

# **Guidelines to assist NUSSU and its Constituent Clubs on how to properly manage its budget and to exercise proper budgetary financial control**

## **Purpose**

1. This paper seeks to provide broad guidelines for NUSSU/Club presidents and treasurers to refer to, so as to help them to:
  - prepare and submit NUSSU/Clubs annual budgets,
  - monitor and control their budgets during the budget period (BP), and
  - close each budget period in a proper manner.

## **Background**

### **Roles and responsibilities**

2. **NUSSU/Clubs** are responsible for managing its own finances. Club presidents and treasurers are jointly responsible for the submission of the proposed budgets, monitoring and controlling the club's expenses in accordance to the approved budget, and reviewing and reporting on the club's financial performance at the end of each budget period.
3. NUSSU/Clubs are required to submit their financial budgets based on its planned/approved activities for the BP, to OSA Dean for approval, before the commencement of the BP.

**OSA** has oversight responsibilities on the activities of NUSSU and its 14 Constituent Clubs' activities. Through the proper empowerment of the nominated student leaders, OSA has been providing the necessary operational guidance and support to NUSSU and Clubs where needed.

**OFS** provides financial advisory and support services to NUSSU and its 14 Constituent Clubs. This will include advising the student members of the NUS Financial Policies and Procedures, process all duly approved invoices and disbursements, supply accurate and timely financial information on NUSSU/Clubs, and as strategic partners with OSA, to routinely conduct due diligence on NUSSU/Clubs activities to ensure compliance with NUS Policies and Procedures.

### **Basic Budget Information**

4. **Budget Periods.** Budgets are prepared for the period from 1 October to 30 September. The start of the budget period on 1 October is to coincide with the new committee of office bearers who would be taking office in the new term. This ensures that the new committee is able to plan for the club's coming activities. The same committee would also be able follow up and to see through the planned/budgeted activities for the said BP.

Any rollover of funds between different BPs is not allowed. This is to ensure that revenue and expenditure are properly recorded and accounted on a timely basis. This means that collections received in the current budget period will need to be accounted in this period. Similarly, any expenditure incurred in the current budget period will need to be paid or accrued in this period.

Any resultant net surpluses from each BPs would be transferred to the club's accumulated reserves at the end of the BP. Clubs are allowed to drawdown from its reserves to fund their activities, subject to the approval of Dean OSA.

5. **WBS and GL.** The budget template provided to NUSSU and Clubs will list the WBS and GLs maintained / used:

- WBS (Work Breakdown Structure) is an account opened to record the income and expenditure of an activity/project of the club. Each club has WBSes which are unique to each individual club.
- GL (General Ledger) account(s) is for recording detailed revenue or expense categories within a specific WBS.

Appendix A lists the WBSes and GL accounts used (with generic descriptor) for each NUSSU/Club. This will serve as a useful guide on the recording of budgeted revenue and expenses.

6. **Allocation of Subscription Fees.** A total of \$24 is collected from each student as subscription fees per AY. The subscription fees are allocated in this manner: \$8 to NUSSU, \$8 to the Faculty Clubs and \$8 to the 4 Non-Faculty Clubs (i.e. Community Service Club, Cultural Activities Club, Political Association and Sports Club). The portion of fees allocated to each Faculty club will then be proportionate to the size of its membership and the portion allocated to each Non-Faculty club is based on a predetermined fixed percentage.

| <b>NUSSU</b>                    | <b>One Third of Total Fees</b>  |
|---------------------------------|---|
| <b><u>FACULTY CLUBS</u></b>     | <b><u>Allocation of Fees</u></b>  |
| Arts & Social Sciences Club     | Based on Membership<br>Strength for the Semester<br>(One-Third of Total Fees) |
| Science Club                    |   |
| Computing Club                  |   |
| Medical Club                    |   |
| Nursing School                  |   |
| Dental Club                     |   |
| Law Club                        |   |
| Business Club                   |   |
| Design & Environment Club       |   |
| Engineering Club                |   |
| Computing Club (CEG 50%)        |   |
| Engineering Club (CEG 50%)      |   |
| University Scholars Club        |   |
| <b><u>NON-FACULTY CLUBS</u></b> | <b><u>Fixed Percentage</u></b>  |
| Sports Club                     | 46.8%   |
| Cultural Activities Club        | 20.0%   |
| Community Service Club          | 14.4%   |
| Political Association           | 18.8%   |
|                                 | 100.0%  |

7. **Approved budgets.** Club's activities are driven by their approved budgets. Once approved, clubs can proceed with their activities (i.e. to raise funds or to spend their approved budgeted expenditures). For example, clubs can proceed to make deposit with the travel agency notwithstanding the collection from its participants.
8. **Budget top ups.** This is done when there's additional income (via sponsorships, sale of t-shirts, sale of tickets etc) received that has not been factored in the original budgeted income. Clubs may request for a budget top up during the budget period to meet the pending expenses to be incurred. This additional income will be used to support the requested budget top up. This can also be done when there is a revision of approved budgeted expenditures due to significant

change in plan of activities. However there must be available income to support this increase in budgeted expenditure. Requests for top up of budget will have to be submitted to the club's respective OSA officers and approved by OSA Dean, in the prescribed form (Appendix B).

