a decision to not renew the contract for the Director of Finance and Administration.

The National Board of Trustees applauds the work of the former Director of Finance and Administration. Her knowledge, guidance, understanding and ability to explain documents in a way that enabled us to understand them will be missed. The National Board of Trustees wishes Linda Desjardins Bergeron a successful future wherever it may take her.

5. 2015 CUPW NATIONAL CONVENTION

Based on a computer printout, our verification work as well as the information available up to date, the total cost of our National Convention which took place in Toronto from May 4 to 8, 2015 is \$3,693,078.88.

The costs for the 2015 convention are broken down as follows:

Meeting room rental	\$123,996.37
Accommodation	\$1,048,586.77
Travel	\$378,864.35
Simultaneous interpretation	\$172,248.94
Interpretation equipment	\$698,723.95
Per diem	\$263,138.25
Equipment rental	\$6,398.21
Child care	\$42,940.00
Host Committee	\$20,935.51
Lost wages	\$510,534.11
Other	\$9,824.06
Computer equipment	\$4,297.45
Drinks and food	\$488.98
Professional fees	\$109,989.71
Telephone	\$347.54
Postage	\$15,190.42
Printing and supplies	\$198,922.60
Verbatim report of debates	\$27,366.95
Staff wages	\$65,444.71
Registration fees (from observers)	\$(5,160.00)
Total	\$ 3,693,078.88 *

* Special Assessment (January 2015)	\$1,983,659.35
Final cost out of General Fund	\$1,709,419.53

The special assessment was a sound financial decision by the National Executive Board.

Convention Year	National Convention Costs	Increase Over Previous Years
2005	\$3,158,047	
2008	\$3,241,353	\$83,306
2011	\$3,474,518	\$233,165
2015	\$3,693,079	\$218,561

The National Board of Trustees was able to verify that National Convention expenses were made in accordance with the National Constitution.

6. STRIKE AND LOCKOUT EXPENSES

During this verification, the National Board of Trustees was able to verify the amounts that were taken from the Defence Fund to pay for strike/lockout related legal activities, as per section 7.20 of the National Constitution.

The chart [on page iii] reflects verified reports received from Locals as of June 30, 2015.

7. LOCAL FINANCIAL REPORTS

The National Board of Trustees reviewed all the Annual Financial Statements that were received from the Locals covering the period of July 1, 2014 to June 30, 2015, and in some cases, prior financial statement as the need arose.

As per section 9.30 of the National Constitution, each Local receives a blank financial statement to complete and return to National Office yearly. The obligation of completing this document falls on the Local Secretary-Treasurer, as per section 9.29 of the National Constitution.

- 7.1 For the 2014-2015 fiscal year, there were a total of 30 Locals that had not filed Annual Financial Statements [see chart on page iii]. This is a marked improvement from 2013-2014 where 45 Locals were non reporting.
 - 7.2 There is a total of 80 Locals that had not submitted their per capita dues payments to Labour Councils, as per section 9.42 of the National Constitution.
 - 7.3 One Local did not submit its financial statement on the proper form thereby causing errors to be made on their statement.
 - 7.4 Despite yearly reminders from the National Secretary-Treasurer on completing the Annual Financial Statement, there is a total of 92 Locals that had either not reported, had incomplete Annual Financial Statements or did not have a balanced statement. Some Locals have not balanced their finances in more than a decade.
- It must be noted that there is no way of knowing if funds are missing from Locals if their Annual Financial Statements do not balance or are not done correctly.
- 7.5 Some Locals have not reported all of the funds belonging to the Local. Many Locals have submitted bank statements to substantiate their Annual Financial Statements and several of those bank statements show other funds in accounts other than the general account. These funds, investments and shares must be accounted for in their annual report.

Therefore the National Board of Trustees recommends:

- 7.1 *That the National Secretary-Treasurer, in conjunction with the National Directors of each region, continue to contact all Locals in writing as a reminder to meet their obligations under section 9.29 of the National Constitution. A copy*

of said notice to be placed in the Local Annual Financial Statement file at National Office.

Locals are advised annually of their obligations under section 9.29 of the National Constitution. Reminder notices are sent to those Locals delinquent in submitting Annual Financial Statements. The notices are copied to the respective National Director and to the Local's file at National Office.

The cover letter sent to Locals with the Annual Financial Statement form includes reference to the obligation to pay per capita to their District Labour Council. The detailed instructions on how to complete the AFS has been amended to include detail about District Labour Council payments and the ramifications of a failure to pay. In the National Office filing system, there is a folder for each Region intended to hold correspondence that applies to all Locals within the Region. A copy of the above cover letter will be placed in those folders.

7.2 That the National Secretary-Treasurer, in conjunction with the National Directors of each region, contact all Locals, in writing, as a reminder to meet their obligations under section 9.42 of the National Constitution in regards to payment to Labour Councils. A copy of said letter is to be placed in each Local's Annual Financial Statement file at National Office.

7.3 That the National Secretary-Treasurer, in conjunction with the National Director of each Region, ascertain which Locals within their Region have a Labour Council to support, and that this be noted in the Annual Financial Statement file at National Office.

2011 Strike / Lockout Expenses

Region	Strike / Lockout Pay Advances	Strike / Lockout Pay	Other Expenses*	Funds Returned By Locals	Amounts Owning By Locals
Atlantic	\$650,368.00	\$568,267.00	\$4,993.31	\$77,107.69	\$0.00
Quebec	\$758,480.00	\$679,368.00	\$3,413.06	\$75,698.94	\$0.00
Metro. Montreal	\$1,906,025.00	\$1,427,651.00	\$0.00	\$478,374.00	\$0.00
Central	\$665,188.00	\$528,278.00	\$4,656.10	\$132,253.90	\$0.00
Metro. Toronto	\$1,301,520.00	\$895,821.60	\$1,019.84	\$404,678.56	\$0.00
Ontario	\$1,606,248.05	\$1,238,984.00	\$7,875.08	\$359,388.97	\$0.00
Prairie	\$1,336,529.00	\$875,745.00	\$5,364.39	\$455,419.61	\$0.00
Pacific	\$1,217,381.90	\$965,363.00	\$4,831.00	\$247,187.90	\$0.00
Total	\$9,441,739.95	\$7,179,477.60	\$32,152.78	\$2,230,109.57	\$0.00

* Strike/lockout pay expenses include all bank charges incurred for the distribution of strike/lockout pay. All amounts owed by Locals have either been received by National Office or have been deducted from Local rebates. This concludes the report on the 2011 strike/lockout expenses.

