

AUDITING REPORT

SPRING 2013

UNIVERSALIS INDEPENDENT BODY

Summary

In this report the role of the independent body is again explained and these tasks are presented. This report, therefore, presents for the members of UCMSA Universalis an auditing statement, that the books of the association are verified, and motions to get procedures better.

Version 2

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Introduction

The Independent Body (IB) was founded out of a necessity of obligation imposed by Dutch law. The IB would be the main body to audit Universalis' expenses and officially comment on these. The first few months of its existence focused on deciding how to shape a body like the IB and what its main functions should be. Essentially, the IB was founded simply to audit the expenses. However, shortly after the establishment and the acceptance of the first three members, Universalis (and some members) proposed an extension of the IB's task; it was asked to also comment on the justification of certain expenses. It would not be the IB's task to overrule the responsibilities of the Universalis Board and specifically its treasurer; yet it would advise Universalis on the expenses with one main consideration taken into account: is this expense justified in a way that it concerns or benefits the Universalis members? By adding this task, more feedback on its expenditures was asked for: a task that nicely ties in with the IB's original function and task.

The IB of 2012-2013 consisted of three members: Maren Slangen (chair), Menno Reijven (secretary) and Elze Aalbers. Together we had several responsibilities:

- The IB 2012-2013 must organise and realise an IB for 2013-2014
- The IB 2012-2013 must audit all the expenses made by the Universalis board of Spring 2013
- The IB 2012-2013 must comment on the financial report, written and presented by the treasurer of the Universalis board of Spring 2013
- The IB 2012-2013 must write an report based on both the auditing and the financial report presented by the treasurer

The report is finished shortly before the budget General Assembly because of late handing-in of the financial report, which meant that the report could not yet be finished. Still, we hope that there is enough time for the members to critically think about the issues mentioned in this report and we would encourage asking questions where necessary. We encourage to already posing questions and sending comments about unclarity to the IB. These can be sent by e-mail to the secretary, Menno Reijven (m.reijven@student.maastrichtuniversity.nl). These questions will be attached to the final version of the report.

Note: no e-mails were received concerning the Auditing Report.

List of definitions

- Personal expenses: expenses by board members which are individual in nature but related to his/her board membership.
- Board expenses: is the same as personal expenses; personal expenses is chosen because of clearer opposition compared to “private”, but board expenses is used in the financial administration of Universalis.
- Private expenses: expenses by board members which are not related to the board membership.
- Event: everything that a committee or society organises at UCM.
- Trip: everything that a committee or society organises for UCM outside UCM.

The Independent Body

Tasks and purposes of the Independent Body

Article 5 of the policy manual emphasises and describes the role of the IB within the Universalis structure. The last amendment to this article (of 15.05.2013) was accepted by the General Assembly and therefore the IB had been given a mandate by the General Assembly to critically discuss and check the finances of the organisation and to report this to the members during the budget General Assembly following the semester to be discussed.

This article gives the IB the role of auditing – that is, checking and verifying – the expenses made by the association as recorded by the treasurer. One part of this report is to fulfil this task as given to the IB: stating that what the administration overview says is in accordance with the bills, receipts and agreements collected in the books and folders – the complete financial administration. This is not including any ethical judgment; this is just about verifying what the Universalis Board claims about what happened with the association's monetary resources.

However, article 5 of the policy manual also empowers the IB – and gives it explicitly the task to use it – to communicate the findings to the General Assembly. This includes judgments and recommendations in the form of motions, which will follow later in this report. These motions and judgments – also following the discussion which will follow during the budget General Assembly – will be turned into a set of – one could say – guidelines which are concretely telling board members what financially is allowed by the association's members and what not.

A short section will follow on the other tasks which were given to the IB. Last semester the IB was also responsible for the presidential elections (article 5.1.iv). The same holds that a short mentioning of article 5.1.v is necessary in this report to look back at the last semester. This is what the General Assembly has requested us to do. This report is thus the answer to these needs. The article states that only 5.1.i and 5.1.ii need to be included, but for making the report including all tasks and making the monitoring of the functioning of the IB transparent, for this semester the IB decided to include a short report on all tasks given to the IB. Of course, everything of last semester is included whilst at the same time considering possible confidentiality of certain issues.

