

## **SCHEDULE OF RATES**

(1 July 2006 to June 2007)

### **SUBSISTENCE AND TRAVEL**

1.	<b>Hotel Accommodation</b>	
1.1	Bed and breakfast	R550.00
1.2	Dinner (which includes one soft drink)	R120.00
1.3	Maximum amount the General Secretary may incur during high seasons (bed and breakfast only)	R700.00
2.	<b>Travel</b>	
2.1	Road: Rate per kilometer traveled	R1.75
2.2	Air: Class of travel	Economy class only
2.3	Car Hire: Group "T" or Group "A" vehicles are to be used. A different group vehicle may be used if it would be cheaper to convey representatives in a such vehicle or where total travel is in excess of 500km.	Group T or A
3.	<b>Subsistence</b>	
3.1	Overnight allowance (provided no hotel is used)	R196.00
3.2	Meal allowance (only applicable if the NBCWPS does not provide lunch)	R70.00
3.3	Maximum catering cost per head for all NBCWPS meetings	R50.00
3.4	International traveling	Us \$100 <i>per diem</i>

### **INCOME**

4.	Levy Income	
4.1	The amount paid by <i>each employee</i> of the Paper & Wood Sector	
5.	Agency Shop Fees	
5.1	Calculated at 1% of the employee's salary to a maximum of R50.00	Maximum R50.00

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**A. LEGAL AND NBCWPS CONSTITUTIONAL REQUIREMENTS**

## 1. NBCWPS CONSTITUTION

- 1.1 An Annual General Meetings of the Main Council as per clause 5.5.1 of the constitution shall be held at least once per year by no later than four (4) months after the financial year end of the council which meeting shall approve the audited financial statements in respect of the previous year.
- 1.2 The Executive Committee of the Central Council shall thereafter determine the overall budget for the Council, including the Divisions for the following year.
- 1.3 The Council shall appoint an external auditor as required by Sector 53 of the Labour Relations Act.

## 2. THE LABOUR RELATION ACT

- 2.1 The NBCWPS shall comply with Section 53 of the Act as contained below:
  - (1) *Every council must to the standards of generally accepted accounting practice, principles and procedures:*
    - (a) *keep books and records of its income, expenditure, assets and liabilities; and*
    - (b) *within six months after the end of each financial statements, including at least-*
      - (i) *a statement of income and expenditure for the previous financial year; and*
      - (ii) *balance sheet showing its assets, liabilities and financial position as at the end of the previous financial year.*
  - (2) *Each council must arrange for an annual audit of its books and records of account and its financial statements by an auditor who must-*
    - (a) *conduct the audit in accordance with generally accepted auditing standards; and*

- (b) *report in writing to the council and in that report express an opinion as to whether or not the council has complied with those provisions of its constitution relating to financial matters.*
- (3) *Every council must-*
- (a) *make the financial statements and the auditor's report available to the parties to the council or their representatives for inspection; and*
  - (b) *submit those statements and the auditor's report to a meeting of the council as provided for in its constitution.*
- (4) *Every council must preserve each of its books of account, supporting vouchers, income and expenditure statements, balance sheets and auditor's reports, in an original or reproduced form, for a period of three years from the end of the financial year to which they relate.*
- (5) *The money of a council or of any fund established by a council that is surplus to its requirements or the expenses of the fund may be invested only in-*
- (a) *savings accounts, permanent shares or fixed deposits in any registered bank or financial institution;*
  - (b) *internal registered stock as contemplated in section 21 of Exchequer Act, 1975 (Act No 66 of 1975);*
  - (c) *a registered unit trust; or*
  - (d) *any other manner approved by the registrar.*
- (6) *A council must comply with subsections (1) to (5) in respect of all funds established by it, except fund referred to in section 28(3).*

## **B ACCOUNTING POLICIES**

The following principal accounting policies shall apply:

### **1. FINANCIAL YEAR**

- 1.1** The financial year of the NBCWP shall be from 1 July to 30 June.

**2. PROPERTY, PLANT AND EQUIPMENT**

**2.1** Property, plant and equipment will be stated at historical cost less accumulated depreciation and accumulated impairment losses. Costs will include all costs that are directly attributable to bringing the assets to working condition for their intended use.

**2.2** Depreciation will be provided on the straight line basis, over the estimated useful lives of the assets. The depreciation rates applicable to each category of property, plant and equipment would be as follows:

2.2.1	Furniture and fittings	20% per annum
2.2.2	Office equipment	20% per annum
2.2.3	Computer equipment	33% per annum

**3. INCOME**

**3.1** Levy income is to be recorded in the financial statements on an invoice basis.

**4. INVESTMENT STRATEGY**

**4.1** The criteria to determine the investments would be the following:

4.1.1 Risk of the investment will be conservative.

4.1.2 The investment of funds shall only be within the Republic of South Africa.

4.1.3 The management fees and the associated costs shall be as low as possible without comprising the performance of the investment.

4.1.4 The investment portfolio should have some degree of liquidity.

**4.2** Only funds necessary for the day-to-day functioning of the NBCWPS are maintained in the Current Account. The remainder of the funds must be transferred to a higher interest-bearing account.

**5. REMUNERATION OF NBCWP STAFF**

**5.1** The NBCWPS shall remunerate its staff on a total remuneration package to total costs to employer.

**5.2** The NBCWPS shall not purchase motor vehicles for staff of the council noting that provision had already been made in the remuneration package for staff to provide their own means of transport.

**5.3** The General Secretary as well as Regional secretaries must provide their own transport to and from work as well as during working hours to comply with their conditions of employment.

**5.4** The General and Regional Secretaries shall be reimbursed for subsistence and travel in terms of the applicable subsistence and Travel Policy of the NBCWPS provided that, no travel claim shall be payable for the first 500 km per month of travel done. The first 500 km per month of travel is included in the remuneration package of the secretaries.

