

28 September 2006

Mr D Ormond
Victoria University of Wellington Students Trust
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WELLINGTON

By email: dan@ideasshop.co.nz

Mr N Kelly
President
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By email: nick.kelly@vwusa.org.nz

Dear Dan and Nick

VICTORIA UNIVERSITY OF WELLINGTON STUDENTS ASSOCIATION INC (VUWSA or THE ASSOCIATION) – FINANCIAL REVIEW REPORT

1. INTRODUCTION

- 1.1 Thank you for the opportunity to review the trading, financial position, and operations of VUWSA. The following is a report of our findings. The report commences with your brief to us, it identifies the scope of the review, followed by an analysis of the issues facing VUWSA, and our recommendations that may assist the Association to operate more profitably and efficiently in the future.

2. YOUR BRIEF TO US

- 2.1 The Victoria University of Wellington Students Trust (the Students Trust) has requested that we review the financial position and operations of the Association for the purpose of arresting the current trading deficit.
- 2.2 You have noted that the issues facing VUWSA are not new. In 2002 a report was prepared by John McCormick from the Students Trust expressing the view that if the current trading operation continued in the same form “the Association risked insolvency”.



- 2.3 Further, that while the Students Trust is willing to assist VUWSA where it can, the Students Trust cannot continue to fund operational costs in the medium term.
- 2.4 You have requested that we suggest workable solutions within the context of a union environment that may assist VUWSA to live within its means and provide sustainable services to students in the future.

3 THE SCOPE OF THE REVIEW

- 3.1 Our review focussed on:
- 3.2 The financial reports for the year ended 31 December 2005. From the financial reports we were able to ascertain the potential risk areas which would require more substantive consideration. These include: Salient, Activities, Clubs, Education, Financial Reporting, and Budgeting.
- 3.3 As part of our review, we interviewed a number of permanent staff, had discussions with Executive officers (current and past), and sought the views of a number of existing and past students. During this process, it became clear that more fundamental systemic issues existed. As a result, we have also made some practical recommendations to correct these problems at VUWSA.

4 THE ISSUES FACING VUWSA

4.1 Communication Between Staff and Executive

- 4.2 There is a very clear communication problem between the elected Executive and the permanent staff. Interestingly, this communication issue does not arise from personality differences but rather from an inherent structural problem. The election and re-election of the Executive on an annual basis (and the one year tenure) has meant that the permanent staff just 'get on with the job' without consultation or communication with their 'Executive employers'. In our view this is creating an 'us and them' mentality in the minds of the staff.

4.3 The Deficit

- 4.4 VUWSA currently has a trading deficit. In earlier years this deficit has largely been hidden through the non payment of the student building levy to the University. The result is that its accumulated funds have essentially been consumed. While the Association continues to meet its day-to-day obligations as they fall due and cash flow has not been affected to date, it is only a matter of time before it will be necessary to fund its operations from external parties (the Student Trust, bank loans or overdrafts). In short, the current trading deficit needs to be urgently arrested, and VUWSA must 'live within its means' in the future.

4.5 Office Policies and Procedures

- 4.6 Related to the deficit, but an issue in itself, is a dearth of operational policies and processes in the Association's office. This is resulting in significant spending outside of



the agreed budget. VUWSA staff and the Executive have an empirical history of operating without reference to agreed budgets. There are a number of reasons for this, and they are relatively easy to solve.

5 RECOMMENDATIONS

5.1 Our priority recommendations:

- 5.2 That VUWSA concentrate on its core union business and scale back its fiscal outlay in respect of social, sporting and cultural events.
- 5.3 That the budget be set and agreed in November and December each year following the election of the Executive.
- 5.4 To ensure the budget has an 'owner', an individual or committee must take a lead role in its development. This should not be the President. There will need to be a coordinated approach with the elected Executive Officer and the permanent staff in setting a budget for each part of the Association. The individual Executive members will be accountable for the budget for their area.
- 5.5 That a base budget for VUWSA's operational costs be set each year. This includes total subscription revenue minus the fixed costs (which includes the 15% Student Trust levy, the \$175,000 building levy and administration expenditure). The balance of the available income (after an allowance for reserves) is to be allocated to Executive for student 'activities'.
- 5.6 That financial reporting is brought up to date immediately by the urgent replacement of the current accountant.
- 5.7 That the Executive be provided with a monthly Profit and Loss, Balance Sheet, Cash flow Statement and KPI Report as a matter of urgency. They should report actual results compared with budget. Business decisions need to be made from these reports. The financial reports should be completed by 25th of the month following the end of the reporting month without exception.
- 5.8 That Salient remains an essential part of VUWSA in largely the same format. Salient is unlikely to ever generate surplus profits. Salient is as much a newspaper as a medium for political expression. Further advertising by increasing the size of the paper will not detract from this.
- 5.9 That consideration be given to the 2002 report prepared by John MacCormick (12 April 2002) that VUWSA review its current delivery of Orientation and other activities. With respect we have taken the liberty to go beyond that report and in conjunction with our discussions with the Activities Coordinator, we make further practical recommendations.
- 5.10 That Orientation should be reviewed and potentially be scaled down. As suggested by the Activities Coordinator, that where appropriate VUWSA coat-tail on other gigs occurring in Wellington during the Orientation week(s), negotiate ticket prices, and underwrite a block of tickets rather than engaging bands directly.



- 5.11 That consideration be given to providing Orientation activities outside of those traditional ones (bands, discounted alcohol etc) to attract other students to participate.
- 5.12 That VUWSA partner-up or form joint ventures with Wellington carnival events (Cuba Street Carnival, Jazz Festival, Fringe Festival for example) to provide discounted rates for students, and therefore reduce the number of directly organised and managed activities.
- 5.13 That an office manual detailing the process for the operation of the Association be created. This will be a living document. It can provide the Executive with some general information in respect of the operations of VUWSA so to assist them in their new roles.

5.14 Our other key recommendations:

- 5.15 That VUWSA consider creating a position that provides a natural link between the permanent staff and the Executive. While there are a number of options available, VUWSA should consider appointing an "Association Manager"¹ to deal with the day-to-day operations of the organisation.
- 5.16 That VUWSA approach the Student Trust to fund some of the additional costs incurred to create a permanent 'link'. The funding could be provided by the Students Trust until December 2007 or until the Association is making a surplus.
- 5.17 The person or committee appointed to provide the link must have little to no involvement in the political process of the Association. In this way, the tenure of office should be no more than 3 years (see below where we discuss the role of the Executive).