This all is the expression of the IB and its tasks. As the name says, the body is an independent one within the Universalis organisation. Article 5.2 elaborates that the body is independent to the extent that the decisions of the body cannot be refuted internally. The body presents its findings and opinions to the members and the board, and they both can use it for discussion, but the findings and conclusions cannot be refuted within the organisation. Contrastingly, to breach the conclusions reached by the IB, external measures can refute them.

This independent functioning allows the members of the association to get an overview of what the board is doing. Being an association implies that the members are the main body in contrast

to the board. Obviously, the board is a major component of the daily functioning, but this cannot happen independently from its members. The IB is important to that extent that it can balance the power between board and members better in making the actions of the board – mainly financially – transparent to the members. Handling complaints and supervising the elections is also a task of the IB to balance these powers within the organisation.

Importantly, the body is fully independent from the board. Essentially, its powers are given by the General Assembly – that is, the members of the association. Therefore, the members of the IB are proposed by the body to the General Assembly and need to be accepted. Transparency is increased because the candidates are announced publicly two weeks in advance. The General Assembly keeps control by its having to agree with the proposed candidates. Any member can call according to the rules outlined in the policy manual an extraordinary General Assembly to – when one believes it to be necessary – to dismiss a member of the IB. In any case, membership of the people which are in the IB needs to be renewed at every budget General Assembly. The task of the IB is to provide insights to the General Assembly, to enable the members of the association to control and check the work done by the Universalis board.

Structure of the Independent Body

The IB is simply a group of people whereof the General Assembly assigns the chairperson, whereas internally the members decide upon the position of secretary. The chairperson is the contact of the IB to the members of the association and to the board; the secretary has as task to take minutes and keep the IB archive up to date. In any case, the members of the association are allowed to ask any member of the IB questions concerning their relevant term, and of course about their specific tasks as well.

For last semester, the IB consisted of 3 members. Maren Slangen was chosen chairperson. Menno Reijven and Elze Aalbers were appointed as members of the IB as well. Internally, it was decided that Menno Reijven would take up the secretary position. He is responsible for the handover of all the documents and communication with members and the Universalis board, although keeping in mind confidentiality.

Reflection on Spring 2013

The first few months we had to discuss what the IB would do and how it would do these things. We had to decide on practical issues, whether to have our own email address or not (yes), whether the Universalis treasurer should always be present while we were auditing (no, but the treasurer should

provide us with the books – since essentially, the books must be understandable without the presence of the treasurer). More importantly, by accepting the new task of commenting on the content of expenses, we had to come up with a discussion on justification of expenses. What would be a justified expense and what would we consider as not generally beneficial to the UCM-community or the members? As we are with three members, it was difficult to come up with an exactly yes-or-no standard that was applicable to all expenses. For example, we experienced that even though we considered certain expenses as not justified in the sense that it benefited all Universalis members, such expenses might be necessary in order to guarantee a smooth organization of events. Also for the board there is importance on clarifying those issues, to prevent any speculation and distrust in any financial sense. There were problems in receiving the treasurer's financial report. This created time pressure to finalise this report. This was even strengthened by difficult communication between the Independent Body and the Universalis Board.

Auditing Statement

Up to number 155, the books show the same information as the digital administration. The major complaint is that the books do not provide clear information on the details, but insofar auditing is concerned, the numbers are correct. Administration number 155 does, however, not exist in the books; number 155 in the books is non-existent in the digital administration.

Hereby the Independent Body of Spring 2013 of UCMSA Universalis, states that there is correct correspondence between the digital administration and the books which include all the receipts up to receipt number 155.

There are no special remarks regarding the treasurer's financial report of Spring 2013.

