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Money & Mission



Editorial

“All Hands on Deck: Partnering to Fight Fraud” was the title of a recent article in *Tone at the Top*, a publication of the Institute of Internal Auditors. The article suggests that everyone is responsible for preventing and detecting fraudulent behavior. Certainly, auditors, both internal and external, senior management and financial managers have special responsibilities. All of us, however, from the Territorial Commander to the custodian of the smallest corps, have the responsibility to safeguard the Army’s assets and to do our



Giving Hope Today

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IN THE NEWS:

FIRST FINANCIAL LITERACY LEADER APPOINTED – The Government of Canada has appointed Jane Rooney as Canada’s first-ever Financial Literacy Leader. Rooney’s mandate will be to collaborate and coordinate activities with stakeholders to contribute to and support initiatives that strengthen the financial literacy of Canadians. In addition, the Government has announced that November will be designated Financial Literacy Month.

MOST EMPLOYEES WORK DURING NON-BUSINESS HOURS – Newly released survey results from Jive Software, Inc. finds more than 90% of employees in the United States and Australia and 88% of employees in Great Britain report working during non-business hours. Additional findings from the study show that a majority of employees use their personal electronic devices for work purposes. (Source: *Charity Village*).

CANADIANS GIVE LESS THAN 1% TO CHARITY – On average, Canadians give less than 1% of their annual income to charity. (Source: *Globe & Mail*, December 19,

part to prevent anyone from appropriating those resources for their personal benefit.

A corps officer and his sergeant-major were chatting together in the office. Prior to leaving, the sergeant-major asked whether the corps officer had a postage stamp as he needed to mail a letter. A stamp was freely offered, and the sergeant-major dug in his pocket for some coins. "Oh, there's no need for you to pay", protested the officer, "with all you do for this corps, surely I can give you a postage stamp". Back came the response, "But Major, it isn't yours to give!"

The story reminds us that we are trustees of the Army's resources, charged with their stewardship and responsible to maximize their use for the accomplishment of the mission. That stewardship not only includes the way we personally manage money and other assets entrusted to us, it also involves being on the alert and ensuring that we are asking the right questions about others' use of the Army's assets. In many cases of fraud and misappropriation, there are warning signs that could lead to earlier detection if someone were paying attention. So, ask yourself if you are doing enough to detect and to prevent fraud.

2013)

DID YOU KNOW?

The value of an average volunteer hour stood at US \$22.55 or CAD \$23.12 in 2013 according to a report from Independent Sector in Washington, D.C.

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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Accounting & Financial Reporting Focus

Do you know what a fraudster looks like?

The most recent report of the Association of Certified Fraud Examiners suggests that:

- Most employees who commit fraud are first-time offenders. Less than 6% have a criminal record.
- Executives are the least likely to commit fraud.
- Most employees who commit fraud are under 45 years of age.
- The typical organization loses 5% of its income to fraud each year.
- Fraud committed by employees is more likely to be detected by a tip from a fellow employee than by any other means.

Organizations that implement any of 16 common anti-fraud controls were found to have experienced considerably lower losses due to fraud than organizations lacking these

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controls. What are those 16 anti-fraud controls?

- External audit of financial statements
- Code of Conduct
- Management certification of financial statements
- Internal audit department
- External audit of internal controls over financial reporting
- Management review
- Independent audit committee
- Employee support programs
- Hotline
- Fraud training for managers/executives
- Fraud training for employees
- Anti-fraud policy
- Formal fraud risk assessments
- Surprise audits
- Job rotation/mandatory vacation
- Rewards for whistleblowers

In 81% of cases, the employee defrauding his/her organization exhibits one or more behaviours often associated with fraudulent conduct. Living beyond one's means (36%), financial difficulties (27%), unusually close association with vendors or customers (19%) and excessive control issues (18%) were common behavioural warning signs.

Over 50% of the cases in religious and charitable organizations involved phony billing schemes.

(Source: Association of Certified Fraud Examiners)

Policy Perspective

Policy vs. Guidelines

Periodically, we encounter an officer or employee who treats the territory's Operating Policies as if they were simply guidelines. This is a mistaken belief.

Upon approval by the Territorial Management Board, Operating Policies are issued by the Chief Secretary. They set out the Army's agreed-upon policy and procedures in specific areas, following consultation with key stakeholders. Generally, they are not guidelines.

The distinction is important. Guidelines provide a framework in which decision-making may take place. Guidelines leave a lot of discretion to management.

Policy is much more stringent; it sets out the expectation for the decision to be made, often with little or no discretion left to management. The Army's Operating Policy Manual provides very few circumstances when policy may be set aside.

For example, OP4902 contains guidelines for reimbursement of child care costs that officers incur in order to fulfil their appointment responsibilities. This policy specifically indicates that the framework set out consists of “guidelines only”. This means that, among other things, the divisional commander is at liberty to approve allowances that are above the maximums listed if he/she is dealing with a case where regional rates make it prohibitive for the officer to obtain child care services.

In most cases, however, what is set out in the Operating Policy Manual consists of policy parameters that must be followed with no exceptions.

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