FINANCIAL STRATEGY HANDBOOK

There are many ways of perceiving and understanding what it means to be a good Treasurer. It is difficult to be concrete about the concept of a good Treasurer, which is strange because we are an objective area that deals with numbers and math. The first idea that needs to be absorbed by the future generations is that FM has potential to be much more than Financial Administration and its corresponding tasks.

There are several tasks and tips that you can use to make your job easier and efficient. The best advice that we can give you is to follow this logic: having a plan, executing it and being organised in reporting it.

In this handbook you will find a detailed overview about the FM area, and understanding what the main responsibilities of being the Master of Coin of an ELSA Group are. Being organised and having good planning skills will ensure good results in your work.

Attached to this Handbook there is one Annex 1 - FM Handbook: Automated Certificates & Treasury Administration (ACTA) that will help you to automatise some FM tasks!

Read this Handbook carefully and please do not hesitate to approach us at treasurer@elsa.org.

Enjoy the ride!

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The European Law Students' Association

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Glossary

AA - Academic Activities

BEE - Board Management, External Relations and Expansion

ELSA - European Law Students' Association

FM - Financial Management

IM - Internal Management

MCC - Moot Court Competitions

MKT - Marketing

NGO - Non-Governmental Organisation

NPO - Non-Profit Organisation

PD - Professional Development

S&C - Seminars and Conferences

Balance sheet - Shows the financial situation in terms of assets, liabilities and equity.

Profit and loss account - Shows the profitability during a certain period in terms of income and expenses.

General ledger - A central record which contains every business event during a certain period divided into individual ledgers for assets, liabilities, equity, revenue and expenses.

Ratio analysis - A method to evaluate the financial health of a company or association.

I. ELSA

A. History

ELSA was founded on the 4th of May 1981 in Vienna and is the world's largest network of law students and young lawyers. We are present in 41 European countries and reach over 60,000 individual members at over 430 recognised law faculties. Our goal is to equip the European youth to act for the good of society as socially responsible future professionals and leaders. Thus, as ELSA, we aim to continuously engage the youth in activities fostering mutual understanding between different cultures. ELSA offers educational opportunities for its members on three levels: local, national and international. You may find further information on ELSA's website.

B. ELSA as a Non-Profit Organisation

A Non-Profit Organisation (NPO) consists of at least three people and pursues a non-profit making objective. Unlike a commercial company, it:

- does not require a minimum capital;
- cannot aim to make a profit but can charge membership fees and organise activities in return for payment where these are compatible with its purpose;
- cannot distribute profits to its members.

C. ELSA as a Non-Governmental Association

A Non-Governmental Organisation (NGO) is a non-profit group that functions independently of any government. NGOs, sometimes called civil societies, are organised on a community, national and international levels to serve a social or political goal such as humanitarian causes or protecting the environment.

In our case, we are an international NGO, with the vision of *a just world in which there is respect for human dignity and cultural diversity*, serving the purpose to *contribute to legal education*, *to foster mutual understanding* and to *promote social responsibility of law students and young lawyers*.

D. ELSA's structure

ELSA is structured on three organisational levels. First we have the international level, where we can find the International Board, which is the executive body of the association, as well as the supportive ELSA International Team.

On the national level, we can find 41 different National Groups, which are responsible for organising projects and events within their country as well as cooperating with other National Groups in order to foster cultural exchange and mutual understanding.

Lastly, the local level, where we can find Local Groups who are responsible for the organisation and coordination of projects within their city or faculty.

E. Area structure

In addition to the three level structure, the International Board is divided into the following areas, which might be replicated in each of the three levels:

- ➔ BEE - Board Management, Expansion and External Relations
- ➔ IM - Internal Management
- ➔ **FM - Financial Management**
- ➔ MKT - Marketing
- ➔ AA - Academic Activities
- ➔ C- Competitions
- ➔ S&C - Seminars and Conferences
- ➔ PD - Professional Development

One of the chapters of this Handbook will be fully dedicated to analyse the relations of the FM area with each of them.