On behalf of the Independent Body,

The Chair,

Maren Slangen

The following paragraphs will discuss the problems of the IB with the books on a more significant and deeper level. These complaints will be presented to the General Assembly in the form of motions. The Universalis Board is obliged to add all accepted motions to the policy manual. This should clarify financial matters, including rights and responsibilities, to a greater extent to both board members and any member of the association.

Justification of expenses

Comments

Below the motions for the General Assembly are attached. In general, the motion will have a number and a title, which can be used for referring to particular motions in future motion or internal correspondence. The motions will be added to the Universalis IB Archive, where members can always see past motions, both accepted and rejected ones. The general information section at the top includes the submitter – in these cases the IB, but please read IB Spring 2013 – and the relevant files. It is to be emphasised that the relevance of files is not limited to this selection, and is thus definitely not exhaustive! The motions will all include something what was noticed and various thoughts are then taken into consideration. The bullet points below “decides that” are the relevant parts of the motion, since that will be included in the policy manual. However, ad hoc amendments should also consider the correctness and full consideration of factors of any element of the motion, and we, the IB Spring 2013, would highly encourage you to prepare amendments to improve the motions in order to help the board and association to a great extent in improving the clarity of financial regulations and guidance. Some other wordings are just the kind of formal structure which we chose to use for our motions. At the end of the motions we included attachments which are mentioned in some motions. These attachments are part of the motions which are referring to them, and can therefore be amended as well.

SEMESTER REPORT INDEPENDENT BODY OF UCMSA UNIVERSALIS
SPRING 2013

Overview of motions

01	Definitions used by the Independent Body
02	Clarity of reimbursements
03	Extra donations to committee events
04	Personal board expenses
05	Justification of personal board expenses
06	Private expenses via the Universalis bank account
07	On expenses which are partially personal and partially private
08	Categorising expenses as personal expenses (board expenses)
09	Extra subsidies to committees
10	Responsibility of the treasurer
11	Clarity of files
12	Cash withdrawals
13	Receipts added to the financial books
14	Lost receipts and late receipts
15	Reports and the budget GA

Motions

Motion 01: definitions used by the Independent Body

Submitted by: Independent Body

Relevant files: current and future motions

Universalis members convened at the Financial General Assembly of 2013 Autumn

noticing that

- clarity of definitions is necessary for good understanding of the motions;

considering that

- at this moment some terms might be confusing;

decides that

- the Independent Body should provide an overview of clear definitions of possibly confusing terms;
- attachment 1 provides the definitions to be used by the Independent Body;

and proceeds to the order of the day.

Motion 02: clarity of reimbursements

Submitted by: Independent Body

Relevant files: 26, 34, 42, 43, 49, 53, 64, 150¹, 152².

Universalis members convened at the Financial General Assembly of 2013 Autumn

noticing that

- these files are unclear in presenting who was reimbursed;
- some files are correcting other files but spread throughout the administration, which makes checking these difficult and possibly ambiguous;
- some categorisations are inappropriate – for example referring to the category of “lunch and courtesy gifts” in file 64³;

considering that

- it is important that members easily can understand to whom the money was transferred;

decides that

- wrong payments and the corrections need to be filed together, stapled;

and proceeds to the order of the day.

¹ This file is not understood.

² Reimbursement of the Freiburg Trip is much further in the administration than all other relevant files. This is one big file in essence. This could be made into one file with expenses and reimbursement

³ This does not allow to judge the appropriateness of both the lunch and the courtesy gifts. This might result in financial obfuscation.

Motion 03: extra donations to committee events

Submitted by: Independent Body

Relevant files: 32

Universalis members convened at the Financial General Assembly of 2013 Autumn

noticing that

- committees sometimes encounter extra unexpected expenses for their trips and events;
- it is not always clear why the expenses were unexpected;

considering that

- Universalis should not provide money too easily to committees whenever they need extra money;
- it is important that one can find the reason for the expenses in the financial administration;
- without knowing the reason for expenses' being unexpected, practically the expenses are not justified for the board;

decides that

- unexpected expenses can only be reimbursed to committees when a clear reason for the expenses' being unexpected is provided;

and proceeds to the order of the day.

