

MONEY & MISSION

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EDITORIAL: A LESSON FROM ABROAD

During her interview with Paul Goodyear, the first half of which appears in this issue, our Territorial Commander, Commissioner Susan McMillan, mentions some of the challenges she encountered in her postings to other territories. Perhaps the most notable was her in posting as Financial Secretary to the South America East Territory, where the annual inflation rate exceeded 4,000%, and the accounting was three years in arrears. We are so fortunate here in the Canada and Bermuda Territory, where challenges like neither of these has been experienced in the 136 years since the Territory was established, let alone both at the same

time!

The Commissioner notes that for a while she used the "Big Mac Index", which compares the price of a fairly standard product in different cities around the world. This informal index was developed in 1986 by *The Economist* magazine, the respected British weekly, as an informal way of measuring the purchasing power parity (PPP) between two currencies and provides a test of the extent to which market exchange rates result in goods costing the same in different countries.

The Big Mac PPP exchange rate between two countries is obtained by dividing the price of a Big Mac in one country (in its currency) by the price of a Big Mac in another country (in its currency). This value is then compared with the actual exchange rate; if it is lower, then the first currency is under-valued (according to PPP theory) compared with the second, and conversely, if it is higher, then the first currency is over-valued.

A lesson for all of us: when confronted with great challenges, we need to be open to creative ways of surmounting them.

INTERVIEW OF COMMISSIONER SUSAN MCMILLAN – I

By Paul Goodyear, Territorial Financial Secretary

During my interview I asked the Commissioner five questions. Her answers to the first three are set out below; her answers to the other two will be in the March 6 issue.

1) We believe you are the first Territorial Commander in Canada & Bermuda to have an accounting designation. Does this background help you in your role as TC?

It helps tremendously. Having a Finance/Accounting background allows me to better understand our financial statements and reports, and see where problems or opportunities may be arising. Also, with the Territory's substantial investment portfolios, it's very important to understand the investment environment and our processes for managing risks.

2) You have served in a variety of business appointments during your officer service, both here and in other territories. What is the most memorable business appointment you have had, and why?

One of the most memorable was when I became the Financial Secretary in South America East. At the time, Argentina was approaching the end of a 14-year experience of hyperinflation. (Of course it wasn't then apparent that the end was anywhere near!) In my first year the annual inflation rate was over 4000%! It was very difficult to budget or plan. I learned the value of cash flow projections when it became apparent that we didn't have enough cash! Before my arrival, the finance department had fallen about three years behind in its accounting – so we needed to update the accounting information while we were managing our day-to-day expenses in a hyperinflationary economy and with a funding shortfall. No case study at York U prepared me for that!

3) What is the biggest challenge you have faced in your various appointments, and did your accounting background help you deal with it?

accounting background help you deal with it:

Apart from my answer to question 2, the main challenge has been funding. In South America, we were always very frugal, but at times it became difficult to meet the needs that were so apparent. It was also difficult to explain the economy of South America to funders in other countries who were looking at economies with very low inflation, and couldn't understand why, for example, we couldn't build a new building for a few thousand dollars. Also, inflation that exceeds double-digits is hard to explain to people in the western world where these rates have never been experienced. At one point I landed on the 'Big Mac Index', which compared the price of a Big Mac in different cities: in Buenos Aires it was four times the Toronto price! My accounting background also helped in explaining to officers and lay leaders the reason and need for accountability. When you can show them, in monetary terms, how ministry can be hurt by poor accountability it encourages greater diligence.

DID YOU KNOW? REPORTS PRODUCED BY AGRESSO

By Justin Yantha, Director – Financial Reporting and Analysis

There is a variety of helpful financial reports in Agresso that will help you obtain the financial information you need, and they are available for your use under the Information Pages section. For example, your unit's monthly budgeted financial statements and general ledger detail reports are two of the reports available under this menu.

The Ministry Unit Financial Statements report provides a detailed balance sheet and budget variance report for your ministry unit, up until the period requested. It also provides a budget variance report for operating departments only, and a breakdown of the budget variance report by department, making it easier for you to monitor performance. This is the same report that is e-mailed to unit approvers every month after the general ledger has been closed. If you ever misplace the email, or accidentally delete it, you can rerun the statements any time at your leisure.

Another report to help monitor your unit's financial activities is the GL Detail List report. This report provides a detailed history of all transactions recorded for your unit, listed by accounts, and by period. If you wish to review or track your responsibility centre's expenses, revenues, and transfers, this report provides you with the detail breakdown, as well as additional information such as the transaction number, account coding details, invoice numbers, and which vendors the expenses were paid to.

Both of these reports will provide you with financial information from the beginning of the fiscal year requested. These are just some of the reports you can utilize, and we encourage you to explore the other financial resources available under the Information Pages to help you better understand your unit's finances.

Stay tuned for additional report information in future issues of *Money & Mission!*

**VERSE FROM THE FINANCIAL STEWARDSHIP
BIBLE**

BIBLE

Proverbs 8: 10-11 "Let instruction and knowledge mean more to you than silver or the finest gold. Wisdom is worth much more than precious jewels or anything else you desire."

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