Money & Mission

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Guest Editorial: Bureaucracy and Autonomy – A Careful Balancing Act

By Lieut.-Colonel Lee Graves, Territorial Secretary for Business Administration

A common rallying cry across all sectors is for less organizational bureaucracy and greater local autonomy. Yet how do we achieve these while meeting the demands for greater accountability, more open transparency and the apparent need for more material resources to meet missional objectives? What are the desired measurable outcomes? How do we manage these while working within the prescribed organizational administrative structure? It sounds like an insurmountable task, particularly in light of pleas for less bureaucracy and greater autonomy. How do we find the right balance?

On his election to office in 2013, General Andre Cox shared the dreams he has for the global Salvation Army. One in particular should resonate with all of us in leadership positions: "I dream of an Army with strong, relevant and streamlined administrative structures and a much more effective use of our financial and material resources." This has mission critical Territorial applications and implications.

Mission must drive business and financial practices. Our motivation should be to break down roadblocks or barriers, and to embrace modern technology to build the Kingdom of God. In the Army we can capitalize on centralized processes to help us accomplish these while freeing resources for front-line ministry.

Organizations that are nimble and open to evaluation and change are more likely to remain relevant and responsive. Territorially, there is an openness and desire for change in administrative structures where warranted. Structures must serve the purpose rather than the purpose being a slave to the structure. Balanced bureaucracy must bring lift to the organization, not drag.

To conclude by quoting the General further: "Good administration leads to effective outcomes, but there's a fine line between good administration and undue bureaucracy. We should continually review the relevancy of our policies and procedures and the cost of our administration." Structural reviews are critical to ensuring we maximize resources at the front lines so as to realize the full potential of Kingdom gains.

Budget 2016/17

On March 1 and 16, 2016, the Territorial Finance Council approved the territorial and divisional budgets for 2016/17. Highlights from the budget include:

- The territorial budget is balanced for 2016/17 and for each of the following five years to 2021/22. After over a decade of operating deficits, this is the seventh balanced budget in a row.
- The most significant change in this year's budget is an additional $800,000 for congregational ministry grants, bringing the total to $2 million in the coming year. These grants are distributed to divisions to aid corps that are not self-supporting.
- Divisions will make grants and allocations to ministry units totaling $48.5 million, an increase of 2.5% over the current year.
- On average, divisions will fund 10% of the budget of ministry units. At 8%, the British Columbia, Ontario Central East and Prairie divisions are the lowest, while the Quebec division is the highest at 32%.
- Divisions will make capital grants for building projects of $15 million, compared with $16 million in the current year.
- 216 of the territory's 303 corps, or 71%, are projected to be self-supporting, up from 68% this fiscal year. After a number of years on a downward trend, this turnaround is positive.
- 98 ministry units are projecting deficits greater than $1,000, compared to 89 in the current year. The average projected deficit is $40,000, compared with $50,000 in the current year. Although there is improvement in the average projected deficit, the increase in the number of units relying on reserves to sustain expenses that are higher than revenue is concerning. Unless there is also work being done to align revenue and expenses, units in this position will eventually run out of funds.

Internal Audit: Top Five Findings in 2015

By Amanda Budgell, Audit Associate, Internal Audit

In the 2015 audit year, Internal Audit conducted routine audits in 45 ministry units. There were 36 common findings across these units; the five encountered in more than 50% of the were 30 common findings across these units; the five encountered in more than 50% of the audits were:

- **Health and Safety issues** were found in 69% of units audited. The deficiencies included missing Material Safety Data Sheets (MSDS), outdated fire equipment, improper signage, tripping hazards and poor lighting. Such issues put at risk the health and safety of all who use the premises. The Territorial Health and Safety Guidelines, in Section 3 of the Employee Relations Procedures Manual (ERPM), specifically describe possible issues and the appropriate responses.
- **Violations of CRA tax receipting rules** were found in 60% of units, contravening OP 4602. A common violation was a ministry unit name on an issued receipt that differed from the official name as stated on the annual T3010 return. Also, receipts were issued for non-qualifying donations such as those listed under OP 4602.8. The CRA has the power to revoke the charitable status of the unit if these rules (documented in the Territorial Finance Manual, Section 0103) are not followed. See *Money & Mission*, March 16, 2016, for a recent example of such revocation.
- **Incomplete employee files** were found in 60% of the units, contrary to Section 6 of the ERPM. Items that were often missing from individual employee files included applications and resumes, records of salary changes and performance reviews. The ERPM also recommends that a master employee log be maintained so that needed records are accessible and complete.
- **Inadequate inventory records** were found in 57% of units. According to OP 5208, an up-to-date listing of equipment and furnishings should be maintained at each ministry unit. The Army is required to submit an annual inventory valuation to our insurance company; coverage is limited to items on the listing. An incomplete listing may result in the unit not receiving appropriate compensation if items are stolen or destroyed.
- **Poor safe practices** were noted in 51% of units. Rules for safe-keeping of cash (and other valuables) are set out in TFM 0102. Though most ministry units have a safe on site, many are not maintained to the required standard. There should be control over who has access to the safe, and an up-to-date list of its contents.

Did You Know?

Many seem to think that buying a lottery ticket from a charity is similar to making a donation to the charity. They are wrong: the purchase of a lottery ticket should be viewed primarily as entertainment, not as a donation.

An examination of the 30 largest charity lotteries by Charity Intelligence Canada showed that just 27% of the ticket price, on average, went to fund the charity's programs. The remainder was used to pay for prizes (most of which were not donated), advertising and operating expenses.

The Salvation Army considers buying lottery tickets to be a form of gambling, and so does not permit lotteries to be organized in its name.

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Finance Department Offices

2 Overlea Blvd
Toronto, ON M4H 1P4
(416) 425.2111 ext. 2237

116 - 276 Midpark Way SE
Calgary AB T2X 1J6
(403) 201.9223

884 - 167 Lombard Ave
Winnipeg MB R3B 0T6
(204) 975.0735

101 - 85 Thorburn Rd
St. John's NL A1B 3M2
(709) 579.3919

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

Money & Mission Editorial Team

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