**C. SUBSISTENCE AND TRAVEL POLICY OF THE NATIONAL BAGAINING COUNCIL FOR THE WOOD AND PAPER SECTOR**

**1. PURPOSE OF THE POLICY**

**1.1** The main objective of the policy is to outline the responsibilities of both the NBCWPS and its travellers and to establish a code of conduct, which should be adhered to by all parties.

**1.2** The ancillary objectives are reimburse the representatives of parties to the NBCWPS who attend scheduled meetings at National and Divisional levels in respect of subsistence and travel expenses incurred.

- 1.3 To ensure that the NBCWPS provides an effective and efficient travel arrangement service with the minimum disruption to its meetings and events and to curtail and minimise excess expenditure.

## **2. AIR TRAVEL**

### **2.1 Class of Travel**

- 2.1.1 All delegates are expected to travel on economy (Y) class. Only in exceptional circumstances will the NBCWPS be permitted to use Business Class.

### **2.2 Preferred Airlines**

- 2.2.1 The preferred airlines are South African Airways and British Airways. The NBCWPS will endeavour to obtain the maximum discount possible on airfares.

### **2.3 Frequent Flyer Benefits**

- 2.3.1 The traveller is entitled to accumulate voyager mileage. The NBCWPS, as a corporate entity, will also accumulate voyager miles.

### **2.4 Delegates Travelling Together**

- 2.4.1 Delegates of the parties must travel together, where possible in an attempt to reduce costs.

### **2.5 Credit for Unused/Cancelled Tickets**

- 2.5.1 In the event of a total cancellation of an air-ticket that has already been issued, the party responsible for the delegate shall reimburse the NBCWP the administration fees charged by the airline, provided that on good reason shown to the NBCWP, the party may not be held liable for such cancelled fee.
- 2.5.2 The travel agent must submit a monthly report of all unused and cancelled tickets to the NBCWPS.

### **3. CAR HIRE**

3.1 The Car Rental Companies, which may be used, are imperial, Avis and Budget.

#### **3.2 Vehicle Group**

3.2.1 In the case of hired car, it must be hired on the Group "T" tariff or Group "A" tariff depending on the season and the need for an air-conditioner. A different group vehicle may be used if it would be cheaper to convey representatives in a larger vehicle or where total travel is in excess of 500 km. Prior permission from the General Secretary of the NBCWPS is required for a higher tariff structure.

#### **3.3 Booking Procedure**

3.3.1 The travel co-ordinator of each party must assign a driver and co-drivers (if applicable) to a vehicle for each meeting.

#### **3.4 Duration of Hire**

3.4.1 The General Secretary or Financial Officer of the NBCWPS will authorize the duration of all car hire. The NBCWPS shall only pay for authorised usage of the vehicle. Each party shall be responsible for any excess usage of the vehicle which was used without prior authorisation.

#### **3.5 Insurance**

3.5.1 The NBCWP will take out an insurance policy which covers the hired vehicles.

3.5.2 The designated drivers shall under no circumstances hand over the vehicle to another person without informing the car hire company or the NBCWP. In the event the driver hands over the hired vehicle to another person, without the

knowledge of the NBCWP or the car hire company, the relevant party shall be liable for any accident or theft of the vehicle.

- 3.5.3 In the event of an accident or theft of the vehicle, the driver shall inform the respective travel coordinator and police within 24 hours. The coordinator will notify the NBCWP of the accident or theft.

#### **4. HOTEL ACCOMMODATION**

- 4.1 The preferred hotel groups are Holiday Inn, Three Cities, City Lodges and Bed and Breakfast establishments.

##### **4.2 Rates**

- 4.2.1 The Accommodation booked will be for single rooms.

- 4.2.2 The rates for accommodation (bed, breakfast and dinner) which the NBCWPS may use are as per Annexure L.

- 4.2.3 The NBCWPS would also pay for parking as an additional cost.

- 4.2.4 The General Secretary, at his discretion, may authorize expenditure to a maximum amount as per Annexure L for overnight accommodation during the high seasons or as a result of high demand for hotel accommodation.

- 4.2.5 The NBCWPS will only pay for the accommodation, breakfast, dinner and parking. All costs, other than those specified above, will be borne by the traveler.

- 4.2.6 The NBCWPS will under no circumstances pay for alcohol, movies, telephones calls, laundry etc. which is billed to the accommodation account.

- 4.2.7 In the event that the delegate is aware that he/she is no longer able to attend the meeting, he/she shall

inform his/her travel co-ordinator immediately, who will then inform the NBCWPS. The NBCWPS shall inform the travel agency to make the necessary arrangements to avoid unnecessary costs being incurred.

**4.2.8** The party shall be liable for the accommodation cost where the delegate is a “no show.” The travel agency shall the hotel informs the travel agency (including after hours), where a delegate is a “no show” prior to the hotel releasing the accommodation.

## **5. AIRPORT TRANSFERS**

**5.1** The NBCWPS utilize airport transfers if it is the cheapest mode of transporting delegates from the airport to the hotel or venue and back to the airport.

## **6. RATES**

**6.1** Parties claiming reimbursement in terms of this policy declare that no other payments in respect of the same trip have been or are made to them or shall be made in the future.

**6.2** Payment for the use of public transport will be reimbursed on production of a receipt.

**6.3** The delegates of the parties will have the choice of the method of travel to and from the meeting. However the reimbursement will be the cheapest of the two available methods of traveling, e.g. airfare or travel by road.

In practice this mean the following: an individual in Johannesburg that need to attend in Cape Town and wants to travel by road will be paid the cheapest rate on a comparison basis between the mode of travel by road or air.

