Progress Report of the Bursar
Period from March 2023 to December 2025
Franciscan of St. John the Baptist Pakistan

1. Introduction

This comprehensive Progress Report presents a detailed account of the financial management, administrative compliance, governance processes, and programmatic support undertaken by the Bursar's Office of the Franciscan Custody of St. John the Baptist Pakistan during the period **March 2023 to December 2025**.

I express profound gratitude to the Custos and the Custos Council for their confidence in entrusting me with this significant responsibility. I am equally thankful to the **Commission on Franciscan Management of Finance (CFMF)** for their constant guidance, prudent oversight, and collegial support in navigating complex financial and regulatory environments.

Special acknowledgment is due to the previous administration, particularly **Fr. Bhuro Mangho OFM**, whose cooperation and guidance ensured a smooth transition of responsibilities. This report is prepared to serve multiple purposes: accountability to leadership, compliance with government and donor requirements, institutional learning, and strategic planning for the future.

Economic Challenges in Pakistan: Over the last three years, Pakistan's economy has gone through difficult times followed by gradual improvement. In the first year, the country faced high inflation, currency depreciation, low foreign reserves, and slow economic growth. In the second year, economic conditions slightly improved due to financial support from international institutions, leading to better stability in prices and the exchange rate. In the most recent year, the economy showed relative stability, with reduced inflation and improved reserves, though challenges like poverty, unemployment, and low growth still remain. Overall, Pakistan's economy has moved from crisis towards stabilization, but long-term reforms are still needed for sustainable growth.

Therefore, I briefly present how we are managing to meet the needs of the Custody while addressing the challenges outlined below.

2. Support Staff and Professional Assistance

To ensure proper financial management and compliance, the following professionals supported the Procuratory Office:

- **Mr. Rafaqat Masih (Part-time Accounts Assistant):** Maintains account books and supports Excel-based accounting.
- **Mr. Venay Ashok (Auditor & Tax Advisor):** Responsible for audits, tax returns, and advisory services.

- **Mr. Haroon Masih (Investment Consultant):** Advises on investments and stock market matters.
- **Mr. Gerald Angelo (Legal Advisor):** Provides legal and regulatory compliance support with government authorities.

Their long-standing service and dedication to the Custody are gratefully acknowledged.

3. Economic Context and Financial Challenges

The reporting period coincided with severe economic challenges in Pakistan, including inflation reaching approximately 33%, political instability, rising utility costs, and increased operational expenses. These conditions significantly strained the Custody's financial resources and exceeded the approved budgets for 2023–2025.

Despite these constraints, prudent financial management, controlled expenditures, and timely decisions enabled the Custody to meet its essential obligations and continue its mission.

4. Role of the Commission on Franciscan Management of Finance (CFMF)

The CFMF plays a vital advisory role in:

- Long-term financial planning and investments
- Budget review and scrutiny
- Strengthening accountability and governance

The Commission actively supports the Custos and Council in fulfilling their fiduciary responsibilities.

5. Annual Budget Meetings and Approvals

The Commission on Franciscan Management of Finance (CFMF), comprising Friar Felix D' Souza, Friar Pervaz Daniel, Friar Bhuro Mangho, along with the Custos, Friar Azeem Lawrence, convened annual budget meetings on June 19, 2023; May 24, 2024; and June 18, 2025. These meetings were held to review, discuss, and prepare the annual budgets for all houses of the Custody of St. John the Baptist for the respective financial years.

The CFMF thoroughly examined and scrutinized the proposed budgets and subsequently submitted them to the Custos Council for final review. The Custos Council approved the budgets, subject to certain observations and reservations.

6. Renewal of Registration and Bank Signatories

Following the election of a new Custos Council in February 2023, extensive documentation was submitted to banks for updating authorized signatories. During this process, it was identified that:

- **The Society registration required renewal**
- **Attestation from the Provincial Assistant Registrar was mandatory**

The **Society Registration Act XXI of 1860** was successfully renewed for 2023–2026, and bank signatories were updated by April 2023. The next renewal is due on **18 March 2026**.

7. Renewal of Memorandum of Understanding (MoU)

The MoU with the Economic Affairs Division (EAD) is mandatory for receiving foreign remittances. The previous MoU expired in October 2023.