6 THE ASSOCIATION AS A UNION

- 6.1 VUWSA is first and foremost, a political union. That is, it is an organisation mandated to promote the interests and to encourage participation of students whilst studying at Victoria University. It is VUWSA's primary role to represent the views of students to the government, the university and the wider public.
- 6.2 According to the VUWSA constitution it achieves this political mandate by:
 - a) Securing and maintaining adequate government income and welfare for students;
 - b) Ensuring that the University provides appropriate courses, teaching conditions, course access and resources; and
 - c) Promoting equity for disadvantaged students.
- 6.3 Practically speaking, VUWSA achieves its political goals via the Executive. The Executive's role is one of governance and high-level strategy. With respect, much like a board of directors, the Executive should not be involved in the day-to-day operations of the organisation unless there are management issues that cannot be resolved by normal processes. In short, Executive involvement in operations should be the exception rather than the norm.

¹ Position title to be confirmed.



- 6.4 At an 'operational' level, VUWSA is charged with maintaining the student union complex, assisting in the cultural, social, and sporting activities, and maximising revenues to students through minimising user charges.
- 6.5 While VUWSA's constitution does not rank its "Goals" in any order of importance, the implication is that Goals 1-3 are pivotal to its existence. Moreover, in times of financial constraints, it is our view that VUWSA must focus on its core business. In our opinion, the Association's core business is encompassed in the first 3 goals of the constitution.
- 6.6 We have extensive experience in dealing with union organisations². Without exception, all of these organisations provide ancillary benefits to members. For example, the NZ Police Association owns a number of holiday homes throughout NZ. These are provided to members at discounted rates. However, its core role is to represent the interests of sworn police officers.
- 6.7 While students may have come to expect disproportionate support from VUWSA in the areas of sporting, cultural, and social activities, the reality is that these need to be largely self funding. Currently VUWSA does not have the funds to support (at the current levels) those ancillary services outside of its core business to members.

7 CURRENT MANAGEMENT OF VUWSA

- 7.1 Throughout our review it became apparent that the permanent staff in charge of various divisions appeared to have little conceptual appreciation of the fiscal aspects of their roles.
- 7.2 All staff we interviewed accepted that expenses exceeded income, and that the Association generated deficits. However, there seems to be a distinct lack of understanding of the cause and effect of the current trading position. Moreover, while they were all highly motivated by their respective roles (and we understand that they are very effective employees) they appeared to be unaware of the commercial environment in which they operated.
- 7.3 We did not speak to the 'Clubs' manager. However, we expect the position to be similar to the other divisions as above.
- 7.4 Our recommendation for dealing with this is included below.

8 SOLVING THE STAFF AND EXECUTIVE COMMUNICATION ISSUE

- 8.1 There is a systemic communication problem between the Executive and the permanent staff. The primary issue arises because there is no continuity of employer from year to year. Any professional relationships a staff member develops with their Executive reporting officer will come to an end once the Executive's tenure is up.

² ASTE, PPTA, NZ Police Association.



- 8.2 The resulting effect is the staff do not see the Executive as their employers (notwithstanding the President is the employer). Nor do they consider it necessary to report directly to them.
- 8.3 Moreover, there is a general view among the permanent staff that as the Executive is largely comprised of young and inexperienced students, they have little to offer in terms of direction, motivation, and leadership. The upshot is that the permanent staff members act almost independently of the Executive. They are certainly not cognisant of the political agenda their executive officer was elected on.
- 8.4 Some continuity of senior management from year to year would assist VUWSA to manage this issue more effectively.
- 8.5 This could be achieved by increasing the term for the elected officers. However as we have discussed, the Executive is comprised of full time students who are, generally speaking, taking time out from their studies to further their political interests. And it is likely to be difficult to source effective Executive Officers if the term of office was extended beyond one year.
- 8.6 With the greatest respect to the student Executive, it is unlikely that they would have the requisite experience and knowledge to effectively manage, control, and motivate a team of permanent staff, while directing a \$1.7m turnover business. This statement is not meant to be inflammatory. It merely recognises that the Executive are elected to further the political goals of the Association while accepting that any managerial position will have some administrative aspects. Of the Executive we have spoken with, most seem largely uninterested in the day-to-day operations of VUWSA.

8.7 AN ASSOCIATION MANAGER

- 8.8 While *prima facie* unpalatable, it is our view that VUWSA consider employing an Association Manager. The Association Manager would be employed by VUWSA, report directly to the President and be accountable to the Executive.
- 8.9 In the short term at least (say for all of 2007), the Students Trust could fund the personnel costs on a 50/50 basis with the Association. The Students Trust would then have greater control (non-political) over the administrative operations of the Association. Once VUWSA achieves a surplus trading position, it could fund the personnel costs exclusively.
- 8.10 The Association Manager would free up the Executives' time to focus on achieving their political aspirations and to think more strategically about where they want to position the organisation politically. The Executive will then be able to concentrate on the goals of the Association as set out in the Constitution.
- 8.11 It will be critical that the Association Manager has no political aspirations and be free from political interference. For this reason, it may be advisable for the tenure to be initially 3 years (on a contractual rather than employment basis). Past experience has seen both permanent staff and contractors having unnecessary involvement (both privately and publicly) in the political direction of VUWSA. This has been to the detriment of the coalface operations.



- 8.12 The ideal person for VUWSA would have had some experience with political organisations and be used to reporting to a board or executive.
- 8.13 The President in conjunction with the Students Trust would have the responsibility for the Association Manager's employment contract. This would include appointment, contract renewal and performance appraisal.
- 8.14 A draft Job description for the Association Manager position is set out in Appendix 1. The purpose of the position would be to assume overall administrative accountability for the services and staff of VUWSA and to ensure the Student Executive Committee receive full administrative support in their role as representatives of the Victoria University students.
- 8.15 The key responsibilities of an Association Manager would include:
- a) Reporting to the President of VUWSA and the Students Trust trustees;
 - b) Managing the staff on a day-to day basis such as ensuring that they are liaising with their designated Executive officer and meeting their election promises;
 - c) Taking a lead role in the budgeting process (in November each year after the election of the Executive);
 - d) Providing continuing leadership and motivation for the staff;
 - e) Handling all human resource issues;
 - f) Being the permanent link between the Executive and the staff;
 - g) Ensuring the financial statements are current and reported to the Executive monthly;
 - h) Ensuring the staff work within the agreed and stated budgets;
 - i) Creating policies and procedures in the office and maintaining them;
 - j) Developing job descriptions for all staff – and possibly the Executive;
 - k) To work with the new Executive in their induction to VUWSA.
- 8.16 It has to be acknowledged that this will be an additional financial cost. However, we consider that the benefits far outweigh the costs that this role would provide, by improving communication, and providing the necessary link and leadership to ensure that set budgets are adhered to.
- 8.17 Another option, although less desirable, would be to create a Finance Committee comprised of the President, a Students Trust delegate, the Treasurer and accountant/clerk. The Finance committee would have the sole responsibility for the Associations financial reporting and the budgeting process. However, this would not be the "link" required to bridge the gap between the Executive and the staff.

