

 Institute of Business Administration Karachi <i>Leadership and Ideas for Tomorrow</i>		
RULES & REGULATIONS Office of Student Societies		
Title: Financial Guideline for Students Clubs Societies.		
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FINANCIAL GUIDELINES FOR STUDENT CLUBS/SOCIETIES

Introduction

This document outlines the financial guidelines for Student Clubs and Societies at IBA. It serves as a master guide for Office Bearers to ensure proper financial management, compliance, and accountability. The guidelines cover budget management, sponsorships, event planning, vendor management, and reporting.

1. Budget Establishment and Utilization

1.1 Budget Creation and Approval

- The Student Clubs/Societies Budget is established based on the Annual Activity Plan approved by the Office of Student Societies (OSS).
- There are three primary sources of funding:
 - Contribution from Student Activity Charges (part of student fees).
 - Sponsorships and kiosks/stalls.
 - Registration or participation fees (No tickets for commercial events except fundraisers).

1.2 Annual Budget Submission

- After finalizing the Annual Activity Plan, Student Clubs/Societies must present their Annual Budget to OSS for vetting and approval.

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- The budget proposal must clearly indicate funding sources for each approved event, such as the allocated budget, sponsorships, or both.

1.3 Budget Approval Process

- Event approval requires clearance from the Dean of Student Affairs, after which the Finance Department will approve the budget.
- Funds allocated for a specific event can only be used for that event. Any unutilized portion will lapse at the end of the financial year.
- All Clubs/Societies must operate within their allocated budgets. Expenditures exceeding the approved budget will not be entertained.

2. Event Planning and Financial Procedures

2.1 Event Financial Planning

- For each planned event, the Financial Officer must submit the "Online Event Organizing Form" and "Financial Summary" using prescribed templates.
- The submission must be approved by the Finance Department, the Patron of the respective society, and the Dean of Student Affairs.

2.2 Sponsorship Management

- Student Clubs/Societies are encouraged to secure sponsorships before the event. If sponsorships are not received in advance, MOUs must be printed on stamp paper, signed and stamped by the sponsor, and endorsed by the Patron, Society Office Bearers, and Dean of Student Affairs.
- Sponsorship payments must be made via crossed cheque/pay order in the name of 'IBA Karachi (STUDENTS SOCIETIES)' and submitted to OSS along with a letter/MoU from the sponsor.

2.3 Financial Plan Approval, Vendor Management, and Processing Timeframe

- **Financial Plan Submission**
 - The Student Club/Society must submit the comprehensive event financial planning documents, including quotations and vendor details, to the Office of Student Societies (OSS) at least 15 working days before the event date.
- **OSS Review**
 - OSS will review the submitted financial documents, including quotations and comparative cost summaries, within 3 working days of submission.
 - OSS will then forward the reviewed documents to the Finance Department.
- **Finance Department Review and Approval**
 - The Finance Department will review and approve the financial documents within 3 working days after receiving them from OSS.
- **Work Order Issuance**
 - Upon Finance Department approval, the Office Bearers will issue the Work Order to the selected vendors within 2 working days from the date of document approval.

- **Payment Processing**
 - Following approval on the payment documents from the Dean - Student Affairs, the Finance Department will complete payment processing within 10 working days after all required documents are received.
 - **Post-Event Financial Reconciliation**
 - After the event, the Student Club/Society office bearers must submit a complete financial reconciliation, including all receipts and supporting documentation, to the Finance Department within 7 working days from the event date.
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3. Cash Handling and Petty Cash Management

3.1 Cash Handling

- Clubs/Societies are prohibited from handling cash. All transactions must be through the official bank account.
- A Petty Cash system may be established for small, incidental expenses with prior approval from OSS and the Finance Department.

3.2 Petty Cash Reconciliation

- Petty Cash must be reconciled monthly, with receipts and documentation submitted to the Finance Department.
 - The maximum limit for Petty Cash withdrawals must be predefined, with exceptions requiring authorization from the Dean of Student Affairs.
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4. Compliance and Reporting

4.1 Regular Financial Reporting

- Clubs/Societies must submit quarterly financial reports to OSS, detailing all income, expenditures, and remaining budget.
- Reports must be reviewed and signed off by the Patron and the Dean of Student Affairs.

4.2 Transparency in Financial Dealings

- Clubs/Societies must maintain transparency in all financial transactions. Any suspicion of misconduct should be reported to OSS immediately.
 - An annual financial audit may be conducted by the Finance Department to ensure compliance.
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5. Legal and Tax Compliance

5.1 Legal Documentation

- All sponsorship agreements, MOUs, and vendor contracts must comply with legal and regulatory requirements. Documents must be on legally binding stamp paper where necessary.

5.2 Tax Compliance

- Clubs/Societies must comply with tax regulations, including withholding tax where applicable.
 - All transactions must include tax details, and required documentation must be submitted to the Finance Department.
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6. Ethical Conduct and Conflict of Interest

6.1 Conflict of Interest

- Office Bearers must declare any potential conflicts of interest, particularly with vendors, sponsors, or donors.
- Office Bearers are prohibited from financial dealings with vendors or sponsors in which they have a personal interest.

6.2 Ethical Conduct

- All financial dealings must be conducted with integrity and in accordance with ethical standards. Misuse of funds will result in disciplinary action.
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7. Documentation and Record-Keeping

7.1 Record Maintenance

- Clubs/Societies must maintain comprehensive records of all financial transactions, including invoices, receipts, contracts, and correspondence.
- Records must be kept for a minimum of three years and be readily available for audit or review.

