

EAO TEAM VISIT 2017

PROVINCIAL GROUP SHARING + ASSEMBLY

THEME 4: ECONOMY

DAY 3 – AM

Questions:

1. Please check what you have done after these two chapters to become it translated into your own reality.
2. What are the challenges you encountered in accomplishing this matter.

A) GROUP 1 – AUL

Question 1:

Please check what you have done after these two General Chapters (GC 26 and GC 27) to translate them into our reality?

- Australia is very highly regulated regarding financial matters, especially accounting for all public money.
- We are required to follow all government rules and regulations
- Annual external Audit is required under Law
- Use of cheques, credit cards and bank transfers rather than cash payments
- All property titles have been checked and accounted for
- Any irregularities (eg 'Family money') have been incorporated into the official accounts
- Have employed professional laypeople for our provincial office and most of works – lay Provincial Business Manager, lay Business Managers in all schools,

Question 2:

What issues are still to be faced?

- Local community bursars need greater external support to fulfil their roles (community matters only, not works matters)
- In the new Pacific Delegation we need to establish the appropriate financial procedures and protocols
- Establishment of a formal PDO and the appointment of a lay director

B) GROUP 2 - CIN

1. What has been done after GC 26 and 27 to become it translated into our own reality?
 - Every year the communities hand in a budget and submit the annual report on time (without an operational report yet).
 - Every month, the communities hand in the balance sheet.
 - We have fully professional accountancies working with and for us.
 - A simple *scrutinium paupertatis* has been done at provincial level
 - We have set up the policy of solidarity among the communities
 - Most of the subsidiary have an audited report done
 - On provincial level, the guidelines of GC 27/27 have been promoted, but at community level this mentality is still weak.

2. What are the difficulties?
 - The budget made by the communities are not done seriously, they are often just figures, copied from the last years expenses plus added inflation, and not in link with the OPP.
 - The budget is often done by the community economist alone without the community. Budgets are not discussed in many communities.
 - The confreres lack the capability and mentality of budgeting and planning. There is a strong need for formation. Even some economists do not know how to do the book-keeping.
 - We now have only the financial reports, but not the other kind of audit report that would show the poverty standards.
 - We have a general provincial budget, but we still do not have the accuracy requested
 - We don't know what intangible assets are
 - The difficulty to persevere...

C) GROUP 3 - FIN

How FIN translated GC26 and GC27 into reality and the difficulties encountered in terms of:

1. More accurate budgets and financial statements:
 - a. Standard accounting and reporting systems: for schools – on going development; for SDB communities – now being used.
 - b. Compliance Team who follows us the preparation of budgets and financial reports of the communities and their compliance to the finance and human resources manual. **DIFFICULTY: there are still communities who are delayed or do not comply.**

- c. Twice a year review of budget and actual performance by the Board of Trustees for schools and training centers. Budgeting for the Salesian communities is being started using the standard cost of living as base. **DIFFICULTY:** the many SDB communities are still not competent in budgeting.
2. Better use of tangible and intangible assets:
 - a. Province Finance and Human Resource Manuals in placed both for works and for the Salesian communities.
 - b. Planned inventory of assets. **DIFFICULTY is the lack of accurate records of historical costs of assets.**
 - c. The Finance Commission and the management teams of works avail of the expertise of professional lay consultants.
3. Greater solidarity at the provincial level:
 - a. There is an existing system of monthly Province Contribution from the Salesian communities and works. This needs to be evaluated.
 - b. The Provincial Chapter 2016 approved the remittance of surplus by the Salesian Communities and by the works. **DIFFICULTY in the implementation; there are communities who still find it difficult to share.**

D) GROUP 4 - FIS

1. Please check what you have done after these two chapters to become it translated into your own reality.

Accomplishment

- Context, FIS separated by islands and has varied systems. NOW, FIS has introduced **one external auditor for all, one system for all, one reporting system**, and has **created a stronger sense of solidarity** in the province (knowing which houses contribute more and which are the houses that need help/subsidy).
- Started the **budgeting system for each house**.
- **Able to produce One Province Consolidated Financial Report** to be submitted to the General Economist's Office.

2. What are the challenges you encountered in accomplishing this matter.

Challenges

- Settle all land titles
- Inventory of fixed assets
- Institutional development plan of each house based on the plan of the province
- Create sustainability program: Proper use of donated lands & existing facilities.

Question to the Superiors

- Any concrete criteria for proper investments?

