

**UCC Clubs Budget Management**

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**Purpose**

An integral part of the success of UCC Clubs is being on a solid financial footing in order to support their day to day activities. Clubs need to carefully plan for the year ahead and be capable of generating income. A Club's budget (financial plan/forecast) is a vital tool to enable a Club to manage its finances and plan for a successful future. This policy has been developed in order to provide clarity on how Clubs should formulate their budgets for the year ahead and how they should manage these budgets throughout the year. It is imperative that UCC Clubs adhere to UCC financial policies and procedures in relation to budgeting.

**Scope**

This policy applies to all Clubs within UCC, regardless of their size. It applies in particular to each Club committee member, the Clubs Executive Committee and Club members who provide input in relation to the budgeting process.

**Definitions**

**DSPA** refers to the Department of Sport and Physical Activity.

**CEP** refers to the Clubs Executive President.

**CET** refers to the Clubs Executive Treasurer.

**CEVP** refers to the Clubs Executive Vice President.

**CEFC** refers to the Clubs Executive Finance Committee.

**Policy Statement**

UCC Clubs shall comply with UCC best practise in relation to budget management. All Clubs shall prepare detailed budgets and manage their budgets vigilantly throughout the year to ensure that expenditure remains within budget at all times.

## **Roles and Responsibilities**

### **Club Treasurer**

- Responsibility for preparing the annual budget in consultation with the Club committee.
- Reviewing financial trends for the previous 3 years which can aid in formulating the budget.
- Liaising with the Club committee in relation to the objectives and plans for the coming year to ensure that the budget developed supports this strategic plan.
- Ensuring that the input from all Club members who contribute towards the budgeting process is taken into consideration.
- Responsibility for ensuring that the annual budget is an accurate reflection of the Club's plan for the year ahead. Time and consideration must be given to preparing the budget to the best of the Treasurer's ability, submitting a copy of the budget from the previous year will not suffice.
- Responsibility for ensuring that a detailed budget is submitted to the CEP and DSPA in a timely manner and by the deadline set by the CEP.
- Monitoring actual expenditure versus budget throughout the year and analysing key variances.
- Responsibility for reporting to the Club committee on a regular basis (ideally monthly) in relation to how the Club is performing versus budget. Any issues/concerns must be raised promptly so that corrective action can be taken. If there are concerns that the Club is going to be in a deficit position, immediate plans must be made to curtail expenditure or generate additional income to cover these costs.
- To advise the Club committee in relation to key decision making. The Treasurer should provide input into any plans which will lead to a considerable cost that has to be covered by Club funds.

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**Clubs Executive**

- Promoting a culture within UCC Clubs where Club Treasurers give serious consideration to the budget exercise and are fully aware that actual expenditure versus budget will be closely monitored throughout the year.
- Ensuring that Club Treasurers are mindful of the fact that when expenditure requests are being reviewed by the DSPA/CEFC, the budget set at the start of the year will be taken into consideration.
- Issuing a request for Clubs to submit their annual budget by a specific deadline and following up in relation to any Clubs which fail to do so.
- The CEP, CET and CEVP (alongside other members of the CEFC) are responsible for reviewing each Club budget to determine what funding should be allocated to each Club.
- Reviewing the Clubs budget template each year to determine if any changes are required.
- The Clubs Executive Treasurer must ensure that Club budgets are uploaded onto the Clubs online portal on time for the beginning of the year. The CET will also ensure that the actual funding allocated is reflected on the Clubs portal.

**DSPA**

- The Head and Deputy Head of Sports (as members of the CEFC) are responsible for reviewing all Club budgets submitted and providing input in relation to how the main grant should be allocated.
- The SEA is responsible for checking actual expenditure versus budget on the Clubs portal before processing expenditure requests. The balance on the account will also be checked before the request is approved.