Motion 04: personal board expenses

Submitted by: Independent Body

Relevant files: 65, 67, and various other files.

Universalis members convened at the Financial General Assembly of 2013 Autumn

noticing that

- during events the board members use the association's money for personal expenses, like dinner(s); for example:
 - o fast food during UCT;
 - o fast food during Freiburg;
- regularly the board makes expenses not benefiting the association, but just one individual or a few (or all) board members;

considering that

- the purpose of the money is not for anyone's personal use, but solely for the association's use;
- some personal expenses might be necessary from the point of view of the association;

decides that

- there should be made a list which shows which personal expenses for the board are allowed;
- this list should be absolute of nature, meaning that no exceptions are possible, but by the creation of amendments which are approved by a General Assembly;

and proceeds to the order of the day.

Motion 05: justification of personal board expenses

Submitted by: Independent Body

Relevant files: motion on “private board expenses”.

Universalis members convened at the Financial General Assembly of 2013 Autumn

noticing that

- the motion on “personal board expenses” emphasises that there has to be a list of justified personal expenses of board members;
- it has been written that those expenses need to be beneficial to the association’s functioning;

considering that

- there is not yet such a list;

decides that

- attachment 2 is the exhausted list of allowed personal expenses for board members;

and proceeds to the order of the day.

Motion 06: private expenses via the Universalis bank account

Submitted by: Independent Body

Relevant files: file in between 44 and 45, and some other files to follow.

Universalis members convened at the Financial General Assembly of 2013 Autumn

noticing that

- board members can use the universalis bank account for (unexpected) expenses;
- this happened during the last semester;

considering that

- this might make the financial overview less transparent;
- there is no guaranteed pay-back;
- the bank account is not meant for private expenses since it is the association's money;

decides that

- board members might use the universalis account for private expenses in emergency cases, provided that the money is paid back within a week;
- **all** expenses need to be filed in the financial administration;
- a clear overview of what the money was used for is provided to the association as well as proof of bank transfer, since the association has responsibility for the consequences of the expenses;
- if money is not paid back in time, an invoice has to be made to the person having used the money; an additional fee of 5% of the total amount has to be paid to the association;
- the file of the expense has to include the reason of necessity which explains the reasons for the use of the card to the association's members;
- when this all not happens, the members of the association need to be informed about the amount of money and by whom this has to be paid back in order to allow the association's members to check, and possibly complain about, the expenses which are not needed for the association;
- this **has to** appear in the administration books of the association;

and proceeds to the order of the day.

Motion 07: on expenses which are partially personal and partially private.

Submitted by: Independent Body

Relevant files: 82.

Universalis members convened at the Financial General Assembly of 2013 Autumn

noticing that

- during the board's travelling to UC Freiburg a car was rented for transportation, which is board related and therefore a personal board expense;
- Elliot used the car to travel from Freiburg back home, which is a private expense;
- in the financial administration there is no clear division of these separate categories of expenses;
- in the financial administration there is no statement which proofs this separateness of expenses;

considering that

- for checking and controlling the financial flows of the association a clear financial administration is necessary;
- for any expense there need to be a separate bill, receipt, contract, agreement etc.;
- in this example, only one bill is provided, which means that the administration does not include justification and clarity which is necessary for the separate nature of the usages of the car;

decides that

- when an expense fits two separate categories this has to be justified in the financial administration of the association;
- an agreement needs to be signed by both the treasurer and all persons involved on how to split the costs;
- in case money has to be paid back to the association, an agreement needs to be signed by both the treasurer and all persons involved on how and when the latest the money has to be paid back;

and proceeds to the order of the day.

Motion 08: categorising expenses as personal expenses (board expenses).

Submitted by: Independent Body

Relevant files: e.g. various files concerning food for board members.

