

Dear Mr. Fucile/Brother Doug Chalk:
National Component, PSAC

Attached for your information is a copy of the Committee Report which was tabled at our regular monthly meeting yesterday, June 15, 1992.

I would ask that you read the report and provide the Local with assistance and guidance. I would point out, in particular page four, item three which recommends that we seek advice from the National Component on our legal obligations as an employer vis-à-vis reduced hours of work and changes to terms and conditions of employment. We also would like to proceed with the utmost respect and consideration for our employee who has carried out duties for the Local for the past 16 years.

Your prompt attention in this matter and any advice or guidance you could provide to the Local will be greatly appreciated.

Many thanks,



E. B. Dubé,
President,
Local 70125, External Affairs

c.c. G. Doherty
J. Kruithof

REPORT OF THE COMMITTEE

JUNE 15, 1992

A Motion was moved, seconded and carried at the Annual General Meeting of Local 70125 on February 24, 1992 and it was:

That a Committee be struck to study the operational and staffing requirements of the Local and that any savings realized be transferred to the Solidarity Fund. The Committee should report back to the Local at the June regular monthly meeting.

As a result of this Motion, a Committee was struck consisting of the following members:

Anna Sipos (Chair)
Dave Cave
George Stewart
Steven Walsh

The Committee met numerous times, specifically March 26, April 2, April 3, April 28, June 4, June 9, 10, 11 and 12. The Committee met with Eunice Dube, President; Les Cundell, Treasurer; and Leone Kemball, employee of Local 70125.

As a result of these interviews and a visit to the Local Office, the Committee has made several observations and has a number of recommendations to make to the Executive of Local 70125. The following is the report of the Committee:

The Committee makes the following observations and recommendations:

OBSERVATIONS:

(65% of the revenues of the Local are spent annually on salary costs)

Because of the way things have been allowed to deteriorate since 1976, a serious situation exists. This situation could have serious legal liabilities for the Executive. Basically, the job of the Executive is to manage and preserve the Local's resources. Based on our study, the largest single expense is the full time salary of Leone Kemball who is the full time salaried employee of Local 70125 at the CR-4 level.

The only job description that the Committee was able to obtain is dated March 31, 1976. This job description states that the job was "flexible during normal working hours and will total approximately 30 hours per week." It further outlines numerous duties which are not, at this time, being done by the employee. The Committee was appalled at the non-existence of a filing system and the lack of current files. We also had the feeling that the Executive isolates its work from the office because there is a feeling that the office cannot be relied on. However, with such a minimal filing system, each new incoming Executive does not have a baseline from which to work. The archives of the present and past elected officials appear to be housed in numerous desks throughout External Affairs. The office does not have all the copies of the Minutes of Business of the Local throughout the years. The Committee would have been interested to see the original Motion which hired the employee and the subsequent Motions which were passed regarding her employment. It also appears that accurate records have not been kept of the employee's leave. The leave forms should be filed and up-to-date in the Local office.

At the request of the Executive, Arthur Anderson & Co submitted a Memorandum for Suggestions for Improvement of Accounting Procedures and Internal Control for the year ending December 31, 1990 (attached as ANNEX A) at a cost of \$1284.00 and to date no attempt has been made by the Executive to follow up on his recommendations. The auditor is not there to question what the Executive chooses to spend money on, but only to ensure that these expenses are properly recorded. In his submission to the Executive he indicated a need for an employment contract for the employee of PSAC Local 70125 as the current one was outdated (attached as ANNEX B) and that employment contracts should be kept on file in order to substantiate employees' salaries. He further added that "Any further amendments to the contracts

should be properly authorized and filed with the contracts". His reference to the need for an employment contract was made because he felt that one of the basic rules of hiring an employee was not being followed, i.e. no employment contract -- nothing to do -- why are we spending the money? This could be interpreted as follows: with no employment contract there is no work and therefore employee is within her rights to refuse to do work and the Local has no valid contract in writing enabling it to get anything from the employee.

The duties of the Treasurer and Secretary are clearly stated in the By-Laws. The Committee is of the opinion that the employee is being called upon to do work which should be done by elected officials of the Union Local.