7.2 Electronic Documentation

- Documentation should be maintained electronically whenever possible to ensure easy access and backup.
 - A standardized filing system must be used for organizing financial records.
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8. Event Completion and Financial Reconciliation

8.1 Event Closure

- After an event, OBs must ‘close’ the event and complete the revenue generation process within seven working days.
- OBs must gather all necessary documentation for review, by the Club/Society Patron and forward it to OSS.

8.2 Financial Reconciliation

- A financial reconciliation of the event is mandatory within seven working days. Future events will not be approved, and no petty cash will be released until reconciliation is complete.
 - The Patron is responsible for ensuring a smooth handover to the succeeding leadership team.
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9. Contingency Planning and Risk Management

9.1 Contingency Funds

- Clubs/Societies are encouraged to maintain a small contingency fund within their budget to cover unforeseen expenses.
- The use of contingency funds must be approved by the Patron and OSS.

9.2 Risk Management

- A risk assessment should be conducted for each event, identifying potential financial risks and mitigation strategies.
 - Clubs/Societies must have a clear plan for managing any financial shortfalls, including seeking additional sponsorships or reallocating funds.
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10. Training and Capacity Building

- Office Bearers must undergo mandatory training on financial management and these guidelines.
 - OSS, in consultation with IBA Finance department, will organize regular training sessions to ensure Office Bearers are equipped to manage finances effectively.
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11. Revenue Management

11.1 Revenue from Food Vendors/Sponsors/Donors

- Revenue from food vendors must be submitted to OSS through pay order/deposit slip along with the approved MoU from the Patron.

11.2 Registration Revenue

- Revenue generated through registration must be submitted with the following details and original deposit slips:
 - Name of participant
 - Name of team
 - Amount
 - Deposit slip reference number
 - Deposit date
 - Cheque number
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12. Additional Controls

12.1 Self-Branding by Vendors

- Vendors are not allowed to engage in self-branding activities during events.

12.2 Team Dinners

- No Club/Society funds may be used for team dinners.

12.3 Venue Charges

- If a sponsor is on board, IBA management may charge the club/society for the venue on a case-by-case basis, decided by IBA management.

Frequently Asked Questions (FAQs)

1. Can two or more Student Clubs/Societies collaborate to arrange a single event?
Yes, IBA encourages collaboration among Student Clubs/Societies to organize joint events. However, please note the following requirements:

- The proposed joint event must be approved by the respective Patrons and the Dean - Student Affairs.
- Complementary activities or events should be ancillary to the main event. For instance, a musical performance at the end of a conference is acceptable, provided that it does not exceed 10% of the total event duration.

2. Can a Student Club/Society raise funds through selling tickets for an event?
No, IBA prohibits the sale of tickets for commercial events in accordance with the new Excise and Taxation Rules & Policies. However, Student Clubs/Societies may sell tickets only for fundraising events.

3. Can a new vendor be registered as an ‘approved’ vendor of IBA?
A new vendor may be registered if the required item cannot be procured from the existing approved vendors. To register a new vendor, the Student Club/Society must provide an official letter from the vendor, affirming that they are not affiliated with any students or staff members to avoid conflicts of interest. The vendor must be a registered tax-paying company with both direct and indirect taxes compliance, and have a proper company bank account.

4. Can a Student Club/Society request cash in advance (petty cash)?
IBA generally discourages advance payments (petty cash) to prevent tax avoidance issues. However, a Student Club/Society may request an advance petty cash payment of up to Rs. 25,000/- if needed, at least 5 working days before the event. The petty cash request must be approved by the Patron and the Dean - Student Affairs, and OSS will forward it to the Finance Department for processing.

- The advance can only be adjusted by submitting an advance adjustment summary along with proper invoices and payment receipts to the Finance Department through OSS.
- Petty cash will not be disbursed to societies with outstanding petty cash from previous years.
- Advances will be disbursed to the Patron's account only. The Patron may need a letter from IBA Finance to justify the advance payment for tax return purposes.
- The advance request must include a detailed list of expenses.
- Tips are not allowed for adjustment against petty cash / advance.

5. What happens if OSS receives fewer than three (3) quotations?

- OSS will only approve expenses after receiving three (3) quotations to ensure market cost competitiveness.
- For services/products valued at less than Rs. 50,000, only one quotation is required.

6. Will the applicable tax be included in the quoted price by the vendor?
Quotations must include all applicable taxes. Any additional taxes are the responsibility of the vendor.

7. Can currently enrolled students or alumni who graduated within the last 3 years register their companies as vendors for Student Club/Society events?

No, currently enrolled students and alumni who have graduated within the past three (3) years are not permitted to register their companies as vendors for Student Club/Society events.

8. What is the process if an event requires special approvals or permits?

- Any event that requires special approvals or permits must be discussed with and approved by the Dean - Student Affairs before proceeding.
- The Student Club/Society is responsible for obtaining any necessary permits or approvals from external authorities.

9. What should be done if there are changes to the event budget or scope after approval?

- Any changes to the event budget or scope after approval must be communicated to OSS and the Finance Department immediately.
- A revised budget and scope must be resubmitted for approval. Any additional expenses will require further authorization.

10. What is the procedure for handling event revenues?

- Revenues from events, such as ticket sales or sponsorships, must be deposited into the designated IBA bank account.
- A detailed revenue report must be submitted to OSS along with the financial reconciliation within 7 working days after the event.

11. Are there any restrictions on the types of expenditures that can be claimed?

- Expenditures must be directly related to the event and adhere to the approved budget.
- Expenses not directly related to the event, such as team dinners or personal expenditures, are not permitted.

12. What are the consequences for non-compliance with financial guidelines?

- Non-compliance with the financial guidelines may result in the denial of future funding requests or disciplinary actions.
- Repeated violations could lead to further restrictions on financial activities or eligibility for funding.