F. Regulations

On the international level, the FM area is regulated by the Statutes of ELSA (*highlighting the article 9 about Finances*), and the Standing Orders *(underlining the finances part between articles 12 and 15)*, but also in the Financial Management part of the International Council Meeting Decision Book *(part 4)*. This may be complemented by national or local regulations. In addition to these regulations the ELSA Development Foundation has its own Statutes and Standing Orders. Documents like the Standing Orders and the International Council

Meeting Decision Book see frequent updates. We would therefore recommend that you find them through the Officers Portal.

II. Financial Management

A. What is FM?

Financial Management (FM) is one vital supporting area at ELSA that ensures the control, monitor, organisation and planning of the financial resources in order to reach the goals of each ELSA Group. These goals are:

1. Being accountable - this means having an efficient accounting system, through which we can keep track of every transaction and support the improvement of the Financial Account Report structure and data.
2. Securing the future - the present financial condition of any organisation determines its financial sustainability in the future.
3. Increasing transparency over the International Board - with the Network, with partners and donors.
4. Enhancing credibility with excellent finance management - the ELSA Groups will ensure their image of the Association.
5. Ensuring goals and objectives - creating a relationship between the action plan and the financial planning for a specific term.
6. Improving fundraising efforts to cover the ordinary expenditures of the group.

B. What is the job of an FM Officer?

The job of the treasurer is dealing with financial planning, organising, directing and controlling the financial undertakings of the association.

By ensuring the management of the assets and expenditures of the organisation, the treasurer is administering the liquidity and solvency during the term, at the same time ensuring the logistic part of the position, related to budgeting in the financial planning process, accounting, and financial reporting to ensure transparency.

III. Understanding Daily Responsibilities

A. Budgeting

What is a Budget?

Budgeting is seen as one of the most challenging tasks of managing an organisation's finances and treasurers are usually responsible for making sure the budget meets the organisational goals.

The reason why a budget is required is to monitor and control the financial activity of an organisation, ensuring the financial performance during a specific financial year, supporting the evaluation process of the board, as well as ensuring a fundraising plan for the association while remaining accountable and transparent .

Budget Process

➔ Starting with **long-term** goals - establishing a reserve and characterising the costs that will represent an investment.

➔ Analyse financial performance during **past statements** to build accurate financial projections for a financial year.

➔ Review **current financial status** and determine fixed/variable costs.

➔ Start with a **realistic** overview of the necessary **expenses** by projecting them as precisely as possible.

➔ After this is established, create a **not too optimistic** plan for the **incomes** to cover these expenses. It can be helpful to implement the progression of certain income parts of the last few terms.

➔ Plan liquidity (**cash-flow management.**)

➔ Propose the budget for **approval.**

➔ **Monitoring** the performance.

➔ **Inform** the board.

➔ **Adjust** the budget if necessary.

Budget categories

When preparing the budget, we can divide it into subcategories so that we can have a more in depth analysis. In this sense, we distinguish between the General or Master Budget, that includes smaller budgets which we create for the different areas/projects we have. Although each of them might have its own particularities, all of them will have the same structure, reflecting the inflows and outflows during a specific period of time.

Next we will proceed to analyse a Master budget example, which you may find in the Officers' Portal. It is composed of two main columns which contain the expected income and the expected expenses for a concrete period of time. Additionally, it is divided into general incomes/expenses, as well as all the ones related to projects. Next to the income and expenses you have the realisation and revision category, those will help you if you need to change the budget.

