

## **UCC SOCIETIES**

### **UCC Societies Budget Management**

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#### **Purpose**

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

#### **Scope**

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

#### **Definitions**

**SO** refers to the Societies Officer.

**SEP** refers to the Societies Executive President.

**SEFO** refers to the Societies Executive Finance Officer .

**SEFC** refers to the Societies Executive Finance Committee

**SEA** refers to the Societies Executive Assistant

#### **Policy Statement**

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

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#### **Roles and Responsibilities**

##### **SO**

- Responsibility for ensuring that funds are used in line with approved budgets.
- The SO should maintain a clear line of communication with the SEA in relation to the financial status of Society accounts and in relation to any cash flow issues or deviations from budget.
- The SO (as a member of the SEFC) is responsible for the review of Society budgets and for ensuring the fair and unbiased distribution of the Society's grant and additional funding allocations.
- Performing a pivotal role in supporting the strategic goals of UCC Societies and ensuring that there is a sound financial base to support Society activities into the future.

##### **Society Finance Officer**

- Responsibility for preparing the annual budget in consultation with the Society committee.
- Reviewing financial trends for the previous 3 years which can aid in formulating the budget.
- Liaising with the Society 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 Society members who contribute towards the budgeting process is taken into consideration.
- Responsibility for ensuring that the annual budget is an accurate reflection of the Society's plan for the year ahead. Time and consideration must be given to preparing the budget to the best of the Finance Officer'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 Societies Portal in a timely manner and by the deadline set by the SEP.
- Monitoring actual expenditure versus budget throughout the year and analysing key variances.

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- Responsibility for reporting to the Society committee on a regular basis (ideally every two months) in relation to how the Society is performing versus budget. Any issues/concerns must be raised promptly so that corrective action can be taken. If there are concerns that the Society 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 Society committee in relation to key decision making. The Finance Officer should provide input into any plans which will lead to a considerable cost that has to be covered by Society funds.

#### **Societies Executive**

- Promoting a culture within UCC Societies where Society Finance Officers 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 Society Finance Officers are mindful of the fact that when expenditure requests are being reviewed by the SO/SEP, the budget set at the start of the year will be taken into consideration.
- Issuing a request for Societies to submit their annual budget by a specific deadline and following up in relation to any Societies which fail to do so.
- The SEP, SEFO and SO are responsible for reviewing each Society budget to determine what funding should be allocated to each Society.
- Reviewing the Societies budget template each year to determine if any changes are required.
- The SEFO must ensure that Society budgets are uploaded onto the Societies online portal by 11:59 on the 3rd Monday of each Academic Year. The SEFO will also ensure that the actual funding allocated is reflected on the Societies portal.

#### **SEFC**

The Societies Executive Finance Committee consists of the Societies President, Societies Officer and the Societies Executive Finance Officer.

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- SEFC is tasked with meeting during the month of September to approve the budget applications of all UCC Societies. Budget allocations for the year ahead are approved in line with the schedule of allowances (appendix) and at the full discretion of the SEFC.
- Throughout the year, as the committees are ready to spend their allocated funding on their 'budgeted for' event/activity, they are required to compile an expenditure request. This provides greater clarity and up-to-date costings that would not have been available at time of budget compilation in September. SEFC meets weekly during term time to check funding applications versus budget on the Societies portal as well as to consider applications for unexpected expenses that are not in line with budgets submitted. Approved applications are referred to the SEA for lodgement to the Society's account.

### Sanctions/Consequences

In the event that there are insufficient funds in the Society account and the account is in an overdraft position to a value of more than €1,000, the expenditure will not be allowed. The payment will be on hold until such time as the account status is reviewed by the SEFC.

- There are consequences to a Society finding itself in a deficit position **of more than €1000** from 2019/2020 onwards. Any deficit which arises in that year will have to be repaid within a timeframe agreed with the SEFC. Any failure to do so will result in expenditure requests being declined by the SEP/SO.
- For Societies who consistently overspend and fail to adhere to this policy, suspension of the Society will be considered.

### **Procedure**

UCC Societies should prepare detailed budgets which are submitted to the Societies Online Portal on the 3rd Monday of the new academic term each year. These budgets will underpin all of the Societies' activities and plans for the year ahead.

The budget will show:

- how much income the Society anticipates will be generated in the year ahead.

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- how much expenditure is likely to be incurred in the coming year.

It is vital that Societies 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 Society in the past and the planned activity for the future. This budget will become the benchmark in relation to the Societies' activities and actual spend versus budget will be analysed and reported on throughout the year.

Preparing a Society budget will have many benefits such as:

- **Keeping Society finances in check at all times** – by setting a budget Societies 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.
- **Society Financial Decision Making** – the SEFC can make important decisions about future expenditure based on how the Society is performing versus budget.
- **Society Goal Alignment** – A Society budget should be set in accordance with the Societies' strategic goals and objectives and input from other Society members should be strongly encouraged. This will assist in ensuring that all Society members are working towards the same financial and strategic goals.

#### Budget Preparation

The ultimate responsibility for preparing the Society budget lies with the Society Finance Officer. However, input from others is essential e.g. other Society members. The Society Chairperson and even Ex Officio members 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 Society Finance Officer by the 3rd Monday of the new academic term and inputted on the Societies Portal. There are 3 sections in the template as follows:

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1. Society Details
2. Income
3. Expenditure

There are explanatory notes included with the template giving guidance on how to complete the form.