The elected secretary is responsible for the preparation of the Minutes and no non-attendee can be expected to interpret a tape of a meeting of proceedings properly. That is the job of the elected secretary. Is a non-elected person running the Union? The Minutes contain records of all decisions regarding disbursements and the office is there to provide continuity in such matters as financial records, past decisions, membership list and in general all that is needed for each new executive to run the local. The Minutes should be prepared in accordance with the By-Laws and filed and stored properly. The Committee was unable to locate the Minutes from past years either from the present Executive members or from the office files.

Vis-a-vis the banking: the employee is not a signing officer of the local and should not be conducting business on behalf of the Local at the Bank. This is the Treasurer's job. The Committee is of the opinion, after consulting with the Treasurer, the President and the employee, that at most there are normally less than ten cheques written each month and one deposit made to the bank. It appears to the Committee that much of the work presently being done by the employee should be taken care of by the Treasurer.

RECOMMENDATIONS:

1. The Committee believes that the need for a full-time staff person employed by Local 70125 is not presently justified/cost-effective.

The Committee is of the opinion that the volume of work in the Local office cannot justify employing one staff person full time and therefore recommends that the work week be reduced to 15 hours or less. Fifteen years ago there may have been enough work to do for a full week but office automation and computers have reduced the workload of this position to less than half.

3. The employer/employee relationship is very important and we recommend that advice be sought immediately from the National Component on our legal obligations as an employer in-so-far as the reduction in the hours of work and changes to the terms and conditions of employment, bearing in mind what is fair to the employee who has served in the Local office for at least 16 years.
4. The Committee feels that the majority of the work presently being done by the employee could and should be done by the elected Executive as this work is part of their duties as an elected official. The By-Laws are clear in the statement of accountability of Local officers, Executive responsibilities and financial management.
5. The Committee recommends that a statement of Duties/Job Description be done as soon as possible for this position. Further, the Committee recommends that one member of the Executive should be tasked by the CEO to manage the human resource aspect of the Local. The employee has received little or no direction and has requested a job description in the past. Proper records of her annual and sick leave should be maintained.
6. The Committee recommends that computer training be provided to the employee as soon as possible in order that she can carry on her duties utilizing the computer owned by the Local. This expenditure for training has been approved in the budget and the employee has expressed a desire to the committee to be provided with the appropriate training.
7. In light of the inactivity of the past Executives to effectively manage the Local's office and staff and also in light of the fact that past professional recommendations made to the Executive have been ignored, the Committee expects that immediate action will be taken to rectify this situation as outlined in our recommendations. In the event that no action is taken on the recommendations we have made, we, as Members of the Local, will petition for a Special Meeting to deal with the recommendations of this report. It is evident to the Committee that the coziness of past executives has not benefitted the membership of Local 70125 and the Committee will be watching, with interest, the action taken by the current Executive as a result of our report and recommendations.

OBSERVATION;

Approximately 21% of the Local's revenue is spent on meeting facilities and office space.

There is another PSAC Local presently renting in the same building - Local 70380. The President, Matthew Van Neste is willing to consider sharing office space with Local 70125 at the present address thereby reducing rent expense for both Locals.

RECOMMENDATION:

The Committee recommends that the Locals 70125 and 70380 share office space thereby reducing the expense of rent. After visiting the office of our Local the Committee believes that there is enough room for both Locals to operate effectively out of the present offices of Local 70125. This may involve making some adjustments to the dates of meetings, etc. however, these changes would be minor and ultimately of benefit to the Local by a savings of approximately \$5,700 per year.

OBSERVATION:

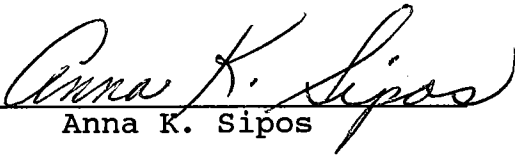
The Committee has reservations concerning the \$200.00 petty cash and what exactly it is spent on. It appears that the employee makes numerous trips to External Affairs each week by taxi to either pick up or drop off correspondence to different members of the Executive. These trips are made at her own discretion and the Committee feels that not all of these trips are warranted. Many trips have been made simply to organize the display rack in the lobby of the Pearson building. The Committee is not convinced that this warrants the absence from the office of the employee nor the expense of a taxi to and from the Pearson building from Queen Street. The members of the Executive who were interviewed were unaware of exactly how many trips are made each week and for what purpose. The Treasurer, who is accountable for the petty cash and verifies the receipts, did not know the purpose or number of trips made each week.