9 SOLVING THE DEFICIT PROBLEM

9.1 Budget

- 9.2 The first step in arresting the current trading deficit is to set a budget early, obtain buy in from the respective 'Officers' , sign it off, and stick to it.
- 9.3 The budget is the primary foundation of any business irrespective of its commercial or 'not for profit' nature. To be effective, the budget needs to be monitored and measured against actual results constantly.



- 9.4 We recommend that a preliminary budget be prepared in November and December of each year following the election of the Executive (i.e the outgoing Executive set the budget for the following year). The budget should then be presented at the Initial General Meeting within the first four weeks of the first academic trimester along with the audited financial statements for the prior year. As you are aware, this is not currently happening. By way of example, the 2006 budget was finalised in August 2006, and the audited Financial Statements for December 2005 have only just been completed and presented at the AGM.
- 9.5 Interestingly, the 2006 budget was completed by the President and the in-house accountant, Julie Lamb. We do not believe that the President should be concerning themselves with this process other than approving or declining requests by the various Executive Officers for funding. We suspect that the President has been integral in the budgeting process because no one else either, has the skills, the training or the inclination to prepare it (see further for our recommendations).
- 9.6 We received and reviewed the 2006 budget and found a number of problems with it. The format of the budget makes it very hard to ascertain exactly what the Income and Expenses relate to. We understand that time pressures in completing the budget may have been contributing factors.
- 9.7 The budget process needs to start in early November with the current Executive in conjunction with the Association Manager/Finance Committee. The basis for the budget should be in place for the new Executive from 1st January. The budget needs to be agreed and signed off by all parties concerned, and it needs to be a living document.
- 9.8 Our approach to budgeting is perhaps a little unorthodox. For VUWSA, we recommend against the use of zero-based budgeting (starting afresh each year). Our view is that as with any organisation there will be base costs that will need to be met before any amounts are expended on achieving the Association's goals. This means there will be costs that will remain constant from year to year (rent, telephone, power, salaries, administration, Student building levy \$175K, Student Trust levy 15% etc). These fixed costs should be included in the budget regardless of the policies that the incoming Executive may have.
- 9.9 Once all of the fixed and standard year to year costs are established, it is simple to determine what is left for meeting the needs of students. The remaining portion of the budget can then be allocated to the incoming Executive and be used in achieving their political goals and policies; again in line with agreed and signed off budgets.
- 9.10 The administration/fixed cost budget should be prepared by the Association Manager or Finance Committee and the in-house accountant (whether an employee or contractor). The Association Manager or Finance Committee should then determine what portion of the budget is to be allocated to the various activities of the Association (clubs, womens' rights, environment, salient etc).
- 9.11 The Executive officer and their permanent staff should then prepare a budget and submit that firstly to the Association Manager/Finance Committee and then to the President for eventual sign-off. In that way, the Executive officer will be primarily responsible for their budget. They will be accountable to the Association Manager/Finance Committee and ultimately to the President. This approach recognises



that, as with any Executive position, there are administration duties that come with the job.

9.12 It will be necessary to develop simple budget templates, which are given to the individual Executive Officer and their staff to complete. We note that Massey University has an excellent example of the budgeting model that would work for VUWSA. An example of this budget template is provided in Appendix 4. We suggest that we customise their model to save time and money.

9.13 **Financial Reporting**

9.14 It is critical to have timely and relevant financial information prepared for the Executive. The information required for the Executive to make decisions includes a Profit and Loss Statement (comparing actual trading results to budget and previous year for each identifiable cost centre activity), a Balance Sheet, and a cash flow statement (where did the cash come from and where did it go). The current reporting process is ineffective with financial information not being available for monthly meetings. It is worth noting that financial reports without a budget will be meaningless. This section needs to be read in conjunction with the section dealing with the budget.

9.15 With the departure of your current financial accountant, now would be a good time to review the accounting process.

9.16 An option for VUWSA would be to tender out the financial reporting to a Chartered Accounting firm with the requisite skills who can provide the reports required. A representative of that firm should be present at the monthly management meetings.

9.17 Another option would be to employ an "Accounts Clerk". This position would report directly to the Association Manager. The principle responsibilities of the Accounts Clerk would be to assist in preparation of the financial statements, assist in budget preparation, banking, accounts payable & receivable and payroll.

9.18 It will also be necessary to prepare a simple 1-page "Key Point Indicator" Report [Appendix 5] showing monthly actual/budgeted variances. If the Executive (as a collective) look only at that report, it will be sufficient for them to make the necessary decisions to keep VUWSA on track.

10 **Publications**

10.1 Salient is a free 64 page weekly publication that has 26 issues per year. There are 6000 magazines published weekly and the readership covers more than 24,000 students. Salient is an essential and integral communication medium between the Association and its members. It must continue to exist, and it must remain in largely the same format.

10.2 Publication expenses have increased significantly over the last couple of years. The loss has increased by 64% in 2004 and 31% in 2005. This increased cost to VUWSA is unsustainable and there needs to be a review of the scale and scope of the publication.

10.3 Salient

Year	2005	2004	2003
Income	136,558	115,929	147,871
Expenditure	291,486	234,047	220,135
Deficit	154,928	118,118	72,264

- 10.4 After reviewing Salient, we have found that it is going to be relatively difficult to achieve a break-even position by the end of 2007. Salient like other Student's Association publications operates at a substantial deficit.
- 10.5 Our initial review of Salient (particularly after discussions with the Editor) left us with the view that students regarded the magazine as a conduit for achieving the Association's political ends, and to that extent, any advertising almost detracted from the seriousness of the magazine's real purpose.
- 10.6 Our further research suggests that this is not entirely correct. In our view while Salient does exist for political expression, it is perceived by mainstream students as a newspaper. As a newspaper, it should emulate similar publications.
- 10.7 There is huge potential to increase advertising revenue with Salient. Salient is 'jammed packed' with articles, opinion, political views. Additional advertising would not in our opinion dilute its political effect.
- 10.8 The Executive may wish to consider increasing the number of pages. Currently at 64 pages, the Executive could increase the pages to 68 or 72 by interspersing advertising (including classified ad's etc). This would keep the current content but increase the amount of advertising throughout the publication. The additional costs of printing up to 8 more pages should be minimal when compared with the additional revenue generated.
- 10.9 There is also potential for advertising on the Salient and VUWSA websites. With the increase of internet users and the number of hits the website is creating, advertising on the internet could be a good way to increase revenue.
- 10.10 Finally, we note that the editor of Salient occupies the position for just one year. Typically this person is a student who, in our opinion, is unlikely to have all of the requisite skills to manage every aspect of this significant operation. For this reason, we recommend that operationally speaking, the editor report firstly to the Association Manager/Finance Committee, and then to the Publications Committee. This should in no way compromise the editor's independence nor licence to the freedom of expression.
- 10.11 Again, we apologise for labouring the point, but the Editor should be personally accountable for managing the budget. The budget needs to strictly adhered to once it is set.

