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Money & Mission

Giving Hope Today

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Editorial

BALANCING TRUST AND SKEPTICISM

In a presentation I made to area and divisional commanders a few months ago, I remarked that, with our recent focus on fraud awareness and internal controls, one of the things we are trying to create is an organizational environment characterized by professional skepticism. I've been challenged several times about that remark.

QUOTES WORTH REPEATING

"Making use of money that is not our own affects character. It is easy to be dishonest without actually stealing, and it is essential that officers should keep a conscience void of offence . . . Act with strict integrity both in the employment of your time and in the use you make of Army money and property . . . You cannot do spiritual work truly and well if you display slovenliness, neglect and lack of accuracy where business ability, or at least painstaking care, might justly be expected." – Mrs. General Florence Booth

The typical response goes something like this: Isn't trust a basic value of organizations like ours? Do we really want a Salvation Army in which we cannot trust each other? Is there room for skepticism in a Christian organization?

Of course, the answers are 'yes', 'no', and 'yes'. Skepticism and trust are not incompatible. They go hand in hand. Trust, unchecked, becomes blind trust. It's the kind of trust that never asks a question, often ignores the facts and warning signs, and leaves itself open to fraud and manipulation. On the other hand, skepticism, unchecked, can be just as damaging; it can easily slide into distrust and wreak havoc in relationships. Both elements must be balanced for either to be effective.

We need to trust those who work for us and with us. It is essential to achieving the mission. But we need to exercise appropriate, healthy skepticism to ensure that the facts support the assertions that are being presented to us. It is particularly important in the area of financial stewardship, but it applies to everything we do in our roles as leaders.

Accounting & Financial Reporting Focus

GIFT CARDS AND FOOD VOUCHERS

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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For more information about the Finance Department please see visit http://salvationist.ca/departments/finance/ .

Gift cards and food vouchers represent a form of cash and should be managed with the same controls. Cards and vouchers must be held in a locked cash box and stored in a safe until distributed, with a staff member appointed as custodian.

At the date of acquisition, whether purchased or donated, the full value of the cards and vouchers must be recorded on the ministry unit's books as an asset. A full inventory must be maintained listing each card and voucher by serial number and dollar amount.

In most cases, cards should be signed for by the recipient, but there may be situations where this is not possible (i.e. when cards are distributed in gift baskets at Christmas); in these cases, two independent staff members or volunteers must sign to certify that the cards have been distributed.

A monthly reconciliation should be prepared and signed by the custodian and approved by his/her supervisor.

Gift cards to individuals are limited to $100 on a single gift. Gifts larger than this amount must be requisitioned and paid for by cheque or electronic funds transfer.

Because they create a taxable benefit for the recipient, gift cards should never be given to officers and employees for any reason. Similarly, gift cards should not be used to make payment to 'volunteers' or casual workers for services.

Gift cards should not be purchased to provide hospitality for meetings (e.g., coffee cards to take clients or others out for coffee). These items should be purchased using petty cash, a corporate Visa card or personal funds and then claimed through normal procedures with appropriate receipts.

For more information, see Operating Policy 4008.

Policy Perspective

FUNDING CHARITABLE WORK OVERSEAS

The Canada Revenue Agency ("CRA") imposes strict requirements on Canadian registered charities that fund work outside of Canada. The two key requirements are as follows:

1.) The CRA does not allow Canadian charities to simply transfer funds to organizations outside of Canada unless the organizations that receive the funds are "qualified donees" (which include Canadian registered charities). As a result, our territory cannot simply transfer funds to organizations outside Canada, even if these organizations are other Salvation Army territories or ministry units. The CRA takes the position that a Canadian charity can only "work with or through other organizations provided it employs certain structured arrangements that allow it to retain direction and control over the use of its resources."

2.) The CRA requires Canadian charities to maintain adequate reports and records to document how funds are spent in foreign jurisdictions.

To ensure that all of our foreign activities comply with CRA requirements, our territory entered into a Master Agency Agreement with The Salvation Army International Trustee Company ("SAITCO"). Under this, SAITCO acts as our agent when we engage in charitable work outside of Canada. Senior personnel in the CRA Charities Directorate have confirmed that this Master Agency Agreement satisfies CRA requirements. Essentially, the CRA has accepted that when funding is governed by this agreement, our territory, through SAITCO, exercises sufficient "direction and control" over projects that we fund.

Because of this arrangement, all foreign activity by any ministry unit in the Canadian territory must be coordinated through the World Missions Office at THQ. This includes funding work of the Army, another organization or individual outside Canada, contributions of goods of any kind and undertaking mission trips.

In particular:

a) No Salvation Army unit may directly or indirectly allocate funds overseas (whether donation receipts have been issued or not), nor can Salvation Army funds be given directly to reinforcement or international personnel who are visiting Canada. All funds must be channeled through territorial headquarters so that they can be handled in accordance with the Master Agency Agreement.

b) No official receipts for income tax purposes may be given to acknowledge any donations for overseas, except for the Partners in Mission (Self Denial Appeal). All other receipts will be issued by territorial headquarters. This gives us the opportunity to ensure that the gift can, in fact, be used as intended by the donor and that it can be brought under the Master Agency Agreement.

c) Corps and other ministry units that are undertaking short-term missions must coordinate their trip with the World Missions Office at THQ.

d) Territorial headquarters will no longer accept individual, specified donations for foreign activities unless they can be allocated to a program or project that can be brought under the Master Agency Agreement. This includes donations intended to support the work of Canadian reinforcement personnel.

Failure to comply with CRA's requirements will jeopardize The Salvation Army's charitable registration; as a result, we cannot overemphasize how important it is that all ministry units follow this policy to the letter.

If you have a question about a specific issue or need more information, please contact the office of Major Gillian Brown, Director of World Missions at THQ.

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