**6.4** Connecting transport will be paid at a rate as per Annexure L over the shortest possible distance. This travel would include

- 6.4.1 Home to airport and back.
- 6.4.2 Airport hotel/ meeting venue and back.
- 6.4.3 Hotel to meeting venue and back when necessary.
- 6.5 Toll fees and parking costs will be paid by the NBCWPS on production of a proper receipt.
- 6.6 An allowance in respect of subsistence and accommodation per night away from base town is payable as per Annexure L provided that no hotel accommodation is used.
- 6.7 A meal allowance per meeting per day will be payable if no official lunch is provided as per Annexure L
- 6.8 The catering cost for NBCWPS meeting at national and divisional level shall not exceed a maximum as per Annexure L per head which shall be inclusive of a beverage.
- 6.9 The subsistence for international traveling shall be as per Annexure L.

## **7. PROCEDURE OF CLAIMING**

- 7.1 Only parties to the NBCWPS may submit claims to the NBCWPS. Claims submitted by individuals shall neither be considered nor paid to individuals.
- 7.2 No payment shall be made to individuals, only to the parties claiming.
- 7.3 Parties to NBCWPS shall claim on a quarterly basis, provide proof of scheduled meeting, attendance and other supporting documentation such as receipts in respect of claims. The claim must be submitted on the approved claim form. **(Annexure A)**
- 7.4 Claims may only be submitted in respect of the delegates who have attended the meeting.

- 7.5 Parties must indicate to the General Secretary Regional Secretaries who their delegates to the scheduled meetings will be.
- 7.6 Payment in respect of alternates attending meetings will only be made if such alternate delegates represent such party in the place of the delegate.
- 7.7 Delegates must be in attendance for the full duration of the scheduled meeting unless the meeting decides otherwise. The delegates will be required to sign an attendance register. The onus will be on the delegate to ensure that he or she signs the NBCWPS attendance register. The NBCWPS shall not pay for people attending caucuses prior to the meeting and not attending the meeting itself.
- 7.8 No payment of any kind will be made unless such proof of attendance is produced by the party claiming.
- 7.9 Should a party fail to submit a claim by 31 December upon closure of the NBCWPS financial year (July to June), they will forfeit the right to claim for that financial year.

## **D FINANCIAL REGULATIONS**

### **1. MANAGEMENT AUTHORITY**

#### **1.1 Financial And Human Resources Committee**

1.1.1 The financial and Human Resource Committee is a permanent committee of the NBCWPS made up of two representatives from Employer and one each from Solidarity, UASA and CEPPWAWU. Each party is entitled to one technical advisor which costs will be borne by the NBCWPS

1.1.2 The parties may nominate alternatives to this committee, but must ensure consistency from delegates and/ or alternates at meetings of the Finance and Human Resources Committee.

#### **1.2 General Secretary**

- 1.2.1 The General Secretary as the Accounting Officer, coordinates the activities of all employees and is responsible to the NBCWPS for:
- (a) The day-to-day running of the NBCWPS.
  - (b) The accountability, security, custody and control of all resources (including equipment, assets and cash).
  - (c) Ensuring that the Committees of the NBCWPS is given the information necessary to perform its duties and, in particular, that the Committees receive advice on matters concerning compliance with its governing instrument, the law and the need to remain solvent.
  - (d) Review of any reports submitted to the Executive Committee and the Finance and Human Resources Committee.
  - (e) Helping to ensure that the business of the NBCWPS is properly conducted.
  - (f) To sign contracts that the Executive Committee has approved, and insurances required by the NBCWPS.
  - (g) Advising on strategy, policy and ensuring implementation of decisions taken by the Executive committee on financial matters.
  - (h) Preparation and submission of policy recommendations and proposals.
  - (i) The implementation and maintenance of established policy.
  - (j) Recommending courses of action within established policies.

- (k) All operational decisions on the establishment and its day-to-day control.
- (l) Preparation and updating of Procedure manuals.

### 1.3 Finance Officer

1.3.1 The Finance Officer has the delegated authority in the following areas, and the General Secretary is ultimately the responsible person:

- (a) To procure services and goods within the limits set by the budget and the Financial Regulations.
- (b) To authorize payment and sign any cheques to the value 5,000.00 for goods and services in conjunction with the General Secretary, with the Approval of the Finance and Human Resources Committee.
- (c) Ensuring that proper systems of checks and balances are established and maintained throughout the NBCWPS offices.
- (d) The completion and submission of the following to the Finance and Human Resources committee:-
  - i) Monthly budget;
  - ii) Year to date budget depicting any variances;
  - iii) Monthly financial statements;
  - iv) Monthly statement of receipts and payments;
  - v) Schedule of outstanding levies;

- vi) Schedule of payments (general and capital expenses) to be submitted for approval;
  - vii) Completion & submission of all monthly statutory returns;
  - viii) Authorizing the payment and maintenance of petty cash;
  - ix) Ensuring the collection of all levy income and to follow up on any queries; and
  - x) Payment of all the NBCWPS accounts timeously.
- e) The finance Officer will provide guidance to the Executive Committee and Finance and Human Resources Committee on the accounting principles and procedures to ensure their proper implementation.

## **2. FINANCES**

### **2.1 Budget**

- 2.1.1 The budget is to be prepared by the Finance Officer in a form agreed to by the Finance and Human Resources Committee and in accordance with the objectives of the NBCWPS.
- 2.1.2 The first draft budget is to be prepared by the 28<sup>th</sup> February by the Finance Officer for authorization prior to the financial year end (30 June), taking into account actual results for the year to date and the current budget.
- 2.1.3 The budget is to be reviewed and approved by the Finance and Human Resources Committee before

the commencement of the financial year to which it relates.