11 Activities

- 11.1 Before commenting on the various student activities undertaken by the Association, we make our observations in respect of the management of the division.



- 11.2 The current manager has an affinity with student life and ethos. His dedication to the role is unquestionable and he appears to be very popular with his colleagues and the students alike.
- 11.3 However, a large part of the student market remains untapped. Consequently, the activities manager's role could be enhanced by targeting activities more widely to include other student groups (international, Pacific Island, Asian, queer, women's rights, etc). This in turn could generate further funds for the Association.

12 Orientation

12.1 Orientation remains the Association's showcase for students. However, it is a huge cost for the Association considering its short time frame (1-2 weeks per year). The net cost for Orientation has increased significantly over the last 5-6 years.

12.2 Orientation

Year	2005	2004	2003
Income	51,384	33,361	34,657
Expenditure	114,583	110,833	45,787
Deficit	63,202	77,472	11,130

- 12.3 In times of financial strain, it is imperative that VUWSA determines its fiscal priorities. In our opinion, expenditure on social, cultural, and sporting events should remain secondary to the Association's core Union business.
- 12.4 Orientation is continuing to grow each year (number of bands, functions and activities). Controlling the costs of 'Orientation' is essential going forward.
- 12.5 VUWSA needs to review the current extent of Orientation. The costs have been increasing constantly each year. After discussions with the Activities Coordinator, we believe VUWSA should scale back future programmes, work smarter and operate within an approved budget.
- 12.6 Where appropriate VUWSA should 'coat tail' on gigs performing in/or coming to Wellington rather than engaging the bands directly. VUWSA could then negotiate a discounted ticket price with those bands and underwrite an agreed number of ticket sales. It would then be necessary for the Activities Coordinator to ensure that the agreed ticket numbers are sold. This should eliminate the significant cost overruns immediately.
- 12.7 Other suggested options for reducing Orientation costs include:
- Reducing the number of bands and/or number of nights they perform during orientation;
 - Ensuring the bands contracted are value for money;
 - Approaching up and coming Wellington bands (there are a number);
 - Considering other Orientation activities which will widen the capture net and appeal to those who wouldn't ordinarily attend traditional activities;
 - Searching for increased sponsorship opportunities for events.



13 Other Activities

- 13.1 We understand that the Graduation Ball was cancelled this year and incurred a sizeable deficit from the planning etc. Activities that do not attract enough support should be discontinued.
- 13.2 The Association should look further into developing joint ventures with other organisations. By getting involved with activities such as the Cuba St Carnival and the Fringe Festival for example, the Association will be able to revenue share, increase its public profile, and meet the terms of its charter to students.

14 Education Services

- 14.1 The Education Program is part of the Associations core business. The Association supports students in all aspects of university life, whether it be dispute resolution, grievances, conduct issues, or attending the various university and student representative committees on behalf of students. In our view this is a major part of the Association's role in acting as a student union.
- 14.2 We see the Education role as vital. It should remain unchanged. The education budget should be sufficient to cover the wide range of activities it involves. The budget should be allocated accordingly and adhered to.
- 14.3 The student representative council budget should be capped. There is a huge variation from year to year. Consideration should be given to helping each committee to be financially independent and viable. For example, assisting each committee with fundraising, sponsorship and commercial loans.

15 POLICIES AND PROCEDURES

- 15.1 There needs to be a manual developed detailing policies and procedures for the smooth running of VUWSA. This is particularly important because the Executive tenure is only one year.
- 15.2 The manual should cover the administration and accounting policies. This handbook needs to be given to the new Executive once they get elected. This will form the basis for their training and understanding of the operations of the Association. The document should be updated on a regular basis with new policies and procedures.

15.3 Administration Handbook

- 15.4 Examples of the policies the administration handbook would have:

- Membership policies including fee exemptions;
- Statements of Association Standards of Conduct i.e. Harassment;
- Environmental policies of the Association;
- Election policies and procedures;
- Policy on Committee Appointments;
- Recruitment policy;



- Roles and responsibilities of the Executive;
- Roles and responsibilities of the permanent staff;
- An organisation chart showing reporting lines;
- Job descriptions;
- Office forms (leave requests, expense reimbursements, and requests for expenditure);
- Templates for documents (standard spreadsheets, standard letters);
- Policies for sign-off of advice and correspondence.

15.5 Accounting Policy Handbook

15.6 This would include the following:

- General Accounting Policies;
- Capital Expenditure – The role of the Trust;
- Internal Controls;
- Funds Management;
- Purchasing/Cheque Payments/Cash Handling;
- Debtors;
- Payroll;
- Delegated Authority;
- Procedures for Budgets.

15.7 Executive Training

15.8 There needs to be a mentoring program for the new Executive, so they can get up to speed with their role. As the new Executive are elected in September/October of each year (they do not start until 1 January), there is a 3-month window to train and prepare the new Executive for the ensuing year.

15.9 The training could involve:

- Inviting the newly elected Executive along to meetings in the latter part of the year, to give them a better understanding of the Association for their future roles;
- Have a training day on the policies and procedures of the Association;
- E-mails with updates from the Association;
- The existing executive can mentor the new Executives for that 3-month period.

15.10 We believe that training should be another role for the Association Manager. The Association Manger can provide advice and direction to the Executive on the policies and procedures of the Association.

16 OUR FUTURE ROLE WITH VUWSA

16.1 We would be happy to assist VUWSA with the following:

16.2 We can actively recruit an Association Manager for VUWSA. We have experience in recruiting for our own firm and for our clients. Horwath Wellington act for most of the education unions in New Zealand. As we are specialists in dealing with unions, we



believe that makes us ideally placed to source the right management team for VUWSA.

