



## Policy on Constituent Body Allocations

Effective Date: November 2019

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### 1. Purpose and Scope

The purpose of this policy is to ensure that Constituent Bodies receive appropriate funding and expend their allocated funding in a manner that is prudent, demonstrates probity, withstands Membership & public scrutiny, and is in the best interest of PIPSC's members.

It includes the annual allowance to Constituent Bodies specified in Bylaw 14.3 as well as any other funds allocated to a Constituent Body.

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### 2. Roles and Responsibilities

The Institute directs the financial administration of all Institute funds and retains signing authority over all accounts. The Institute shall:

- take any and all measures necessary, up to and including withholding constituent body funding or freezing a constituent body's bank account, to safeguard the use or prevent misuse of Institute funds.
- deal with the banking institution to effect changes to signing officers.
- define Constituent Body reporting requirements.

**Constituent Bodies** have a fiduciary duty to manage the funds allocated to them. The funds remain the property of the Institute. The Constituent Body shall:

- maintain accurate records of all financial matters, and remit records older than two years to the Institute for safekeeping.
- be responsible for any financial obligations they may incur.
- inform the Institute without delay of any changes pertaining to Signing Officers.

The **Constituent Body executive** is responsible for conducting PIPSC business within the approved budget in between Constituent Body Annual General Meetings.

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### 3. Annual Allowance

The Institute issues the annual allowances to Constituent Bodies in the spring of every year, in accordance with the PIPSC funding formula, after they provide the following documents to the PIPSC National Office:

- their election report.
- draft minutes of their AGM (or Regional Council).
- their budget, as approved at their AGM.
- year-end financial statements approved at their AGM.
- a report on the use of funds set aside in the previous year, if applicable.

The Institute may reduce the annual allowance of any Constituent Body that owes the Institute money as a result of unpaid invoices.

Annual allowances should normally be spent in the year for which they are allocated. Constituent bodies may set aside a portion of their annual allowance, subject to approval by the Institute's Executive Committee, based on a business case which specifies the timing and the intended use of these funds.

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### 4. Funding Formula

(AGM 2014, Remote areas AGM 2016)

**Regions** will receive \$5.00 per member for the first 5,000 members plus \$2.00 per member in excess of 5,000 members;

**Groups** will receive the greater between the following options:

Option 1 - Base amount of \$1000, plus \$10.00 per member per year for the first 5,000 members and \$3.00 per member per year in excess of 5,000 members.

Option 2 - \$ 10 per member per year for the first 2000 members and \$ 8 per member per year if there are more than 2 000.

**Sub-Groups and Branches** will receive the greater between the following options:

Option 1 - Base amount of \$750, plus \$10.00 per member per year for the first 1,000 members and \$3.00 per member per year in excess of 1,000 members.

Option 2 - \$ 10 per member per year for the first 2000 members and \$ 8 per member per year if there are more than 2 000.

NOTE: The annual allocation for constituent bodies in defined remote areas under section 110.7(1) of the Canadian Income Tax Act and the NJC Directive on Isolated Posts, be increased as follows to reflect the cost differences in remote regions:

Nunavut: 175%

Northwest Territories: 140%

Yukon: 120%

All other remote areas as defined above: 120%

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**5. Funding Caps  
(AGM 2014)**

A Constituent Body entitled to an annual allowance of \$2,000 or less will receive the lesser of the amount necessary to restore the balance of the actual or deemed funds on hand on December 31 to three (3) times the annual allowance itself, or the annual allowance itself.

A Constituent Body entitled to an annual allowance greater than \$2,000 will receive the lesser of the amount necessary to restore the balance of the actual or deemed funds on hand on December 31 to one and a half (1.5) times the annual allowance itself, or the annual allowance itself.

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## 6. Use of Funds

The acceptable use of funds relates to expenses directly related to the business of the Institute, incurred in accordance with this policy, and included in the approved budget of the Constituent Body. The Board or the AGM of the Institute sets limits on the acceptable use of Institute funds, and further guidance is provided in the Treasurer Handbook.

Should there be concerns as to what is an acceptable use of funds treasurers are to refer back to “Fiduciary Duty” above and, as necessary, seek clarification through the PIPSC Executive Committee.