- 2.1.4 Once approved the budget is to be used as the basis for the Finance and Human Resources Committee to incur expenditure and for comparison with actual monthly/quarterly results. The Finance and Human Resources Committee should not commit the NBCWPS to, or authorize expenditure that would cause the budget to be exceeded.
- 2.1.5 Variations in actual income and expenditure against budget and to be reported to the Finance and Human Resources Committee monthly.
- 2.1.6 Where additional expenditure is identified, authorization is to be sought from the Finance and Human Resources Committee for the overspend, either by virement or by an increase in the overall budget.
- 2.1.7 Nothing in these Financial regulations will prevent the Finance and Human Resources committee from incurring expenditure which is essential to meet any immediate needs created by an emergency or for authorizing unavoidable expenditure already incurred, subject to their action being discussed beforehand with the Chairperson, and being reported to the subsequent Finance and Human Resources Committee meeting.

## **2.2 Expenditure Authorisation**

- 2.2.1 The Executive Committee has approved and is accountable for the following procedures for the authorisation of expenditure commitments and invoices for payment.
- 2.2.2 expenditure is divided into the following sections:
  - a) Capital expenditure (covered by the annual budget).

- b) Revenue expenditure (covered by the annual budget).
- c) Monthly expenses (see section on monthly expenses).

2.2.3 There are two separate procedures involved in incurring expenditure- taking on the commitment to spend and then approving the invoice after goods or services have been received. Section 2.3 relates to taking on the commitment to spend (i.e. procurement). And section 2.3.4 relates to authorisation levels for invoices.

2.2.4 The NBCWPS shall incur costs for the following meetings only:

NATIONAL MEETINGS	NUMBER OF DELEGATES				TOTAL
	EMPLOYER	CEPPWAWU	SOLIDARITY	UASA	
Main Council					
Executive Committee					
Financial Committee					
Annual General Meeting (AGM)					

**NOTE:**

Union delegations at divisional level may vary depending on the membership fingers of the unions.

**2.3 Procurement (ordering)**

**2.3.1 Procurement Policy Statement**

- (a) To ensure value for money is obtained for the NBCWPS through the procurement of goods and services in the optimal quantities at the optimal time on the most economical terms from reputable contractors while adopting a responsible attitude to the previously disadvantaged business community.
- (b) To ensure delivery of an acceptable quality of services.

- (c) To be open, honest and fair in all dealings with suppliers.

### **2.3.2 Establishing a database of Potential Suppliers**

- a) On an annual basis, the Finance and Human Resources Committee will review, by no later than the 31 March preceding the commencement of the suppliers for the next financial year.
- b) There will be an invitation for an expression of interest by using one of the following
  - i) Through contact with the Local Chamber of Contractor of Commerce.
  - ii) Inviting local contractors to register as 'approved contractors'.
  - iii) Advertising the expression of interest in a suitable regional/ national newspaper.

### **2.3.3 Criteria for the selection of suppliers**

- a) No single criteria should take precedence. Information should be obtained from a standard questionnaire.
- b) Value for money
  - i) In areas which are not related to the NBCWPS's core business as well as areas of relatively low volume the lowest tender does not have to be accepted if an alternative supplier in the other areas identified below.
  - ii) In areas which are core of the NBCWPS's business, parity in levels of

quality, professional ability, track record, price and trading terms is essential.

- c) Capacity to Deliver
  - i) Size of Organisation
  - ii) Skills within organisation.
  - iii) Track record/References.
- d) Financial Viability/Stability
  - i) To manage risk of bankruptcy if contract above certain value/over minimum period of time.
  - ii) Insurance certificates/audited accounts/annual reports.
- e) Contribution to Local Economy
  - i) Total number of staff
  - ii) Local presence
  - iii) Annual turnover
- f) References/referrals
  - i) References must be obtained as part of the Supplier approval process.

#### 2.3.4 Authorisation Levels

- a) **R5,000.00 and below:**
  - i) For goods/services estimated to cost R5,000.00 and below the General Secretary and the Finance Officer have the authority to authorise procurement and make payment.

- ii) Such procurement should fall within budget unless otherwise determined by the Finance and Human Resources Committee in which instances a resolution by the Finance and Human Resources Committee should be passed in accordance set out in Section 2.1 (budget).
- iii) Once written quote should be obtained and retained on file

**b) Between R50,000.01 and R50,000.00**

- i) For goods/services estimated to cost between R5,000.01 and R50,000.00 the Finance and Human Resources Committee has the authority to approve procurement.
- ii) Such procurement should fall within budget unless otherwise determined by the finance and Human Resources Committee in which instance a resolution by the Finance and Human Resources Committee should be passed in accordance with the financial regulations set out in Section 2.1 (budget).
- iii) A minimum of two (2) alternative written quotes must be obtained and retained on file.

**c) R50,000.01 and above**

- i) For goods/services estimated to cost R50,000.01 and above approval must be obtained from the Executive Committee.

- ii) Such procurement should fall within budget unless otherwise determined by the Executive Committee when a resolution by the Executive Committee should be passed in accordance with the financial regulations set out in Section 2.1 (budget).
- iii) Formal ordering procedures should be followed.
- iv) Formal orders should be sourced from at least 3 selected firms. See section 2.3.4 'Ordering procedure' below.

### **2.3.5 Ordering Procedure**

- a) Formal ordering procedures must be applied for goods and services of R50,000.00 and above.
- b) Formal orders should be sourced from at least 3 selected firms from the NBCWPS approved list of 'suppliers' or from identified companies.

## **2.4 Authorisation Of Payments**

2.4.1 The Finance Officer will check and verify the approval of accounts for payment and such approval mean that:-

- (a) The goods have been received, examined and approved in accordance with the specification and are satisfactory; or
- (b) The work done or services rendered have been satisfactorily carried out.

