

FOOD & ALLIED WORKERS UNION

NATIONAL BI-ANNUAL CONFERENCE



TREASURER'S REPORT

THEME:
"UNITE, DEEPEN THE NATIONAL
DEMOCRATIC REVOLUTION FOR
WORKING CLASS INTEREST"

29 JUNE - 04 JULY 1997
CAPE TOWN

NATIONAL TREASURER'S REPORT TO THE BI-ANNUAL CONFERENCE
30 JUNE - 4 JULY 1997

I N T R O D U C T I O N

Comrade President, Honorary President, General Secretary and delegates, I present this report on behalf of the National Executive Committee (NEC). Since the last Conference the Union has faced many challenges and difficulties, but has despite this managed to play its rightfull role as a social partner by entering into the national debate of socio-economic transformation. This Conference has to further this advances by debating the crucial issues that underpin our advance to the total socio-economic transformation of our country. We also need to revisit and re-assess the pillars on which our Union rest, and strengthen them through policy formulation - *and here I specifically want to isolate the areas of finance and administration*. Later in this report I will attempt to highlight some of the crucial areas.

Comrade President, allow me to express the NEC's appreciation to the staff for their dedication, loyalty and commitment, to FAWU over the past two years. We want to give them the assurance that their loyalty does not go by unnoticed, and that we will attempt to reward them for this excellent service. May I furthermore use this opportunity to thank the comrades in the National Executive Committee (NEC) and the National Office Bearers for their support and commitment over the past few months. It is through this commitment and dedication that we are able to present this Conference with a report.

Comrades, the Annual Audited Financial Statements for the financial year will be tabled tomorrow. To the best of my knowledge this statements represents the financial position of the Union for the year ended 31 March 1997.

C O M P L I A N C E W I T H T H E C O N S T I T U T I O N

In terms of clause 9.5.1 certain duties has been conferred upon me as National Treasurer " *... check all finances of the Union and ensure that the provisions of the Constitution with regard to finances of the Union are complied with.*" Comrades, as I only took office as National Treasurer in March 1997, I had to acquaint myself within the short space of time with the financial procedures, but in spite of this, I managed this portfolio to the best of my abilities.

The different structures of the Union has to a large extent comply with the provisions of the constitution of the Union. There are however areas of great concern, which I will report on later in my report.

INCOME FROM SUBSCRIPTIONS

Our income from subscriptions has over the last four years shown a steady decreasing growth as follow:

YEAR	SUBSCRIPTIONS	% GROWTH	EXPENDITURE	%
1994	11 604 171	40.91	11 181 258	30.9
1995	14 277 613	23.04	14 459 920	29.3
1996	16 847 521	18.00	17 235 999	19.2
1997	19 638 574	16.57	20 006 340	16.1

The factors for this decrease in growth can be ascribed to:

- the bulk of the membership is reaching the maximum of R20;
- increase in subscription fraud;
- companies withholding subscriptions;
- not all members are paying 1% subscriptions;
- not all subscriptions received by branches is deposited into the NEC account;

Subscription fraud

An intensive investigation into the defrauding of subscriptions has been started. We have already received an interim report which indicated that a syndicate broader than FAWU is involved in the defrauding of our subscriptions. At this stage the report cannot be released, as it would hamper the investigation.

Companies are deducting subscriptions from members but fail to pay it to the Union. The scope of the above investigation will also cover this area.

As we still do not have an accurate record of our membership, the Conference should consider to form a "membership committee" consisting of a representative from each region, to verify membership with Head Office. Through this process we will be able to monitor our income.

EXPENDITURE

Expenditure has increased with 16.1% for the last financial year. The following expenses are some of the main areas which has shown an increase:

	1996	1997	%
Affiliations	821 752	1 012 449	23.2
Legal & Mediation	1 029 228	1 191 864	15.8
Motorvehicle rentals	83 855	438 887	423.4
Organising & meetings	4 634 366	5 072 638	9.5
Salaries	4 483 845	5 606 777	25.1
Unidentified branch\region expenses	1 049 006	1 533 498	46.2

Branches and regions

Once again branches and regions have failed to account properly for allocations received by them. The amount that cannot be identified has increased with 46.2% since the previous year. This Conference needs to put a structure in place whereby these branches can account to, at least once every quarter and be empowered to take the necessary corrective and disciplinary action when required.

