

Terms of Reference (6): Finance

BACKGROUND / CONTEXT

In conformity with the Statutes of the International Fraternity of the Secular Franciscan Order, the Presidency of the International Council appoints a Treasurer and establishes a Finance Commission responsible for the financial and patrimonial management of the International Fraternity. The presence of a Treasurer and Finance Commission is essential to the effective and efficient financial management of the Secular Franciscan Order at the international level, and is endorsed by the General Chapter representing the national fraternities. However, to ensure a greater transparency and efficient management of finances, the following proposal is also recommended.

PROPOSAL – SUMMARY

Proposal 6 – Financial Strategy and Plan

It is proposed that the International Council develop a financial strategy and plan for the international fraternity which includes both revenue generation strategies and expenditure management controls; the financial strategy would strive to balance the distributions of financial resources between administrative/management requirements and outreach initiatives to national fraternities in need. It is further proposed that this financial strategy and plan be presented and approved by the Order's General Chapter.

SCOPE

- Managing the finances of a fraternity is basically the same for all levels of fraternities in that financial management is to support the life of the fraternity and the needs of worship, of the apostolate, and of charity of the fraternity (OFS Rule, Art 25). The only difference among the fraternities is the size of the budget and the complexity of activities, keeping in mind that CIOFS is not one of the biggest among the fraternities in the world. Developing a standard procedure for the management of finances which would cover financial strategies and plans, budgeting, budget approval, closing approval, payment procedures, transparency, book keeping, and prevention of account fraud, etc. would be a step forward in providing sound financial management for the entire Order.
- An important priority in the finance area of the Order today is creating an improved awareness by both the members and the fraternities on their responsibilities regarding contributions. An insufficient awareness in this area results in difficulties in carrying out the required activities of the fraternities including those of CIOFS. Many fraternities in the world cannot carry out the activities required by the Rule and the General Constitutions, not to mention their achievement of financial autonomy.
- The efforts to improve the financial management of the international fraternity would benefit the entire Order since the result of these efforts could be applied not only to CIOFS but also to all the other fraternities in the world.

APPROACH

Organize a team to review and propose an overall work plan to improve all aspects of managing the finances of fraternities at all levels. The focus should be on the development of a standard procedure for managing finances and an increased awareness of the responsibility of members and of their fraternities to contribute to their fraternities as stipulated in art. 25 of the Rule and art 30.3 of the General Constitutions.

The following practical tasks would form part of the work of the team:

- developing standard procedures for the management of finances including the development of a strategy and plan, budgeting (based on the annual work/ activity plan of the fraternity), budget approval, closing approval, payment procedures, transparency and reporting, book keeping, and the prevention of account fraud etc. which could be used by all levels of fraternity. Also to be included in the procedure are general principles and guidelines to handle surplus cash and fixed assets, respectively;
- creating, in collaboration with the Office of Formation, a training module that explains article 25 of the OFS Rule and article 30.3 of the General Constitutions, the responsibilities of each member of the Order, as well as the co-responsibilities of each level of fraternity;
- developing an approach to revenue generation in addition to the contributions from the members, including the bench marking of exemplary national fraternities in this area, and using external foundations for specific projects, etc.; and
- developing guidelines to promote and manage specific funds of each fraternity to assist their own eventual needs and the urgent necessities of the other fraternities.

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| <p>RESOURCES REQUIRED</p> <ul style="list-style-type: none"> - Minister General, Vice-Minister General <u>or</u> Presidency Councillor - General Treasurer - Resource experienced in Financial Management of national fraternities that have a healthy financial standing - Resource with extensive knowledge and experience in financing and accounting - Resource with extensive knowledge and experience on formation/ education - No financial resources are required for the first phase of this project | <p>SOURCE OF FUNDING</p> <ul style="list-style-type: none"> - International Presidency - International Presidency - National Fraternities - National Fraternities - National Fraternities |
| <p>RESPONSIBILITIES</p> <p>A team of five people is proposed for the first phase of this project. Based on the composition of the team, appropriate responsibilities would be assigned to each member.</p> <p>It would also be the responsibility of this team to propose the work that would need to be done in subsequent phases of this project.</p> | |
| <p>TIMEFRAME FOR IMPLEMENTATION</p> <p>A timeframe of one (1) year is proposed to complete the first phase of this project.</p> | |