2.4.2 The charges represent value for money and where applicable are in accordance with the contract/order/agreement;

- 2.4.3 The invoice is arithmetically correct (including discounts VAT, etc);
- 2.4.4 The account code is correct;
- 2.4.5 No other invoice has been paid in respect of the goods received or work done;
- 2.4.6 The relevant expenditure has been properly incurred on the NBCWPS business,
- 2.4.7 The signatory has the authority to sign within the relevant expenditure limit;
- 2.4.8 Where possible payments must be made on original invoices, if it is not the original invoice then either:-
- (a) State on the copy for payment where the original invoice/document has gone ensuring that the original and all other copies are clearly marked to show that payment has been authorized on a copy;  
or
  - (b) State on the document passed for payment that all efforts have been made to trace the original and any other copies clearly marked to indicate payment made;
- 2.4.9 The supplier code is correct.
- 2.4.10 The invoice does not include a brought forward balance. If the invoice does include a brought forward balance then the original invoice must be attached, or if the original invoice cannot be found the same procedure as set out in (2.3.11) above must have been followed.
- 2.4.11 All payments must be supported by invoices/receipts. In cases of advance payment without invoice, it is the responsibility of the Finance Officer authorizing the expenditure to ensure that such documentation is subsequently provided and is marked 'Record purpose only, already paid'.

- 2.4.12 The expenditure must be charged against the relevant accounting code and not charged against another budget in order to 'vire' expenditure.
- 2.4.13 A cheque requisition form (**Annexure B**) must be completed and attached to the original invoice.
- 2.4.14 A separate file of all cheque requisitions and invoices must be maintained for each month and retained for at least five years.
- 2.4.15 The General Secretary will maintain a register of approved signatories.
- 2.4.16 Any amendment to an invoice/account must be made in ink and initialed by the person making it, briefly stating the reasons.

## **2.5 Monthly expenses**

- 2.5.1 These comprise salaries and wages, rentals, telephone, electricity and water, postage, stationery, petty cash and maintenance costs.
- 2.5.2 Where possible all payments of authorized benefits will be made by bank transfer with the two levels of security, with respect to signatory codes.
- 2.5.3 Payments made by cheque must have a cheque requisition form attached to any documentation confirming the expense details and must be filed separately from the invoice records.
- 2.5.4 All time records and other pay documents will be in a form approved by the Finance Officer.
- 2.5.5 The General Secretary will ensure that all monthly expenses are kept within budget and that the Finance and Human Resources Committee approves all changes that affect cost.

## **2.6 Accounting**

2.6.1 The following principles will be observed where possible in the allocation of duties involving financial activity:-

- a) The duties of providing information about money due to or from the NBCWPS and of calculating, checking and recording these sums must be separated as completely as possible from the duty of collecting or paying them; and
- b) Persons who have the duty of examining and checking the accounts of cash transactions must not themselves be engaged in any of those transactions.

2.6.2 The Finance Officer will present the first draft of financial statements for the previous financial year within six weeks of the financial year end.

2.6.3 The Finance Officer will provide audited year-end accounts within three months of the year-end.

2.6.4 The following accounts and accounting records must be kept as a minimum requirement:-

- a) Nominal ledger (including cashbook);
- b) Purchase ledger and invoices;
- c) Rent ledger;
- d) Bank statements;
- e) Fixed asset register;
- f) Deposit statements and register
- g) Loan register;
- h) Payroll records;
- i) Levy income schedules.

The records should be kept in a way that complies with the requirements of the South African Revenue Services and in a manner consistent with statutory accounting regulations and good practice.

## 2.7 Banking Arrangements

- 2.7.1 Banking accounts must only be opened and closed, with the approval of the Executive Committee. Subject to such approval the General Secretary is authorized to make arrangements for the opening, closing and operating of such accounts.
- 2.7.2 The Finance and Human Resources Committee will delegate to the relevant member of the Finance and Human Resources Committee, and the General Secretary the authority to sign cheques and approve bank transfer subject to there being two signatories for each transaction at all times.
- 2.7.3 Cheque can only be ordered when the General Secretary who must make proper arrangements for their custody has obtained approval for payment.
- 2.7.4 All bank accounts will be reconciled at intervals of not more than one month.

## **2.8 Petty Cash**

- 2.8.1 The Finance and Human Resources Committee will approve the level of petty cash provision, and the petty cash limit, within the annual budget.
- 2.8.2 Payments out of petty cash will only be for small disbursements and paying properly authorized expenses that cannot be processed in the normal way.
- 2.8.3 All claims for petty cash must be accompanied by evidence of any disbursement and signed by the claimant and person with the appropriate authority to authorise the expenditure.
- 2.8.4 The Finance Officer will be responsible for ensuring that all cash balances are kept in a locked, safe place.
- 2.8.5 Personal cheques must not be cashed out of petty cash.
- 2.8.6 The General Secretary and the Finance Officer must sign any claim for reimbursement of petty cash.

2.8.7 The petty cash balance should be reconciled at monthly intervals.

## **2.9 Fixed Asset Register**

2.9.1 A fixed register and inventory shall be maintained by the Finance Officer recording a description of furniture, fittings and equipment, computers and other capital equipment owned or leased by the NBCWPS.

2.9.2 A separate asset register for each office must be maintained by the Finance Officer.

2.9.3 No assets shall be removed, other than in the ordinary course of business, or used other than for the NBCWPS's purposes, except in accordance with specific directions issued by the Executive Committee.

2.9.4 For rules relating to the disposal of fixed assets please refer to Section 4 (Disposals).

2.9.5 The inventory account shall take place on or before the 30 June of each year.

## **2.10 Payroll Administration**

2.10.1 The Finance Officer shall keep a file for each employee consisting of all monetary issues including leave records for that financial year. The file shall not contain any disciplinary matters or matters of a personal nature that is not related to the payment of the employees' salary.

2.10.2 The finance officer shall inform all staff on a monthly basis of the leave outstanding on a year to date basis and shall inform the employee by giving thirty (30) notice of any leave that expires on the employee's anniversary date.