## **Sanctions/Consequences**

- In the event that there are insufficient funds in the Club account due to cash flow timing issues but the planned expenditure is in line with budget, the expenditure will be allowed. In the event that the planned expenditure is not in the budget or in line with an approved additional allocation from the Club Executive, the payment will be on hold until such time as the account status is reviewed.
- There are consequences to a Club finding itself in a deficit position from 2019/2020 onwards. Any deficit which arises in that year will have to be repaid within an agreed timeframe. Any failure to do so will result in expenditure requests being declined by the CEP/DSPA.
- For Clubs who consistently overspend and fail to adhere to this policy, suspension of the Club will be considered.

## **Procedure**

UCC Clubs should prepare detailed budgets which are submitted to the CEP in May each year. These budgets will underpin all the Club's activities and plans for the year ahead.

The budget will show:

- how much income the Club anticipates will be generated in the year ahead
- how much expenditure is likely to be incurred in the coming year.

It is vital that Clubs are aware of the importance of developing a comprehensive budget taking into account the income and expenditure for the past year, the performance and activity of the Club in the past and the planned activity for the future. This budget will become the benchmark in relation to the Club's activities and actual spend versus budget will be analysed and reported on throughout the year.

Preparing a Club budget will have many benefits such as:

- **Keeping Club finances in check at all times** – by setting a budget Clubs can identify possible financial issues before they arise. If a budget shows that forecasted expenditure exceeds predicted income (including likely funding), plans can be developed to generate additional income or reduce planned expenditure.
- **Club Financial Decision Making** – the Clubs Committee can make important decisions about future expenditure based on how the Club is performing versus budget.
- **Club Goal Alignment** – A Club budget should be set in accordance with the Club's strategic goals and objectives and input from other Club members should be strongly encouraged. This will assist in ensuring that all Club members are working towards the same financial and strategic goals.

### Budget Preparation

The ultimate responsibility for preparing the Club budget lies with the Club Treasurer. However, input from others is essential e.g. other Club members, coaches, trainers etc. The Club Captain and Secretary will play a key role in ensuring that the budget set is in line with their goals for the year ahead.

The budget template will need to be completed by the Club Treasurer in May and returned to the CEP. There are 4 sections in the template as follows:

1. Club Details
2. Prior Year Finances
3. Budget
4. Club Activity/Events

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There are explanatory notes included with the template giving guidance on how to complete the form. Any additional information can be provided on a separate sheet if necessary.

**1. Club Details**

This includes the name of the Club, Treasurer, the contact number for the Treasurer, the number of members in the Club in the prior year and the anticipated number for the year ahead.

**2. Prior Year Finances**

This section is completed for information purposes as it is useful for the Clubs Executive to have this data readily available when reviewing the budget submitted. This includes details of the income generated by the Club in the prior year e.g. sponsorship. Data is also provided with regard to the funding allocated in that year with regard to the main grant, Bank of Ireland sponsorship, capital capitation and Clubs Executive additional allocations.

**3. Budget**

This gives a breakdown of the projected income by category which the Club is likely to generate itself. It will also provide an estimate of the total expenditure anticipated which is broken down according to the specified expenditure categories. By comparing the projected expenditure to the anticipated income, the amount of funding required to bridge the gap is identifiable.

**Income Forecast**

- Clubs can include an estimate in relation to the Main Grant, BOI sponsorship and capital capitation based on the allocation in previous years. Obviously, the amount which will be allocated will be based on the amount of funding available, the activity of the Club, the budget submitted etc.
- An income target should be set in relation to the income which the Club anticipates will be generated in the year ahead. Based on the Club's ability to fundraise and obtain sponsorship in the past and the income patterns for the past 3 years, the Club should

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provide a forecast figure which should be divided into the following income categories:

- Other Sponsorship
- Alumni Contribution
- Fundraising
- Entry Fees
- Gear/Clothing Sales
- External Funding
- Member Contributions
- Other
- Input from the Club committee and other Club members in relation to the Club's strategy and intentions for the year ahead is crucial in order to determine what is realistic and achievable. It is necessary for Clubs to be prudent in forecasting income.
- If a Club envisages a greater level of activity in the year ahead or forecasts increased expenditure, it needs to plan additional fundraising for the coming year to bridge the gap.

