

# Student Activities Council

U N I V E R S I T Y   o f   P E N N S Y L V A N I A

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## **Budgeting and Allocations step-by-step**

**Memo from the SAC Chairman  
January 30, 2003**

**Attention:** All Treasurers / Financial Managers\* of SAC recognized groups

\* If you are not the designated treasurer to your group, please ensure that he/she receives this memo, since it contains important information pertaining to the annual budgeting and allocations process for next year. By attending this meeting, you are agreeing that the applicable person is/will be duly informed.

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As the treasurer of your group, one of your principle tasks is that of preparing the annual budget. This tool is necessary for successfully planning and controlling your financial resources. It is a guideline for your future plan of action, expressed in financial terms within a set period of time.

### **What A Budget Accomplishes**

- It helps refine goals.
- It aids in decision making.
- It provides a historical reference to be used for future planning.
- It compels members of the organization to use funds efficiently.
- It provides accurate information to analyze, adjust and evaluate programs and activities.

### **Pre-Budget Considerations**

Knowing your organization's priorities, objectives and goals helps as you begin to prepare your budget. As you begin, ask yourself the following questions.

- What is the principle mission of our group... what motivates our members?
- What does our group most want to accomplish?
- How will you accomplish this?
- How much will it cost? (ie. quotes/estimates, historical costs, fixed and variable costs etc...)
- Where is the money coming from? (ie. sponsorship, ad revenue, SAC, dues, SPEC, etc..)

- **Educate yourself:** Check your records and review last year's budget request (the past 3 years are available on SAC online). Review the club's current account statement, and see where money was actually spent. This will give you a good idea of how well the club respects a budget and sticks to it. If you have questions, ask the past treasurer, past president or group liaison.

- **Brainstorm:** Don't solely rely on what the club has done in the past. Think about potential expenses which may arise, then create a list of potential sources of income you may be able to tap into. Be creative(!) and look for ways in which your club can operate on a mix of revenue streams and ways in which your club can benefit from cost reductions.

\* Please remember that if you have restricted SAC recognition, you are not eligible for funding.

Once these questions have been answered, you are ready to begin preparing your budget.

### Preparing Your Budget

1. Review SAC's "*Funding Guidelines/Standards and Priorities*" document as well as SAC's "*Funding Policies*" document.
2. Prepare an outline of the organization's planned future activities.
3. Determine and record available funds (e.g., carryover balance from previous year).
4. Estimate and record expected income and when it will be available (dues, t-shirt sales, bake sales, ad revenue, sponsorship etc...)
5. Define and record needed expenses (advertising, rentals, printing, supplies, etc...). Price items from quotes. ie. get estimates for two or three different places.
6. Prioritize your items. Make those hard choices about what you *really* need. SAC-Exec will adjust your budget to reflect our standards and category priorities, and so we ask for your assistance in this regard – we always look for mutual agreement.
7. Review, revise and then assemble into a draft budget.
8. Have other officers review the budget and consult with your members.
9. **Review** the budget again and look for signs of "**padding**."
10. Have members vote for budget approval.

- Padding is the process whereby groups overestimate expenses and underestimate revenue in order to offset expected budgetary cuts. SAC sincerely asks that this tactic be minimized since it leads to inefficiencies during the budgeting process and is usually easy recognizable.

**NB** • **Please remember that SAC reserves a percentage of its allocation for contingency requests over the course of the year. If you are uncertain of an event, do not have finalized costs or details, please seek contingency, rather than estimating your budgets at this stage.**

11. Once you have submitted your budget, please prepare for the interview. Each group will meet with SAC-Exec for about 10 minutes. We ask that you are comfortable with the figures and the events you have listed and are able to **substantiate** your requests through documentation and logical argument.

12. If you feel your group has been recommended an unfairly allocation, feel free to submit an appeal, **outlining your logic clearly, and substantiating claims with additional documentation**. **The more conclusive an argument, the higher your chances of getting your requested amount.**

### Managing the Budget

1. Once prepared and approved, a budget should be closely managed.
2. Formulate general policies and procedures needed to achieve objectives while providing internal control (e.g., allow only approved expenditures, who does what, how does the treasurer regulate spending, consult with your financial liaison etc...).
3. Keep an accurate written/digital log of financial transactions (income and expenses, receipts, checks etc...) **\*\*\* This is vital and is often neglected by treasurers. There is a customized Excel worksheet on the SAC website for treasurers to use in this regard. Further, SAC-Exec has the right to inspect and audit any group, at any stage, whereupon the Treasurer has the responsibility to show detailed documentation of all financial transactions. Over the course of the semester 25 random groups will be selected for auditing.**
4. Invest a couple bucks and purchase a receipt book. Use this for membership dues and any other times cash will be exchanging hands.
5. Keep copies of all receipts, invoices, bills, etc. which relate to the club. Having all of your paperwork in order will help you reconcile your books!
6. Announce the club's financial standing at club/officer meetings. While this may sound repetitive and unnecessary, it is a great way to keep club members involved in the financial affairs of the club. It should only take a few moments. ☺
7. Last but not least, get to know who your liaison is and feel free to ask for advice! Liaisons are there to assist and are most willing to meet and assist *you*. Likewise, after you have pursued this avenue, feel free to contact the Chair directly.

All the best and I hope you find the above is useful as you go about preparing your budget! Good luck.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Simon", with a large, stylized initial "S" at the beginning.

**SIMON E. BLAND**