2.10.3 Staff shall be paid electronically on the 25<sup>th</sup> of every month except if the 25<sup>th</sup> falls on a public holiday or a weekend in which case payment shall be made on the previous weekday.

- 2.10.4 The Bookkeeper shall complete a dummy payroll schedule by not later than the 29<sup>th</sup> of every month to the Finance Officer.
- 2.10.5 The Finance Officer shall audit the salary payment schedule and present such to the General Secretary for signature by not later than the 22<sup>nd</sup> of that month.
- 2.10.6 The Finance Officer shall at all times apply the correct Income Tax Tables.
- 2.10.7 Staff loans for study purposes are not subject to employees' tax.
- 2.10.8 Normal subsistence and travel of staff shall be reflected in the monthly salary of the employees.
- 2.10.9 Any administrative errors in the calculation of an employee's salary must be reported immediately by the Finance Officer to the General Secretary.
- 2.10.10 Any under deduction of PAYE shall be recovered from the affected employee as soon as such under deduction is detected and on such terms and conditions as the General Secretary deems fair and appropriate.

## **2.11 Safekeeping Of Assets And Consumables**

- 2.11.1 It is responsibility of the General and Regional Secretaries to ensure the safe keeping of all assets and consumables of the NBCWPS.

## **3. Insurances**

- 3.1 The Finance and Human Resources Committee will be responsible for ensuring that:-
  - 3.1.1 NBCWPS assets are properly insured and the position is reviewed at least annually.

3.1.2 All risks are underwritten by a well established reputable office whose credit standing is approved by the relevant Finance and Human Resource Committee and,

3.1.3 All of the assets are insured against risk.

#### **4. DISPOSALS**

##### **4.1 Disposal Of Furniture, Equipment And Other Assets**

4.1.1 No asset with a value of over R2 000.00 (either net book value or market value) may be disposed of or scrapped without the prior approval of the Finance and Human Resources Committee.

4.1.2 The disposal of assets with a value of less than R2, 000.00 (either net book value or market value) shall require the approval of the General Secretary and the Finance Officer.

#### **E. AUDIT COMMITTEE**

##### **1. PURPOSE**

1.1 It is common practice in all major business firms, State Organisations and Local Government to establish an Internal Audit Committee which operates independently within the financial sections as an overseer on financial matters and make recommendations to improve internal control systems, accounting practices, information systems and auditing processes.

##### **2. OBJECTIVES OF THE AUDIT COMMITTEE**

**2.1** The objectives of the Audit Committee shall, *inter alia*, be to:

**2.1.1** Assist the Finance and Human Resources Committee, Executive Committee and the Central Council in its evaluation of the adequacy and efficiency of the internal control systems and auditing processes in the day-to-day management of its business.

- 2.1.2** Facilitate and promote communication and liaison regarding the matters referred to in paragraph 3.1 or a related matter, between the Finance and Human Resources Committee, Executive Committee and the General Secretary.
- 2.1.3** Recommend the introduction of measures, which the committee believes may enhance the credibility and objectivity of financial statements and reports concerning the affairs of the National Bargaining Council for the Wood and Paper Sector.
- 2.1.4** Advise on any matter referred to the committee by the General Secretary, Finance and Human Resources Committee or Executive Committee.

### **3. AUTHORITY AND INDEPENDENCE**

- 3.1 The Audit Committee shall report directly to the Executive Committee of the NBCWPS.
- 3.2 The Audit Committee shall be independent and separate from the Finance and Human Resource Committee.

### **4. COMPOSITION**

- 4.1** The NBCWPS shall establish an Internal Audit Committee constituting of three (3) to four (4) persons. Employer, Solidarity, CEPPWAWU & UASA shall appoint one member each to the committee whose members shall not be members of either the Finance and Human Resource Committee or the Executive Committee. The fourth person shall be an external person who will be appointed as chairperson of the committee and must be a qualified auditor. The person shall be appointed executive committee
- 4.2** The General Secretary and Finance Officer may constitute as additional members of such Committee after being invited by the Audit Committee to do so.
- 4.3** The parties shall endeavour to nominate members who have the following quantities and attributes:

**4.3.1** a reasonable understanding of the financial complexities of the NBCWPS and Wood and Paper Sector;

**4.3.2** an appreciation of the business of a bargaining council:

a) The Committee shall elect a Chairperson and Secretary from amongst its members.

b) The Secretary shall liaise with the Finance Officer of the NBCWPS, who shall coordinate the notice of meeting and all matters incidental thereto.

**4.4** The term of office of the independent chairperson shall run from 1 July to 30 June of the NBCWPS financial year.

**4.5** The NBCWPS shall advertise, in a regional newspaper where the head office is located, calling for the appointment of the independent chairperson. Such advertisement and appointment must take place by the 31 May proceeding the term of office of the independent chairperson.

## **5 MEETINGS**

5.1 The Committee should meet on a bi-annual basis.

5.2 The Committee shall meet by no later than 15 September to consider the Annual Financial Statements of the NBCWPS.

## **6. TERMS OF REFERENCE**

6.1 The Audit Committee should be advisory in nature.

6.2 The following are the duties, which the Audit Committee should perform:

6.2.1 Satisfy itself that the audit plan makes provision for effectively addressing the critical risk areas in the Council.

- 6.2.2 Monitor management's response to reported weaknesses in controls, deficiencies in systems and recommendations for improvement.
- 6.2.3 Consider differences of opinion between management and auditors.
- 6.2.4 Evaluate the performance of auditors and of management.
- 6.2.5 Review the financial statements and interim reports prior to approval by the Central Council including the accounting policies adopted.
- 6.2.6 Review the effectiveness of the Council's systems of internal control.
- 6.2.7 Communicate to stakeholders regarding its activities.
- 6.2.8 Liaise with and review the operations of the internal audit function.
- 6.2.9 Review significant differences between Management and Financial Manager.
- 6.2.10 Review scope of evaluations of the effectiveness of the Council's internal controls, cases of employee fraud, misconduct or conflicts of interest.
- 6.2.11 Monitor the legal compliance of the entity.
- 6.2.12 Monitor the expenditure against the approved budget after six months.

