

LOCAL PRESIDENTS ORIENTATION

Local Finances



Local Finances

**This orientation should take no more than
15 minutes**

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<https://opseu.org/member-education/>



Local Finances

What does the OPSEU constitution say about Local Finances?



Local Finances – Financial Operation

Article 29.10.1:

All funds of Locals shall be used only for legitimate trade union purposes.

Accounting for revenue and disbursements shall be done in a proper and business-like manner.



Local Finances – Financial Operation

Accountability:

Disbursements do not require head office approval. Responsibility and accountability for approving expenses lies at the Local level and approval is given from and through members at General Membership Meetings or through approved Local Bylaws.



Local Finances – Financial Operation

Article 29.10.1 cont'd:

Except for reasonable amounts in petty cash accounts, all expenditures shall be by cheque and shall be properly supported by vouchers.

The signing officers of a Local shall be any two of the president, vice-president, and treasurer (or secretary-treasurer).”



Local Finances – Financial Operation

Petty Cash:

Generally the use of a petty cash system is not recommended. Payment for all items, including postage stamps and parking, should be made by reimbursing the individual by cheque, or by submission of a proper receipt.



Local Finances – Financial Operation

Surplus funds at Year-End:

Surplus funds at year-end will remain with the Local to be used for continuing trade union business. It is therefore important for the Local to have a budget projection for the coming year.



Local Finances – Financial Control

Article 29.10.2

Financial control of Units shall rest with the Local Executive Committee.

Locals and/or units shall have full control of funds they may raise through their own activities, or through Local assessments.



Local Finances – Financial Control

Article 29.10.2 Cont'd:

Notwithstanding the Local's financial control, the Local shall be obligated to supply sufficient funds for the holding of Unit general and negotiating meetings but may retain authority to make the necessary arrangements for the said meetings.



Local Finances – Local Funds

Funds Raised through Local Initiatives:

The constitution provides for Locals to have full control over funds they may raise through their own activities (29.10.2). Locals may wish to establish a social and recreation committee to arrange and fund dances, presentations and other social activities. With membership approval, the Local **must** set up a bank account separate from the operating account, in which to keep funds raised through Local activities.



Local Finances – Legitimate Expenses

Legitimate Expenses:

Generally, expenses fall into the following categories:

- (a) Rent for meeting room accommodation;
- (b) Cost of mailing notices of Local meetings;
- (c) Normal postage and communication expenses;
- (d) Approved expenses of alternate delegates or observers to OPSEU meetings;



Local Finances – Legitimate Expenses

(e) Remuneration to Local officers--after approval by the Local membership at a general meeting called for the purpose.

Since this is a taxable item it must be paid by head office as a T4 will be provided. You can submit this request to the Local Membership Secretary. It must include the names, positions and amounts payable to each member.

The approved Local bylaws or current year GMM minutes approving the payments must also be included with the request.



Local Finances – Legitimate Expenses

(e) cont'd

This payment is commonly referred to as Local Honorariums.

The total can be refunded to OPSEU by submitting a cheque/money order with the request or by having the amount deducted from the next Local rebate.

Please also note that members must have their S.I.N. on file with OPSEU in order to receive this type of reimbursement.



Local Finances – Claiming Expenses

Members Claiming Expenses from their Local:

If an individual claims expenses from the Local, a Membership Expense Claim Form should be used and the treasurer should approve the expenditure. The treasurer must keep expense claim forms on file as the supporting receipts for cheque payment and audit review.



Local Finances – Receipts

Receipts:

Original receipts must substantiate all expenditures of whatever nature. These documents and the cancelled cheques are to be retained by the treasurer with the local's financial records for expenses claimed against the Local and are to be available for audit by the trustees as required by **Article 29.6** of the Constitution.



Local Finances – Transfer of Assets

Article 29.10.3

If a Unit or a Local merges or transfers, in accordance with Article 9, a proportionate share of the Local's net assets shall, in the case of a Unit, be transferred to the new Local or Locals and all net assets shall, in the case of a Local, be transferred to the new Local or Locals.



Local Finances – Transfer of Assets

Article 29.10.3 Cont'd:

In the event a Unit or Local should cease to exist because the members cease to be Members of the Union, all assets shall become the property of the Union.



Local Finances – Transfer of Assets

Article 29.10.4

Where members of a local are transferred, voluntarily or involuntarily, to another employer governed by a collective agreement with the Union, and where the Executive Board creates a new Local to receive them, a proportionate share of the former Local's net assets shall be transferred to the new Local.



Local Finances – Budget

Article 29.10.5

The LEC shall present a budget to the annual general membership meeting of the Local.

The budget in multi-unit and composite Locals shall include budget lines for each unit, based on the number of dues-paying members in the unit and the projected unit activity for the year.



Local Finances - Budget

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Local Finances - Budget

Budgets - Budgets have several different purposes.

First, they are a financial planning tool.

Second, they serve as a guide or leadership tool, giving members a greater sense of direction and purpose through the establishment of goals. Budgets, however, should be flexible enough to take new circumstances into account.

Third, they serve as a financial control tool.



Local Finances – Types of Budget

There are two main types of budgets.

An **operating budget** is a plan for action for the coming year.

A **capital budget** is a plan for purchasing new equipment and for obtaining the necessary funds.

Operating budgets are concerned with the immediate future and the capital budget with longer term spending needs.



Local Finances – Budget Approval

Budget Approval:

The budget must be presented by the (LEC) local executive committee to the annual general meeting for approval.



Local Finances – Budget Control

Budget Control:

At the Local Executive meeting, the treasurer must report on any differences that may occur between the budgeted amount and the actual funds spent in the current year as compared to the previous year. It may be necessary to adjust the budgeted amount accordingly for items that are significantly over or under the budgeted amount.



Local Finances – Financial Control

Article 29.10.6

No assessment of the membership to increase revenue may be levied by the LEC unless the assessment has been approved by at least two-thirds of the members of the Local who vote in a referendum **or** two-thirds of those voting at a general membership meeting after having received at least 10 days' notice of such meeting.



Local Finances – Financial Control

Article 29.10.6 Cont'd:

The notice of meeting shall include a statement of intent to increase or decrease the Local assessment and by what amount.



Local Finances

Question:

Which article of the OPSEU Constitution relates to local finances?

Answer:

Article 29.10

Financial Operation



Local Finances

For more information:

Visit the OPSEU Member Education web page at <https://opseu.org/member-education/> and download the Local Presidents' Toolkit.





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