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## **Utilization of Funds among Student Organizations of the University of Eastern Philippines**

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### **ABSTRACT**

*This study aimed at determining how funds are utilized by the student organizations of the University of Eastern Philippines. It specifically aimed at determining the profile of the organization in terms of the number of members, amount of funds, and source of funds. Also, the percentage used by the organization in its various activities, how financial matters are treated and inputs for Financial Manual were identified in this study. The primary source of data was taken from the audited financial statements of seventeen (17) student organizations of the University of Eastern Philippines for the academic year 2015-2016. Further verification was conducted through interview with officers and advisers. Statistical tools used are frequency counts and percentages.*

*Majority of the organizations in this study have less than 500 members with funds amounting P100,000 to P500,000. The main source of funds came from the collection from the students per semester and student activities comprise the highest percentage of expenses of the organizations like acquaintance and Christmas party. Cash receipts and disbursements are done in a usual manner, although there are still weaknesses identified in some of the internal controls of the organization. Funds are utilized based on the need of the organization and usually no budget preparation is conducted prior to the academic year. Organizations should realize the importance of budgeting as it strengthens the planning and controlling efficiency of the organization. The Financial Manual should therefore include important provisions on standard chart of accounts, financial statements to include and a guide to how budgeting should be conducted.*

### **INTRODUCTION**

Student organizations are groups which protect the interests of students in academic institutions. These are avenues where students are trained in various leadership roles which they could use in their future career. Student organizations bank on funds coming from students as the organizations' blood life. As vanguards of these funds, student leaders are tasked to protect these funds and see to it that these funds go to the development of the constituents.

According to Rakesh, financial management cannot be addressed without first designing a strategy to ensure the proper utilization of funds. This helps to evade situations in which the funds remain idle or lack of profitable utilization of funds in hand. The funds existent within the organization should be critically reviewed from time to time and employed properly.

This study sought to help in looking at best practices of fund utilization which will guide the Office of Student Affairs in coming up with a Financial Utilization Manual as a guide for fund utilization in university organizations.

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## **OBJECTIVES OF THE STUDY**

1. What is the profile of the organization respondents in the University of Eastern Philippines in terms of:
  - 1.1 number of members
  - 1.2 amount of funds
  - 1.3 source of funds
2. What is the percentage of the funds used by the organization for:
  - 2.1 student activities
  - 2.2 projects
  - 2.3 others
3. How are financial matters treated in the organization?
4. What inputs for a Financial Utilization Manual can be drawn from the study?

## **SCOPE AND LIMITATIONS**

The study utilized the audited financial statements of the organizations for the academic year 2015-2016. Eight (8) college-based organizations and two (2) university-wide and seven (7) department-based student organizations of the University of Eastern Philippines were included in this study. This study focused only on how funds are being utilized by the student organizations for an academic year and the expenses are assumed to be representative of the usual expenses of the student organizations for each academic year.

## **SIGNIFICANCE OF THE STUDY**

### **Student Organizations**

The findings and output of this study will benefit them directly in a way that it will help them manage their organization financially. Officers will be guided as to the proper handling of finances of their organization especially in the budgeting aspect.

### **Students**

This study will be helpful in the sense that as future student leaders, they will not enter into the organization empty-handed. Further, as students, they will be ensured that their contributions/funds will be handled well.

### **UEP Administration**

The findings of this study will enlighten them as to the status of financial management of the student organizations in the University and make the necessary actions in case of unfavorable findings.

### **Other stakeholders**

In general, the output of this study will serve as basis or guidelines in running the financial affairs of the organization, thereby reducing grey areas that may create confusion in terms of implementing the policies and procedures related to financial management.

## METHODOLOGY

The study employed a descriptive-evaluative research design. Data were taken from the audited financial statements of the student organizations in the University of Eastern Philippines. The audit was conducted by the students taking up BS Accountancy. Further verification were conducted with the President and Treasurer of the organization who are primarily responsible in the financial management. The audited financial statements consisted of eight (8) college-based organizations, two (2) university wide organization, and seven (7) department-based organizations for the academic year 2016-2017. Statistical tools used were frequency counts and percentages.

## RESULTS AND DISCUSSIONS

### Profile of the Organization

#### Number of members

The number of members in the organizations is almost the same with the number of students enrolled in the department/college to which the organization is affiliated. However, based on the audit reports, there were variances, although immaterial, as to number of students enrolled and the number of students who actually paid for the college/departmental fees. This is attributable to those who enrolled late wherein the officers are no longer available for the collection of fees. Majority of the organizations are with less than 500 members which are department-based as well as Colleges with small population.