Salaries

The increase in salaries can be ascribed to the 15% increase in 1996 and on the additional staff that was appointed during the year.

Motorvehicle rentals

The increase for motorvehicle rentals has increased because of the 20 additional TSM cars that were acquired by the Union.

It is clear from the above that apart from certain internal policy transgressions during the cause of the year, there are a continuous pressure on the expenses of the Union, due to the demand for the programmes of the Union by workers, and the staff requirements, whilst the income of the Union is stagnating.

I N V E S T M E N T S

There has been a substantial growth in our investment. We are in the process of selling the 135 Kruger Rands as it seems unlikely that it will show a significant growth. We will probably have to sell it at a loss.

Our shares in RAI has shown a substantial growth. Its market value is almost R6 million. We should look at a option of selling some of the shares and re-invest in other investments. We should approach investment experts to advise us in this regard.

In conclusion, Comrade President and comrade delegates, may I take this opportunity in wishing the Union and all its structures all the success for the future and hope that the Union will be in the forefront of the transformation of our country.

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FINANCIAL MANAGEMENT

IMPACT OF THE CONSTITUTION ON POLICY AND PROCEDURES

CENTRALISATION

Currently the finances of the union are centralised. All income is deposited to the union's national accounts from which allocations are paid.

The financial records of the union should also be centralised. All regions and branches should submit to the Head Office each month:

- a copy of the cash book
- requisitions supported by the returned cheques
- copies of the bank statements
- all the relevant receipts and documents
- a copy of the monthly financial statement

The H.O must receive all not later than the last day of the month for the previous month

If a branch does not submit the required documents its allocation should be suspended until they submit the required documentation.

The treasurer and secretary should draft the monthly statements and present them to the BEC. If the BEC does not approve the financial statements the statement should nonetheless be sent to the Head Office. When the financial statement has been approved the Head Office should be notified.

The financial documents which are sent to the Head Office should always be sent by **REGISTERED POST**.

LABOUR RELATIONS ACT

In order to receive a registration certificate which enables the union to apply for Conciliation Boards and Industrial Court hearings, the Union has to comply with certain financial requirements laid down in the Labour Relations Act.

The Union has to keep a list of its members and its financial statements have to be submitted to the Department of Manpower which checks that the requirements have been complied with.

Every branch and region has to ensure that they are complying with the financial provisions of the constitution in order not to jeopardise the Union getting its registration certificate.

1.1.3

UNION'S FINANCIAL YEAR END

The Financial year end remains 31st March

1.2

THE ROLE OF THE NATIONAL FINANCE COMMITTEE (FINCOM)

1.2.1

FUNCTIONS

To discuss and approve the consolidated financial statement of the union (this will include the figures for branches, regions, head office and departments). This statement will be submitted by the Finance Committee to the NEC.

Meetings should take place 1 month before the NEC meeting.

To make recommendations on financial policy for approval by the NEC.

To monitor subscription

To satisfy itself that the union's financial affairs are being correctly conducted in terms of the union's aims, financial policies and constitution.

To approve the purchase of assets not exceeding R5000.

To ensure that branches and regions submit detailed financial records to the National Office on a monthly basis.

To investigate allegations of misuse of funds and assets.

To report on such matters to the NOB's or NEC.

To submit to the NEC any extraordinary budget.

To ensure, on a monthly basis, that actual expenditure is not exceeding the budgeted amounts (variance report).

To make recommendations to the NEC in respect of any financial matters needing NEC approval.

To monitor the training of treasurers and officials with regard to financial matters.

To circulate the minutes of FINCOM to the regions or branches.

To prepare the annual budget for submission to the NEC which will approve the budget.

1.2.2 COMPOSITION

The Committee should consist of:

- the National Treasurer
- the General Secretary
- the Assistant General Secretary
- the Head of the Finance Department
- all Regional Treasurers
- two delegates of the NEC who are signatories to the National bank accounts

1.3

THE ANNUAL NATIONAL BUDGET

FINCOM will be responsible for the preparation of the annual national budget. The budget will be approved by the NEC.

