

Financial Guidelines for Societies 2020/21

Introduction

This guide gives an overview and how your society finances works, what you can and can't spend specific budgets on, and any rules you must follow. The guide has been produced with reference to the Societies Constitution, and Bath SU's financial regulations, both of which can be found on thesubath.com. You will still need to attend finance training, but you can use this document as a helpful reference throughout the year.

All examples and references to societies are hypothetical.

Your Society Finance Account

All funds belonging to a society are held in a central SU account and not separate ones for each society. However, a record of the amount each society has at their disposal is kept and maintained by the SU finance office who send weekly ledgers to your society Chair/Treasurer.

Societies must not open a private bank account to hold their society funds. They also must not use personal accounts to store society funds. Using a personal bank account for society transactions can put that person at huge financial risk. The SU finance accounts are there to protect your members.

Without specific permission, individuals may not use society money in any form without banking it first. For example, if your group sells tickets to an event on the night, the money must be banked before it can be spent. You cannot sell tickets on the door, and use the cash to pay for entertainment that night. This regulation exists so that the finance office has a record of all transactions made by the society.

In some situations societies can request to use cashboxes which are dispensed by the finance office. However, cash boxes must be kept secure at all times, though the level of security depends on the amount in the box.

Societies are encouraged to keep a record of their spending. Although you will be sent regular ledgers, you can keep your own spreadsheet of income and outgoings. This is especially useful when you are planning a large event (for example, end of year Ball) and you will need to pay various companies at different times.

Income

There are a number of ways that a society can raise funds. Funds from different means have different restrictions on how they can be spent.

1) Budget Allocation

During the handover period societies have the chance to apply for a chunk of the budget distributed by the Activities Officer for that academic year. There is no limit to the amount that can be applied for, but bear in mind that SU funded budget CANNOT be used to fund social events. Societies must also be charging Membership fees if requesting a Budget.

The distribution of budgets is entirely at the discretion of the Activities Officer – it is a society request, not a demand.

Bear in mind budget allocation will NOT appear on your society ledger. The allocated amount is, in effect, the amount that a society is allowed to spend on top of their normal income. Any society granted a budget will need to end the year with a negative number on their ledger. For example, if a society is granted £200 in budget allocation they should be aiming to finish the year with -£200 on their ledger.

2) Membership Sales

Societies can charge a membership fee to join (but this is not compulsory) which is usually up to £15. Membership fees can be altered at points throughout the year, for example, half price for semester 2. Membership fees must be paid either online via thesubath.com or in person at the SU finance office.

3) Sponsorship

Societies may gain sponsorship from external companies though these must be arranged in conjunction with the marketing department. The process for seeking out and arranging contracts is outlined by the marketing department on thesubath.com and some restrictions do exist on suitable companies and activities. Always consult with marketing when arranging sponsorship!

4) Sales (Items/Experiences)

This category covers money paid to the society in return for goods (e.g. merchandise, equipment), attendance of an event (e.g. socials or activities) or trips. Transactions may take place either online or in cash but must follow SU regulations. It is generally encouraged for any payments to take place on thesubath.com to keep accurate financial records. If you are asked to send an invoice, you must

request this through SU finance and they will send one on your behalf. You must not create an invoice yourself on behalf of your society.

5) Sales (Services)

Some societies have the opportunity to sell a service either to other societies or to externals. For example: Arts societies may take payment for performing at events either on or off campus. Most activities of Backstage Technical Services fall under this umbrella. A society can sell services but must follow financial regulations for payment. All payments from these services must be paid directly into the societies account for the society's use and not to a member for their service.

If a contract is necessary for the agreement always discuss this with the Activities office staff and finance department before agreeing. Once again, if you need to raise an invoice, you must ask SU finance to do this for you.

Signatories

For financial transaction requests made by societies there must always be at least two signatories. One of these will always be the treasurer or chair of the society and the identity of the other(s) depends on the amount to be transferred (but will be either Activities Officer, Societies Exec Treasurers or Activities Office staff. Either way, the finance form must be processed through the Activities office before it is approved.

The only society members who can act as a signatory on any financial form is the Chair or Treasurer. If you purchased something for your society and need to be reimbursed – for example, if you bought cakes for a cake sale on your personal bank card, you must get the Chair or Treasurer to sign the form. If you are the Chair or Treasurer and need to be reimbursed, you cannot sign your own finance form, you must ask the other to act as signatory.

Signing Contracts

Some events and social may require societies to sign paperwork which in some way legally binds the SU (for example, venue hire). Society committee members do not have the power to sign these. Any legally binding paperwork can only be signed by the Activities Officer (or, if unavailable, the SU President), the SU Chief Executive or a Deputy Chief Executive. If a society signs a contract, they become personally liable for any costs, so make sure you get it signed by the above!

Purchasing and Quotations

When buying items for your society, you should always check if the SU has a supplier (as they may be able to get a better price). For example, when ordering flyers or booking coaches it is common to do this through the SU.

Where the items will cost £500 or less (or are urgently required) the society needs to obtain at least 2 quotations, although these can be verbal so long as amounts are recorded in writing.

For purchases totalling between £500 and £9999 at least 3 quotations should be obtained in writing. Any amount over £1000 will require the signature of the SU Activities Officer, or if urgent, the Finance Director.

For any purchase over £10,000, seek the advice of the SU finance director before ordering as more complex regulations are likely to apply.

It is not enforced that the supplier offering the cheapest quote must be used as it is recognised that other factors (e.g. speed of delivery) may influence the decision. However where the cheapest quote is not chosen you must give reasons why.

Generally, all purchases must be made by raising an order with SU finance, however, some exemptions apply to this - purchases from petty cash or in accordance with a contract are exempt. Many on-going purchases are also exempt.