<u>Key steps undertaken:</u>

1. Engagement of a legal advisor
2. Online submission of projects via EAD portal (November 2023)
3. Submission of annual reports, plans, and compliance documents
4. Multiple inspections and verifications by government authorities

Outcome:
The MoU was successfully approved for **11 July 2024 – 31 December 2026**. Six-monthly progress reports have been submitted regularly as required.

8. Sindh Charity Commission Registration

Since our Association, Franciscans of St. John the Baptist Pakistan, is registered as a charitable welfare organization, compliance with the legal requirements for registration with the Sindh Charity Commission is mandatory under the Government law introduced in 2019. This registration is also a prerequisite for executing a Memorandum of Understanding (MoU).

Accordingly, Mr. Gerald Angelo submitted the online application through the Charity Registration Portal in May 2024. Subsequently, Mr. Venay Ashok pursued the matter through manual follow-ups with the Finance Secretary and relevant board members. During this process, representatives of the Association were called upon by various government departments, including FATF-related authorities, the Deputy Commissioner's Office (Karachi East), Home Vigilance Committees, Legal Branches, and district police departments (Crime Branch), to facilitate investigations and due diligence.

Upon completion of the investigation, the final report of the Deputy Commissioner, Karachi East, was forwarded to the Home Department of Sindh (FATF) for approval on January 19, 2026. Although the process extended over nearly one year, we are hopeful of receiving the Sindh Charity Registration Certificate by the end of January 2026.

9. No Objection Certificates (NOCs)

No Objection Certificates (NOCs) are required from the Home Department and the relevant District Administrations in all operational areas within the provinces of Sindh and Punjab. These NOCs are a mandatory prerequisite for the execution of Memoranda of Understanding (MoUs) and the implementation of project activities.

Recently, the Association was granted a one-year NOC by the Office of the Deputy Commissioner, Karachi East, valid from January 2026 to December 2026. However, NOCs from Sanghar District in Sindh and Lahore District in Punjab are still pending and remain essential for the continuation and formalization of activities in those areas.

10. Tax Exemption Status

The Pakistan Centre for Philanthropy (PCP) certification is a key requirement for obtaining and maintaining tax exemption status. It serves as an independent validation of an organization's governance structure, financial management practices, internal control systems, and programmatic effectiveness. Upon the grant of PCP certification, an organization becomes eligible to seek tax exemption approval from the Federal Board of Revenue (FBR), while also strengthening donor confidence and institutional credibility.

The PCP tax exemption process involves the submission of audited financial statements, governance and policy documents, operational guidelines, and statutory compliance records for detailed review. This evaluation process is rigorous and time-consuming, as PCP carefully assesses transparency, accountability, and alignment with charitable objectives. Upon successful completion of the evaluation and certification, the organization is formally recognized as a compliant non-profit entity eligible for tax benefits.

The ***Franciscans of St. John the Baptist Pakistan*** have already applied for PCP certification, and following a rigorous evaluation process, our case has been presented before the PCP Board panel. It is anticipated that the certification will be granted by the first week of January, subject to final approval.

11. Organizational Structure and Governance

A professional NGO structure is essential for transparency and efficiency. It should include:

- Clear roles and responsibilities
- Separation of financial, operational, and oversight functions
- Regular reporting and internal controls

Strengthening governance will enhance donor confidence and regulatory compliance.

12. Audit and Bookkeeping (2023–2025)

Annual audits for FY 2022–23, 2023–24, and 2024–25 were completed by **Salahuddine & Co., Chartered Accountants, Karachi**.

- Books maintained manually and digitally
- Tax returns filed regularly
- Records available for inspection

This ensures transparency, accountability, and donor trust.

13. Investments and Financial Sustainability

NGO investments help ensure sustainability during funding delays and emergencies.

Current investments include:

1. HBL Investments
2. JS Investments
3. Bank Alfalah Investments
4. MCB Investments

All investments are performing well and generating stable returns.

Stock Market Shares

Previously underperforming shares were transferred to **Summit Capital Pvt. Ltd.** with approval of the Custos. Since then, stock performance has improved significantly.