Local Financial Reports

Region	Number of Locals in Region	Financial Statements not received for 2014-2015	Number of Locals with Statements that do not balance	Non-payment to Labour Council ⁽¹⁾
Atlantic	35	3	6	13
Quebec	32	0	6	16
Montreal	2	1	0	0
Central	36	5	5	9
Toronto	1	1	0	0
Ontario	29	7	12	7
Prairie	34	9	15	14
Pacific	36	4	18	21
Total	205	30	62	80

⁽¹⁾ Non-payment to Labour Council does not include those Locals that have not filed a 2014-2015 Annual Financial Statement, thus there is no way to determine if such payment was made, or if they are exempt from this payment.

The Canadian Labour Congress has recently provided an updated list of 105 active District Labour Councils, including their locations. The District Labour Council associated with each Local has been noted in the Local's Annual Financial Statement file.

- 7.4 That the National Secretary-Treasurer request each Local to submit a bank statement for each account that the Local holds, to be dated June 30 for the year in which the Annual Financial Statement is to be filed, to verify all funds on hand and to assist the National Board of Trustees in carrying out their duties.

The request to provide the June 30th bank statement along with the Annual Financial Statement is currently included in the instructions for completing the AFS. This portion will be enhanced to ensure Locals provide documentation of all their funds, including investments like term deposits and GICs.

- 7.5 That the National Secretary-Treasurer in conjunction with the National Directors, remind each Local in writing that they must report on all accounts that include funds collected and or derived from dues and investments held by that Local.

As per the previous response, the instructions given to Locals concerning the completion of the Annual Financial Statement will be enhanced to ensure Locals are aware of their obligation to report on all accounts and investments that include funds collected as dues.

- 7.6 That the National Secretary-Treasurer amend the form for Annual Financial Statements to include a place to enter investments, numerous accounts, shares (as per credit union practice), and any other funds belonging to the Local.

In addition to amending the instructions document, the bank reconciliation portion of the Annual Financial Statement will be changed to include the reporting of all accounts and investments that contain funds collected as dues.

8. EXPENSES FOR REGIONAL ACTIVITIES

The National Board of Trustees examined the expense accounts with respect to union activities for which the National Directors have received an advance. During this verification, 58 activities were held throughout the eight regions.

- 8.1 All regions have submitted their expense reports required under section 5.13 of the National Constitution. The vouchers included were clear and easy to check.

We, the National Board of Trustees, appreciate the work done by the regions in submitting their activity reports, and ask them to continue their efforts in this regard.

- 8.2 All regions had outstanding balances due to National office as of June 30, 2015. Outstanding balances are to be expected and are little cause for concern; as long as they

are reconciled in a timely manner; because of the time-frame involved between the advance being forwarded, holding the activity and the final reconciliation of the accounts.

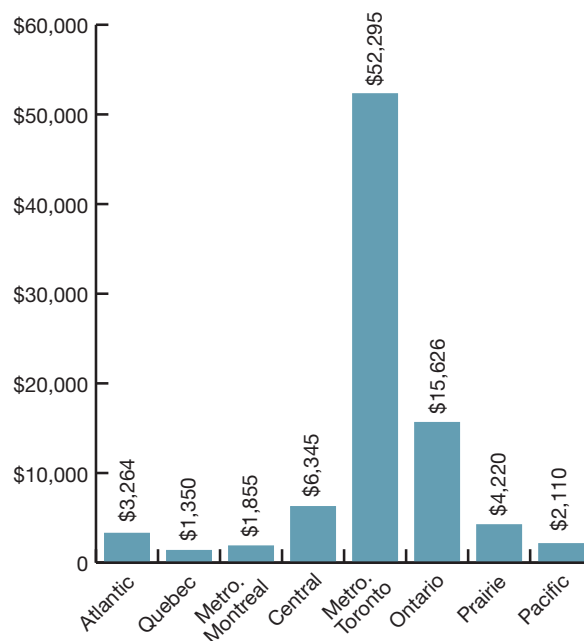
The National Board of Trustees appreciates the efforts of the regions to reconcile these accounts; as this has been a concern during past verifications.

8.3 Child/Elder Care Costs

The National Board of Trustees has concerns about members understanding of the guidelines for claiming child/elder care expenses.

The total costs associated with child/elder care for this verification period are \$87,065.

Child/Elder Care Costs for Regional Activities



Therefore the National Board of Trustees recommends:

- 8.1 That the National Directors provide a clear written explanation to delegates prior to the activity for the use of child/elder care, as per section 4.63 of the National Constitution.

The criteria and limitations on the use of child/elder care is clearly stated on the reverse of the application form. National Directors in their communications with delegates or participants in Union functions will bring these written instructions to their attention.

9. EXPENSES FOR REGIONAL OFFICES

The National Board of Trustees reviewed the files containing bank statements, reconciliation reports, forms and receipts for the expenses of regional offices for the period of July 1, 2014 to June 30, 2015.

- 9.1 Seven of the eight regional offices expenses are now paid by the National Office. Metro-Montréal region continues to submit their monthly expense report.
- 9.2 Seven regions have submitted bank reconciliation reports for the General Fund and the Activity Accounts.
- 9.3 The Prairie Region's meeting account is still open for this verification.
- 9.4 The complete bank statement from Regional Offices are not always included.

The National Board of Trustees, appreciate and would encourage the National Directors to continue to submit copies of bank reconciliation reports, for all Union accounts in accordance with a prior decision made by the National Executive Board in June 2000.