### **Expenditure Forecast**

- Clubs need to consider whether expenditure is increasing through activity, inflation or necessity e.g. the requirement to purchase new equipment, gear etc.
- Clubs need to consider whether there are new costs to account for in the year ahead e.g. new Health and Safety regulations which will lead to additional expenditure etc.
- Clubs should review expenditure for the prior year and highlight costs which are no longer relevant and identify areas where savings can be made. The pattern of spend for the last 3 years should be analysed.
- Projected Expenditure should be divided into the following categories:
  - Accommodation
  - Administration
  - Clothing
  - Equipment

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- Facility Hire
- Affiliation Fees
- Catering
- Laundry
- Medical
- Referees
- Reimbursement
- Travel Expenses
- Trophies/Medals
- Equipment Maintenance
- Other

**4. Club Activity/Events**

- Details should be provided in relation to the anticipated Club activity for the year ahead. This should be broken down as follows:
  - Intervarsities (Away)
  - Intervarsities (Home)
  - College League Matches
  - Other League Matches
  - Special Events
  - Socials
  - Any other Events
- It should include details in relation to the number of students, venue and any additional information. This information is provided for information purposes only.



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**Capital Spend**

In addition to the completion of the Budget Template form, each Club is required to complete a capital capitation application form in relation to any future planned capital expenditure. Each Club must submit an equipment inventory as part of this application.

This application form should include details of the equipment required which satisfies the definition of Capital Equipment. i.e. this does not include footballs, hurley sticks, racquets, videos, coaching manuals etc.

The Club must provide details on the form of the planned capital expenditure for the following three years including the type of equipment, cost and value. The total estimated cost for the year ahead will be included on the budget template form in the 'Equipment' expenditure category.

The inventory form must be completed for all long-term equipment owned and used by the Club. This will outline the type of equipment, quantity and estimated value.

The funding to cover Capital expenditure will be held by the Clubs Executive and not allocated to the Club until such time as the expenditure is being incurred and the invoice is being paid by the DSPA on behalf of the Club.

**Budget Review**

- Each budget submitted will be reviewed by the CEFC and decisions will be made in relation to how the funding available will be allocated by Club. This funding relates to the main grant which is designated to assist in covering the day to day running costs of each Club.

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- The allocation of Bank of Ireland sponsorship monies is carried out by the BOI Sponsorship Committee. The CEP, CET, Head and Deputy Head of Sports are part of that Committee and will therefore be cognizant of the funding allocated which can be taken into account when looking at the total projected expenditure for the year ahead.
- Other Clubs Executive allocations e.g. general allocations are not allocated based on the budget submitted. This funding is approved and distributed based on additional funding requests submitted by each Club throughout the year.
- The budget submitted will be loaded onto the Clubs online portal at the beginning of the year. Once decisions have been made on the split of the Main Grant, this funding will be reflected on the Clubs portal by the CET.
- Clubs must operate within a balanced budget. If there is a gap between total projected expenditure and projected income (including main grant, BOI sponsorship funding and anticipated Clubs Executive allocations), income must be generated in order to bridge this gap. The Club Committee must devise a plan to increase income through fundraising, sponsorship etc. If this is not possible, the planned expenditure will have to be curtailed.
- The Clubs financial year runs from June 1<sup>st</sup> to May 31<sup>st</sup>. The transfer of Clubs funding from UCC occurs in October each year. In order to ensure the financial stability of UCC Clubs over the summer period, a request can be made by the CEFC for the funds to be transferred earlier if necessary.

**Variance Analysis**

- Variance analysis is a vital exercise which should be performed by each Club Treasurer regularly (ideally on a monthly basis).
- The analysis of actual income versus targeted income will provide insight into how the Club is performing to date and whether fundraising activities need to be increased or spend curtailed.
- Actual expenditure versus budget under each expenditure heading should be reviewed. This will highlight where spend is greater than anticipated or in some scenarios where planned expenditure was not incurred as originally forecast.

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- Actual expenditure versus budget is taken into consideration by the DSPA/CEP when expenditure requests are being reviewed. Also, on a monthly basis, the SEA will provide feedback to the DSPA Head and Deputy Head, CEP and CET in relation to the status of the Club accounts. This will involve comparing actual expenditure versus budget.

