

A publication of the Finance Department, The Salvation Army Canada & Bermuda Territory.

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# Money & Mission



## Editorial

### THE WORDS OF CHRISTMAS

Harried, frenzied, exhausted, stressed? Are these some of the words that describe your condition as we head into the final week before Christmas?

Kettles, hampers, toys, families in need? Are these some of the words that describe how you've been spending your time these past few weeks?

For every hamper you've packed, for every toy you've wrapped, for every kettle you've stood beside, for every phone call you've made, for every smile you've given when you didn't feel much like smiling, for giving hope to the people you serve, for being the 'Christ' in Christmas to those you encounter --- thank you!

This is the time of the year when The Salvation Army is most visible. To those who stand on the battlefield where the war is raging, where despair and futility reside, thank you for giving hope to those who count on our being there.

As you arrive at Christmas morning, in spite of your



Giving Hope Today

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## IN THE NEWS

**LOW OVERHEAD LEADS TO LOW OUTCOMES** --- Recent research in the U.K. reveals that there is a link between low administrative costs in charities and poor performance. The study, which examined 265 charities between 2008 and 2011, challenges the basic donor assumption that a charity with lower overhead costs is better than others with higher costs. For more information, go to <http://giving-evidence.com/2013/05/02/admin-data/>.

**ISBA VISITS CANADA** --- The International Secretary for Business Administration, Commissioner John Wainwright, visited Territorial Headquarters in early November for discussions about the Canada & Bermuda Territory's role in helping finance the international Army.

**EI RATES TO BE FROZEN** --- Federal Finance Minister, Jim Flaherty, has announced that the Employment Insurance (EI) premium rate for employees will be frozen for three years. The current rate of \$1.88 per \$100 of insurable earnings will be maintained for 2014, 2015 and 2016.

exhaustion and weariness, may you experience the joy of that first Christmas, and know afresh the wonder of God in a manger.

Merry Christmas!

## Charity Corner

### HOW PEOPLE SEE US

The Muttart Foundation recently completed its fifth survey since 2000 concerning Canadians' attitudes towards charities. The results from 3,853 interviews show a high level of trust in Canadian charities (79%). Hospitals rank the highest (86%) and religious organizations, other than churches and places of worship, rank the lowest (41%). By comparison, the federal government (45%), media (53%) and major corporations (41%) all come in lower than charities as a whole.

Trust in charities is highest among the young; 79% of those between 18 and 24 years of age and 77% of those between 25 and 34 say they have some or a lot of trust in charities.

Trust in leaders of charities has fallen. Only 17% trust charity leaders a lot, compared to 27% in 2000. Nurses and doctors fare better with 72% and 56% respectively saying they have a high level of trust in members of these professions. At the other end of the spectrum, only 3% place a lot of trust in federal politicians and 10% in religious leaders.

The percentage of Canadians who believe charities are honest about use of donations is at 70%, down from 84% in 2000.

98% of Canadians agree that charities are very effective at helping people.

60% agree that charities are very good at spending money wisely, but, in spite of this, 73% believe that charities spend too much on administration, including salaries and wages.

## DID YOU KNOW?

Every year the Charities Directorate of Canada Revenue Agency receives 4,000 applications from organizations seeking charitable status. There are currently 80,000 charities registered.

### 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](mailto:Money&Mission@can.salvationarmy.org).

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In general, the survey indicates that Canadians' views about charities are positive. However, it also suggests that charities need to tell their stories better in order to increase the regard in which they are held in our society.

## Special Feature

### CONNECTING THE DOTS: PART VI



*The purpose of this six-part article is to help connect the dots between some of the recent policy initiatives that call for increased accountability measures and the forces behind them. In the first five parts, we explored the issues which have led to increased accountability and some of the recent policy initiatives that have been developed in response. In this final part of the article, we highlight some of the changes that are in process.*

Here are the major policy changes you can expect (or which may already be in effect by the time this issue is published):

- The expenditure and payment policy is being revised to require both expenditure and payment authorities to provide written confirmation annually that they have read and understood the policy.
- If expenditure is not properly supported by third party evidence (i.e. invoice, receipt, etc.) a written explanation will be required and two approvals rather than one will be required prior to payment being made. In addition, policy will be revised to provide for a maximum number of times in twelve months that an officer or

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employee can be reimbursed when receipts are missing.

- Policy will be revised to make the payment authority, as well as the expenditure authority, responsible to ensure that the expenditure is being made in accordance with Salvation Army policies.
- Policy will be established to describe the responsibilities of local controllers or business managers or corps finance officers with respect to monitoring and controlling expenditures.
- All decisions to hire staff in financial roles now require the approval of the finance department so that a financial professional can be involved in vetting candidates.
- Evidence of a background check will be required to be filed with employee relations staff to support the hiring of all employees. Without this, an individual may not be added to the payroll.
- The internal audit and finance departments have been asked to develop a plan for mandatory training for all management staff at THQ, DHQs and ministry units on the topic of fraud awareness and internal controls.

What are we trying to achieve through all of these policy initiatives? Clear expectations for behavior, a culture of compliance, and an organization characterized by full accountability and transparency when it comes to financial management.



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