14. Projects Implemented (2023–2025)

Projects are the backbone of the Custody's mission, supporting formation, social services, and infrastructure.

A. Initial Formation Projects

- Contribution for OFM in Pakistan (2023–24)
- OFM Formation for Young Friars (2024–25)

Projects are the backbone of an organization as they translate its vision, mission, and strategic objectives into practical action and measurable results. Through projects, organizations deliver services, create impact, mobilize resources, and engage communities effectively. Well-designed and well-managed projects ensure structured planning, efficient use of resources, accountability, and sustainability.
They also enable organizations to demonstrate impact to donors, beneficiaries, and regulators, thereby strengthening credibility, trust, and long-term institutional growth.

B. Social Projects

- Health services in Khipro
- Vehicles for healthcare and administration
- Support for special children

C. Renovation Projects

- Franciscan Centre for Special Children
- Churches in Kemari, Karachi

15. New Projects (2025–2026)

- Health services continuation in Khipro
- Sustenance of Franciscan Centre for Special Children
- Emergency humanitarian assistance for flood-affected families

16. Mass Intentions and Stipends

Mass stipends contribute significantly to formation and welfare needs. Records have been maintained diligently. Limited availability of mass intentions in recent years has created financial constraints, which we entrust to Divine Providence.

17. Parish Contributions

We gratefully acknowledge parishes and friars who generously support formation and Custody needs. Continued encouragement is recommended.

18. Building Repairs and Maintenance

Routine and emergency maintenance of Custody properties was carried out within limited resources to ensure safety and functionality.

19. Hindrances and Challenges

During the reporting period, the Custody faced several internal and external challenges that significantly affected financial operations and program implementation:

1. **Macroeconomic Instability:** Pakistan experienced unprecedented inflation, currency depreciation, and fiscal uncertainty, which increased operational and living costs across all Custody houses.
2. **Rising Utility and Maintenance Costs:** Electricity, gas, fuel, and repair expenses exceeded projected budgets, placing pressure on limited resources.

3. **Regulatory and Compliance Delays:** Lengthy and multi-layered government approval processes for MoU renewals, NOCs, and Charity Commission registration consumed significant time and administrative capacity.
4. **Delayed Foreign Remittances:** Suspension or delay of foreign funding during MoU expiry periods created cash flow constraints.
5. **Increased Compliance Burden:** FATF-related scrutiny, audits, inspections, and documentation requirements demanded continuous professional engagement.
6. **Limited Human Resources:** The absence of a full-time professional finance team increased workload on a small number of staffs.

Despite these constraints, the Custody demonstrated resilience through careful planning, professional support, and collaborative decision-making.

Challenges Faced Due to Lack of Structured Systems, Compliance Mechanisms, and Organizational Framework

1. Governance & Compliance Challenges

1. Delays in renewal of MoUs, NOCs, and registrations led to operational uncertainty, reputational risk, and potential disruption of program activities.
2. Incomplete compliance with PCP and others requirements exposed the organization to regulatory risks, including potential suspension of certification and tax benefits.
3. Lack of systematic board approvals resulted in weak governance oversight, poor documentation, and increased audit observations.
4. Absence of complete donor and beneficiary records reduced transparency, weakened accountability, and affected regulatory reporting.
5. Inadequate documentation of asset ownership created legal risks, audit observations, and challenges in insurance and asset management.
6. Non-permissible investments exposed the organization to regulatory non-compliance, financial risk, and reputational concerns.

2. Organizational Structure & Management Challenges

1. Absence of a formal organizational structure led to unclear roles, overlapping responsibilities, and weak accountability mechanisms.
2. Limited board engagement reduced strategic direction, oversight, and policy guidance.
3. Weak coordination between departments resulted in communication gaps, duplication of efforts, and inefficiencies.
4. Lack of dedicated compliance, MEAL, and internal audit functions weakened monitoring, learning, risk management, and regulatory follow-up.
5. Inadequate HR systems constrained staff performance management, capacity development, retention, and succession planning.