E) GROUP 5 - GIA

EAO Team Visit 2017 Hua Hin GIA Economy

1) after GC26 and GC27

We employ a lay staff in provincial economer office and a professional tax accountant, so we can manage well, we think.

For transparency, we will start to use cloud system in account from April.

About solidarity, province gathers contribute and extra money from each community every year. This started from ex-economer.

There are still some old confreres who follow “old and good tradition” about money. patienza...

2) difficulties

It takes a lot of money especially for construction of buildings. We are planning to reconstruct some edifices for our works, but it will cost more because of specific reasons (after disaster of earthquake and before Olympic games...). So we need to think about balance between our mission and construction plan that we can pay, and of course together with our reshaping plan.

It takes more time to send financial report to Rome, as the form requested by government is different from congregation’s form.

Lower level of each economer of communities...need to be educated.

F) GROUP 6 - ITM

1. What have you done in the light of GC26 and GC27

Institutional Strengthening of economic system by way of:

- **Establishment of economic system in the Province;**
- **Uniforming the system by upgrading of human resources: training of economers and staffs on accounting, administration and management**
- **Encouraging Local communities to contribute to the provincial Solidarity Fund**

- **Developing an investment production and sales plan at both Province and Local level;**
- **Drawing up a set of rules and regulations for the personnels working in our institution;**
- **Setting up of PDO**

2. Obstacles:

- **Lack of proper control in the local communities**
- **There is inconsistency from the local communities to contribute to the Provincial Solidarity Fund**
- **Lack of consistency in drawing up of annual budget plan**

G) GROUP 7 - KOR

KOR-Economy

1. Concrete actions that we are doing in this field

- A. **More accurate budgets and balance sheets:** Regarding the practice of making balance sheets we have been practicing very well, and yet in terms of budgets some communities are doing well, while other communities not.
- B. **Better use of tangible and intangible assets:** We well grasp and understand our present situation of our tangible and intangible assets, with which we try our best to keep and to follow the guidelines of our Congregation, taking care of and using them. We do our best to invest them safely and as much as possible to sell real property that we are not using.
- C. **Greater solidarity at the provincial level:** Our Province is practicing to receive all donations for the all Mass intentions of our Province and solidarity from all communities. And we are taking advantage of it to support some projects or communities in need.

2. Difficulties of what we are practicing of them

- A. **Even if our Province asks all communities to submit the budgets, some communities don't follow, because it's not easy to make budgets for economers who are not capable and have poor knowledge in this field.**
- B. **Some communities which are weak in the sense of solidarity are reluctant to send solidarity.**

H) GROUP 8 – MYM

MYM on Economy

1. Thank you so much dear Fr. Rector Major for your generous support to the vice-province for the formation purposes
2. We invited a personnel from the office of Economer General to explain on the financial policy of the Congregation, attended by all the confreres.
3. As a result of that visit, we agreed to use Money Manager as a common accounting program in the vice-province.
4. We tried to insert lay experts in accounting and auditing
5. We are also preparing some lay collaborators in the field of accounting and auditing
6. We have established the PDO office for the vice-province
7. We try to move from individual management to community management.
8. Our Future plan:
 - a. To send our two-months old provincial economer to Rome to be trained
 - b. To prepare the house inventory
 - c. To call for the regular meeting of the local economers
 - d. To make sure that accurate accounts be given bi-monthly by the local economer

I) GROUP 9 - PGS

March 09, 2017 AM
PGS – ECONOMY

1. What have we done after these two GC 26 & 27 to translate them into reality

- a) Budgeting and auditing
 - There is a common accounting system in the Province.
 - Balance sheets have been submitted by all houses except one to the Province.
 - A common auditing system is followed in majority of the houses.
 - Provincial financial reports have been faithfully submitted to the Economer General.
 - The Finance Commission has invited expert lay people to help in the financial management at Provincial level.
 - b) Better use of tangible and intangible assets
 - In most houses, proper planning of projects were done and there was effective use of budgeted money.
 - A few communities, however, did not follow proper planning, budgeting and spending.
 - c) Solidarity at Provincial level
 - There is some effort to foster Provincial solidarity, but it needs to be strengthened.
 - The Province has regularly contributed to the congregational solidarity fund.
 - The Province has given some help to other provinces in need.
2. Difficulties and challenges
- Finding competent local economers
 - Majority of rectors are economers.
 - Financial management has not been entrusted to lay people because we have not sufficiently invested in their training and formation.

