

# Money & Mission

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## Guest Editorial: Doing What is Right for the Organization

**Major Wade Budgell, Assistant Chief Secretary**

There has been considerable media chatter about the Toronto Blue Jays because they haven't made the playoffs since they won the World Series in 1993. General Manager Alex Anthopoulos has been under considerable pressure to sign the players that both media and fans think are needed to get the team over the top. In a recent interview, Anthopoulos talked about not letting self-preservation affect his decision-making (even though he is in the final year of his contract). It would be tempting, he says, for him to sacrifice the future in seeking a better present. Instead, he pointed to a quote from Warren Buffett, CEO of Berkshire Hathaway, as a principle that guides him in his own leadership role.

Buffett, one of the world's most successful investors, says there are three things he wants when he hires someone – integrity, intelligence and energy. He says if you don't have the first one, integrity, you've got a clever, fast-moving thief.

Anthopoulos went on to say:

"I remember asking someone during the season what's the definition of integrity, because everyone's definition is different. One answer I got that I thought was great from a work context was, 'doing what's right for the organization.' If you live your life that way, it's really easy to make decisions. You've still got to feel like you're making the right decision but, if you start trying to think about yourself, it's not the way I'd go about it. You don't have integrity if you do that."

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Rejecting self-preservation and thinking first of the long-term health of the organization, he refused to trade away some of the team's top prospects under media and fan pressure.

This resonated with me as I thought about it in the context of officership, although it could equally apply to lay leaders and staff as well. We tend to define integrity in terms of morals, values or ethics (which can be somewhat nebulous terms because they are so broad), but 'doing what is right for the organization' is not a bad way to define integrity.

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## **Risk Management in The Salvation Army**

**Paul Goodyear, Financial Secretary**

Risk management is a key issue for most organizations today, including The Salvation Army. Historically, we thought of risk as being solely related to those possible events for which insurance coverage is obtained, events such as automobile accidents, floods and fires. The fact is, however, that organizations face risks in a number of areas, and a comprehensive risk management framework is necessary to help identify those risks and then manage them appropriately.

The Governing Council has established a Risk Committee chaired by the Chief Secretary. Its terms of reference call for the committee "to identify, assess and monitor the principal risks" faced by the Army and "ensure that there is a structured process in place for managing and controlling those risks". Formed in 2012, the Committee has now completed its preliminary work of identifying the key risks facing the Army.

Risks have been categorized in the following areas: ethics; compliance; turnover; strategic direction; ecclesiastical abuse; staff skill, diversity and motivation; succession planning; insufficient funds; cash flow; asset protection; financial reporting; fraud; competition; public image; brand; defamation; crisis response; health & safety; equipment & property; access & security; information; system integrity; stakeholder service; program management; contracts; environmental; operations interruption; financial management; legislation; economic; political; and cultural.

Each area has been defined and assigned to a manager who has responsibility to ensure that the risk is managed effectively, with regular reports back to the Committee. Risks are mitigated through a variety of actions, such as policy, procedures and internal controls. An action plan is developed to deal with any residual risk, if significant.

The world in which we live is fraught with risks. As a result, the purpose of the risk management process is not to eliminate risk from our operations, but to be fully aware of the risks we face and ensure that we do everything possible to manage unacceptable levels of risk that have the potential to create significant hardship for the organization.

## **Accounting & Financial Reporting Focus: Year-End for Ministry Units**

In a few short weeks, the 2014/15 fiscal year will close and the year-end process will begin. THQ's, DHQ's and externally audited ministry units will close their books by April 17, while other ministry units will close by May 1. For the complete timeline for both audited and non-audited units, please refer to the January 7 issue of *Money & Mission*.

If you have questions about your audit responsibilities or year-end timelines, please contact Justin Yantha, Director of Financial Reporting and Analysis at [Justin\\_Yantha@can.salvationarmy.org](mailto:Justin_Yantha@can.salvationarmy.org).

We need your support to ensure that we have a successful audit and a smooth year end. The consolidation team would like to thank you, in advance, for your efforts in meeting the upcoming deadlines.

### **Accounting function performed at local ministry unit**

By now, all ministry units performing their own accounting should have received a year-end preparation package which will help ensure an efficient consolidation process. If you did not receive the package, please e-mail [THQ\\_Consolidation@can.salvationarmy.org](mailto:THQ_Consolidation@can.salvationarmy.org) as soon as possible.

Please refer to the Intercompany Account Explanation and Year-End Checklist documents in the preparation package for a list of items to complete by March 31.

Remember that you can consult the consolidation team on accounting treatment, disclosure issues or other matters regarding the consolidation process.

Clients of the Finance department will be contacted directly by their respective regional office on year-end requirements.

### **Key responsibilities for audited ministry units**

If your ministry unit is externally audited, please ensure that:

- \* Auditors have contacted your unit to confirm an audit timeline by March 15. If you have not heard from KPMG or your local auditor by this date, please contact the consolidation team immediately.
- \* Financial statements and note disclosures are prepared before the external auditors arrive.
- \* Account reconciliations are completed and up to date before the auditors arrive.
- \* All audit adjustments are posted and reports from your accounting system reconciled to the audited financial statements immediately after your audit is completed, or by May 22 at the latest, to provide time to prepare the consolidated statements at THQ.
- Key personnel are available during the audit to answer all auditor questions in a timely manner, so that deadlines are met.
- Executive Directors are available during the audit to discuss their unit's financial statements and fiscal 2015 operations with the audit manager or partner.

*\*Please note that clients of the Finance department will not be responsible for the first four items as we will complete them on your behalf.*

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For more information about the Finance Department, please visit

<http://salvationist.ca/departments/finance/>

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