3. Program Delivery & Organizational Planning Challenges

1. Absence of baseline data and long-term operational planning resulted in weak project design, unclear impact pathways, and limited strategic focus.
2. Weak monitoring and evaluation systems restricted evidence-based decision-making and program quality improvements.
3. Lack of beneficiary feedback and complaint management systems reduced accountability to communities and responsiveness to their needs.
4. Limited outreach strategy and visibility constrained beneficiary coverage, donor engagement, and partnership opportunities.
5. Irregular staff meetings and undocumented decisions reduced institutional learning, coordination, and operational consistency.

4. Financial Management & Internal Control Challenges

1. Manual accounting systems increased risks of human error, delayed reporting, and limited financial transparency.
2. Weak segregation of duties and unclear authorization limits heightened risks of financial mismanagement and control failures.
3. Absence of regular internal audits reduced early detection of errors, irregularities, and compliance gaps.
4. Limited cash control mechanisms increased operational and fiduciary risks.
5. Weak budgeting and variance analysis processes constrained financial planning, cost control, and strategic resource allocation.

5. Tax & Regulatory Compliance Challenges

1. Inadequate tracking of administrative expenses risked exceeding regulatory thresholds, potentially jeopardizing tax-exempt status.
2. Weak regulatory follow-up mechanisms increased exposure to penalties, delays, and compliance failures.
3. Insufficient documentation and reporting systems created difficulties in responding to regulatory audits and inspections.

Overall Impact of These Challenges

The cumulative effect of these challenges has constrained organizational efficiency, weakened compliance, increased operational risks, limited donor confidence, and reduced overall program effectiveness.

Without structured reforms, the organization remains vulnerable to regulatory sanctions, financial inefficiencies, governance weaknesses, and reputational risks, ultimately undermining its mission delivery and long-term sustainability.

20. Suggestions and Recommendations

Based on the experiences of the last three years, the following practical and forward-looking recommendations are proposed:

1. **Early Compliance Planning:** Initiate MoU, NOC, and registration renewals at least 3–5 months before expiry.
2. **Strengthening Financial Systems:** Gradual transition toward standardized accounting software while maintaining manual controls.
3. **Capacity Building:** Periodic training for friars and staff in financial governance, compliance, and donor reporting.
4. **Dedicated Compliance Desk:** Assign a focal person or small unit for regulatory follow-up with government departments.
5. **Diversification of Funding:** Explore local fundraising, endowment growth, and sustainable income-generating activities.
6. **Investment Policy Review:** Regular review of investment performance and risk management with professional advisors.
7. **Internal Controls:** Formalize procurement, authorization limits, and documentation procedures across all Custody houses.

These measures will strengthen institutional resilience, transparency, and long-term sustainability.

21. Key Recommendations for the Organization (Future Actions):

1. Governance & Compliance

- Ensure full compliance with **mandatory PCP certification requirements**.
- Improve **General Public Utility (GPU) compliance** by:
    - Providing complete beneficiary records (names, contacts, activities).
    - Reconciling beneficiary data with audited financial accounts.
- Regularize **board approvals** for:
    - Financial statements.
    - Appointment of auditors.
- Maintain **complete donor records** (names and donation amounts).
- Regularize **ownership documentation of assets**, especially vehicles and buildings.
- Discontinue **non-permissible investments** and submit board resolutions accordingly.

NGO Organizational Structure:
Professional Framework & Recommendations

A well-defined organizational structure is essential for the efficient, transparent, and accountable functioning of a non-governmental organization (NGO). It ensures clarity of roles and responsibilities, strengthens decision-making processes, enhances internal controls, and supports effective program implementation.

A professional structure enables the organization to align its governance, management, and operational functions with its strategic objectives, donor expectations, and regulatory requirements.

Key Components of an Effective NGO Structure

1. **Governing Body (Board of Directors / Trustees)**
   The board provides strategic oversight, policy direction, fiduciary responsibility, and regulatory compliance. It ensures accountability, approves budgets and financial statements, appoints auditors, and oversees senior management performance.
2. **Executive Management**
   Headed by the Chief Executive Officer / Country Director / Executive Director, executive management is responsible for strategic leadership, organizational planning, resource mobilization, external representation, and operational oversight.
3. **Program Management Unit**
   This unit is responsible for project design, implementation, monitoring, reporting, and quality assurance. It ensures alignment with organizational strategy, donor requirements, and community needs.
4. **Finance & Administration Unit**
   This unit manages financial planning, accounting, budgeting, audits, procurement, asset management, and compliance with financial regulations.
5. **Human Resources & Organizational Development**
   Responsible for recruitment, performance management, staff development, policy implementation, and organizational culture building.
6. **Monitoring, Evaluation, Accountability & Learning (MEAL / M&E)**
   Ensures evidence-based decision-making, accountability to beneficiaries and donors, learning, and continuous improvement.
7. **Compliance, Risk & Internal Audit Function**
   Oversees regulatory compliance, internal controls, risk management, and governance standards.