Therefore the National Board of Trustees recommends:

- 9.2 *That the Central Region submit all missing bank statements.*

Copies of the missing bank statements have been submitted to the National Office.

- 9.3 *That the Prairie Region close its meeting account and return those funds to National Office.*

The activity account for the Prairie Region has been fully reconciled and closed with remaining funds returned to the National Office.

- 9.4 *That all Regions submit their complete bank statements.*

National Directors have been advised to ensure Regional Office bank statements are submitted each month to the National Office.

10. NATIONAL ACTIVITIES

- 10.1 The National Board of Trustees reviewed the expenses for the National Union's activities for the period of July 1, 2014 to June 30, 2015.

During this verification, the National Board of Trustees reviewed expenses for:

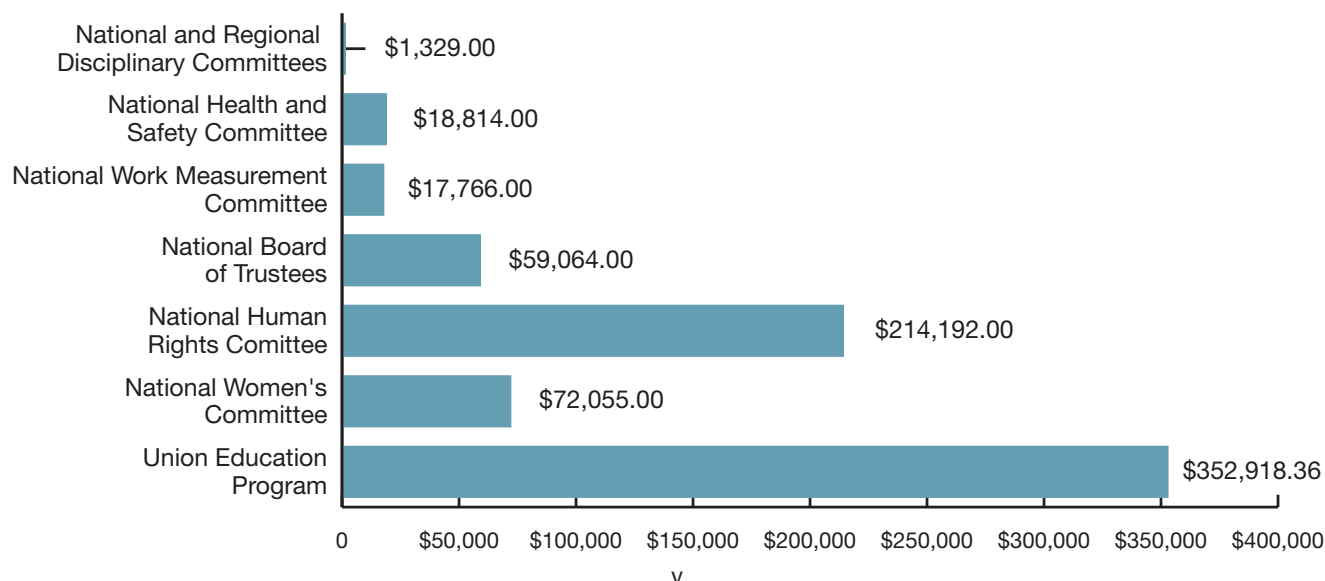
Union Education Program	\$352,918.36
National Women's Committee	\$72,055.00
National Human Rights Committee	\$214,192.00
National Board of Trustees	\$59,064.00
National Work Measurement Committee	\$17,766.00
National Health and Safety Committee	\$18,814.00
National and Regional Disciplinary Committees	\$1,329.00

- 10.2 The National Board of Trustees reviewed the expenses for the Union Education Program which took place in Port Elgin, Ontario during this verification period. Sessions 3 and 4 had a total of 99 participants.

- Session 3 – September 14 to 19, 2015
- Session 4 – October 19 to 24, 2015

The total expenditure for these two sessions amounted to \$352,918.36.

National Committee Expenses



10.3 Other (non-mandated) National Activities:

The National Board of Trustees was also made aware of the following National activities:

- Turtle Island Course – August 2014
- People's Social Forum – 2014
- Appendix "DD" Training
- U.E.P. Session (CLC Course Training 4 Change)
- Groups 3 and 4 Meeting – Toronto

11. REVIEW OF STATEMENT OF EXPENSES

The National Board of Trustees examined the individual statement of expense forms for the period of July 1, 2014 to June 30, 2015 for each of the National and Regional Officers, Union Representatives and Alternate Union Representatives.

- 11.1 During this verification period as well as many past verification periods, the National Board of Trustees found many individual monthly expense reports to have been combined over several months rather than being prepared monthly. The National Board of Trustees recognizes that, in some instances, this is a result of the individual being on leave.
- 11.2 In all too many reports of the National Board of Trustees, it has been recommended to introduce and make use of a log book mandatory for all vehicles owned or rented by the Union. Although the log book has been introduced and made available for use, in the response to the recommendation from the fourth verification of the previous mandate of the National Board of Trustees, the National Executive Board said: "vehicle log books are to be used...", the reports show they are rarely being used. As previously noted, the use of a log book would remove the perception of Union vehicles, rented or owned, being used for personal use which is a taxable benefit under the Canada Revenue Agency guidelines.
- 11.3 As has been the case since the 5th verification of the 2005-2008 mandate of the National Board of Trustees, the use of rental vehicles continues to be a concern. Although there has been improvement in some regions, at least one region continues to raise concerns with vehicle rentals. There is still concern with the perception of long term rentals being used for personal rather than Union reasons. It was also noted that some longer term rentals were incurring a large fee for Loss Damage Waiver (LDW), often half of the rental fee.