Number of Members	Percentage
More than 1,000	35.29%
501-1000	23.53%
Less than 500	41.18%

#### Amount of funds

The amount of funds of the organizations largely depends on the number of its members and also on the amount collected per student. Majority of the organization handle fund amounting to P100,000 to P500,000. This shows that the organization is handling a huge amount of fund per semester which is subject to their disposal. Officers should therefore be responsible enough to ensure that funds are efficiently used.

Amount of Fund per semester	Percentage
More than P1,000,000	11.78%
P500,000- P1,000,000	23.52%
P100,000 - P500,000	35.29%
Less than P100,000	29.41%

#### Source of funds

Based on the financial statements, the major source of funds of the organizations are the collections from the members which represent 50% to 75% of their total funds. The amount

of collection per student varies from P100 to P700. Other organizations collect additional fees during special activities of the college.

Other sources of funds are unused cash balance forwarded from the previous academic year and from internally-generated fund. In fact, some of the organizations' available cash for the period is comprised of 50% from the cash balance of the previous year. It is an indication that funds were inefficiently utilized or the organization delayed the spending of the amount due to lack of planning on the proceeds of their collection.

Interest income from deposits, subsidy from UEP, and additional collections also form part as sources of funds of the organization.

### **Utilization of funds**

In general, the patterns of incurrence of expenses of the organizations are varied. The funds of the organization are usually spent in the following activities:

- **Student Activities**

This represents the largest category of expenses of all the organizations. Acquaintance party (for the 1<sup>st</sup> semester) and Christmas Party (2<sup>nd</sup> semester) are usually the highest in terms of the amount expended which include the food for all students, venue, programme/invitations, etc. The amount varies from 20% to 25% of the total collection.

ACTIVITIES	PERCENTAGE
Acquaintance Party	20 to 25%
Christmas Party	18 to 23%
College Anniversary	9 to 13%
Honoring	12 to 15%
UEPAA Games	8 to 12%
Orientation	3 to 5%
Enrollment	3%
Cream of the Crop	1 to 3%

- **Projects**

Among the organizations, only five (5) incurred or spent for projects which ranges from 3.50% to 25% of their total collection. This shows that not all organizations allot an amount for tangible projects or possibly projects are never their priorities in terms of spending the amount collected from the students. Some of the officers mentioned that the funds collected are sometimes not enough for student activities that they even engage to IGP's to cover other expenses. While others mentioned that those projects (chairs, projector, TV) should not be taken from students' funds since it is the University's responsibility to provide such to enhance the teaching-learning process.

- **Trainings and Seminars**

Three (3) of the organizations incurred an amount for sending their selected officers to training and seminars. They allotted 5% to 10% of the total collection for the enhancement of the leadership skills of the officers.

- **Operations**

This includes supplies like bondpapers, ink, and other expenses used in the students' operations. However, no specific amount is set aside for the supplies, purchasing is done as the need arise.

**Treatment of Financial Matters in the Organization**

Financial management is considered as one of the important aspects of an organization, as such, all organizations give it their utmost consideration. The responsibilities of the officers are expressly stipulated in their Constitution and By-Laws. However, in reality, there are officers who are performing functions that are not supposed to be performed by them like cash custodianship which should be the function of the treasurer, but in some audit findings, it was revealed that some Presidents also handles cash.

All organizations used the cash basis accounting. Cash receipts which are mostly done during enrollment are collected by the treasurer and usually, they tap students to help them for an incentive. Deposits of collections on the next banking day are usually observed.

Some of the organizations conducted planning activities yet, they only modify the activities of the previous officers, budgetary allocations are purely estimated. Further, based on the audit findings, the budget allocation during the initial planning phase is never followed. It seems that the figures in the budgets which is incorporated in the action plan is for compliance purposes only.

In terms of cash disbursements, payments are facilitated through withdrawals from the organization's depository bank. However resolutions and/or cash vouchers are oftentimes not prepared prior to withdrawals.

The guidelines for IGP are not part of the constitution and by-laws and are not part of the regular file of the organizations. The proceeds are usually not accounted properly as well as the expenses incurred out of the fund, rather it is lumped in the regular fund of the organization.

Financial statements which should be prepared per semester are usually not observed. The commonly prepared financial statements are Statement of Cash Receipts and Disbursements, but since the organization acquires fixed assets, another financial statement should be prepared every year should also be prepared which is the Statement of Financial Position, since it reflects the asset acquired in the previous year.