- 16.3 We can work with a future Association Manager or Finance Committee to commence building an administration and accounting policy handbook. We have extensive experience in writing induction and in-house 'intranet' manuals.
- 16.4 We would prepare a simple understandable template for the 2007 budget. This would include individual spreadsheets for each 'activity' centre (clubs, activities, education etc) and a fully interfaced spreadsheet bringing all divisions together with the allocation of all office/administrative and levy overheads.
- 16.5 We would load the budget into the 'moneyworks' program and set up the reporting module so that actual monthly results can be measured against budget.
- 16.6 Finally, thank you for the opportunity to provide this draft report. We trust the information will provide a starting point for future discussions in order to bring VUWSA back to a credible, viable, and effective student association.
- 16.7 We look forward to discussing this report with you in due course.

Yours sincerely

HORWATH STRATEGY (WELLINGTON) LIMITED

A handwritten signature in blue ink, appearing to read 'R. Shackelford', with a long horizontal flourish extending to the right.

Roger Shackelford
Director

A handwritten signature in blue ink that reads 'MJG Gray' in a stylized, cursive font.

Michael Gray
Senior Accountant



APPENDICES

- Appendix 1 Job Description “Association Manager”
- Appendix 2 Proposed Organisational Chart for VUWSA
- Appendix 3 Suggested Format for Financial Reporting
- Appendix 4 Proposed Budget Format
- Appendix 5 Proposed Monthly KPI Report for Executive



Appendix 1 – Draft Job Description “Association Manager”

JOB DESCRIPTION

Position: Association Manager

Reports to: Victoria University Students’ Association Executive through Student President

Salary Range: \$70,000-90,000

1.1 Purpose of Position:

To assume overall administrative accountability for the services and staff of the Victoria University Students’ Association (VUWSA) and to ensure the Student Executive Committee receive full administrative support in their role as representatives of the Victoria University students.

2.1 Principal Responsibilities

a) Finance and Administration

Objective: To ensure VUWSA finances and administration are properly managed
In the best interests of VUWSA students.

- Ensures that regular income and expenditure reports are prepared and submitted to the Executive Committee.
- Monitors VUWSA’s performance against objective and budget and reports to the Executive.
- Takes overall responsibility for assets, resources, office space and materials of VUWSA.
- Seeks ways to broaden VUWSA’s finance base and minimise costs of service provision.
- Attends Finance Committee meetings.
- Takes overall responsibility for maintenance and adequate and accessible records for VUWSA.

b) Policy Development

Objective: To assist Executive in developing, formulating and implementing VUWSA policy.

- Ensures that all policy meets legal requirements.
- Reviews policy in light of developments in legislation, public or private sector practice where necessary.
- Maintains an overview of VUWSA student services, assesses the feasibility of new or improved services and makes suggestions accordingly to the Executive.
- Maintains the Policy Handbook for the VUWSA, regularly updating and



reviewing the material to ensure that it remains current and applicable.

c) Staff Supervision/ Team Leader

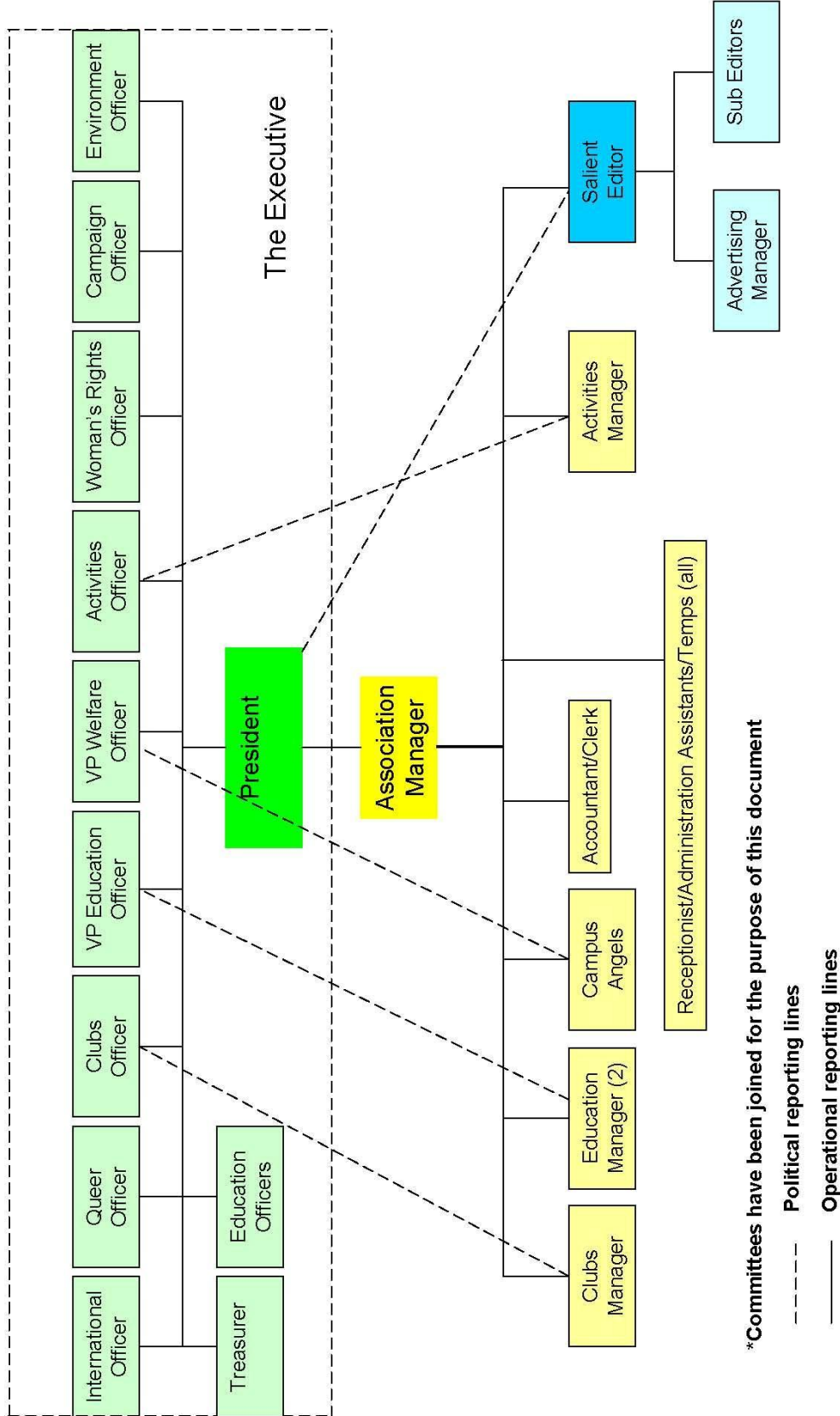
Objective: To effectively manage VUWSA's human resources.