Rental Vehicles by region including National Office:

Car Rental

Region	2014-2015	2013-2014
National	\$7,880.37	\$18,880.92
Atlantic	\$1,024.14	\$1,336.42
Québec	\$1,824.91	\$3,113.26
Metro-Montréal	\$0.00	\$0.00
Central	\$9,529.90	\$4,051.55
Metro-Toronto	\$5,344.61	\$41,617.32
Ontario	\$51,893.45	\$79,839.68
Prairie	\$7,958.69	\$11,367.18
Pacific	\$4,737.88	\$2,881.05
Total	\$90,193.95	\$163,087.38

- 11.4 There has been an improvement in the use of travel and vehicle authorizations. It must be noted however that individuals are still not always following what is clearly outlined in sections 7.53, 7.54, 7.55 and 7.56 of the National Constitution in regards to the necessary authorizations. It was also noted that some authorizations have been dated and signed after the travel had occurred.
- 11.5 The inability to cross reference or verify the use of per diems has been raised by the National Board of Trustees as a concern for several verifications. In the National Executive Board response to a past verification of the National Board of Trustees, it was stated that: "This recommendation will be examined in depth at the National Directors portion of the NEC/REC meeting...". It was communicated to the National Board of Trustees that this examination did not occur.

Per Diem* by Region including National Office:

	Per Diem
National	\$119,981
Atlantic	\$24,046
Québec	\$25,780
Metro-Montréal	\$14,173
Central	\$25,892
Metro-Toronto	\$20,397
Ontario	\$21,138
Prairie	\$36,517
Pacific	\$40,391
Total	\$328,315

* Per Diem includes accommodation

Summary of Costs - Arbitration (110)
as of June 30, 2015

Region	Arbitrators*	Legal Fees**	Witness	Workers Advocates	Medical Review RSMC	Other	Total
National	\$124,973.57	\$423,013.05	\$22,142.30	\$14.82		\$56,250.34	\$626,394.08
Atlantic	\$245,254.33		\$976.68			\$1,867.32	\$248,098.33
Quebec	\$62,620.18	\$36,683.13	\$847.70			\$213.56	\$100,364.57
Montreal	\$124,894.38	\$88,828.49		\$74.26		\$14.82	\$213,811.95
Central	\$67,596.45	\$83,506.12	\$604.37				\$151,706.94
Ontario	\$317,026.01	\$252,956.55	\$13,333.37			\$290.13	\$583,606.06
Toronto	\$157,782.83	\$160,171.01	\$3,360.50			\$1,071.79	\$322,386.13
Prairie	\$206,146.21		\$1,465.03	\$2,032.03		\$4,520.28	\$214,163.55
Pacific	\$179,481.25	\$12,176.66	\$1,346.45	\$14,169.73			\$207,174.09
July 1, 2014 - June 30, 2015	\$1,485,755.21	\$1,057,335.01	\$44,076.40	\$16,290.84	--	\$64,228.24	\$2,667,705.70
July 1, 2013 - June 30, 2014	\$1,769,476.41	\$1,245,571.43	\$51,579.91	\$32,093.25	\$8,259.27	\$167,300.18	\$3,274,280.45

* Cancellation fees were included in arbitrator costs for charting purposes only.

** Professional fees are combined with legal fees for charting purposes only. National (\$3,686.10), Ontario (\$200) and Metro-Toronto (\$3,486.10) incurred these fees.

Therefore, the National Board of Trustees recommends:

- 11.1 *That the National Secretary-Treasurer once again remind all Officers and Union Representatives and any other individuals affected of their obligation to submit monthly expense reports on a monthly basis.*

A memo will be sent to all who submit expense reports, reminding them of their obligation to submit those reports on a monthly basis.

- 11.2 *That the National Executive Board introduce and adopt a resolution which requires the **mandatory** use of vehicle **log books** for all vehicles owned or rented on a long or short term basis by the Union.*

The National Secretary-Treasurer will submit a resolution to the National Executive Board, requiring the use of log books for vehicles owned by the Union and/or those rented for periods of 30 days or more.

- 11.3 *That rental vehicles are returned before the term of insurance coverage provided through the credit card expires so as to avoid the unnecessary "LWD" charges. This term has been expressed to the National Board of Trustees as 30 days.*

Those renting vehicles will be reminded to not incur fees for Loss Damage Waiver and make sure rental periods are limited to ones that provide insurance coverage through the corporate card program.

- 11.4 *That the National Executive Board examine whether or not there is reason to purchase more vehicles, in light of the continued use of long term rentals.*

The National Secretary-Treasurer will instruct the new Director of Finance and Administration to conduct an analysis of vehicle costs vis-à-vis purchase versus renting.

- 11.5 *That the responses to the recommendations from the third verification of the previous mandate of the National Board of Trustees be followed.*

This recommendation will be included on the agenda for the National Directors portion of the next meeting under section 4.03 of the National Constitution.

12. ARBITRATION

The National Board of Trustees believes that as reported in previous verifications that there is still room to improve legal fee costs.

- 12.1 The above table totals \$2,667,705.70 and from this amount, we have broken down the arbitration costs into 6 categories.
- 12.2 Although there has been a decrease in the overall costs associated with legal fees, they still remain high. The costs for worker advocates have significantly decreased. The National Board of Trustees firmly believes that the use of Union Representatives and trained worker advocates will alleviate the costs of these legal fees.

Therefore, the National Board of Trustees recommends:

- 12.1 *Training and using Worker Advocates for the arbitration process, as per sections 10.13 to 10.16 of the National Constitution.*

National Directors will review their respective regional requirements for worker advocates and ensure there are sufficient trained resources to meet the Region's needs. Each request for a legal authorization for arbitration and/or workers compensation hearings will include an explanation as to why a Union Representative or worker advocate is not available for the file.

- 12.2 *Union Representatives should have a larger role in the arbitration process.*

Union Representatives are assigned arbitration files and are expected to play the leading role in each file. In requesting legal assistance, the Union Representative is required to explain why such assistance is required.

13. ATTENDANCE

- 13.1 The National Board of Trustees reviewed annual, pre-retirement and personal days taken by National and Regional Officers and Union Representatives.

The National Board of Trustees confirmed that attendance records are based on the honour system, where individual Officers and Union Representatives are responsible for reporting their attendance on their monthly expense report.