Acceptable Use of Funds

Income from different sources has different restrictions on how it can be spent:

1) Budget Allocation

When applying for a budget the amount applied for will be specifically linked to an event which requires funding or to items required for purchase. Budget requests are considered on an item by item basis and so when your budget is granted you should be informed what items it has been granted for. The allocated funding is then tied to those purchases and should be primarily used for them.

Should the amount required be lower than was budgeted for, the extra allocation may then be used for other purposes to benefit society members. In the event that more money is required than was granted/budgeted for, the special request fund (see below) may be used to cover the gap.

For example – BIS may request £200 budget to buy costumes to use for a performance later in the year. They are granted this but the costumes only cost £150. The remaining £50 is used to buy props.

Under no circumstance may societies use SU funded budget allocation for social events. The definition of what exactly a social event will be based on the mission statement from the constitution of the society. For example, if the French society wish to claim money back for a wine and cheese night this would be allowable since the activity fits within the bounds of French culture. If Yoga wanted to hold a wine and cheese night, they would not be able to use SU funded money to do this.

2) Income from Membership Sales

Membership money must be used to further the mission of the society. Though generally the exec will consider not only what the money is being spent on, but how it benefits members.

In general this means that any use of this funding must be equally beneficial to all members whether that be relating to an event, equipment or social. Regarding events and socials, any aspect funded by membership sales may not have an attendance cap so anyone who wishes to participate must be allowed to do so. For equipment, whilst not everyone necessarily needs to be able to use the equipment it must be for the general good of the society. For example: ChaOS may purchase percussion instruments with membership money though not everyone will use it. This is allowable because its availability broadens the scope of music that could be performed which does benefit all involved.

There are many grey areas surrounding what does and does not benefit all. Finances are approved at the discretion of the Exec Treasurers in conjunction with staff and the rest of the executive committee.

For example, prizes for competitions can be purchased from membership income so long as all members have the ability to enter the competition.

3) Sponsorship

The use of sponsorship income is not restricted by SU regulations, but in most cases will be constrained by the sponsorship contact itself. Generally it is a good idea to bear in mind the source of the money and what they would be happy for it to be used on. For example, a company could offer £500 to buy hoodies for all of the societies members. That society would not be able to spend this money on an end of year Ball instead.

4) Income from Sales (All)

This source of income is the least restricted of all. It is generally viewed that the society can do with this money what it wishes to further the development of the society. You must ensure that funds are being used for the society and not personal gain.

Alcohol

There is no reason why alcohol cannot be purchased as long as it fits into the rules of acceptable use. However SU guideline regulations regarding alcohol must be followed. For example, non-alcoholic alternatives must be available, nobody is pressured into partaking and the consumption is sensible.

As a few specific examples:

- 1) If a social is ran where all attendees get a drink on arrival and this is covered by the cost of the ticket there is no problem.
- 2) If a networking event is run which is appropriate to the activities of a society and alcoholic refreshments are provided this is fine.
- 3) If a departmental society are on a social and a committee member buys shots for a few members of the society this is not ok.

The Special Request Fund

The special request fund is a pot of money which is made available to societies every year as a means of meeting unforeseen costs. The size of the fund can vary year on year. Societies may apply for funds only for specific reasons which will be considered by the Exec when deciding whether to award funding. An application form for the SRF, along with more information, can be found on thesubath.com website.

Unlike budget allocation, money granted through the special request fund is paid into the society's account and will appear on the ledger. The SRF will not fund travel, food, alcohol, socials, equipment for personal use and gifts.

End of Year

The financial year for societies generally starts on 1st August each year (which is when the new committee comes into post). All transactions from the previous academic year should be completed by this date.

According to charity law, no profit can be made by a society from year to year. All balances should be returned to zero by the end of this period. (Remember that for societies which

have been granted a budget the amount to aim for is actually the negative budget allocation.)

Whilst it should be the aim to end the year as close to the 0 point as possible, all regulations around acceptable use of funds still apply. Throughout semester 2 societies should keep an eye on their finances to ensure that they do not over or underspend. If you feel your society is likely to end make a profit, it is advisable to liaise with the committee for the following year to enquire as to what investments could be made in preparation. If you are concerned you may end up in debt, the society chair and treasurer should immediately contact the Exec Treasurers, Societies Coordinator, or the Activities Officer.

At the year end point (end of July) all funds remaining on each society's ledger are immediately withdrawn and reassigned for the following year either in the special request or as budget allocations. If you finish the year with a profit you MUST apply for a rollover during the handover period if you want to keep it. Rollovers are granted at the discretion of the Activities Officer. In order for a rollover to be granted, the society must demonstrate that the funds are needed for a specific large project or purchase for which the funds could not be raised in a single academic year.

Should a society end the year overdrawn they will be notified by the Activities Officer who will inform them of the action to be taken. If it is a small amount the Activities Officer is allowed to wipe the excess, returning the balance on the account to 0. This action is at their discretion and it should not be assumed that the power will be used. For larger debts the society, in collaboration with the Activities Officer and Societies Coordinator, are required to produce a plan for how to recover the overdrawn amount (which may be done over the next academic year). You will need to make up this debt within one academic year. Failure to complete within this period, the society will be recommended to the disciplinary panel with a view to immediate disaffiliation.

What if we break the Rules?

As a committee member, you are responsible for your finances and ensures that you follow regulations at all times. If a society breaks these rules, they can be called to a disciplinary (either as a group or individually), which can result in disaffiliation.

Any Questions?

If you have any questions regarding the content of this document please to consult the Activities Officer, Exec Treasurers or Activities Office staff.