The budget will separately show the budgets for each branch/region/department.

FINCOM will be responsible for drafting a timetable which sets out when various stages of the budgeting process must be completed.

1.4

BRANCH/REGION/DEPARTMENT BUDGETS

The branch/region/department will prepare their budgets.

The budget will be sent to the Head Office in order to be included in the consolidated national budget.

FINCOM will consider the budget and present the budget to the NEC.

The National Treasurer/FINCOM will have the right to amend the branch/region/department budget.

If the branch/region/department fails to submit its budget, its allocation will be suspended.

If the budget remains outstanding by the date that the national consolidated budget must be drafted, FINCOM will draft a budget for the branch/region/department which will then be binding on that branch/region/department.

the budget will be submitted to the national office at a date to be decided by Fincom.

1.5

NON-BUDGETED EXPENDITURE

NOBs will approve such expenditure upon receiving a written request and motivation for such expenditure.

NOBs meeting will report to FINCOM on non-budgeted expenditure

The national budget should provide for such contingencies.

1.6

MONITORING OF ACTUALS TO BUDGET

Each branch/region/department will prepare a monthly report which compares its actual expenditure for the month with the budget for the month.¹

NOBs meeting will take action in the case of large variances.

1.7

CASH FLOW (NATIONAL)

The accounts department at the national office will prepare a monthly cash flow statement.

1.8

NATIONAL FINANCIAL REPORTS TO THE VARIOUS CONSTITUTIONAL BODIES

FINCOM will examine a quarterly (every 3 months) statement for the union which will include the figures for all branches/regions/departments.

FINCOM will present such a statement to the NEC for approval.

Branches/Regions will submit to the BEC/REC its monthly financial statements.

The NEC will approve the annual audited financial statements.

OPENING OF BANK ACCOUNTS

The opening of any bank account in the unions' name should be authorised and minuted by the NEC. Signatories' names and specimen signatures are to be sent to the Accounts Dept at the National Office by the Region/Branch/Department. The names and specimen signatures of newly elected office bearers must also be sent. Signatories must include the General Secretary and Treasurer with one of the two signing all transactions.

FUND RAISING

The NEC must first approve all fund raising plans of the National Office, Regions, Branches and Departments.

When workers raise funds for relief, transport, etc., the organisers are not to receive or deposit monies into the unions' bank account unless such fundraising has been authorised by the NEC. The shop stewards are responsible for receiving and banking such funds in a bank account in the name of the workers.

The NEC will decide whether stock may be purchased for resale. If they authorise this type of fund raising, they must decide on strict policy guidelines for stock control, debtors and creditors.

SUBSCRIPTIONS

All subscriptions are to be receipted in official pre-numbered receipt books.

All subscriptions, including hand collected subscriptions, must be deposited into the NEC account.

The National Office must be notified in writing of all deposits of subscriptions into the NEC account. The National Office must receive a copy of the deposit slip. The deposit slip must show the receipt numbers for the money being deposited.

A register of members of the union must be kept by the National Office.

2. FINANCIAL ADMINISTRATION AND ACCOUNTING SYSTEMS

2.1 ACCOUNTING SYSTEM

The union will have a centralised computer accounting system.

2.1.1 FINANCIAL PROCEDURES

Payments

No cash cheques may be issued.

Cheque requisitions must be prepared before any cheque may be issued.

Cheque requisitions must have supporting documentation attached.

Signatories must not sign cheques without first examining the supporting documentation.

Blank cheques may not be signed. A signatory who signs a blank cheque will be held liable should it be proven that his/her signature enabled another person to defraud the union.

Income

All monies received in any office of the union must be entered in the Incoming Mail Register. All mail must be opened in the presence of two people.

Income must be handed to a third person for receipting.

Income is to be receipted in the official union pre-numbered receipt books.

Bank deposits are to be made by someone different than the person who wrote the receipts.

Bank deposits must show which receipts are covered by the deposit.

The Incoming Mail Register, receipt books and deposits are to be reconciled on a regular basis and made available for audit.

Creditors Controls

All creditors' statements must be reconciled before payment is made.

Payments should be made at a specified regular time.

