



ALMA MATER SOCIETY- EXECUTIVES' AND DEPARTMENTS' BUDGETS

FISCAL YEAR 2016-2017

1) The AMS:

Mission Statement

“To improve the quality of the educational, social, and personal lives of the students of UBC”

Values:

- **Honesty-** Integrity among members and employees; transparency of information and open communication.
- **Effectiveness-** Constant improvements of processes and increasing productivity through engagement and encouragement of each other.
- **Accountability-** Ethical decisions; tolerance toward mistakes and ownership of mistakes- learning from them; promotion of transparency.
- **Respect-** Embracement of diversity; treatment of everyone with dignity and acknowledgment.
- **Teamwork-** Collaboration to reach common goals; support of each other.

2) Goals and Purpose of the Budget:

- “The budgetary process is often assumed to be the most important policy-making process and one giving the organization a comprehensive program for a certain time-period in the future. It is coordination in time, and also of decision among alternative expenditures, a process through which the participants intervene with ongoing patterns in order to guide the organizations in a desired direction by transforming individual and group values and beliefs into policies” (Olsen).
- Budgeting is translating limited financial resources into human purposes. The budget itself should be a reflection of steps and requirements needed to achieve plans, goals, visions, and missions. It is a statement of the future; it attempts to link currently proposed expenses with desirable future goals. Since funds are limited, the budget serves as a mechanism for allocating these resources. At the end it translates words into numbers.
 - Each employee, representative, volunteer, executive or member should live the values and mission statement of the AMS. Keep the mission and values of the AMS in mind when setting up annual goals and budgets of your department.



3) Features of the 2015-2016 budgeting process:

- **Decentralized process-** All departments are involved in setting up their budgets. The budgets are not imposed on departments but rather submitted by them with consulting the AMS VP Finance, Budget Committee and Executive Director.
- **Bottom-up approach (participative philosophy) -** Budgets are prepared by the head of each department, not imposed on them by higher ranked officers. These individual budgets are then grouped and regrouped to form a divisional budget with executives adding their input along the way. AMS VP Finances, Executive Director, and Budget Committee review and adjust the budgets to ensure proper allocation of limited resources.
- **Ongoing consultations-** After each review and adjustment budgets are passed down the ladder for revision by each department. The heads of departments might want to change their priorities and reallocate given resources to different projects.
- **Zero Based-** Each expenditure item must be justified for the upcoming fiscal year. The expenses are not accepted simply because they were previously budgeted. In contrast incremental (base-plus) budgeting takes last's years actual spending and adjusts it to upcoming year's predictions. That leads to lower efficiency and increasing year- to- year expenditures. In summary, each department starts from zero; it has to build its budget up by justifying and revealing each expense under every item line.
- **Sustainability and Future planning-** Fiscal year is 12 months long. It is important to plan ahead of the time. Departments should avoid making future amendments to the budget, even though sometimes it is unavoidable. Managers should plan ahead keeping in mind the implications their budget will have on their departments over the upcoming year.
- **Creative thinking-** Departments should not base their budgets on previous years. There are many ways of reorganizing expenses and each manager should develop his or hers best approach to do so. It is extremely easy to create an account thus if one does not believe there is a category that best describes a project or expense he or she should add a line describing purpose and ideas behind new item lines. Each year, department, project or manager is different and the budget should attempt to represent these differences. Managers are asked to avoid looking at the previous budgets; initially, they are not provided with actual spending from previous year.
- **Realistic planning and avoiding budgeting slack-** Departments should be realistic in their estimations of expenses and revenues. Budgeting slack occurs when revenue is overestimated or expenditure overestimated. Managers should challenge themselves rather than settle down for easily attainable budgets. In order to encourage everyone to think critically each manager is required to submit justifications of his or hers budgets, presentations, ranking of importance statements and overviews of each departments.



4) Budgeting Process: Steps and timeline

Actions	Steps	Timeline: 2015
Departments	Submission of preliminary budgets- each department	Deadline: April 12th
Departments and VP Finance	Reveal of actual amounts of the current fiscal year- comparison of the budgets and the current fiscal year	April 13th
Departments, VP Finances, and Executive Director	Review and adjustment of budgets- departments meet with VP Finance and Executive Director	April 14 th and 15th
VP Finance	VP Finance's submission of the preliminary budget to the Budget Committee	April 15th
Budget Committee	Budget Committee's review of the preliminary budget	April 15th- April 19th
AMS Council	Council's review and approval of preliminary budget	April 27th
Departments, VP Finance, and Executive Director	Review, adjustment and consultations of the departments' budgets- VP Finance, Executive Director, Departments, Councillors	April 30th- May 31st
VP Finance	VP Finances submission of the final budget to the Budget Committee	May 31st
Budget Committee	Budget Committee's review and submission to the Council for approval	May 31st- June 30th
VP Finance and AMS Council	VP Finance's presentation to the Council; Council's approval of the budget	By the end of June

Note: There shall be an ongoing communication and consultation between departments, executive director, VP Finance, and the Budget Committee during the entire budgeting process.

5) Documents required:

All these need to be sent to the VP Finance by April 12th

- **Filled out Excel Sheet-** Indicate when you created a new accounts or line items by highlighting it in **Yellow**. Complete Justification part of each line item no more than one sentence explaining reasoning behind this expense.
- **Department's Statement** – List of department goals, justification of expenses, and vision for upcoming year
- **Department's Overview** – List of employees including their wages and hours.
- **Ranking of priorities-** Rank all events and projects accordingly of importance on Excel Sheet.
- **Capital Requirement** – If you department requires capital projects which should be taken out of CPAC do not include this in your excel budget include this in your department statement and specify what type of capital requirements your position might require. (For example AMS Services Foodbank requires a HUGE Deepfreeze for their goods that will cost \$30,000.)



6) Final Notes:

- **Advice:**
 - Breaking each item into smaller pieces gives each department more detailed understanding of their expenditures. It also helps with more accurate and balanced budget.
 - Thinking ahead of time creates more sustainable and realistic budgets. Fiscal year is 12 months long.
 - Directing questions to VP Finance or Executive Director can help with preparations of the budgets.
- **Needed:**
 - Clarification of the purpose of each department
 - Identification of goals for the upcoming fiscal year
 - Outline of projects and functions
 - Ranking of priorities and projects
 - Metrics for goals, projects and functions
- **Remember:**
 - **You can add a line item as accounts can be added or removed. If you do not believe there is an existing category for the planned expenditure please add a line to your budget. At the same time some line items can be left blank if you do not project any expenses from that account.**
 - Please include breakdown of hours and other expenses as well as notes and justifications of planned expenses. There is a column called “Notes/Breakdown/Justification” in the spreadsheet for that purpose.
 - Look for possible revenues within your department and estimate them accordingly to your realistic goals

Human desires, aspirations and goal are not limited whereas financial resources are. Budgeting process consists of compromises and negotiations. The ultimate objective of the AMS is to reach the potential of the entire organization not just one particular aspect of it. The general mission is to improve different aspects of student lives at UBC. All departments need to work together in order to achieve common goals and aspirations; budgeting process is a part of it.

If you have any questions please contact:



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