RECOMMENDATION;

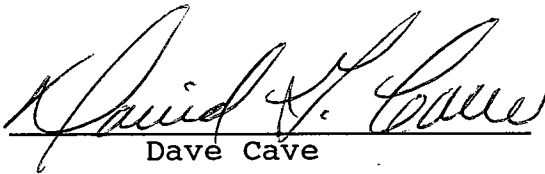
The Executive should review present practices regarding petty cash and should implement appropriate control measures immediately.

The Committee strongly recommends that the Executive review present practices to avoid potential criticism from the membership for ineffective control and management of the membership dues.

We hope that any savings that are realized as the result of the above recommendations will benefit the members of Local 70125 through reduced dues.


Anna K. Sipos


George Stewart


Dave Cave

(absent on TD but in agreement)
Steven Walsh

ARTHUR
ANDERSEN
& CO.

PSAC LOCAL 70125

MEMORANDUM OF SUGGESTIONS FOR IMPROVEMENT OF
ACCOUNTING PROCEDURES AND INTERNAL CONTROL
FOR THE YEAR ENDED DECEMBER 31, 1990

ARTHUR ANDERSEN & Co.
CHARTERED ACCOUNTANTS

1200 - 360 ALBERT STREET
OTTAWA, ONTARIO
K1R 7X7

(613) 238-8917

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March 26, 1991

Mr. Les Cundell
Treasurer
PSAC LOCAL 70125 External Affairs
National Component
Public Service Alliance of Canada
Box 1339, Station B
Ottawa, Ontario
K1P 5P6

Dear Mr. Cundell:

The accompanying memorandum includes suggestions for improvement of accounting procedures and internal accounting controls that came to our attention as a result of our examination of the financial statements of PSAC LOCAL 70125 for the year ended December 31, 1990. The matters discussed therein were considered by us during our examination and do not modify the opinion expressed in our auditors' report dated February 22, 1991, on such financial statements.

In accordance with generally accepted auditing standards, we performed a study and evaluation of existing internal accounting controls for the purpose of providing a basis for reliance thereon in determining the nature, timing and extent of the audit tests applied in connection with our examination of the organization's 1990 financial statements. While certain matters that came to our attention during the examination are presented in the accompanying memorandum for the consideration of management, our examination was not designed for the purpose of making detailed recommendations.

The accompanying memorandum also includes comments and suggestions with respect to other financial and administrative matters that came to our attention during the course of our examination of the financial statements. These matters are offered as constructive suggestions for the consideration of management as part of the ongoing process of modifying and improving accounting control and other financial and administrative practices and procedures.

ARTHUR ANDERSEN & Co.

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We wish to express our appreciation for the courtesies and cooperation extended to our representatives during the course of their work. We would be pleased to discuss these suggestions and comments in greater detail or otherwise assist in their implementation.

Yours very truly,

Arthur Andersen & Co.

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PSAC LOCAL 70125

MEMORANDUM OF SUGGESTIONS FOR IMPROVEMENT OF
ACCOUNTING PROCEDURES AND INTERNAL CONTROL
FOR THE YEAR ENDED DECEMBER 31, 1990

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1. ACCRUAL BASIS OF ACCOUNTING

Observation

The accounting records are presently maintained on a cash basis as opposed to an accrual basis of accounting (record revenues when PSAC LOCAL 70125 is entitled to receive them and expenses as they become due). With the accrual basis of accounting, the members will be presented with the results of operations relating to the current year only and the financial statements will be in accordance with generally accepted accounting principles.

Recommendation

The accounting records should be maintained on an accrual basis of accounting. This will require asset, liability and surplus accounts to be established in order to record these items.

Management Comments

3. CAPITAL ACQUISITIONS LISTING

Observation

Items of a capital nature are currently expensed. There is no listing maintained of the capital items owned by PSAC LOCAL 70125. In the event of theft, missing items and their cost may not be known for insurance purposes.