Universalis members convened at the Financial General Assembly of 2013 Autumn

noticing that

- many personal expenses are being filed under the event instead of being filed under board expenses;

considering that

- the transparency of the personal expenses of the board decreases due to inappropriate filing;
- the control of the General Assembly decreases due to inappropriate filing;

decides that

- any personal expense made by the board should be filed as “board expense” in order for the General Assembly to be able to oversee these expenses better;
- future Independent Bodies need to calculate the ratio of personal expenses compared to the total budget in order to have a clear view on the amount of money which is used personally by board members;

and proceeds to the order of the day.

Motion 09: extra subsidies to committees.

Submitted by: Independent Body

Relevant files: e.g. ski-trip, excursion committee.

Universalis members convened at the Financial General Assembly of 2013 Autumn

noticing that

- committees might request more money for extra activities during the semester;
- this might be the case because of extra activities or unexpected expenses during already planned activities;

considering that

- any committee hands in a financial overview at the beginning of the semester;
- the treasurer is responsible for good allocation of the monetary resources;

decides that

- the treasurer should keep a good administration of the allocation of money to committees;
- the treasurer should deny subsidies to committees when this is not justifiable by him or herself – that is, taking into account alternatives, and burdens and benefits for the association;

and proceeds to the order of the day.

Motion 10: responsibility of the treasurer.

Submitted by: Independent Body

Relevant files: discussions with board members.

Universalis members convened at the Financial General Assembly of 2013 Autumn

noticing that

- last semester it happened that expenses were done without the treasurer's agreeing to them;
- someone else "took" responsibility for those expenses;

considering that

- the position of treasurer is concerned with the financial responsibility of the association's money;
- taking momentary responsibility by various board members makes controlling and checking the association's expenses more difficult if not impossible;
- this would mean that every expense could be when simply some board member will be responsible for it;
- the consequences for this "other" board member are not clear when the General Assembly does not agree with this expense;

decides that

- in any case, the treasurer bears full responsibility for the association's expenses;
- this responsibility cannot be transferred;

and proceeds to the order of the day.

Motion 11: clarity of files

Submitted by: Independent Body

Relevant files: 12⁴, 13, 39⁵, 46, 53⁶, 149, 155⁷.

Universalis members convened at the Financial General Assembly of 2013 Autumn

noticing that

- various files are not referring to anything in the administration;
- some files with reference to receipts are not in there;
- some files are lacking receipts;

considering that

- this limits the transparency and possibility for the Independent Body and members to get a clear overview of the expenses and incomes;

decides that

- everything that appears in the administration should reappear in the books;
- everything in the books should be justified by a receipt or a statement – some way of proof or responsibility;
- cash income can be included by a statement signed by the treasurer;
- transactions should include a transaction overview from the Universalis account;

and proceeds to the order of the day.

⁴ Unclear where 923,41 EUR is coming from.

⁵ Stating that the bill will be included (March 2013), but until today not done.

⁶ Delivery costs cannot be found back.

⁷ File in digital administration does not exist; 155 in the books is not in the digital administration.

Motion 12: cash withdrawals

Submitted by: Independent Body

Relevant files: 80, 82, 92, 93.

Universalis members convened at the Budget General Assembly of 2013,

noticing that

- 370 euros has been booked for spending on furniture and car rental for furniture (booked on different days, spent on the 25th of April 2013);
- on the 25th of April 2013 500 euros had been withdrawn to pay furniture and the car rental;
- this leaves 130 euros not being justified;

considering that

- this either means the books are unclear or that the rest is simply missing;
- these should both not be the case;

decides that

- cash withdrawals should be included in the books with the withdrawal transcript;
- on the same page in the books it should be justified how the money is spent;

and proceeds to the order of the day.

Motion 13: receipts added to the financial books

Submitted by: Independent Body

Relevant files: any file

Universalis members convened at the Budget General Assembly of 2013,

noticing that

- receipts stapled at the front-side of the administration limits readability of both the file and the receipts;
- sometimes receipts are stapled upon each other, which causes that not all receipts are easily readable;

considering that

- all receipts should be easily readable in order to check the financial administration;

decides that

- all receipts should be attached at the backside of the form⁸;
- the treasurer has to make sure that the readability of the receipts is optimal;
- without receipt or statement, an issue cannot be marked as filed;

and proceeds to the order of the day.

