

## Budget Procedure

<b>Owner</b>	FRAC	<b>Approval Date</b>	December 2019
<b>Approved by</b>	Board	<b>Review Date</b>	November 2021

### 1. Purpose

The Budget Procedure outlines UN Youth's budgeting principles and specific processes that impact the budgeting process. This ensures UN Youth has a consistent application of the budgeting process across the organisation.

### 2. Principles

UN Youth takes a conservative approach to budgeting, and as such:

- the Organisational Budget should maintain a 3-5% surplus
- the inputs to the budget must be realistic and avoid significant assumptions, where significant assumptions are made the National Executive and Board must receive a written briefing before approving the budget.
- all budgets for UN Youth events should have a minimum 10% safety margin. National Executive can reduce this margin within three months of the event.

### 3. Budgeting

**Preparation:** A draft Organisational Budget will be presented to FRAC and Board meetings by 31 January each year.

**Approval:** The Organisational Budget for the year must be approved by the Board before the commencement of 10 February of each year. The budget will only be approved on the recommendation of FRAC.

**Amendments to Budgets:** Major changes that materially affect the organisation and require a change to the budget after the commencement of a financial year must be referred to the Board for approval.

#### 3.1. Budget Types

**Organisational Budget:** This is the total budget for the entire organisation. It includes all income and expenditure from each of the budgets below. This is what is reported in the financial statements, which includes the Global Awareness Trust as part of the consolidated entity.

**National Budget:** This is the operating budget for the organisation that incorporates all income and expenditure not captured by Regional or Event Budgets. This normally includes administrative expenses, subsidies, management fees and national sponsorships.

**Regional Budgets:** These budgets are prepared by each Regional Council. It incorporates all income and expenditure for the region.

**Event Budgets:** These budgets are prepared for each event by the event committee or region.

#### 3.2. Approvals

Before costs are incurred budgets must be approved in accordance with the Delegations Policy. If amendments are required to Budgets they must be re-approved before out of budget expenditure is incurred.

## 4. Contributions

Regions and events will make a contribution to the National Ledger to enable the organisation to operate in an effective and sustainable ledger.

### 4.1. Management Fees

Management fees shall be levied against National Events, International Events and Regions in order to provide income to the National Ledger, by the Board on the recommendation of the National Executive.

The management fees will be set:

- The year prior, for National and International Events, typically before event budgets are prepared
- During the budgeting process for regions.

Management fees levied shall be calculated and set in the following manner:

Regional Budgets	50% of the total fee shall be apportioned among the Regions based on the total fee-paying delegate count of each region in the previous financial year.	50% of the total fee shall be apportioned among the Regions based on the total income of each region in the previous financial year
National Events and International Events	Fees shall be based on the proportion of total National Event and International Delegation delegates and income, weighted equally and rounded to the nearest \$500.	

### 4.2. International Event Reserves

All International Events shall budget a contribution to the International Event Reserve Fund being 1% of the event's total expenditure.

The purpose of the International Event Reserve Fund is to offset international event deficits.

The International Event Reserve Fund will be contributed to up to \$15,000, after which any contributions may be contributed to the NZ Youth Global Awareness Trust.

### 4.3. Allocation of Surpluses

Where an event, region or other budget line results in a surplus being generated, the surplus will be allocated in accordance with the table below.

Budget	Returned to Attendees	Subsequent Year's Budget	National Ledger
Regional Budget	None	First \$1000	Remaining surplus
National Events	None	50%	50%
International Events	100%, if greater than \$20 per person	None	Remaining surplus
Other	None	50%	50%