#### **1. Society Details**

This includes the name of the Society and the overall totals for both income and expenditure for the given year.

#### **2. Income**

This gives a breakdown of the projected income by category which the Society is likely to generate itself.

#### **3. Expenditure**

This gives 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 required to bridge the gap is identifiable.

#### **Income Forecast**

- Societies can include an estimate in relation to the allocated funding, fundraising etc. based on previous years. Obviously, the amount which will be allocated will be based on the amount of funding available, the activity of the Society, the budget submitted etc.
- The budget is separated into different budget 'applications' (main budget, special projects fund, non-competitive trips abroad fund etc) and for each application, the societies are expected to generate a certain amount of income to maintain the activity of the society.

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Societies can generate this income through various means e.g. personal contribution, fundraising, sponsorship etc.

- Input from the Society committee and other Society members in relation to the Society's strategy and intentions for the year ahead is crucial in order to determine what is realistic and achievable. It is necessary for Societies to be prudent in forecasting income.
- If a Society 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**

- Societies need to consider whether expenditure is increasing through activity, inflation or necessity e.g. the requirement to purchase new equipment, gear etc.
- Societies 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.
- Societies should review expenditure for the prior year and calculate future expenditure based on previous expenditure requests.

Projected Expenditure should be divided into the following categories:

- Administration
- Capital Equipment and Materials
- Conference Organising
- Printing
- Production
- Special Event
- Teachers and Workshops
- Travel
- Special Event
- International Guest Speaker
- Domestic Guest Speaker

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- Other e.g. Balls, Food for events (Non-funded expenditure)

#### **4. Society Activity/Events**

- Details should be provided in relation to the anticipated Society activity for the year ahead.
- It should include details in relation to the venue and any additional information. This information is provided for information purposes only.

#### **Budget Review**

- Each budget submitted will be reviewed by the SEFC and decisions will be made in relation to how the funding available will be allocated by Society. This funding relates to the main grant plus BOI Sponsorship which are pooled together and designated to assist in covering the day to day running costs of each Society.
- Other Societies Executive allocations e.g. (main budget, special projects fund, non-competitive trips abroad fund etc) are not allocated based on the budget submitted. This funding is approved and distributed based on additional funding requests submitted by each Society throughout the year.
- The budget is submitted onto the Societies online portal at the beginning of the year. The SFO/chairperson input their individual funding applications on the portal when such funding is then required for society activity. The SEFC is responsible for meeting on a weekly basis to check funding applications versus budget on the Societies portal. At this point the SEFC approves and denies these applications on the basis of whether or not they were budgeted for. This provides for greater oversight throughout the year. Approved applications are referred to the SEA for lodgement to the Society's account.
- Societies must operate within a balanced budget. If there is a gap between total projected expenditure and projected income, income must be generated in order to bridge this gap. The Society 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.

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#### **Variance Analysis**

- Variance analysis is a vital exercise which should be performed by each Society Finance Officer regularly (ideally every two months).
- The analysis of actual income versus targeted income will provide insight into how the Society 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 spending is greater than anticipated or in some scenarios where planned expenditure was not incurred as originally forecast.
- Actual expenditure versus budget is taken into consideration by the SO/SEP when expenditure requests are being reviewed.

#### **Society Surpluses and Deficits**

- Society surpluses which remain at the end of an academic year will be analysed by the SO and SEA to determine whether the surpluses relate to income generated by the Societies themselves or funding allocated by the Societies Executive.
- If the surplus relates to income generated by the Society in that year, this surplus will be maintained by the Society and carried forward to the following year. The surplus amount will be reflected in the income and expenditure account on the Societies portal. This amount will be available to spend by the Society in addition to the funding allocated and income generated by the Society throughout the year.
- If the surplus relates to funding allocated by the Societies Executive this surplus will not be carried forward to the following year.

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**Year End Deficit**

- Any Society deficit which remains at the end of an academic year will be carried forward and will be reflected on the Society income and expenditure account on the portal. Deficits are monitored throughout the year by the EA and if the deficit increases to over €1,000 for a particular Society, this is flagged with the SEP and SO.
- The SEFC will decide, in collaboration with the Society, 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 SEFC, and the Society Chairperson and Finance Officer will be required to confirm (in writing) their agreement with these conditions.
- All Societies are required to operate within a balanced budget and to comply with the rules set out in the Society Budget Management Policy. The Societies Executive give support to every Society in order to reduce/clear deficits and in relation to income generation.

**Related Documentation**

**Forms**

Title	Link
<b>Societies Schedule of Allowances</b>	<a href="http://societies.ucc.ie/wp-content/uploads/2019/06/SOA-19-20.pdf">http://societies.ucc.ie/wp-content/uploads/2019/06/SOA-19-20.pdf</a>

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**Policy Review**

This policy will be reviewed on an annual basis in consultation with the Societies Executive , Societies Senate and the Finance Office.

**Version Control**

Title of Policy	<b>UCC Societies Budget Management Policy</b>
Policy Owner: [Department/Unit]	Finance Office, UCC

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Policy Contact: [Name, Title, E-mail]	Gina Morrissey, Finance Analyst (g.morrissey@ucc.ie)
Effective Date: [Month Year]	February 2020
Last Revised: [Month Year]	N/A
Version Reference	V0.01
Approved by	Cormac McSweeney, Finance Officer (cmcsweeney@ucc.ie)
External Requirement for Review: [Date, Reason] – if applicable	
Compliance Reporting: [Date, Reason] – if applicable	