- Assumes overall responsibility for staffing levels, people planning, job roles and structure, salary levels and conditions of appointment in current operation.
- Advises and keeps Executive fully informed and recommends future changes.
- Assumes overall responsibility for recruitment and termination of all staff in conjunction with the President.
- Monitors individual staff members' performance, taking disciplinary action and mediation in cases of staff grievance where necessary.
- Fosters a positive and productive working environment with a high degree of cooperation and staff morale.
- Undertakes staff performance appraisals on a twice-yearly basis.

d) Other Duties

From time to time undertakes other reasonable requests made by the Executive Committee (via the President) in pursuit of their responsibilities and role as Student Manager.

Appendix 2 – Proposed Organisation Chart for VUWSA





Appendix 3 – Suggested Format for Financial Report

FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2006

	Budget Year 2006 \$	Actual To June 2006 \$	Actual Year 2005 \$	Actual Year 2004 \$	Actual Year 2003 \$
OPERATIONAL INCOME					
Fee income paid to VUWSA	1,461,289	619,922	1,461,321	1,399,396	1,304,882
Building Levy to VUWSA Student Trust	(221,239)	-	(221,244)	(211,869)	(197,559)
	1,240,050	619,922	1,240,077	1,187,527	1,107,323
Less: Student Fees transferred to Ngai Taurira	(124,005)	(62,001)	(124,008)	(178,129)	(166,098)
Student Building Levy Ngai Taurira Portion of Student Building Levy	-	(72,917)	-	306,250	(175,000)
	-	8,750	-	(36,045)	26,250
Net VUWSA Fee Income	1,116,045	493,754	1,116,069	1,279,603	792,475
Interest	35,000	5,419	39,407	32,082	27,089
Sundry Income	-	1,569	1,879	6,678	2,948
Trust Contribution	78,200	-	38,802	37,657	32,323
Total Operational Funds For Allocation	1,229,245	500,742	1,196,157	1,356,020	854,835
OPERATIONAL EXPENDITURE					
Education Programme					
Victoria Education Team	-	-	(1,016)	(2,156)	(2,235)
Ngau Taurira	-	-	7,000	8,884	8,652
Public Issues Campaign	(149,114)	(29,325)	(84,868)	(74,505)	(40,791)
National Education Campaign	-	-	(8,839)	(13,977)	(5,833)
NZUSA Levy	(65,812)	(28,809)	(70,002)	(59,229)	(57,681)
NZUSA Conferences	(6,000)	(1,811)	(5,768)	(6,078)	(5,021)
Welfare	-	(22,523)	(47,961)	(47,626)	(35,976)
	(220,926)	(82,469)	(211,454)	(194,687)	(138,885)
	18%	16%	18%	14%	16%
Student Representative Council					
Womens Group	-	(3,626)	(11,320)	(8,114)	(5,745)
Mature Students Network	(2,016)	(902)	(2,511)	(1,913)	(1,004)
Creche Parents Committee	(4,058)	-	(3,430)	(3,320)	(1,455)



PGSA	(37,500)	(14,146)	(36,918)	(34,355)	(24,741)
Studio Association (PILES)	(3,500)	(2,000)	(16,867)	(6,373)	(10,000)
LSS	(13,933)	-	(13,200)	(25,086)	(17,500)
Pacific Island Law Students' Society	(1,850)	(1,644)	(2,850)	(2,000)	(2,000)
ISC	-	-	(21,611)	-	(10)
CAN-DO	-	-	-	(4)	(1,200)
UNIQ	(6,004)	(3,218)	(2,821)	(1,616)	(9)
VICCOM	(14,104)	(1,945)	(18,000)	(20,704)	-
	(82,965)	(27,481)	(129,528)	(103,485)	(63,664)
	7%	5%	11%	8%	7%
Clubs Programme Income					
Cultural Council	-	(52)	(30,887)	(28,893)	(24,985)
Sports Council	(171,951)	(18,626)	(89,788)	(56,610)	(38,038)
National Sports Co-Ordination	-	(12,049)	(25,715)	(22,375)	(20,951)
Team Vic Initiative	-	303	(3,458)	(10,972)	-
Administration	(32,356)	(27,501)	(46,408)	(44,410)	(38,763)
	(204,307)	(57,926)	(196,256)	(163,260)	(122,737)
	17%	12%	16%	12%	14%
Activities Programme Income					
Activities Excl Orientation	(83,776)	(74,001)	(85,155)	(66,087)	(44,092)
Orientation	(64,630)	(77,163)	(63,202)	(77,472)	(11,130)
Administration	(53,361)	(17,887)	(44,131)	(38,753)	(32,437)
	(201,767)	(169,051)	(192,488)	(182,312)	(87,659)
	16%	34%	16%	13%	10%
Services Income					
Carparking	(1,000)	15,330	(13,446)	18,171	58,489
Student Job Search	(21,600)	(8,800)	(20,655)	(22,898)	(17,017)
Lockers	(2,000)	5,636	6,404	6,651	6,639
Van Hire & Costs	(825)	(2,862)	(7,828)	(2,399)	1,865
Student Card	(1,350)	-	1,201	2,870	3,441
Foodbank	(18,000)	(755)	(16,832)	-	-
	(44,775)	8,549	(51,156)	2,395	53,417
	4%	-2%	4%	0%	-6%
Media & Promotions Income					
Handbook & Wallplanner					
Income	8,000	35,675	32,755	38,025	34,475
Expenses	-	(41,402)	(44,124)	(68,015)	(38,779)
	8,000	(5,727)	(11,369)	(29,990)	(4,304)