Recommendation

A listing of capital items purchased and disposed of should be maintained in order to keep a record of items that are owned by PSAC LOCAL 70125.

Management Comments

2. COMPUTERIZATION OF ACCOUNTING RECORDS

Observation

The accounting records and budgets are presently maintained manually. This ensures that adequate documentation exists for producing financial statements. However, this can be time consuming and errors can arise in posting to the accounts and producing the financial statements. PSAC LOCAL 70125 has recently purchased a computer that, with the proper accounting software, would enable the accounting to be done on the computer. The computer would reduce the time to maintain the accounting records and produce the financial statements as, once an entry is entered into the computer, it will automatically be posted to the correct accounts. Financial statements could be produced by the computer automatically. The computer could also be used to produce budgets and prepare comparative financial statements isolating differences between actual and budget. In addition, the computer could be used to prepare cheques. We have prepared a proposal outlining the costs associated with different levels of assistance that we could provide to assist in the implementation of this recommendation.

Recommendation

The accounting should be done on the computer using an appropriate software package.

Management Comments

4. EMPLOYMENT CONTRACTS

Observation

During an audit of salary expense, we noted that the employment contract for the employee of PSAC LOCAL 70125 was outdated.

Recommendation

Current employment contracts should be kept on file in order to substantiate employees' salaries. Any further amendments to the contracts should be properly authorized and filed with the contracts.

Management Comments

CR4 level
JAN 8/80

March 31, 1976

ANNEX B

CLERK-TYPIST

PSAC LOCAL 70125 (External Affairs)

THE ORGANIZATION

Local 70125, National Component, services approximately 2,200 employees of the Department of External Affairs working in Ottawa, across Canada and around the world. The executive officers are elected annually by the membership in accordance with the by-laws of the organization and the constitution of the Public Service Alliance of Canada. The annual budget is \$27,000.

THE JOB

Under limited supervision of the Executive officers of the Local, the Clerk-Typist will perform a variety of duties related to the efficient administration of the Local office as follows:

- maintain the financial records including the payment of accounts by verifying that expenditures against the budget are in order and comply with Local By-Laws, preparing cheques, recording payment, preparing the monthly and annual financial statement, reporting budgetary variances to the Treasurer, explaining irregularities, preparing and maintaining the payroll;
- maintain the membership list by up-dating the master file as changes occur including location, member status, date of assignment and other basic data, arranges for regular computer print-outs, reviews the monthly check-off for discrepancies and reconciles the check-off to the Local's membership records, determines when change of status occurs and initiates correspondence as a result of changes;
- maintain the Local's mailing list and advises the National Component and the Alliance of any changes and amendments;
- distribute ratification kits, dispute settlement ballots, the Civil Service Review, income tax receipts, weekly newsletters, monthly minutes of meetings, the Local's newsletter and other information as required to the membership;
- prepares material for mailing, determines postage requirements and whether regular postal facilities, departmental

or diplomatic mail facilities will be used according to established procedures;

- record incoming correspondence and determines the appropriate distribution for incoming and outgoing correspondence, replies to enquiries orally and in writing regarding membership status, mail distribution, and receipt or ballot problems;
- type all correspondence prepared by the executive officers and standing committee chairmen, type the Local newsletter as prepared by the executive;
- operate the Gestetner and Gestafax duplicating equipment; pick-up and deliver messages; maintain the filing system; answer telephone enquiries; supervise clerical and typing staff and take minutes at meetings when required, perform other related duties.

ESSENTIAL QUALIFICATIONS

Good knowledge of office procedures and an understanding of the organization of the Public Service Alliance of Canada and the Department of External Affairs; ability to communicate orally and writing with staff members of the PSAC, National Component and Local 70125, and the Local's members; ability to type quickly and accurately a variety of tabular and narrative material; ability to exercise good judgement, to recall and apply quickly and accurately a variety of facts and procedures; initiative, tact, dependability, alertness and neatness.

LOCATION AND HOURS OF WORK

The office is located on Queen Street new Elgin. Hours of work are flexible during normal business hours and will total approximately 30 hours per week. Some evening work may be required in which case time-off in lieu would be arranged.

SALARY

Salary will be commensurate with experience.