Office Bearers may open accounts with the approval of the National Office.

Debtors Controls

Controls must be kept for all debtors including the following:

- companies in respect of subscriptions
- staff loans
- salary advances
- bail
- sundry debtors

2.1.2 FINANCIAL RECORDS

Each branch and region must maintain a cash book which is written up and reconciled to the bank statement on a monthly basis. The Administrator must prepare the cash book. The Treasurer is responsible to ensure that this is being done.

The Administrator must maintain a petty cash book and vouchers which are reconciled to the cash on hand on a monthly basis.

By the 15th of each month, every branch and region must send the following to the National Office by registered post.

- a photocopy of the balanced and reconciled cash book for the previous month and a copy of the bank statement
- the original cheque requisition and attached vouchers (photocopies may be kept in the branch)
- returned cheques
- a copy of the petty cash book for the month and the petty cash vouchers in numerical sequence

If these documents are not received by the National Office by the due date, National Office is authorised to withhold the relevant branch allocation.

2.1.3 FINANCIAL REPORTS

The National Office will maintain a centralised computer system into which they will input all data received from the branches and regions.

The National Office will prepare and submit a statement of income & expenditure and comparison to budget (variance report) back to the branches and regions on a monthly basis for approval by the relevant BEC or REC.

The National Office will prepare and submit all other required reports to the Finance Committee as outlined in 1.2.1

3. TRAVEL AND TRANSPORT

3.1 TRAVEL ALLOWANCES FOR ORGANISERS without cars

Organisers may claim for travel on a standard claim form (trip sheet). The trip sheet must include time in and time out and the agenda for each visit. The shop steward must sign the trip sheet at each destination. The amount is to be determined by the branch and is accounted for.

Claims will not be allowed for travel from home and the union office.

3.2 USE OF UNION VEHICLES

See car allowance policy

3.3 USE OF LOG BOOKS

See car allowance policy

3.4 CAR OR BUS HIRE

The National Office may hire a bus or car through a centralised booking system.

Group B cars may be hired.

The driver must be older than 24 years to comply with insurance requirements and must have had a driving licence for more than 3 years. Branch/ Regional office bearers must examine the drivers license of the authorised driver before they approve his/her name being entered into the hire contract as the authorised driver. Only the authorised driver may drive the vehicle and he/she is fully responsible for the vehicle during the period of hire.

Branch / Regional Office Bearers must authorise the hire of vehicles at the Branch/Regional level.

Hired vehicles must be returned on the due date. Any extension of the period of hire must have the prior written authorisation of the relevant branch office bearers.

3.5**AIR TRAVEL (LOCAL AND OVERSEAS)**

There must be a centralised booking system for air travel.

First class travel is not permitted.

The person or structure causing re-booking for missed flights must bear the additional costs incurred.

3.6**PUBLIC TRANSPORT**

Buses, taxis and trains may be used based on financial considerations. The mode of travel to be used by persons travelling at union expense will be determined by the relevant BEC/REC/NEC. Their decisions will be made on consideration of various factors, such as time and convenience.

Vouchers are required to receive a refund.

Branch Office Bearers may authorise the hiring of buses or taxis for meetings, etc. provided the branch budget makes provision for such travel.

3.7**TRAFFIC FINES**

The union will not pay traffic fines under any circumstances.

3.8**DRIVERS LICENCES**

Any person driving a vehicle on union business must be in possession of a valid drivers licence. The branch/regional office bearers are responsible for checking the driver's license.

3.9**USE OF PRIVATE MOTOR VEHICLES**

See car allowance policy.

4.**EXPENDITURE****4.1****LOST WAGES**

Lost wages will only be paid in the event that a members' paid time off benefits are exhausted and proof (such as a pay slip or management letter) is produced. Branches and regions are responsible to ensure that proof of lost wages are submitted to the National Office before payment can be made.

The relevant structure (ie. BEC, REC or NEC) will bear the cost of lost wages for attendance at meetings.

4.2

HEAD OFFICE STATIONERY

Purchase orders must be completed before any stationery may be purchased.

The purchase of stationery is to be centralised.

Stationery use must be monitored by the Head of the Accounts Department or such delegated person.