### **6.3 Appointment and Retention of Auditors**

- 6.3.1 The Audit Committee must make a firm recommendation each year for either the retention or replacement of the existing External Auditors. It may also be appropriate for the committee to advise management on the fees payable to the Auditors.

### **6.4 Systems and Controls**

6.4.1 The Audit Committee shall meet each year with management and the External Auditors to review and agree on the scope of the audit procedures and related matters.

6.4.2 The Audit Committee should on a quarterly basis review identified weaknesses in controls, deficiencies in systems, recommendations for improvement and management's response thereto.

## **6.5 Critical Risk Areas**

6.5.1 The Audit Committee should consider whether there are any areas of major risk that require special attention or monitoring by the Auditors including the Investment. (Internal and External).

## **6.6 Quality of Financial Information**

6.6.1 The Audit Committee should review the financial information and thereafter submit it to the Finance and Human Resources Committee and Central Council for recommendation and approval.

## **6.7 Ethical Conduct**

6.7.1 The Audit Committee should ensure that the Executive Committee establishes a clearly defined and documented Corporate Code of Ethics.

6.7.2 The Audit Committee should monitor compliance with any applicable ethical requirements and recommend the development of such a set of requirements.

6.7.3 Potential conflicts of interest or questionable situations of a material nature.

6.7.4 Recommend remedial action on violations of ethical conduct.

## **6.8 Special Investigations**

6.8.1 From time to time, a need may arise for an investigation into:

- a) breakdowns in systems or controls;
- b) a conflict of interest or other ethical problems.

## **6.9 Monitor the legal compliance of the Council**

6.9.1 The Audit Committee should:

- a) Review all significant transactions which do not form part of the Council's normal business.
- b) Obtain assurances from management in respect of relationship with regulatory authorities.
- c) Review the NBCWPS's compliance with statutory requirements.
- d) Comment and recommend current and pending litigation or regulatory proceedings in which the NBCWPS is involved in any way.

## **7. REMUNERATION OF THE AUDIT COMMITTEE**

7.1 Members of the Audit Committee shall not be remunerated unless so determined by the Executive Committee. Any disbursements payable to the Audit Committee shall be in accordance with this policy.

## **F. REGULATIONS FOR REGIONAL SECRETARIES AND REGIONAL OFFICES**

### **1. PETTY CASH**

1.1 The Regional Offices will continue to maintain a Petty Cash balance of R500.00 per month.

1.2 In instances where the Petty Cash has not been completely utilized in a month, the difference of Petty Cash on hand and

the balance to be maintained will be cashed to petty cash usage at the beginning of each month.

- 1.3 A cheque for Petty Cash is the only cheque that can be cashed. Other expenses must be paid on crossed cheques.

## 2. PROCUREMENT

- 2.1 Each Regional Office will be supplied with a Purchase Order Book that is pre-numbered by Head Office.
- 2.2 Goods can be bought based on three (3) quotations received taking the cheapest but not compromising the quality of goods and services to be procured.
- 2.3 Goods up to R570.00 vat inclusive can be purchased without receiving quotations. An order must not be split and must show the total cost to be incurred.
- 2.4 For goods/services estimated to cost between R570.00 and R2 000.00, the Regional Secretary has the authority to authorize procurement and make payment. Such procurement should fall within budget. Written quotes must be kept on file.
- 2.5 Before a Purchase Order can be issued it must be signed by the Regional Secretary. Where goods and services to be procured are above R2 000.00 and below R5 000.00, the Financial Officer or the General Secretary will have to co-sign the purchase order.
- 2.6 Where goods and services to be purchased are above R5 000.00 Head Office will take over procurement of such.
- 2.7 The General Secretary is authorized to pay for arbitration fees in a single matter to a maximum of R8 000.00, inclusive of VAT, traveling, parking etc, provided that any payment in excess of R8 000.00 must be authorized by the Finance Officer.
- 2.8 The General Secretary is authorized to pay subsistence and travel claims on a quarterly basis as per the Subsistence and Travel Policy.

- 2.9 The General Secretary is authorized to pay Telkom to a maximum of the monthly budget and any amount exceeding the monthly budget must be approved by the Finance Officer.
- 2.10 Head Office will purchase goods of capital nature. At no stage will Regional Secretaries be allowed to purchase such goods.

### **3 BANK AND CASH**

- 3.1 Any money received by the Regional Offices must be deposited into the Head Office account and not into the Regional accounts.
- 3.2 Head Office will only provide money on a quarterly basis depending on what is more conducive to the normal operation of the individual offices.
- 3.3 General Secretary has to monitor their budget against cash available to them and no Bank Overdraft will be permitted.
- 3.4 The General Secretary is authorised to sign cheques up to R5 000.00 (as per clause 2.5 above) and up to R8 000.00 (as per clause 2.7 above).
- 3.5 The purchasing and/or ordering of services or goods must be confined to the approved budget for each division. No deviation will be accepted.

### **4 EXPENSES**

- 4.1 Supporting documentation to any expense must be kept in a safe place where it will not be accessible to any public people or staffs who are not required to perform this duty. Original invoices must be kept for Audit purposes.
- 4.2 Payment of expenses must be made on receipt of original invoices. Payment on faxed documents or photocopies is not allowed.
- 4.3 Once a statement is received at the end of month, it has to be checked against invoices received before payment can be made.
- 4.4 Where payment is for arbitration, the award given to the parties as well as the completed attendance register (**Annexure C**) must

accompany the invoice. No payment will be effected without this.

