



MEMO

From the...

Office of the MSU President

TO: Executive Board as the Student Representative Assembly
FROM: Joshua Marando, MSU President
SUBJECT: Clubs Financial Procedures Operating Policy
DATE: March 26, 2020

Hello,

Operating Policy – Clubs Financial Procedures is a subsection of Operation Policy – Clubs Operations and highlights functions, requirements, privileges, and requirements associated with the finances of MSU Clubs. This policy is new and was built upon from Section 9 – Funding from the previous Clubs Operating Policy. Upon consultation with other student unions and through reviewing common challenges associated with club operations, we have decided to move all clubs banking to our internal systems. This will allow us to save money in bank fees, which have gone to cover the salary of the new full-time internship position of Clubs Accounting & Accounts Receivables Clerk. Additionally, this change will allow clubs to utilize our purchase order systems, apply for bridge financing, utilize advance payments for large invoices, and greatly improve our reimbursement and auditing systems. It is important to note that clubs funding comes from student money, so in supporting our clubs it is our responsibility to ensure the funds are used appropriately. The creation of this policy was spearheaded by Alex (VP Finance), in consultation and coordination with myself, Sean (Director of Finance), and John (General Manager). Additionally, we consulted a number of student groups on campus to gain a better understanding of the requirements and subjects this policy should cover. It was largely based off of club's financial procedures from our key comparators, particularly Western USC and Waterloo WUSA, both of which have well developed club systems. These procedures will greatly improve the support we are able to give to clubs, address a number of concerns from our smaller clubs, and ensure appropriate financial management of club funding. The sections and major changes are as follows:

- **Purpose**
 - This highlights the purpose of this specific policy which is to procedures surrounding clubs' finances within the MSU
- **Signing Authority**
 - This section outlines requirements surrounding signing authorities/officers, who are the executive members that are allowed to expend and access funds in their MSU Clubs account

- Currently, we do not have any guidelines surrounding signing officers, creating issues where one executive member can expend club finances without the knowledge or authorities of other signing officers
- **Membership Fees**
 - We have now set a base membership fee for clubs. The reason for this is to ensure clubs have adequate budget support for their activities, improved budget planning, and to ensure club members are committed to their roles within a club.
 - Clubs will set their individual clubs fees
 - Additionally, as we will be collecting these fees through our central accounting systems, it allows us to accurately keep track of club membership to better identify clubs that have become dormant
 - Additional section to clarify process of refunding clubs' fees for members who feel as though the club is not delivering on its promised mandate
- **Budget, Insurance, & Auditing**
 - This clarifies budgeting requirements for MSU clubs as well as auditing measures to ensure appropriate spending
- **Financial Assistance**
 - We have added a bridge financing option, which is a short-term, no interest loan
 - This will allow clubs to hold larger events which they may not be able to front the upfront costs for
- **Contracts**
 - This section highlights requirements surrounding clubs who which to enter into contracts with external vendors
- **Sponsorship & Co-promotion**
 - This section highlights requirements for clubs who would like to partner with an external group for sponsorship of an event
- **Funding**
 - The funding guidelines are largely the same as they were previously
 - Clubs are now required to use our internal ticketing systems if they wish to do online ticketing
 - Provided information on grants that are given to MSU clubs for their operations
- **Reimbursements**
 - Currently, all transactions are completed through reimbursements. This policy will continue that method for expenditures that are under \$150.
 - This is to allow club members to make small purchases more easily and prevent an overload of our purchase order system
 - A common issue is members not coming to pick up their checks, we have resolved this by mailing checks out if not picked up in 20 business days
 - An additional concern is the number of small checks being issues to clubs, to resolve this, smaller purchases will be combined and issues in one reimbursement of \$50 or more to prevent our accounting team from consistently issuing and spending money on multiple smaller checks.
- **Payments**

- We are now allowing clubs to utilize our purchase order system for payments that are over \$150
- This means that clubs executives will not be required to rely on reimbursements and instead will be allowed to draw funds directly from their accounts
- To pay for an invoice via check, club members must submit the specified requirements and payment will be sent directly to the vendor or picked up at the MSU Accounting Office by a designate
- We are also allowing clubs to make online purchases through our Clubs Accounting & Accounts Receivables Clerk
 - This will allow groups to make smaller purchases or a number of different purchases for items online and have them shipped to the MSU office without having to rely on reimbursements
- Use of Funds
 - This section highlights guidelines and limitations surrounding club revenue and MSU clubs funding
 - This was based off of best practices for clubs as well as guidelines used for other MSU collected fees distributed to student groups, such as the Welcome Week Orientation Levy which is distributed to Faculty Planners
- Executive Authority
 - No changes, consistent with other MSU policies

That is a brief overview of the changes! I encourage you to read through the policy for a more thorough understanding of how this change to internal banking will manifest itself. Though this is a large change, I am comfortable that the additional resources being allocated and saved time and money associated with no longer utilizing external banks will allow for an improved club system. As stated in our previous memo, we will be reaching out the Vice-Presidents of Finance and Presidents of our clubs to ensure this change is communicated to them and answer any question. We will allow for a long transition period for this switch to occur to ensure we are not adding more stress to clubs through this change. If you have any questions, please feel free to reach out to Alex or myself prior to the meeting or ask us prior to voting on approval!