J) GROUP 10 - THA

1. **1. Please check what you have done after these two chapters to become it translated into your own reality.**

THA

- has lay expert auditor and his team at provincial level doing and following up this; lay experts has started going to all houses to set up a common accounting system for greater transparency and reliability.
- At present most of the solidarity funds come from our school settings; there is the need to find other ways of fund sourcing through our human resource (Past Pupils) and material assets (land and structures).

CAM

- Has started having a common financial system; each house submits its monthly financial report to our delegation economer and quarterly report to the Royal Government of Cambodia; our delegation economer has access to our financial record at any time.

- Has finished our report on our present assets and properties.
- Has just finished our first Institutional Audit by Caritas Switzerland
- Need to come up with ways how each house can generate funds for self-sustainability beyond 35%.
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2. What are the difficulties met after this processes?

THA

- We are challenged by the resistance from some old confreres' mentality and from few confreres' lack of sense of provincial and global solidarity.

K) GROUP 11 - VIE

VIE REPORT ON ECONOMY SESSION

- 1- We are trying to follow the directives from Economy Department regarding balance sheet; annual budget and solidarity. The system is being perfected for better management.

e.g.:

Digital forms with software development to suit the needs of local works and presence

Seminars for economers/pdo; meeting of local economers;;

Parish priests session on economy; rectors' meeting;

School administration: in general, good!

- 2- Obstacle:

- There is a level of solidarity among communities and works; yet, there is some low understanding of the systematic management, resulting in some reaction to the new system of management, like planning;
- Solution: better and clear communication in the coming meeting of rectors/parish priests/economers

SHARING

1. Fr. Atienza thanking the Rector Major & other provinces helping FIS
He place a question: How is the situation of being subsidized by the government in your country?
2. Fr. Cereda:

- a) We want to be good religious with being professionals in this field.
- b) Position of rectors as economers should not be done. Who controls the controller who is the Rector? The rectors are already multitasked, he can't follow up other matters of the house.

3. Fr. Guillermo Basanes:

- a) Fr. George Parapanampil will take the former jobs of Fr. Alfred Maravilla as well as being the coordinator of all the mission offices all over the world.
- b) PDO is not the same as the mission office.

4. Fr. Angel Artime:

He commends the provinces having budgeting and financial reporting. We assure that all the provinces are moving in the same track.

Proposals:

- i) The Economy should not only be the only criteria of our mission, no doubt of our charism. Ex: a poor province taking only the rich boys to answer financial difficulty...this is a grave sin.
- ii) Practice economic transparency.
- iii) Return to the mind of the congregation that if the salesian economer is in difficulty with the job, then delegate or refer it to the lay expert. Be serious of involving the lay in our mission. They can be trusted. Although this has to be adapted to certain provinces.
- iv) Consider also the danger of Rectors at the same time Economers (refer to Fr. Cereda's comment). This situation is not contemplated in our constitution.
- v) In a brotherly approach, sympathy should be desired.

On the Question: Any concrete criteria for proper investments?

What should not be done: that debts would destroy the economy of the province. There must be a financial plan on this matter...exercise prudence without entering into like a "dream land". OUR APOSTOLIC MISSION AND THE POOR YOUNG PEOPLE is our great criterion. Ex 15 % scholarship for the poor students. (economy and mission at the same time)

On Fr. Godo's question on the government subsidizing, we need to check our condition and commitment for the poor. We should be clear on our agreement and contract with the government.

5. Fr. Edwin Ulanday: commending CIN province for their report on the scrutiny on poverty.

Fr. Angel Artime: Yes, also the importance of following up our houses on this matter though not in a manner as chastising them.

6. Fr. Lafranco commenting on investing funds in the money market as referred to the constitution as not allowed.

Fr. Artime: this is yet a gray area, the General Council will look on this matter in the chapter. Ex. Money deposited in a bank gaining interests is allowed.

We have to look up investment in relation to our province's needs.
Investments should have a clear vision on the present situation of the province and the congregation....not only solely for profit.

We have to be wise and prudent...transparency should be observed.

Be careful about the loans of a single community.

7. Fr. Roger Miranda questioning on the criteria of Building Construction.

Fr. Angel Artime: refer to the ceiling that needs the permission of the Provincial Council, the General Council or even the Holy Father. Each province has its own limits. All our properties belong to the Church.