The stationery cupboard and/or store room must be kept locked at all times.

4.3

ACCOMMODATION

The booking system should remain as it presently operates i.e centralized; using order book; payment be made on statements accompanied by invoices

The union should strive for pre-negotiated rates.

The union will not pay for personal telephone calls, room service a la carte meals, alcoholic beverages; they are the responsibility of the individual.

4.4

PHOTOCOPYING AND FAX CHARGES

Each structure will charge on-going rates and such monies received recorded and banked.

4.5

LEGAL FEES

Before lawyers may be approached to act on behalf of the union the BEC must make recommendations to the region giving the full details of the case and the reasons for their recommendation. The region has the authority to have the legal officer approach lawyers.

4.6

PURCHASE OF ASSETS

The BEC/REC will make recommendations on the purchase of assets to the National Finance Committee for endorsement.

Three quotes are required with all recommendations.

No asset will be purchased if not budgeted for.

All assets will be inspected on arrival and the relevant details agreed to the suppliers' invoice.

Both the National Office, and the relevant REC / BEC must be informed of all assets purchased.

4.7

DISPOSAL OF ASSETS

The BEC/REC will make recommendations to FINCOM on the disposal of assets.

An inspection of the asset is to be carried out before approval is given and it can be disposed of.

The National Finance Officer must be notified, in writing, within 14 days of the disposal including which asset was disposed of, the method of disposal, the name of the buyer, and the selling price, if applicable.

In the case of theft of a fixed asset, full details must be reported to the police within 24 hours. A written report must be submitted to the National Finance Officer within 14 days.

4.8

REGISTER OF ASSETS

The union will maintain an up to day register of fixed assets.

At financial year end, the relevant office bearers will carry out a physical inspection of assets in the office and verify the details in the register.

The BEC, REC, and NEC will receive a written report of any discrepancies.

4.9

RENTAL AND LEASE AGREEMENTS

No person may enter into a contract which commits the union to paying money over a set period of time, without the prior approval of the BEC and REC, and endorsement from the NEC.

Permission to enter into a contract must specify the name of the person authorised and his or her capacity, and be minuted by the relevant structure.

All contracts or agreements must be inspected by the Legal Officer before they can be signed.

A copy of the agreement can be kept by the relevant structure, but must also be forwarded to the National Finance Officer who will maintain a register of contracts.

4.10

INSURANCE

The National Finance Officer must ensure that all assets of the union are adequately insured.

Branches/Regions must ensure that the national office is informed of any loss of assets timeously. Should any structure (ie. REC, BEC) fail to ensure that the national finance officer has received all the details necessary for a successful insurance claim within the stipulated time period, the loss will be recovered from the structures' allocation.

4.11

RELIEF FUND

The union will have a relief fund for its members.

5% of total income may be used for relief on a monthly basis within the qualifying criteria.

During a legal strike, relief will be paid over a period of two months.

Payments from the relief fund will be monitored by the FINCOM and the General Secretary.

4.12

PETTY CASH

All petty cash will operate on an imprest system with a float of R 200,00. Monthly expenditure should not exceed R 200,00 a month - subject to reviews by National Fincom.

Small items, including stationery, postage, etc. can be purchased from petty cash. No one payment from petty cash may be more than R 50,00.

No loans are to be allowed from petty cash.

Petty cash vouchers, numbered in sequence, must be filled out for all expenditures. A petty cash book, balanced and reconciled to the cash on hand must also be maintained.

5. STAFF LOANS

5.1 Staff Loan Policy

Loans should only be made from the NEC account

* Loans should be repaid within a period of six months.

No loan should exceed more than 1 months salary.

No further loans may be obtained, unless the first loan has been repaid

The loan shall not be given more than once per year per employee save the second and the last for deaths reasons.

The union shall not exceed a total of R10 000.00 per month of all loans totaled together and this has no cumulative balances brought forward

The structure should recommend the loan for the employee and a signed copy should be sent to H O. office.

A 5% simply interest will be added on the loan.

5.2 SALARY ADVANCE

Salary advances will only be allowed twice a year.

* The advance will be repaid within a period of a month.

The advance will be equivalent to net salary

MOVED BY -----

SECONDED BY -----