Sincerely,



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Operating Policy – Clubs Financial Procedures

1. Purpose

- 1.1 To outline the procedures associated with the financial operations of MSU Clubs.

2. Signing Authority

- 2.1 All MSU Clubs shall be authorized a minimum of two and maximum of three Signing Officers to conduct the financial affairs of the Club;
 - 2.1.1 A minimum of two signatures is required to conduct any financial transaction;
- 2.2 All signing officers must be eighteen (18) years of age or older;
- 2.3 All Clubs shall designate their President(s) and Vice-President Finance (or equivalents) as signing officers of the club;
- 2.4 All signing officers shall be authorized to use their club's "Account Number" to conduct business with MSU Operations;
 - 2.4.1 The MSU will provide each ratifies club with a unique account number;
- 2.5 Signing authority cannot be transferred to another individual unless expressly authorized by appropriate MSU staff;
- 2.6 Clubs must designate their signing officers by September 1st of the Academic Year.

3. Membership Fees

- 3.1 Each club shall set a membership fee of no less than five (5) dollars at the beginning of the academic year;
 - 3.1.1 Membership fees shall be paid by each club member, including executives;
 - 3.1.2 Cash transactions will not be permitted;
 - 3.1.3 Membership fees must be paid by no later than September 30th of that academic year;

- 3.1.4 Any individuals who wish to join a club after September 30th must submit their membership fee by January 31st;
- 3.1.5 Clubs may charge non-MSU members a different than MSU members;
- 3.2 Club membership fees shall be communicated to the Clubs Administrator and Clubs Account & Accounts Receivables Clerk prior to September 1st of each academic year;
- 3.3 Any member of a club may apply to their respective Club Executive for a refund of membership fees by December 1st of that academic year in the following circumstances;
 - 3.3.1 The club’s mandate or proposed activities as specifies to the member when signing for membership are not congruent with the club’s actual mandate or proposed activities;
 - 3.3.2 Serious organization issues within the club executive lead which lead to a lack of communication with club members or a lack of programming as promoted to potential club members;
 - 3.3.3 Any circumstance that serious inhibits the member’s ability to enjoy membership in the club;
 - 3.3.4 Use of club funds in a manner that was not communicated to club members;
- 3.4 Where the Club’s Executive cannot sole a refund issue within ten (10) business days after the club is first notified of a request, the executive or the club member may request assistance from the Clubs Administrator;
 - 3.4.1 The Clubs Accounting & Receivables Clerk will act as the arbitrator of fees;
 - 3.4.2 The Clubs Administrator will meet with a representative from the club and the member to review the situation;
 - 3.4.3 The Clubs Administrator will make a decision based upon information provided;
 - 3.4.4 The decision of the Clubs Administrator is final and cannot be appealed.

4. Budget, Insurance, & Auditing

- 4.1 All MSU Clubs shall produce an annual budget detailing all revenue (including membership fees and sponsorships) and expenses (including administrative costs and contingency planning);
- 4.2 The MSU shall provide standard insurance to all ratified MSU Clubs;
 - 4.2.1 If a club wishes to secure their own independent insurance, they must work with the Clubs Administrator
- 4.3 All annual budgets shall be accompanied by a year plan of project events that the club plans to hold through that year;

- 4.4 Club preliminary budgets must be submitted with their ratification renewal application;
- 4.5 Clubs Annual Budgets must be submitted by October 7th of that academic year
- 4.6 All MSU Clubs shall submit to any audit of their financial account by the MSU Clubs Administrator, the MSU Clubs Accounting & Account Receivables Clerk, The MSU Vice-President (Finance), the MSU Director of Finance, or a designate;
- 4.7 The MSU Vice President (Finance) or the MSU Director of Finance may freeze a club’s financial account under any of the following circumstances:
 - 4.7.1 The club opens an external bank account;
 - 4.7.2 The club is not represented at a mandatory MSU training, including mandatory training for club presidents, or does not send a designated representative;
 - 4.7.3 All club executives do not attend, or complete mandatory executive training as outlined by the MSU Clubs Administrator;
 - 4.7.4 The club’s budget is not submitted by October 7th;
 - 4.7.5 Spending or accounting irregularities are detected;
 - 4.7.6 There is evidence of the club violating a municipal, provincial, or federal law;
 - 4.7.7 The club uses an external ticketing vendor without consulting the Clubs Accounting & Accounts receivable clerk;
 - 4.7.8 Any other violations as determined by the Clubs Advisory Council.