Recommendations for Strengthening NGO Structure

1. Establish clear organizational organograms with defined reporting lines and job descriptions.
2. Strengthen board governance through regular meetings, documented minutes, and formal approvals.
3. Create independent MEAL and internal audit functions to enhance accountability and learning.
4. Introduce segregation of duties in finance and administration to reduce operational risk.
5. Develop standard operating procedures (SOPs) for all core functions.

6. Strengthen HR systems for performance management, capacity building, and staff retention.
7. Establish cross-functional coordination mechanisms to improve communication and teamwork.
8. Invest in leadership development and succession planning.
9. Implement digital management systems for finance, HR, and project monitoring.
10. Conduct periodic organizational capacity assessments and restructuring exercises.

2. Program Delivery & Organizational Planning

- Develop baseline data before launching new projects.
- Prepare a long-term operational plan (OP).
- Conduct regular monthly staff meetings with documented minutes.
- Establish a dedicated Monitoring & Evaluation (M&E) function.
- Develop SMART indicators to measure organizational and program performance.
- Set formal annual targets and track progress regularly.
- Conduct internal program evaluations and periodic external evaluations.
- Improve outreach strategy and visibility to expand beneficiary reach.
- Develop a formal beneficiary feedback system.
- Establish a complaint management mechanism (CMS).
- Publish comprehensive annual reports including:
    - **Financial summaries**
    - **Future plans**
- **Develop and maintain an** organizational website **for transparency and public access.**

3. Financial Management Improvements

- Expand **authorized signatories pool** and define financial authority limits.
- Conduct **annual internal audits** and share findings with external auditors.
- Use **computerized accounting software**.
- Conduct **cash counts by independent staff**.
- Engage **QCR-rated external auditors**.
- Rotate audit firms or partners every **five years**.
- Publicly disclose **detailed expenditure information**.
- Prepare **annual consolidated budgets** and **variance analysis reports** for board review.

4. Tax & Regulatory Compliance

- **Restrict** administrative and management expenses to 15% **of total receipts.**
- **Ensure ongoing compliance to maintain** tax exemption benefits**.**

22. Conclusion

This Progress Report highlights the Bursar's Office's commitment to responsible financial stewardship, transparency, and effective governance during a particularly challenging period from March 2023 to December 2025. Despite severe economic pressures, regulatory complexities, and rising operational costs, the Custody successfully fulfilled its essential obligations through prudent financial management, professional support, and collaborative decision-making.

Key achievements included timely audits, strengthened investment performance, renewal of critical registrations and MoUs, progress toward statutory compliance, and continued support for formation, social, and humanitarian projects. The guidance of the Custos, Custos Council, and the Commission on Franciscan Management of Finance (CFMF) played a vital role in ensuring accountability and sustainability.

Implementing these recommendations will strengthen governance, enhance program effectiveness, improve financial management, and ensure full regulatory compliance. These measures will increase transparency, accountability, and operational efficiency, while reinforcing donor confidence and organizational credibility. Overall, they will enable the organization to deliver sustainable, high-quality impact in a compliant and responsible manner.

While challenges related to compliance, funding delays, and limited human resources remain, the experiences of this period have provided valuable institutional learning. The recommendations outlined offer a practical path toward stronger systems, improved compliance planning, and long-term financial resilience, enabling the Custody to continue its mission with confidence, integrity, and trust in Divine Providence.

A robust organizational structure is fundamental to the sustainable growth, accountability, and effectiveness of an NGO. By adopting a professional structure supported by strong governance, clear accountability mechanisms, and efficient operational systems, NGOs can enhance service delivery, ensure compliance, strengthen donor confidence, and maximize long-term development impact.