- 4.5 For expenses above R5,001.00, Head Office will pay and deduct the money from the region's allocation.

## **5 ASSETS**

5.1 No assets will be purchased or disposed without the authorization of the Financial Officer or General Secretary.

5.2 The NBCWPS's policy on Assets will be applicable.

## **6 LIABILITIES**

6.1 The Regional Secretary has no authority to commit the NBCWPS to any long-term liabilities.

6.2 The NBCWPS's policy on liabilities will be applicable.

## **7 INVESTMENTS**

7.1 The regional offices will make no investments at any given time.

7.2 The Head Office will decide upon such as per the NBCWPS's investments policy.

## **8 ESTABLISHMENT**

8.1 Any matter whether directly or indirectly omitted from text must be referred to the NBCWPS Head Office for interpretation.

## **9 DISCIPLINE**

9.1 Regional Secretaries and/or staff who are responsible for the execution of the said financial duties as the NBCWPS Financial Regulations as well as the financial operational Manual will be subject to discipline in the event that misconduct is alleged. To this end the Financial Officer will conduct monthly a routine financial investigation in respect of each regional office.

## **10 DIVISIONAL QUARTERLY FINANCIAL STATEMENTS**

- 10.1 The Regional Secretaries are required to submit divisional financial statements (**Annexure D**) to the Head office on a quarterly basis which should be submitted by no later than the 15<sup>th</sup> of the following month. i.e. the first submission will include the months July to September, which must be submitted by the 15<sup>th</sup> of October.
- 10.2 The following information is also to be submitted:
  - 10.2.1 The bank statements for the relevant period.
  - 10.2.2 A list of all invoices in respect of wasted arbitration costs (**Annexure E**) issued to the relevant parties indicating which are paid and which are still due.
  - 10.2.3 A list of all invoices issued to debtors such as Amanzi Statutory Council indicating which are paid and which are still due
  - 10.2.4 A list of stale cheques and an explanation as to why the cheque is stale.
- 10.3 For the last quarter (April to June), the following information is to be submitted in addition to that listed in 10.2:
  - 10.3.1 A list of creditors as at the 30 June.
  - 10.3.2 A list of all arbitrations (and their costing) held prior 30 June but has not yet been paid at that date.
  - 10.3.3 A list of subsistence and travel claim payments that are still due to the parties for the financial year.

## **11 DIVISIONAL EXPENDITURE**

- 11.1 Divisional structures should mirror those of the National structures.
- 11.2 The Plenary of the Division shall meet on a quarterly basis. The Executive Committee of the NBCWPS shall approve any additional meetings.

11.3 The divisions shall elect not less than ten (10) delegates and not more than twenty/thirty (20/30) delegates per side for plenary meetings as per the following:

11.3.1	eThekwini Division	-	30
11.3.2	KwaZulu-Natal Division	-	30
11.3.3	Western Cape Metropolitan Division	-	30
11.3.4	Western Cape Division	-	30
11.3.5	Eastern Cape Division	-	30
11.3.6	Johannesburg Metropolitan Division	-	30
11.3.7	Gauteng Division	-	30
11.3.8	Tshwane Metropolitan Division	-	30
11.3.9	Limpopo Division	-	20
11.3.10	Mpumalanga Division	-	20
11.3.11	North Western Division	-	20
11.3.12	Free State Division	-	20
11.3.13	North Cape Division	-	20

11.4 The expenditure of divisional sub-committees will be confined to working groups in clause D, item 2.2.4

11.5 The NBCWPS shall be responsible for the costs of setting up the Conciliation Committee meeting of the Division and shall not be responsible for the applicants or the respondents' costs, of travel to and from the meeting.

11.6 That in the event that conciliation (facilitation and mediation) be required to resolve a dispute in terms of the NBCWPS constitution, the costs of the appointment of the conciliator/facilitator/mediator shall be for the account of the NBCWPS.

## **G. OPERATING MANUAL**

### **1. Procedure For The Recording And Receiving Of Bargaining Council Levies And Agency Shop Fees**

#### **1.1 Types of Income:**

##### **1.1.1 Levy Income**

- a) This is paid by all employees of the Paper and Wood Sector. An amount is deducted from the salary of each employee and an equivalent amount per employee is paid by the employer. The amount receivable is as per Annexure L.
- b) The money received is the main source of income of the NBCWPS.

#### 1.1.2 Agency Shop Fees

- a) This is a fee payable by any Wood and Paper employee who is not a member of either UASA SOLIDARITY or CEPPWAWU. This includes Section 57 employees. The amount payable is as per Annexure L.

Note: only the employee pays this amount, there is no contributing amount from the Employer.

- b) The money received from Agency Shop Fees is collected by the NBCWPS on behalf of the Unions, and is therefore not included as income of the NBCWPS.

#### 1.1.3 Other Income

- a) The employer pays an affiliation fee to the National Bargaining Council for the Wood and Paper Sector. This fee does not affect the employees of the employer.
- b) Employees belonging to the South African Municipal Workers Union (SAMWU) pay a membership fee to the union.
- c) Employees belonging to the Independent Municipal Allied and Trade Union (IMATU) pay a membership fee to the union.

- d) Dual/Triple Membership-This is where an employee could belong to more than one trade union. This will distort the employee numbers of a municipality.
- e) The distinction between employee numbers and membership affiliation must be noted.

*Example 3*

<i>SOLIDARITY</i>	50
<i>CEPPWAWU</i>	50
<i>UASA</i>	50
<i>Other Union</i>	10
<i>Non-Union</i>	5

The above, shows the membership affiliation in the Council. We cannot say that there are 115 employees in a Wood and Paper Sector due to the concept of dual members, we can safely say that there are 115 employees in the Sector. If there were 2 dual members, there would therefore only be 113 employees in the employer.