⁸ This happens frequently, but not consequently.

Motion 14: lost receipts and late receipts

Submitted by: Independent Body

Relevant files: 39, 87, 145, 153.

Universalis members convened at the Financial General Assembly of 2013 Autumn

noticing that

- in the books are some receipts lost, and others were lost but eventually found;

considering that

- the administration should be accurate and professional;

decides that

- without a receipt the file cannot be filed in the books;
- without a receipt money cannot be reimbursed;

and proceeds to the order of the day.

Motion 15: reports and the budget GA

Submitted by: Independent Body

Relevant files: reports spring 2013

Universalis members convened at the Financial General Assembly of 2013 Autumn

noticing that

- the Independent Body needs the financial report to finalise their report;
- this year the report of the treasurer came rather late, causing the Auditing Report to be finalised rather late;

considering that

- the report should be finished some days before the General Assembly that members can read through and comment on it, possibly prepare any amendments;

decides that

- the budget General Assembly can the earliest be held two weeks after the release of the treasurer's financial report;
- the Independent Body will the latest publish their report one week before a General Assembly;

and proceeds to the order of the day.

Attachment 1: definitions

- Personal expenses: expenses by board members which are individual in nature but related to his/her board membership.
- Board expenses: is the same as personal expenses; personal expenses is chosen because of clearer opposition compared to “private”, but board expenses is used in the financial administration of Universalis.
- Private expenses: expenses by board members which are not related to the board membership.
- Event: everything that a committee or society organises at UCM.
- Trip: everything that a committee or society organises for UCM outside UCM.

Comment: this list of definitions is used as well for this report as a whole. If the motion is rejected, this terminology is still true for this report, but the future Independent Body has to propose a new list of definitions. Furthermore, by passing this motion means that future Independent Bodies have the responsibility to update and enlarge the concept list to be used by Independent Bodies, members and the Universalis board.

Attachment 2: list of allowed personal expenses of board members

- maximal amount per semester⁹.
- Only allowed with permission of treasurer (who is in any case responsible for the association's money)
- Food is not included.

Note: it is expected of the association's members to prepare amendments to start a list. Otherwise, if the motion concerning this attachment is accepted, it will be the task of the Universalis board to prepare for the next General Assembly a list in the form of a motion.

⁹ To be agreed upon by the General Assembly.

Advices

- The General Assembly is advised to (let) clearly define personal expenses of board members;
- The General Assembly is advised to force the board to have clear book-keeping;
- The General Assembly is advised to bind the board stronger to deadlines; if deadlines are not met, then changes must be in favour of the members of the association;
- The General Assembly is advised to request clarity of terminology in both reports and book-keeping;
- The General Assembly is advised to form themselves an idea of what the money of the association is meant for, and thus in which cases and with which requirements it can be used or granted by the board;
- The General Assembly is advised to request of the board that there is no ambiguous or unclear backing of any financial issues or cases;
- The General Assembly is advised to emphasise the responsibility of the treasurer as sole responsible person for the money of the association;

Conclusion

This semester has been important for the real establishment of the Independent Body. We believe that with the motions above the clarity and transparency of the association and the board concerning finances improves. This returns also power to the General Assembly, the highest and most important institution of the association. The power needs to be in the hands of the active members, not of the board. Definitely, the board should be given a mandate; a mandate is, however, not a blank sheet. For a next assembly, or when writing motions, or in any case regarding the formal structure of the association, keep in mind our considerations, what was noticed, what we advised, and what we thought is a solution. For any motion which is not accepted, we sincerely request the members of the association to keep in mind our considerations and propose different solutions. However, in sum, there have been made large improvements in the book-keeping of the association, but much is still to be improved. The above report states that the books are verified. Everything that we thought was not well accounted for is included in the motions; we do not have the power to change anything in the past, due to a lack of regulations, but preventing problems in the future is possible. This report, especially the motions, are aiming to that improvement.