5. Financial Assistance

- 5.1 Upon request, the MSU may provide a club with bridge financing (short-term, no interest loans), at the discretion of the MSU Vice-President (Finance) and Clubs Accounting & Accounts Receivables Clerk, to financial assist those clubs in meeting their mandate through events or programming;
- 5.2 Clubs shall not apply for bridge financing as a subsidy for the club’s overall budget;
- 5.3 A written application for bridge financing must be submitted to the Clubs Accounting Clerk along with an event description, following EOHSS submission;
- 5.4 The MSU Vice-President (Finance) must approve any bridge financing requests;
- 5.5 All clubs must abide by the repayment schedule set out by the MSU. Where a club defaults on re-payment of the load, the MSU Vice-President (Finance) or the MSU Director of Finance may freeze the Club’s financial account and garnish the account until the loan is fully repaid.

6. Contracts

- 6.1 Club members, including executives, shall not be authorized to sign contracts of any type on behalf of the MSU of the Club;
- 6.2 If a club wishes to enter into a contract (for example, to book a venue or an entertainer), the club shall contact the Clubs Administrator and Clubs Accounting & Account Receivables Clerk;
- 6.3 Any contract signed by a club member, including executives, on behalf of the club or the MSU shall be considered illegitimate. The signing of such contract will be considered grounds for sanction as per MSU Clubs Judicial Procedures outlined in Operating Policy – Clubs status;
- 6.4 Payment of contracts shall be processed by means of a Purchase Order, which shall be obtained from the Clubs Accounting & Accounts Receivables Clerk.

7. Sponsorship and Co-Promotion

- 7.1 Club sponsorship and co-promotion shall:
 - 7.1.1 Be consistent with the interest and image of the MSU;
 - 7.1.2 Be consistent with MSU Bylaws, Policies, and Procedures;
 - 7.1.3 Not infringe or affect current commercial agreements existing between the MSU and any other party or commercial agreements entered into on behalf of the MSU;
 - 7.1.4 Be consistent with McMaster University Policies;
- 7.2 Approval of sponsorship or co-promotion shall be done by through a Sponsorship Proposal form to be filed with the Clubs Administrator and Clubs Accounting & Accounts Receivables Clerk;
 - 7.2.1 The MSU reserves to right to approve or deny any sponsorship of co-promotion requests.

8. Funding

- 8.1 Only MSU recognized clubs shall be eligible for MSU clubs funding;
- 8.2 Funding shall follow a set criteria recommended by the MSU Vice-President (Finance) and the Clubs Accounting & Accounts Receivables Clerk;
 - 8.2.1 New Clubs are eligible for a maximum of \$150 in funding for their initial academic year;
 - 8.2.2 Returning clubs are eligible to receive a maximum of \$800 in funding for the Academic Year;

- 8.2.2.1 Funding criterion and eligibility are malleable and the MSU Vice-President (Finance) and Clubs Accounting & Accounts Receivable clerk reserve the right to allocate clubs funding at their discretion;
- 8.3 Funding shall be deposited directly into the club’s MSU account;
- 8.4 Clubs must deposit all external funding and make any expenditures through their MSU Club Account;
- 8.5 Any club that as its fee collected by the University or has its own levied fee in ineligible for addition MSU funding;
- 8.6 Sports, clubs for which there is a comparable University or intramural team on campus, will be ineligible for funding from the MSU;
- 8.7 Clubs running an event are required to work with the Clubs Accounting & Accounts Receivables Clerk to set up the Eventbrite page for ticketing;
 - 8.7.1 If a club wishes to use an external ticketing vendor, they must receive written approval from the Clubs Accounting & Accounts Receivables Clerk;
- 8.8 Club grants shall be given out on an expense basis as follows:
 - 8.8.1 All clubs shall file a proposed budget for the upcoming year with the Clubs Accounting & Accounts Receivables Clerk by e-mail, using the budget request form posted on the clubs website. Clubs shall refer to the clubs website to download the budget worksheet, complete it, and e-mail the file to the Clubs Administrator by October 7th;
 - 8.8.2 The Clubs Accounting & Accounts Receivables Clerk will inform the club of the amount of their grant for the year by October 31st for those clubs who meet the prescribed deadlines;