### Club Surpluses and Deficits

There are significant changes taking effect from 2019/2020 onwards with regard to the treatment of Clubs surpluses/deficits. The key changes are:

#### Year End Surplus

- Club surpluses which remain at the end of 2019/2020 will be analysed by the DSPA Head, Deputy Head and CEP to determine whether the surpluses relate to income generated by the Clubs themselves or funding allocated by the Clubs Executive.
- If it is clear that the surplus relates to income generated by the Club in that year, this surplus will be maintained by the Club and carried forward to the following year.
- If it is clear that the surplus relates to funding allocated by the Clubs Executive (main grant/BOI sponsorship/general allocations), this surplus will not be carried forward to the following year.
- If there is not clarity on what the underspend relates to, it will be reviewed by the DSPA Head, Deputy Head and CEP with the relevant Club to determine the reasons for the underspend. The Club's plans for utilisation of these funds in the future will be discussed. Following these discussions, a decision will be made on whether the Club should retain the funds/whether a clawback of the funds should occur.
- The surplus amount will be reflected in the income and expenditure account on the Clubs portal under the income category "**Surplus carried forward**". This amount will be available to spend by the Club in addition to the funding allocated and income generated by the Club throughout the year.

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**Year End Deficit**

- All Clubs are required to operate within a balanced budget and to comply with the rules set out in the Club Budget Management Policy. A Club will not be in a deficit position from 19/20 onwards (except in exceptional circumstances as agreed by the CEFC) due to the following changes and controls that have been implemented such as:
  - Monitoring of Club income and expenditure account by the Club Treasurer to ensure that the Club is financially stable.
  - Regular reporting to Club Committee on financial status of Club by each Club Treasurer.
  - Monthly reporting to the DSPA Head, Deputy Head, CEP and CET by the SEA in relation to Club account balances and actual income and expenditure versus budget.
  - Implementation of approval levels in relation to all Club expenditure to ensure that all Club expenditure is appropriately authorised
  - Any concerns regarding possible overspends should be detected early by the Club Treasurer/SEA and resolved by the Treasurer, CEP and Deputy Head.
  - If the deficit on the account is not being dealt with and there is no plan communicated by the Club Treasurer in relation to the generation of further income/the reduction in planned expenditure, a 'stop' will be placed on the Club account. No expenditure requests will be processed until such time as the issue is resolved.
- In the event that, due to exceptional circumstances, there is a deficit at the end of 2019/2020, this will not be carried forward to 2020/2021 and will not be reflected on the Club income and expenditure account on the portal.
- The CEFC will decide, in collaboration with the Club, on an agreed timeframe for repayment of the deficit amount. The terms and conditions of repayment of the deficit will be set out by the CEFC, and the Club Captain and Treasurer will be required to confirm (in writing) their agreement with these conditions.

**Related Documentation**

**Forms**

Title	Link
Clubs Budget Template	In Development

**Contacts**

Clubs President

[president@uccclubs.ie](mailto:president@uccclubs.ie)

Deputy Head of Sports  
(Christine O'Donovan)

[sport@ucc.ie](mailto:sport@ucc.ie)

Finance Officer  
(Cormac McSweeney)

[cmcsweeney@ucc.ie](mailto:cmcsweeney@ucc.ie)

Finance Analyst – Management Accounting  
(Gina Morrissey)

[g.morrissey@ucc.ie](mailto:g.morrissey@ucc.ie)

**Policy Review**

This policy will be reviewed on an annual basis prior to the commencement of the new Executive by the Head and Deputy Head of Sports and the Clubs Executive in consultation with the Finance Office.

**Version Control**

Title of Policy	<b>UCC Clubs Budget Management Policy</b>
Policy Owner: [Department/Unit]	Finance Office, UCC
Policy Contact: [Name, Title, E-mail]	Gina Morrissey, Finance Analyst (g.morrissey@ucc.ie)
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Last Revised: [Month Year]	N/A
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Approved by	Cormac McSweeney, Finance Officer (cmcsweeney@ucc.ie)
External Requirement for Review: [Date, Reason] – if applicable	
Compliance Reporting: [Date, Reason] – if applicable	