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Did You Know?

The finance department's reports, Fiscal Strategy 2014/15, and Budget Guidelines 2013/14, are now available. Both reports provide helpful information that will assist you as you prepare your budget for the next fiscal year. Need help? Contact your DHQ business department of the THQ finance department.

Editorial

As we come closer to Christmas, we are reminded of the incredible level of trust placed in The Salvation Army by the public in Canada and Bermuda. Year after year, the Army's fundraising efforts at Christmas are rewarded with record-breaking results. So, as the last few days of this year's effort come to a close, it is fitting to ask ourselves some questions about the funds that have been raised this year:

- Do we have the controls in place to ensure that funds are protected and safeguarded against fraud and misappropriation?
- Can we ensure that funds will be used as the donors intended?

- Have we used appropriate procedures to collect the funds?
- Have we ensured that funds have been managed appropriately from their collection point to the time they were deposited?
- Will the use of these funds result in transformative outcomes that help achieve our mission?

If your answer is not a resounding "yes" to each of these questions, it is time for you to review your unit's policies and procedures. Do it soon, while this year is still fresh in your memory.

The reputation of The Salvation Army is in all our hands. Will you do your part to protect it?

Accounting & Financial Reporting Focus

GIFT CARDS

During recent years, The Salvation Army has increased its use of gift cards, especially as part of its Christmas relief efforts. Gift cards have real cash value and their use involves many of the same risk management issues as when cash is used. As a result, many of the same controls apply.

Gift cards must be stored in a secure location until distribution. They must be held in a locked cash box and stored in a safe until distributed, similar to the controls on petty cash funds. In addition, a single staff member should be appointed custodian of the gift cards and held accountable for their safekeeping.

A detailed log of all gift cards must be maintained, listing each gift card by serial number and dollar amount. A sample log form is contained in the appendix to Operating Policy #4008.

At the date of acquisition, the full value of the gift cards must be recorded on the ministry unit's books as an asset under account #119000. As the gift cards are used, they must be transferred from the asset account to the appropriate expense account. We recommend that this transfer occur no less than once a week if gift cards have been used.

If food vouchers are purchased in a manner similar to gift cards and paid for in advance of distribution, they should be treated as gift cards. If the supplier invoices the unit for reimbursement of vouchers it has honoured, they do not need to be treated as gift cards but can be expensed as paid.

One other key point . . . gift cards should never be used to reimburse staff or volunteers for their time or expenses. To do so represents income tax fraud.

For more information, see Operating Policy #4008 or contact the finance department.

Policy Perspective

DELEGATION OF AUTHORITY

In our last issue, we provided information about the Army's corporate and legal structure. The Governing Council of The Salvation Army in Canada, the territory's principal corporation, is the entity through which most of the Army's operations and business in Canada are conducted. A by-law of the Governing Council gives authority for how its business is to be conducted, with any two of its members signing on its behalf, although it is typically the secretary and treasurer who do so.

To avoid having the secretary and treasurer conduct all transactions, Operating Policies #3401 to #3405 provide a framework in which other staff at THQ, DHQ and ministry units have authority to give approval on behalf of the Governing Council in certain situations.

The most common delegation of authority is the responsibility to approve expenditures. While policies #3401 to #3405 provide guidance on which expenditures can be approved by whom, Operating Policy #3410 provides a framework for how this responsibility should be fulfilled. Everyone who has authority to approve expenditures at any level in the organization should be thoroughly acquainted with these policies.

In recent years, the threshold amounts for expenditure approvals have increased significantly so that, in most cases, only transactions of \$500,000 or more are presented to territorial board. Much greater authority now rests with Cabinet members and department heads at THQ, and divisional commanders, divisional secretaries for business administration and divisional finance boards at DHQ.

One area where the current policy framework is weak is expense reimbursement as it is still common practice for an executive director or corps officer to have someone in their own ministry unit sign off on their expense reimbursements, rather than sending them to divisional headquarters for approval. The finance department has a revised policy ready for issuance soon, but first it is finalizing an online expense reporting system that will eliminate the time and inconvenience of sending a reimbursement claim to divisional headquarters before being paid. Watch for more about the new system and change in policy coming soon.

In The News

TERRITORIAL SOCIAL SERVICES CONFERENCE 2014 ---

The next Territorial Social Services Conference, to be held in October 2014, will include a financial management track. The finance department has accepted an invitation from the social services department to host this workshop at the conference. Planning is already underway for a series of sessions that will be useful for corps officers and executive directors, as well as business managers and others involved in the financial affairs of their ministry unit.

THE GATEWAY NAMED AS ONE OF CANADA'S TOP PICKS ---



Charity Intelligence, an independent charity watchdog organization, has named 45 charities across Canada as its top picks for 2012. Included on the list is a Salvation Army ministry unit, The Gateway, in downtown Toronto. Congratulations to Mr. Dion Oxford, Executive Director, and his staff.



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Comments, Suggestions?

Do you have comments on any of the topics raised in this issue, or suggestions for a future issue? Write to us at:

Money&Mission@can.salvationarmy.org.

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