9. Reimbursements

- 9.1 Clubs can access their club account and funding through the MSU Accounting Office;
- 9.2 Any expenditures under \$150 shall be paid for by the club and reimbursed by the MSU Accounting Department once a Clubs Claim Form has been received;
 - 9.2.1 A club will only receive cheque reimbursement upon presentation of receipts, and/or` additional documentation requested by the Clubs Administrator or the Clubs Accounting & Accounts Receivables Clerk.
 - 9.2.2 Documentation must accompany a completed Clubs Claim Form with a valid mailing address, which shall be posted on the MSU Clubs website for download;
- 9.3 Upon presentation of documentation outlined above, the Clubs Accounting & Accounts Receivables Clerk will authorize payments;

- 9.4 All receipts for approved events held from the time of budget approval to December 1st, must be submitted by December 15th;
- 9.5 All receipts for reimbursement for approved events held after December 1st must be submitted by April 15th of that academic year;
- 9.6 Receipts with a purchase date older than eight (8) months are not eligible for reimbursement;
- 9.7 Purchases made the previous academic year are not eligible for reimbursements;
- 9.8 Cheques will only be issues for reimbursements over \$50;
 - 9.8.1 Requests less than \$50 must be combined with additional reimbursements and shall be issued as a lump sum by cheque;
 - 9.8.2 If a receipt is submitted within eight (8) months of purchase with an amount less than \$50, it will be kept on file and will be issues upon approval of additional reimbursements;
- 9.9 Clubs will receive an email when a cheque is available for pick-up at the MSU Accounting office;
 - 9.9.1 Cheques must be picked up within ten (10) business days;
 - 9.9.2 If cheques are not picked up after twenty (20) business days, they will be sent by mail to the address provided;
 - 9.9.3 Cheques must be deposited within six (6) months of their issue date;
 - 9.9.3.1 Expired cheques will not be re-issues and cannot be resubmitted.

10. Payments

- 10.1 Invoices, events, or items that require payments over \$150 can be paid via Purchase Order prior to the payment period;
 - 10.1.1 Club's Signing Officers must complete a Clubs Purchase Order form which can be downloaded from the MSU Website;
 - 10.1.2 Clubs Signing Authorities must submit a completed Purchase Order form with a minimum of two signatures, date required, and a formal event invoice, a minimum of ten (1) business days priors to the required pick-up date;
 - 10.1.2.1 An Invoice must include: a unique invoice number, company's name and contact, item and price breakdown, clearly separated and stated tax amount, the club name with the MSU prefix

- 10.1.3 The Clubs Accounting & Accounts Receivables Clerk will determine if the cheque will be mailed directly to the vendor or is to be picked up at the MSU Accounting Office by authorized personnel prior to the event;
- 10.2 Online purchases can be done directly from the MSU Club Account and must be made through the Clubs Accounting & Accounts Receivables Clerk;
 - 10.2.1 Clubs Accounting & Accounts Receivables Clerk shall complete online purchase upon presentation of a complete Clubs Purchase Order form, approved event plan and/or additional documentation requested by the Clubs Accounting & Accounts Receivables Clerk or Clubs Administrator;
 - 10.2.2 All orders will be delivered to the MSU office, unless otherwise authorized;
 - 10.2.2.1 Clubs will be notified via email when items are available for pick-up;
- 10.3 Any monies remaining in the Club’s individual bank account at the end of the fiscal year shall be considered the sol property of that club under the MSU and cannot be refunded;
- 10.4 If a club fails to renew its status or is disbanded, any monies remaining in the club’s bank account shall be held in trust for two (2) calendar years at which time the Clubs Administrator or MSU Director of Finance shall close the account;
- 10.5 Clubs shall be responsible for any and all debts remaining from previous years.

11. Use of Funds

- 11.1 Of club revenues (excluding any MSU Clubs funding), a maximum of \$15 per person may be spent on member appreciation;
 - 11.1.1 A proposal must be submitted for approval, outlining the use of revenue for member appreciation prior to purchase;
 - 11.1.1.1 In the event that a purchase is made without approval, the individuals will be expected to replace lost revenue;
- 11.2 MSU Clubs funding must only be used for purchases the support the mandate of the club as outlined in their approved constitution;
- 11.3 MSU Clubs funding may not be used for addition expenses including but not limited to;
 - 11.3.1 SWAG for club members;
 - 11.3.2 Food, unless integral to event or mandate;
 - 11.3.3 As a direct donation to an organization or for the purchase of items in exchange for direct donations to an organization;

11.3.4 Any other limitations as determine by the MSU Vice-President (Finance) or Clubs Accounting & Accounts Receivables Clerk.

12. Executive Authority

12.1 All allegations of misconduct made on the basis of discrimination or harassment will be dealt with according to relevant MSU and McMaster University policies.

12.2 **Operating Policy – Clubs Financial Procedures** shall not preclude the Clubs Administrator or Clubs Accounting & Accounts Receivables Clerk from devising creative solutions to novel situations.

12.2.1 Such solutions shall be made in consultation with the MSU Vice-President (Finance) and MSU Director of Finance