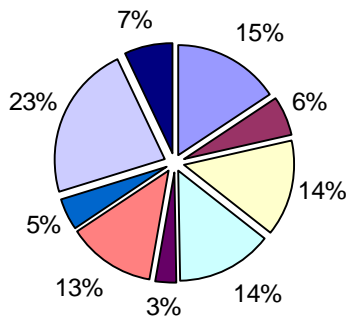
Salient					
Income	149,786	91,386	136,558	115,929	147,871
Expenses	(341,231)	(137,205)	(291,486)	(234,047)	(220,135)
	(191,444)	(45,819)	(154,928)	(118,118)	(72,264)
Alternative Calendar					
Income	4,500	4,174	5,825	1,200	2,680
Expenses	-	(229)	(5,453)	(4,273)	(14,053)
	4,500	3,945	372	(3,073)	(11,373)
Total Media Income	(178,944)	(47,601)	(165,925)	(151,181)	(87,941)
	15%	10%	14%	11%	10%
Executive					
Salaries	-	(8,321)	(29,532)	(28,877)	(26,906)
Executive Honoraria and Bonus	(40,460)	(8,059)	(27,258)	(30,089)	(14,633)
Executive Activities	(2,190)	(240)	(44,603)	(21,792)	(19,357)
Executive Grants	(20,500)	(15,231)	(21,763)	(2,995)	(18,556)
Elections	(7,500)	(6,909)	(9,359)	(4,595)	(5,695)
	-70650	-38760	-132515	-88348	-85147
	6%	8%	11%	7%	10%
Administration Expenses					
ACC	(4,500)	(2,157)	835	(4,500)	(939)
Accounting Fees	(35,000)	(15,941)	(35,684)	(38,385)	(30,417)
Audit Fees	(9,000)	(7,823)	(8,989)	(5,025)	(7,000)
Bad Debts	-	-	-	(15,881)	-
Bank Charges	-	(97)	(533)	(266)	(260)
Computing Expenses	(27,000)	(20,342)	(28,755)	(2,584)	(5,644)
Depreciation	(27,000)	(10,903)	(26,166)	(17,942)	(17,008)
Debt Collection Costs	-	-	(470)	(1,091)	(577)
Doubtful Debts	-	-	(15,646)	(10,630)	(6,739)
Equipment Hire	(845)	(512)	(845)	-	-
General Expenses	(686)	(2,696)	(2,386)	(3,810)	(2,366)
Insurance	(7,500)	(4,656)	(2,241)	(2,847)	(1,422)
Internet	(25,000)	(11,516)	(13,181)	(5,705)	(1,831)
Interest	-	-	(487)	(52)	(68)
Legal	(1,500)	(1,668)	(875)	(248)	(188)
Loss on Disposal Fixed Assets	-	-	-	(99)	(623)
Photocopying	(3,000)	(83)	(8,769)	(3,891)	(971)
Postage Freight & Couriers	(2,200)				



		(1,285)	(1,473)	(1,599)	(675)
Recycling Costs	-	-	(1,010)	(430)	(12)
Repairs & Maintenance	(500)	(5,176)	(7,651)	(1,164)	(245)
Rent	(7,742)	(2,581)	(5,806)	-	-
Salaries	(150,228)	(35,437)	(88,459)	(49,578)	(15,436)
Staff Recruitment	(2,400)	(1,211)	(687)	(1,585)	(1,063)
Staff Welfare	(500)	(436)	(819)	(1,013)	-
Stationery	(9,500)	(5,297)	(9,533)	(7,478)	(4,462)
Telephone, Tolls & Fax	(8,000)	(5,405)	(4,008)	(2,914)	(1,609)
Travel & Accommodation	(1,750)	(319)	(1,380)	(254)	(66)
	(323,851)	(135,538)	(265,018)	(178,971)	(99,621)
	26%	27%	22%	13%	12%
Net Surplus (Deficit) For the Year	(98,941)	(49,535)	(148,183)	296,171	222,598
	-8%	-10%	-12%	22%	26%
	100%	100%	100%	100%	100%

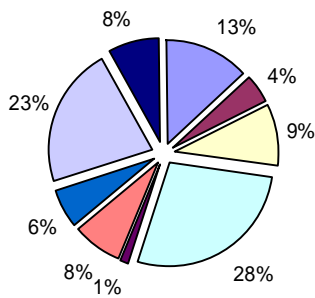
Summary	Budget	Actual	Actual	Actual	Actual
	Year	To June	Year	Year	Year
	2006	2006	2005	2004	2003
	\$	\$	\$	\$	\$
Operational Income	1,229,245	500,742	1,196,157	1,356,020	854,835
Operational Expenditure					
Education Programme	(220,926)	(82,469)	(211,454)	(194,687)	(138,885)
Student Representative Council	(82,965)	(27,481)	(129,528)	(103,485)	(63,664)
Clubs Programme					
Income	(204,307)	(57,926)	(196,256)	(163,260)	(122,737)
Activities Programme					
Income	(201,767)	(169,051)	(192,488)	(182,312)	(87,659)
Services Income	(44,775)	8,549	(51,156)	2,395	53,417
Media & Promotions					
Income	(178,944)	(47,601)	(165,925)	(151,181)	(87,941)
Executive	(70,650)	(38,760)	(132,515)	(88,348)	(85,147)
Operating Expenses	(323,851)	(135,538)	(265,018)	(178,971)	(99,621)
Total Expenses	(1,328,185)	(550,277)	(1,344,340)	(1,059,849)	(632,237)
Net Surplus (Deficit) For the Year	(98,941)	(49,535)	(148,183)	296,171	222,598

Budget 2006 Expenditure

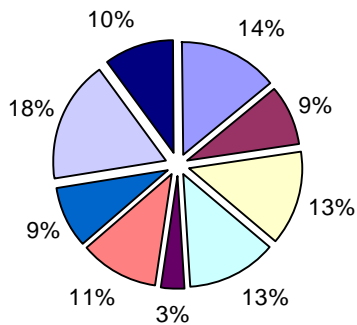


- Education Programme
- Student Representative Council
- Clubs Programme Income
- Activities Programme Income
- Services Income
- Media & Promotions Income
- Executive
- Operating Expenses
- Net Surplus (Deficit) For the Year