**Budget Variation.** This would be needed when there is excess budget (unconsumed budget(s) or budget(s) not planned to be utilized) in one or more WBS that would be needed in another WBS(es). Clubs can request for a budget transfer between the club's WBSes. The request for budget transfers will have to be submitted and approved by the club's respective OSA officers in a prescribed form (Appendix C).

**Drawdown of reserves.** Clubs may also request to drawdown from the club's accumulated reserves if there are insufficient budget for meeting anticipated expenditures. This request for a drawdown of reserves will have submitted to the club's respective OSA officers and approved by OSA Dean, in the prescribed form (Appendix D).

9. **GST.** In budgeting the club's income and expenditure, it is imperative to factor in the GST amounts.

NUS is a GST registered entity. As a GST-registered supplier, NUS must charge GST on its standard-rated supplies. This is called the **Output GST**.

Clubs can account for Output GST on an inclusive or an exclusive basis. For example, If Aerobics Sub-Club collects class fees (a standard-rated supply) for its aerobics class at \$100 (GST-inclusive amount) per member, the fee income will be accounted as follows:

|                      |                 |
|----------------------|-----------------|
| Class fees           | \$93.46         |
| Output GST 7%        | <u>\$ 6.54</u>  |
| Total paid by member | <u>\$100.00</u> |

If Aerobics Sub-Club collects the class fees at \$100 (GST-exclusive amount), the fee income will be accounted as follows:

|                      |                 |
|----------------------|-----------------|
| Class fees           | \$100.00        |
| Output GST 7%        | <u>\$ 7.00</u>  |
| Total paid by member | <u>\$107.00</u> |

**Input GST** is that incurred by NUS on its purchases or on the importation of goods into Singapore. NUS claims back (or recovers), from IRAS it's Input GST on an apportioned basis. The Input GST that is credited to NUS will be attributed to the Clubs' accounts.

## Budget Preparation

10. A good starting point to prepare the budget is to first understand the previous BP's budget vs actual performance results. This will involve reviewing all the club's project/activity files relating to the previous BP and decide what projects/activities the club would like to carry out in the new BP.
11. For each project/activity – students should estimate the level of expenses to be incurred and also determine how these expenses will be funded via either allocated union fees, fees raised from members, or any other fund raising activities (eg. sale of T-shirts, sale of tickets, sponsorships and donations) or funded by a drawdown of reserves.
12. Budget preparation approach –
  - (a) Zero based budgeting – where all budget estimates are built from “a blank sheet paper” approach. All projected revenue and expenses are scrutinized for the BP. It will require all line items in the budget to be justified and supported.
  - (b) All expenses are “funded / covered” by revenue/budget. There will not be any circumstances where expenses are “unfunded” or there is a net deficit situation.
  - (c) Any unutilized surpluses will be ploughed back to reserves
13. The budget time table is as follows:

|   |                       |
|---|-----------------------|
| The budget template/package will be issued by OFS           | by First Week of Sep  |
| NUSSU and Clubs are required to submit to OFS for collation | by Third Week of Sep  |
| OSA Dean will approve the budgets                           | by Fourth Week of Sep |
| OFS will load the budgets in SAP                            | by First Week of Oct  |
| OSA will organize the budget vs actual review               | in Nov                |

## Monitoring and Controlling the budget

14. Club President and Treasurer will have to monitor the club's expenditure and ensure that expenditure is within the limits of the budget. OFS will provide the Statement of Accounts and Funds Statement on a monthly basis to facilitate the monitoring of the expenditure.

### Basic review questions

- a. How was the budget utilized in the previous BP? Any measure taken to maximize the budget in the current BP?
- b. Is the period-to-date rate of spending consistent with the period-to-date budget? If not, are there definite steps taken to maximize the budget by the end of the BP?
- c. Is there a need to reallocate budgets between WBS?
- d. Is the current rate of spending sustainable for the rest of the BP?

## Budget Close

15. At the close of the BP, Club Presidents and Treasurers will have to ensure the following:
  - a. That all reimbursement of claims to individuals have been duly approved and submitted to SFSC OFS for payment processing.
  - b. All invoices have been received, duly approved and submitted to SFSC OFS for payment processing.
  - c. All prepayments and accruals are properly accounted
  - d. All collections are banked in with OFS Cashier
  - e. All receipt books are fully accounted and any completed books returned to OFS
  - f. All project files are properly documented/closed and properly handed over to the next management committee.
  - g. The variances in the budget review template is adequately explained
  - h. Essential learning points of the various projects are properly documented
  - i. The handover of the duties and responsibilities of the key office bearers are properly done. Whether there are any outstanding matters that need to be handed over and followed-up.
16. In the spirit of good governance, Club Presidents and Treasurers are required to report to its members the financial affairs of the club at the end of the BP. This will include the Statement of Income and Expenditure, the Club's reserves and investment income thereon and the outcomes achieved in the activities that were carried out in the preceding BP.

## Appendices

*Please right click on paper clip icon to view Appendix*