In the course of conducting their business, Constituent Bodies may not incur expenses related but not limited to:

1. Charitable donations, other than donations to the Legacy Foundation, or small donations in recognition of an Executive member's passing or an immediate family member of the Executive, in lieu of flowers.
  2. Support for candidates in Institute elections.
  3. Membership fees in other organizations unless approved by the Institute.
  4. Annual fees and interest payments on credit cards.
  5. Subsidies for unauthorized activities of Institute employees.
  6. Honoraria paid to members for the purpose of attending Institute meetings.
  7. Purchase of tickets for sporting or cultural events.
  8. Payments to members that are not supported by original receipts.
  9. Allowances to Constituent Body Executives/members.
  10. Gifts in the form of cash or a near-cash gift card. A near-cash gift card is a gift card that can easily be converted to cash.
  11. A Constituent Body's funds redirected to another Constituent Body without the approval of the Group Executive or Region Executive.
  12. Financial investments including but not limited to GIC, term deposits etc.
  13. Loans to members.
  14. Promoting the revocation of certification.
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**7. Limits on the  
acceptable use  
of Institute  
funds  
(AGM 2018)**

The amount reimbursed for an expense covered by this policy shall be the lesser of the actual expense incurred or the following approved dollar amounts:

Category of Eligible Expense	Approved Dollar Amount
<b>MEALS</b> - For constituent body functions meal rates are subject to the maximums specified in the Travel Policy - Schedule "A" plus a ceiling supplement rate as specified herein	Travel rate plus the maximum supplement rate of \$35/person/meal
<b>PROMOTIONAL ITEMS</b>	\$100 per item
<b>DOOR PRIZES AND GIFTS</b>	\$100 per prize/gift
<b>HOSPITALITY</b>	\$25 per person per event
<b>FLOWERS OR DONATIONS IN MEMORIAM</b>	\$100 per occasion
<b>NETWORKING, RECOGNITION OR SOCIAL EVENTS</b>	\$25 per person per event
<b>TRAINING OR VISIBILITY EVENTS</b>	\$25 per person per event
<b>GIFTS</b> - A gift has to be given voluntarily, and generally would be to recognize a special occasion such as the retirement of a member or a PIPSC staff member, the departure from a constituent body executive or it could be used for a gift for a guest speaker.	\$250 per gift
<b>AWARDS</b> - An award has to be for the recognition of the steward or member's overall contribution to the Institute. Generally, a valid, non-taxable award has clearly defined criteria, a nomination and evaluation process, and a limited number of recipients. To be determined by a constituent body vote. Values and purpose must be documented in the executive meeting/AGM minutes.	
<b>DONATIONS TO THE LEGACY FOUNDATION</b> - The donation amount must be reflected in a separate line item in constituent body financial statements. The amount of the donation will be deducted from the allocation in the year the donation is made. Donations will not result in a reimbursement of the donated amount in the following year's allowance. Maximum of \$2,000.	



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**8. Sourcing of  
Promotional and  
Visibility Items**

The Institute may maintain a partnership with a national supplier that will provide quality promotional items, in a timely manner at a competitive price point for all constituent bodies based on the list of eligible promotional items.

Constituent bodies may purchase promotional material from providers of their choice. Promotional items are permitted provided each piece exhibits a PIPSC logo and/or the PIPSC website URL - [www.pipsc.ca](http://www.pipsc.ca) - subject to Attachment B of the Policy on Constituent Body Finances.

Preference must be given to promotional items that will remain visible in the work place post the original distribution event.

PIPSC and its constituent bodies shall expend reasonable efforts and resources to ensure that said items are, in order of importance:

- union made in Canada
- made in Canada
- union made
- certified fair trade products

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**9. Tracking of  
Institute Assets**

All purchases and disposal of assets greater than \$200.00 (Income Tax Act requirement) require an approved motion of the Constituent Body Executive or AGM.

Assets that are in the possession of any executive member of the Constituent Body shall be returned to the Constituent Body at the end of their term or upon resignation.

The Constituent Body treasurer must notify the Institute of any purchase, movement, or disposal of assets.

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## **10. Issuance of Cheques**

Cheques issued by Constituent Bodies shall comply with the following:

- All cheques shall have the signatures of two signing officers. In instances where a second signing officer of a Constituent Body is not available, the cheque must be sent to the Institute for the mandatory second signature.
- A signing officer cannot also be the payee.
- Cheques shall not be pre-signed by any of the signing officers.
- A cheque shall only be issued upon submission and thorough review of original supporting documentation. Once the payment has been issued, the cheque number shall be written on the supporting documentation and the documents retained by the Treasurer for further review or audit.
- Cheques shall be made payable to the supplier of goods or services or the Institute member. Cheques shall never be made payable to "Cash" or to a credit card account.