For the 2014-2015 fiscal year, approximately 1,913 days of annual leave for National and Regional Officers, representing approximately \$519,516.73, were unused as of June 30, 2015, which represents a decrease of approximately 703 days over the 2013-2014 fiscal year.

We also noted that out of the 67 National and Regional Officers and Union Representatives covered by this verification, 6 had 10 weeks or more of annual leave credits carried forward while 8 had 5 or more weeks carried forward.

The National Board of Trustees also noted that the National Executive Board's response to Attendance in the second verification of the 2011-2015 term, where it states: "The recommendation in the remaining three bullets will be considered in depth by the National Executive Board at its June 2013 meeting mandated under section 4.03 of the National Constitution", did not occur.

At the June 2014 meeting of the National Executive Board, section 7.38 of the National Constitution was discussed with no final resolution to deal with the accumulating annual leave.

- 13.2 The potential liability to pay out unused personal days for National and Regional Officers as of June 2015 is \$36,191.51. It was noted that the use of leave forms in some regions was sporadic and some information was missing.

The National Board of Trustees noted that the National Executive Board's response to "Attendance" in the fourth verification of the 2011-2015 term, where it states "The National Executive Board has adopted a process to ensure compliance with the provisions of section 7.38 of the National Constitution that respects the annual leave carry-over provisions of the Urban Operations Collective Agreement."

Therefore the National Board of Trustees recommends:

- 13.1 *That all Officers and Union Representatives use their outstanding annual leave credits. That section 7.38 of the National Constitution be applied to unused leave balances at the end of the fiscal year, as per the previous response of the National Executive Board.*

All officers and Union Representatives have been advised of a new process with respect to leave scheduling and accumulation that respects the provisions of sections 7.37 and 7.38 of the National Constitution.

All are required to provide a schedule by June 30th for use of their annual leave for the next fiscal year, to use their leave according to the schedule or provide alternate dates where leave is not taken and to provide a report by the end of the fiscal year of the activities that prevented him/her from taking their leave if such a situation occurs.

- 13.2 *That the current expense reports be updated to reflect the current leave provisions.*

The monthly expense report form will be amended to remove reference to sick leave in the section for report leave.

14. INSURANCE

As provided for under section 4.99 (a) of the National Constitution, the National Board of Trustees verified that a national insurance policy was in place to cover reasonable risk of loss, as of June 30, 2015. The insurance policy contains dishonesty coverage up to \$50,000 per occurrence.

The insurance policy is available in both official languages (French and English).

15. TERMINATION OF EMPLOYMENT AND MOVING

The National Board of Trustees reviewed the amounts paid to National and Regional Officers and Union Representatives who took or left office between July 1, 2014 and June 30, 2015.

Based on the information made available to us, the following amounts were paid out:

Moving and relocation expenses paid to 12 members	\$92,497.15
Unused annual leave	\$269,091.29
Section 7.41	\$92,666.12
Personal days	\$17,015.21
Total	\$471,269.77

Among those who left their positions, four had accumulated in excess of 100 days each of unused annual leave credits.

16. INVENTORY LISTS FOR NATIONAL AND REGIONAL OFFICES

- 16.1 In order for the National Secretary-Treasurer to do a proper accounting of the assets of the Union, as per section 4.55 of the National Constitution, it would require an inventory list from National Office as well as all eight Regional Offices. These lists should include all items purchased by union funds such as filing cabinets, office furniture, etc., essentially all items excluding office supplies.

The National Board of Trustees found that only the Atlantic and Central Regional Offices have updated their inventory lists even though the National Executive Board, in their response to the National Board of Trustees in the previous verification, stated that the updates would be scheduled as an annual initiative.

- 16.2 Also, as recommended in the fourth verification, the National Office and six Regional Offices whose inventory lists were not submitted were required to do so by April 30, 2015.

The National Board of Trustees found that this was not done as of June 30, 2015.

Therefore the National Board of Trustees recommends:

- 16.1 *That a complete updated inventory list of the remaining Regional Offices and of the National Office be submitted to the National Office by June 30, 2016. National Directors and National Office are required to review and update their respective inventory lists prior to June 30, 2016.*

The National Secretary-Treasurer has instituted a process for review and updating of inventory lists on an annual basis.

- 16.2 *That the National and Regional Offices update their inventory lists annually as the National Executive Board has stated would be done in their response to the National Board of Trustees in the previous mandate.*

The National Secretary-Treasurer has instituted a process for review and updating of inventory lists on an annual basis.

17. UNION FUNDS

- 17.1 The National Board of Trustees reviewed the annual audited financial statements prepared by the accounting firm of Marcil Lavallée. These annual audited statements (2014-2015) provide data relating to the General Fund, Defence Fund and Reserve Fund.

As provided for in section 7.13 of the National Constitution, the following is a table providing the amount in each fund to June 30, 2015 in comparison with June 30, 2014.

	June 30, 2015	June 30, 2014
General Fund	\$(2,004,909)	\$(1,861,309)
Defence Fund	\$18,826,816	\$18,462,161
Reserve Fund	\$13,057,741	\$12,218,649

- 17.2 From July 1, 2014 to April 2015 (pre-2015 National Convention), the monies normally deposited into the Defence Fund were deposited into the General Fund.

- 17.3 The National Board of Trustees found, for the verification period, that the 5% transfers to the Reserve Fund were made monthly as per section 7.17 of the National Constitution.

Two and one-half percent (2.5%) of the Reserve Fund is allocated to external organizing activities, as per section 7.17 of the National Constitution.