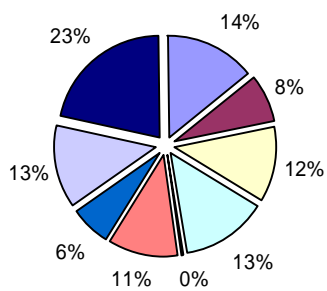
Actual Year to June 2005 Expenditure



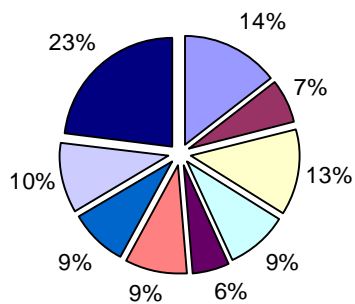
Actual 2005 Expenditure



Actual 2004 Expenditure



Actual 2003 Expenditure





Appendix 4 – Proposed Budget Format

**Victoria University Wellington Students' Association
BUDGET 2007**

	Actual Year 2004 \$	Actual Year 2005 \$	Budget Year 2006 \$	Actual Year 2006 \$	Budget Year 2007 \$
OPERATIONAL INCOME					
Fee income paid to VUWSA	1,400,000	1,460,000	1,461,321	1,399,396	1,500,000
Building Levy to VUWSA Student Trust	(211,000)	(221,000)	(221,244)	(211,869)	(231,000)
	1,189,000	1,239,000	1,240,077	1,187,527	1,269,000
Less: Student Fees transfer to Ngai Taura	(178,000)	(124,000)	(124,008)	(178,129)	(126,900)
Student Building Levy	306,000	-	-	-	(175,000)
Ngai Taura Portion of Student Building Levy	(36,000)	-	-	-	17,500
Net VUWSA Fee Income	1,281,000	1,115,000	1,116,069	1,009,398	984,600
Interest	32,000	39,000	39,407	35,000	30,000
Sundry Income	6,000	1,800	1,879	7,000	3,000
Trust Contribution	38,000	38,000	38,802	38,000	30,000
Total Operational Funds For Allocation	1,357,000	1,193,800	1,196,157	1,089,398	1,047,600
OPERATIONAL EXPENDITURE (Extract)					
EXECUTIVE EXPENSES					
Salaries					
President	22000	23000	24000	24000	25000
VP Education	8800	9200	9600	9600	10000
VP Welfare	8800	9200	9600	9600	10000
Activities Officer	15000	15000	15000	15000	15000
Womens Rights Officer	5000	5000	5000	5000	5000
Queer Officer etc	5000	5000	5000	5000	5000
Total Salaries	64600	66400	68200	68200	70000
ORIENTATION INCOME					
Sponsorship	0	0	0	0	30000
Ticket Sales	25000	26000	24000	25000	30000
T-Shirts/Caps	2000	1500	1500	2000	3000
Market Day	0	0	0	0	5000
Sundry	200	500	300	500	1000
Total Income	27200	28000	25800	27500	69000
EXPENDITURE					
Marketing	10000	10000	10000	10000	10000
Van	1000	1000	1000	1000	1000
Venue Expenses	1000	1000	1000	1000	1000
Entertainment	80000	80000	80000	80000	50000
Production	15000	15000	15000	15000	18000
Cleaning	1000	1000	1000	1000	1000
General, etc	2500	2500	2500	2500	2500
Total Expenditure	110500	110500	110500	110500	83500
TOTAL ORIENTATION DEFICIT	-83300	-82500	-84700	-83000	-14500

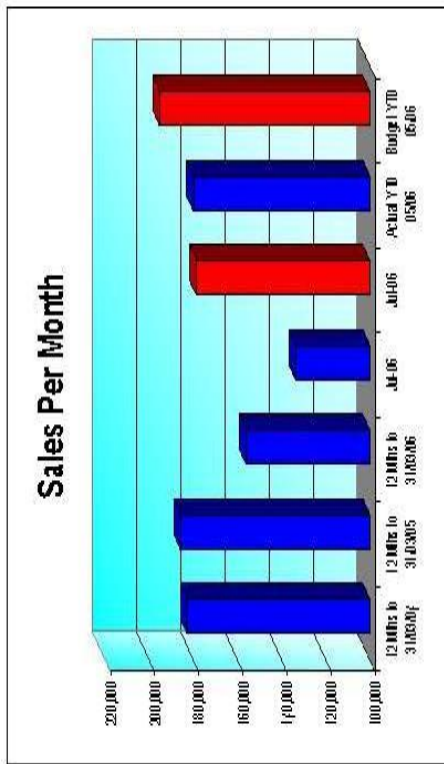
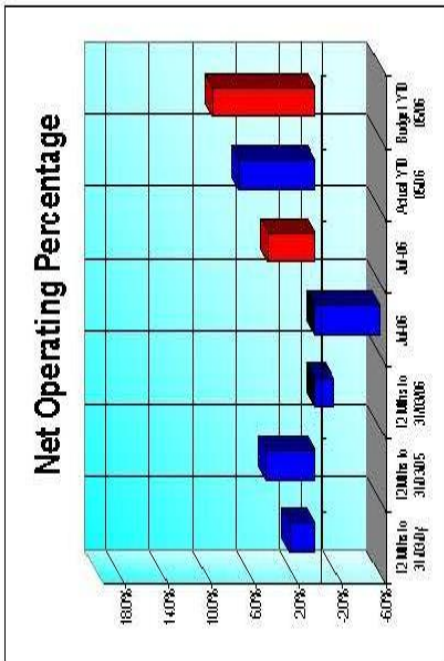


Appendix 5 – Proposed Monthly KPI Report for Executive

XYZ Limited - A Snapshot Analysis

	12 Mths to 31/03/06	12 Mths to 31/03/05	12 Mths to 31/03/06	JUL06 (Act)	JUL06 (Bud)	Actual YTD 05/06 (July)	Budget YTD 05/06 (July)	Act/Bud
Financial Performance								
A	Sales	2,192,560	2,238,720	1,870,415	133,430	178,545	720,000	-7.7%
B	Cost of Goods Sold	1,311,876	1,268,768	1,109,664	91,817	101,792	452,786	-6.2%
C	Gross Profit	880,684	969,952	760,751	41,613	70,753	29,214	-9.8%
D	Expenses	830,386	840,014	791,947	59,218	63,666	253,699	-3.5%
E	Net Opig Profit (B4 Tax & SH)	50,298	99,938	(11,960)	(17,606)	7,697	73,515	-31.7%
F1	Sales Per Month	182,713	185,727	155,868	133,430	178,545	195,000	
F2	Net Opig Profit Per Month	4,192	8,328	(2,600)	(17,606)	7,697	18,379	
Ratio Analysis								
CA	Gross Profit %	40.2%	42.2%	40.7%	31.2%	39.6%	41.0%	42.0%
DA	Overhead %	37.9%	37.7%	42.3%	44.4%	35.3%	34.0%	32.5%
EA	Net Operating Profit %	2.3%	4.5%	-1.7%	-13.2%	4.3%	7.0%	9.4%

Note: Tax, Shareholders Remuneration and Other Income have been included in the Net Operating Profit figure used.



Disclaimer: The figures above have been compiled from information provided to us. The compilation of the figures including projections has not involved the verification of the information. We have not used or audited the information and therefore we take no responsibility for any errors or omissions. Further, the information has been prepared for the accuracy of the materials from which the information has been prepared. Further, the information has been prepared for the purpose of the client only and neither we nor any of our employees accept any responsibility on any ground whatsoever, including liability in negligence, to any other person.

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