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## **11. Examination of Constituent Body Financial Records**

The Institute monitors the transactions on all constituent body accounts and may request supporting documentation from time to time on payments issued by a constituent body from its annual allowance.

In addition, the Institute may conduct a more thorough examination of the financial records of a Constituent Body, either on its own initiative or at the request of the Constituent Body. Once the report of the examination findings and recommendations is finalized:

- A copy of the examination report shall be provided to the constituent body executive, to the Regional Director or Group President, and to the Institute's Finance Committee.
- The Treasurer or President of the Constituent Body shall present the results of the examination to the constituent body's AGM or Regional Council.
- Any significant or material financial discrepancies uncovered shall be forwarded to the COO and Executive Secretary and General Counsel.

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## **12. References**

Bylaw 14.3 and 14.4  
Treasurer Handbook  
Travel Policy  
Appendix A: Examination of Constituent Body Finances

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## Appendix A to the Policy on Constituent Body Allocations: Examination of Constituent Body Finances

The scope of a review can be expanded at the discretion of the Director, Finance and Corporate Services to include additional fiscal years for the constituent body under review or financial records of other constituent bodies when supported by initial findings.

### Responsibilities

**The Constituent Body Executive shall:**

- Comply with the Institute Policy on Constituent Body Finances
- Co-operate fully if selected for a review
- Implement recommendations outlined in the report of the review

**The Director, Finance and Corporate Services shall:**

- Coordinate the review of the financial records related to Institute activities of members and/or constituent bodies
- Conduct the review in a timely and fair manner
- Be consistent in the interpretation of the application of the Institute Policy on Constituent Body Finances
- Attempt to resolve any issues or questions directly with the member or the executive of the constituent body
- Prepare a full report detailing the findings and recommendations coming from the review
- Raise any significant concerns resulting from the review with the COO & Executive Secretary and the General Counsel.

**The COO and Executive Secretary and the General Counsel shall:**

- Provide guidance to the Director, Finance and Corporate Services on matters of concern uncovered during the review
- Bring matters forward for the consideration of the President or Executive Committee as deemed appropriate

**The President and Executive Committee shall:**

- Consider significant concerns identified during the review which are brought to their attention and take action as deemed appropriate

**The Board of Directors shall:**

- Consider significant concerns identified during the review which are brought to their attention and take action as deemed appropriate

**The Groups and Regions shall:**

- Consider significant concerns identified during the review which are brought to their attention and make recommendations to the Board of Directors as deemed appropriate, if required.

**The Finance Committee shall:**

- Discuss the Director, Finance and Corporate Services' report of the review conducted on finances of the constituent bodies
- Make recommendations to the Board of Directors with regards to changes to the Policy on Constituent Body Finances, if required.





## Types of Examinations:

Random examination or examination at the discretion of the Director, Finance and Corporate Services:

- The Director, Finance and Corporate Services will select constituent bodies for review on an annual basis.

Examination at the request of a constituent body:

- A constituent body's Executive or Annual General Meeting may request a review of its own finances
- A Region may request a review of the finances of its Branches
- A Group may request a review of the finances of its Sub-Groups

Examination at the request of the Executive Committee or Board of Directors:

- The Executive Committee or Board of Directors may request a review of any constituent body

## Three areas of review (including but not limited to):

Internal controls, processes and the quality of work performed:

- Are the records complete and well organized,
- Are proper controls in place for the approval of expenses
- Have all supporting documents been provided and have they been verified
- Were the cheque signed by two authorized signing officers

Reasonableness and legitimacy of the expenditures, as per Institute Policy and constituent body approval :

- Are the expenses in accordance with Institute Policies
- Are the expenses reasonable and respectful of the constituent body's budget or financial decisions of the constituent body's executive recorded in the minutes
- A cross reference of expenses paid by a constituent body with expenses paid directly by the Institute (or if required with expenses paid by another constituent body)

Accuracy and Representational Faithfulness of the Financial Reporting:

- Is the financial information presented a fair representation of the expense incurred
- Can the user of the financial statement rely on the financial information presented

## Findings and Recommendations:

In his or her report, the Director, Finance and Corporate Services shall outline the strengths and weaknesses of the financial reporting for the period under review and make recommendations on areas for improvement. Questionable results of the examination should be reported to COO and Executive Secretary and the General Counsel for further possible action.