18. CUPW BUILDING SOCIETY

CUPW Building Society was incorporated under the Business Corporations Act of Ontario. The Society was then continued under the Business Corporations Act of Ontario on June 16, 2009. The Society is the owner of three buildings, two condominium offices and five residential condominium apartments:

- CUPW National Office at 377-385 Bank Street in Ottawa, Ontario;
- CUPW Ontario Region at 344 Sovereign Road in London, Ontario;
- CUPW Pacific Region at 999 Carnarvon Street in New Westminster, British Columbia;
- Five residential condominiums located at 1227 Wellington St. in Ottawa, Ontario;
- CUPW Quebec Region at 5000 des Gradins Boulevard, Suite 340, in Quebec City, Quebec;
- CUPW Metro-Montreal Region at 565 Crémazie East, room 4400 in Montreal, Quebec.

Funding for purchase of the properties and share capital was obtained through investments of the Defence Fund which are non-interest bearing and have no defined terms of repayments. Based on the audited financial statements as of June 30, 2015, the balance on the commercial mortgage loan (from the Toronto Dominion Bank) is \$842,273 for the residential condominium apartments. The net value of the assets listed above of CUPW Building Society is \$8,469,485.

19. FINANCIAL REPORTS

- 19.1 The National Board of Trustees found that financial statements covering the period under review were not sent to the Locals in accordance with section 4.50 of the National Constitution.
- 19.2 The National Board of Trustees reviewed the budget which has not been sent to Locals under section 7.02 of the National Constitution and adopted by the National Executive Board at its January 2016 meeting.
- 19.3 The National Board of Trustees reviewed statements for the 2014-2015 fiscal year, as audited by the audit firm of Marcil Lavallée and adopted by the National Executive Board at the meeting held on January 22, 2016. The balances of the various union funds have been reported in item 17.1 of this report.
- 19.4 The auditing firm of Marcil Lavallée has audited the financial statements of the Canadian Union of Postal Workers since 2000. The National Board of Trustees feels that the firm has presented adequate reports to the membership over these many years yet we wonder if we are getting the best service for cost.

Therefore the National Board of Trustees recommends:

- 19.1 *That the National Secretary-Treasurer send copies of the financial statements to all Locals twice a year, as per section 4.50 of the National Constitution*

The National Secretary-Treasurer will ensure the Statement of Revenue and Expenditures is copied to Locals immediately following their adoption by the National Executive Board.

- 19.4 *That a "request for proposal" be issued as per section 4.99 (b) of the National Constitution.*

A request for proposal for auditing services will be sent in sufficient time for proposals to be reviewed by the National Board of Trustees at their next verification.

20. CUPW ADMINISTRATIVE STAFF

- 20.1 All the staff working at the National and Regional Offices are covered by collective agreements negotiated between CUPW and their respective union.

	The Canadian Office and Professional Employees Union (COPE 225)	The Canadian Union of Public Employees (CUPE 1979)
Number of employees	46	23
Collective agreement's starting date	January 1, 2012	August 16, 2009
Collective agreement's expiry date	June 30, 2015	August 15, 2013

- 20.2 As of June 30, 2015, there were three administrative employees who were covered by individual contracts with CUPW. They are as follows with contract expiry dates.

1. Director of Finance and Administration:	April 2016
2. Director of Information Technology:	March 30, 2018
3. Director of E-Business:	August 2012

- 20.3 It has been noted for the fiscal year ending June 30, 2015 the potential payout for 304 days of unused annual leave for COPE 225 members at the National and Regional Offices is \$84,330.00.

The sick leave potential pay out for COPE 225 members at a rate of 20% is \$274,459.68 as per their collective agreement.

For the CUPE 1979 bargaining unit members at National Office the potential payout for 707 unused days of annual leave for the fiscal year ending June 30, 2015 is \$190,501.00.

21. JOE DAVIDSON FUND

The National Board of Trustees reviewed documentation indicating that no education bursaries had been granted under section 11.04 of the National Constitution ending June 30, 2015.

22. PAYMENT OF LEAVE FOR UNION BUSINESS (CLAUSE 26.06 OF THE URBAN COLLECTIVE AGREEMENT AND CLAUSE 21.04 OF THE RSMC COLLECTIVE AGREEMENT)

22.1 For the first verification period of July 1, 2014 to June 30, 2015, the National Board of Trustees reviewed the amounts for Leave for Union Business not paid at the Local level and therefore withheld from their Local rebates.

Amounts withheld:

Month	Amount Withheld from Rebate
July 2014	\$76,362.74
August 2014	\$73,924.81
September 2014	\$90,856.01
October 2014	\$89,357.21
November 2014	\$27,993.20
December 2014	\$19,454.44
January 2015	\$11,729.41
February 2015	\$81,012.00
March 2015	\$65,160.95
April 2015	\$18,357.76
May 2015	\$11,290.78
June 2015	\$21,093.15
Total	\$586,592.46

Region	Amount Withheld from July 2014 to June 2015
Atlantic	\$71,972.11
Quebec	\$37,489.87
Montreal	\$739.77
Central	\$35,085.14
Toronto	\$65,102.71
Ontario	\$253,235.72
Prairie	\$85,823.08
Pacific	\$37,144.06
Total	\$586,592.46

22.2 This 12-month total of \$586,592.46 marks a significant increase over the previous 12-month total of \$498,964.58 which was reported during the last verification and continues an upward trend.

22.3 The ongoing practice of union leave invoices not being paid at the Local level is worrisome and is not the best practice. National Office is not able to verify the dates and amounts of leave being charged to the Local by Canada Post, thus there is a high probability that Local funds are paying for union leave that should be paid for by Canada Post and not by the Local.

Therefore, the National Board of Trustees recommends:

22.1 That the National Union continue to recover current outstanding union leave payments and that it provide guidance (training/education) to the Locals who do not make payments appropriately, as per clause 26.06 of the Urban Collective Agreement and clause 21.04 of the RSMC Collective Agreement and who do not check their invoices for errors.

The National Secretary-Treasurer will have a review conducted of which Locals consistently have rebates withheld due to non-payment in order to identify problem Locals. National Directors will be advised of the result of such a review.

22.2 That the National Secretary-Treasurer continue to copy the applicable National Director on the monthly letter sent to Locals under subject matter "Outstanding Invoices Deducted by CPC."