**Important inputs in the Financial Manual**

From the above identified weaknesses of the organizations in their financial operations, the following inputs may be considered to focus on developing measures to improve the efficiency of the organizations in the University of Eastern Philippines:

- **Proper budgeting of funds**

Budgets are one of the control mechanisms of the organization. Through budgets, stakeholders can gauge whether the organization was able to carry out its goals and objectives. Budgets are the quantification of the organizations plans so when the activities of the organization are not planned well, the budgeting aspect may also fail. In UEP, student organizations are required to submit actions plans incorporating the budget allocation per

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activity, however, due to lack of time and necessary skills, the process is somehow overlooked. The organization and its officers should be made aware of the importance of proper budgeting. After the planning phase, the officers should reliably estimate the amount to be collected and then be able to allocate it their identified or planned activities for the academic year. Said activity may also serve as the cornerstone for the organization to conduct fund-raising activities.

- **Standardized chart of accounts**

Student organizations do have common goals hence activities conducted throughout the school year may also be the same. There is maybe unique activity to the organization, but based on the audited financial statements, majority of the activities can be categorized into one account, like Student Activities, which will serve as the line item account in the financial statement for all expenses incurred for student-related activities. This will enable comparability of financial statements from one period to another as well as between organizations. In the Audited Financial statements, one of the limitations identified was that account titles used were different as compared to the previous year of the same organization, the auditor find it hard to compare said financial statements. The Financial Manual should therefore include a standardized chart of accounts as a guide to all recognized student organizations in the University of Eastern Philippines.

- **Financial statements for student organizations**

The Financial Manual should also include a guide on how financial statements should be prepared as well its format. The Statement of Cash Receipts and Disbursements should be prepared to account the cash flows of the organization. The Statement of Financial Position is also important as it include the asset of the organization as of to date like its cash, accounts receivable, supplies, and fixed assets. This statement is very important because it reveals all the assets of the organization which would ensure accountability among the officers of the organizations. Also included is a comparative statement of the budgeted and actual data which will facilitate financial performance feedback to the organization.

- **Acceptable/reasonable allocation for various activities of the organizations**

As a guide in budgeting proportionately the funds of the organization to its appropriate activities, the Financial manual should contain a sample on how funds should be spent to ensure that all aspect of the operations are considered. Example, from the total collection, 25% is for Acquaintance Party/Christmas Party, 25% is for other student activities, 15% is for seminars, 10% for projects, etc. This will enable the officers to determine their limitations on spending the funds.

- **Semestral submission of financial statements to the Office of Student Affairs**

To ensure transparency and accountability, student organizations should be required to submit financial statements to the office concerned. The Statement of Cash Receipts and Disbursements, Statement of Financial Position, and Comparative Statement of Budgeted and Actual data, should be prepared and submitted by the organization.

- **Establishment of responsibility and accountability in the organization**

The officers should be well-aware of their responsibilities; they must understand the importance of managing their finances and following the basic internal control for financial

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transactions. The budgets should be done simultaneously with action plans and must be participated by the officers and advisers. The treasurer who handles cash should not be the one who will record and prepare the financial statements. Also, the President, being the approving authority should not be the cash custodian. Further, those who have the responsibility should also know that they are accountable to the general membership and must at all times act in the interest of his/her constituents.

## **CONCLUSIONS AND RECOMMENDATIONS**

From the findings of this study, it can be concluded that generally, the financial management of the organization has a lot to improve yet, although it can be said the organizations nowadays have become more transparent. The budgeting process for every organization should not be overlooked; as it quantifies the plans of the organization and warrant the efficient use of the its limited funds. The primary reason for the funds collected from the student-members which is managed by student organizations is to finance the student activities. However, student activities should not just be limited to Acquaintance and Christmas Parties and other usual activities of the College and the University, the organization should also initiate activities like sponsored seminars, tutorials, quiz bowls, and others. Funding for such activities may not be a hindrance if the organization will take action planning and budgeting seriously prior to the start of the academic year, in consultation of course with the members and advisers.

Aside from student activities, there should also be a proper allocation to Trainings and Seminars of the officers, Projects, Operations and other relevant activities.

The Office of Student Affairs should ensure that financial statements are submitted regularly and evaluated properly.

Specific policies and procedures should therefore be established on budgeting, as one of the aspect of Financial Management manual. This will serve as a guide to all student organizations in the University especially that every year, the officers and also advisers change. With the presence of policies and procedures, it will be easy to conduct evaluation of the financial performance of the organization and corrective action, if necessary, can be taken immediately.

Indeed, one indicator of success in a student organization is how it has managed its finances, and it requires the collaborative effort of everyone, the commitment of the officers, the cooperation of the members, and supervision and guidance of the advisers and Office of Student Affairs.

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