All correspondence to Locals concerning recovery of union leave payments is copied to the respective National Director and this practice will continue.

23. APPENDIX "AA"

The National Board of Trustees has verified the cost of the Appendix "AA" Committee for the period of July 1, 2014 to June 30, 2015.

The Committee consists of two CUPW members working with the Corporation to identify, conduct and evaluate collection and delivery related projects. Members of the committee prorate the time on Appendix "AA" committee with a portion paid by Canada Post and a portion is paid by National office.

CUPW has paid \$78,102.37 as our share of the costs of this committee.

Current Appendix "AA" project are:

- Statistical analysis of factors related to letter carrier injuries;
- Parcel Variability Project;
- Second Householder (Unaddressed Admail) Project.

24. SHORT TERM DISABILITY PROGRAM

The National Board of Trustees have noted a marked increase in the costs associated with the medical fees dealing with the final appeal process of the Short Term Disability Program. This is an expense to the Union that was not incurred under the previous Sick Leave Program. Although it is a necessary expense, this still causes concern for the National Board of Trustees as the fees have increased by 54% in a one-year period.

25. SAVE CANADA POST CAMPAIGN

The National Board of Trustees has examined the expenses associated with the Union's "Save Canada Post Campaign". These amounts include expenditures such as, but not limited to, lost wages, salaries (campaign coordinators), printing, supplies and advertising.

	Amount Spent	From General Fund	From Reserve Fund
2013/2014	\$929,758.97	\$570,000.00	\$359,758.97
2014/2015	\$1,724,715.19	\$1,724,715.19	\$0.00

There were five co-ordinators working on the "Save Canada Post Campaign" as of June 30, 2015.

26. COLLECTIVE AGREEMENT FUNDS

The National Board of Trustees reviewed the various collective agreement funds negotiated for the benefit of the members.

Based on the Audited Financial Statements from July 1, 2014 to June 30, 2015

	Child Care Fund	International Fund	Education Fund
Revenues	\$2,227,038	\$120,794	\$2,546,120
Expenses	\$2,256,549	\$120,794	\$2,592,129
(Deficit) / Surplus	\$(29,511)	\$0.00	\$(46,009)
Balance as of June 30, 2015	\$3,811,213	\$0.00	\$1,564,964

The financial statements were prepared in accordance with the Accounting Standards for Not-for-Profit Organizations (ASNPO) and were revised retroactively to the fiscal year 2014-2015.

EDUCATION FUND – PRIVATE SECTOR BARGAINING UNITS

The National Board of Trustees also reviewed the education funds for the private sector bargaining units. Based on a computer printout as of June 30, 2015, the balances are as follows:

RMS Pope	\$3,000.00
NSMC – Bedford	\$26,121.00
Easy Express – Atlantic	\$1,000.00
Bee Clean – Windsor *	
Bee Clean – Hamilton	\$2,700.00
Bee Clean – Kitchener-Waterloo *	
Dynamex – Red River	\$28,080.00
Total	\$60,901.00

* Bee Clean – Windsor and Kitchener-Waterloo have merged with Bee Clean – Hamilton. Funds listed reflect this merger.

Short Term Disability Program

	Atlantic	Quebec	Montreal	Central	Toronto	Ontario	Prairie	Pacific	Total
2014/15	\$13,694	\$14,323	\$28,513	\$54,254	\$75,952	\$85,665	\$78,559	\$64,910	\$415,870
2013/14	\$11,788	\$15,135	\$14,715	\$27,169	\$40,254	\$45,744	\$49,451	\$22,898	\$227,153

27. EXTERNAL ORGANIZING

27.1 According to information provided to the National Board of Trustees during this verification, the current status of funds being used for external organizing is:

Balance as of June 30, 2014	\$1,854,610.11
Plus 2.5% from the Reserve Fund (from July 1, 2014 to June 30, 2015)	\$728,334.84
Less expenses for the period of July 1, 2014 to June 30, 2015	\$(69,737.76)
Balance as of June 30, 2015	\$2,513,207.19

It should be noted that related legal fees are not charged to the External Organizing Fund.

27.2 For the period under review, we noted an increase in the number of private sector bargaining units from 22 to 23.

In terms of the Education Fund, the Union has received funds from five units: Dynamex Red River, Bee Clean – Hamilton, NSMC – Bedford, Easy Express – Atlantic and RMS Pope – Atlantic.

Bee Clean – Kitchener-Waterloo and Bee Clean – Windsor are making payments under Bee Clean – Hamilton according to their contract.

28. CHECK-OFF AND MEMBERSHIP

In accordance with sub-section 4.99 (e) of our National Constitution, the National Board of Trustees has audited membership and check-offs for the period of July 1, 2014 to June 30, 2015.

The information and statistics come from computerized statements made available to us for analysis. The reports indicate all employees working either “full-time,” “part-time,” or on a “temporary” basis, as well as their status, as defined in the National Constitution and the various collective agreements.

They are:

- Full-time, part-time and temporary “members in good standing”;
- Full-time, part-time and temporary “members”;
- Full-time, part-time and temporary “Rand” members.

Notes:

- The terms “member in good standing” (MIGS) and “member” are defined in sections 1.04 and 1.07 of the National Constitution.
- The term “Rand” refers to the formula in section 70 of the Canada Labour Code for collecting union dues from employees who have not become members or

who have lost membership status as per section 1.11 of the National Constitution.

- The National Board of Trustees wishes to continue reporting on check-off and membership on a six-month basis so as to present a more detailed breakdown, even though verifications are now conducted on an annual basis.
- For the period of July 1st, 2014 to June 30th, 2015, membership decreased in some units represented by CUPW, which represent a drop of 194 members.
- For the urban unit only, the decrease represents 75 members.
- For the RSMC unit, we note an increase of 123 members.

Chart 5

Breakdown of Funds Received July 1, 2014 to June 30, 2015

Dues received ⁽¹⁾	\$44,525,771.90
Local rebates	\$(10,466,103.74)
Local assessments	\$(419,126.54)
Additional Local rebates (section 7.08)	\$(745,985.00)
Federation of Labour Per Capita	\$(466,954.49)
Optional Insurance	\$(1,647,366.28)
Basic Life Insurance	\$(1,020,547.60)
Dues unapplied and Suspended	\$(45,487.42)
Reserve Fund	\$(1,456,538.71)
Defence Fund	\$(657,381.95)
General Fund	\$(27,600,280.17)

Note: The above indicates total funds received and their distribution for the period of the verification.

⁽¹⁾ This amount includes, as of June 30th, 2015, the sum of \$946,303.16 (section 7.09 of the National Constitution). To cover certain requirements, the National Executive Board can, by a two-third affirmative vote, levy special assessments on all members. These special assessments may not, however, exceed \$10.00 in any one year.

Chart 1

Average Number of Members in Good Standing, Members and Rand Members by Bargaining Sectors July 1 to December 31, 2014

	Urban Operations	RSMC	Private Sector	Total
Average: July 1 to December 31, 2014	42,040	8,053	655	50,748
Average: January 1 to June 30, 2014	42,109	8,039	766	50,914
Variation	(69)	14	(111)	(166)

Average Number of Members in Good Standing, Members and Rand Members by Bargaining Sectors January 1 to June 30, 2015

	Urban Operations	RSMC	Private Sector	Total
Average: January 1 to June 30, 2015	42,034	8,162	647	50,843
Average: July 1 to December 31, 2014	42,040	8,053	655	50,748
Variation	(6)	109	(8)	95

Chart 2

Average Number of Members in Good Standing, Members and Rand Members Working Full-Time, Part-Time or on a Temporary Basis July 1 to December 31, 2014

	Full-Time	Part-Time	Temporary	Total
Average: July 1 to December 31, 2014	36,588	5,943	8,217	50,748
Average: January 1 to June 30, 2014	37,201	5,854	7,859	50,914
Variation	(613)	89	358	(166)

Average Number of Members in Good Standing, Members and Rand Members Working Full-Time, Part-Time or on a Temporary Basis January 1 to June 30, 2015

	Full-Time	Part-Time	Temporary	Total
Average: January 1 to June 30, 2015	35,931	6,045	8,867	50,843
Average: July 1 to December 31, 2014	36,588	5,943	8,217	50,748
Variation	(657)	102	650	95

Chart 3

Average Number of Members by Status July 1 to December 31, 2014

	Members In Good Standing	Members	Rand	Total
Average: July 1 to December 31, 2014	43,650	2,051	5,523	51,224
Average: January 1 to June 30, 2014	44,234	2,056	5,084	51,374
Variation	(584)	(5)	439	(150)

Note: 476 lifetime members are included in the number of members in good standing for the period of July 1 to December 31, 2014.

460 lifetime members are included in the number of members in good standing for the period of January 1 to June 30, 2014.

In accordance with section 1.21 of the National Constitution, 141 members have received Retired Member status in CUPW but are not included in the above charts. All figures that appear in the charts have been rounded off.

Average Number of Members by Status January 1 to June 30, 2015

	Members In Good Standing	Members	Rand	Total
Average: January 1 to June 30, 2015	43,362	2,089	5,879	51,330
Average: July 1 to December 31, 2014	43,650	2,051	5,523	51,224
Variation	(288)	38	356	106

Note: 487 lifetime members are included in the number of members in good standing for the period of January 1 to June 30, 2015.

476 lifetime members are included in the number of members in good standing for the period of July 1 to December 31, 2014.

In accordance with section 1.21 of the National Constitution, 186 members have received Retired Member status in CUPW but are not included in the above charts.

Chart 4

Average Number of Members by Region, Group and Bargaining Sectors July 1 to December 31, 2014

Region	Urban Operations						Private Sector	RSMC	Grand Total
	Group 1	Group 2	Group 3	Group 4	Unknown	Total			
Atlantic	1,172	1,362	31	4	3	2,572	120	940	3,632
Quebec	773	2,229	5	0	4	3,011	9	1,595	4,615
Metro-Montreal	2,658	3,083	160	8	2	5,911	10	249	6,170
Central	1,329	1,970	31	5	1	3,336	47	1,228	4,611
Metro-Toronto	4,342	3,037	208	15	7	7,609	73	358	8,040
Ontario	1,682	4,406	56	10	1	6,155	37	1,453	7,645
Prairie	2,900	4,047	130	18	3	7,098	223	1,511	8,832
Pacific	2,287	3,970	83	6	2	6,348	136	719	7,203
Total	17,143	24,104	704	66	23	42,040	655	8,053	50,748

Average Number of Members by Region, Group and Bargaining Sectors January 1 to June 30, 2015

Region	Urban Operations						Private Sector	RSMC	Grand Total
	Group 1	Group 2	Group 3	Group 4	Unknown	Total			
Atlantic	1,164	1,354	31	4	3	2,556	123	942	3,621
Quebec	756	2,275	5	0	1	3,037	9	1,587	4,633
Metro-Montreal	2,605	3,158	165	8	0	5,936	10	257	6,203
Central	1,256	1,997	33	4	0	3,290	47	1,263	4,600
Metro-Toronto	4,388	3,085	211	13	1	7,698	53	375	8,126
Ontario	1,656	4,464	55	10	0	6,185	35	1,457	7,677
Prairie	2,819	4,044	127	18	3	7,011	218	1,557	8,786
Pacific	2,263	3,963	88	6	1	6,321	152	724	7,197
Total	16,907	24,340	715	63	9	42,034	647	8,162	50,843

This concludes our report, which we now submit to the members of the National Executive Board.

Anthony Holzer
Chairperson
Pacific Region

Jean Marcon
Member
Quebec Region

Mary Aitken
Member
Central Region

John Lawrence
Member
Ontario Region

Kevin Peterson
Secretary
Atlantic Region

Roland Savard
Member
Metro-Montreal Region

Gurpreet Nijjar
Member
Metro-Toronto Region

Robert Laliberte
Member
Prairie Region