Budget of ELSA Hogwarts 2024/2025							
General Income				**General Expenses**			
Category	Estimated	Realisation	Revision	Category	Estimated	Realisation	Revision
General Income	€20,000.00	€0.00	€0.00	General expenses	€19,500.00	€0.00	€0.00
Other project income	€1,000.00	€0.00	€0.00	Other project expenses	€1,500.00	€0.00	€0.00
Other income	€5,000.00	€0.00	€0.00	Other expenses	€4,000.00	€0.00	€0.00
Total	€26,000.00	€0.00	€0.00	Total	€26,000.00	€0.00	€0.00
Project Income				**General Expenses**			
Category	Estimated	Realisation	Revision	Category	Estimated	Realisation	Revision
Academic Activities	€2,000.00	€0.00	€0.00	Academic Activities	€2,200.00	€0.00	€0.00
Competitions	€7,500.00	€0.00	€0.00	Competitions	€5,000.00	€0.00	€0.00
Professional Development	€300.00	€0.00	€0.00	Professional Development	€200.00	€0.00	€0.00
Seminars and Conferences	€5,000.00	€0.00	€0.00	Seminars and Conferences	€2,500.00	€0.00	€0.00
Total	€14,800.00	€0.00	€0.00	Total	€9,900.00	€0.00	€0.00
Total	€40,800.00	€0.00	€0.00	Total	€35,900.00	€0.00	€0.00
Estimated balance				€4,900.00			
Balance after revision				€0.00			

Sub budgets

The sub budget in this example for the general income and expenses then shows the different accounts that will result in the overall budget category income/expenses. Please keep in mind the numbers shown in these examples are just for illustration purposes, they may have different names in your National/ Local Group. The System is the same. It is composed of two main columns which contain the expected income and the expected expenses for a concrete period of time. Additionally, it is divided into certain specific income/expenses. Next to the income and expenses you have the realisation and revision category, those will help you if you need to change the budget. These sub budgets should be made for all categories to achieve an easy and transparent overview.

B. Management and Administrative tasks

Financial Management is generally concerned with procurement, allocation and control of financial resources. There are several dimensions of the financial area that should be covered under the treasurer's work.

- **Planning ->** The Financial Managers are responsible for the planning of financial activities and resources of the organisation. They use the available data to understand the needs and priorities of the organisation as well as the overall economic situation to make plans and budgets.
- **Decision Making ->** They play a crucial role in making financial decisions and exercising control over finances in the organisation. They make use of techniques like ratio analysis, financial forecasting, profit and loss analysis, etc. Sometimes it is also important to make difficult decisions that will not be liked by everyone, for example when a treasurer cannot authorize an investment for a project.
- **Allocation and use of financial resources** of the organisation are used and invested effectively and efficiently so that the organisation is profitable, sustainable and viable in the long-run.

Also, there are several types of management that should be taken into consideration:

➔ **Cash Flow Management** - It is extremely important for organisations to have sufficient cash flow to meet their operational expenses and react during emergencies. Financial management tracks account payable and receivable to ensure there is sufficient cash flow available at all times.

➔ **Capital Management** - It is the responsibility of the Financial Management officer to estimate the capital requirements of the organisation from time to time, determine the capital structure and composition and choose the source of funding for the capital needs.

➔ **Risk Management** - Sound financial management prepares the organisation to forecast risks, put in place mitigation plans as well as to meet unforeseen risks and emergencies effectively.

➔ **Profitability** - It is based on the indication of how the association's profit margins relate to incomes, average capital, and average common equity.

➔ **Efficiency analysis** - Requires the analysis of the extent to which the association uses its assets and capital efficiently, as measured by asset and equity turnover. It may also be applied to specific resources such as inventory or human resources.

C. Fundraising

In this part, we would like to highlight the first aspect related to the fundraising strategies of ELSA Groups. Fundraising is the process of searching for and gathering financial resources to cover the general financial needs and project expenses of ELSA Groups.

In ELSA, the President is responsible for the fundraising policies regarding the external relations strategy. Receiving incomes from partners and sponsors will support the Treasurer by not having to solely depend on other variable sources of income, such as membership fees, grants or participation fees.

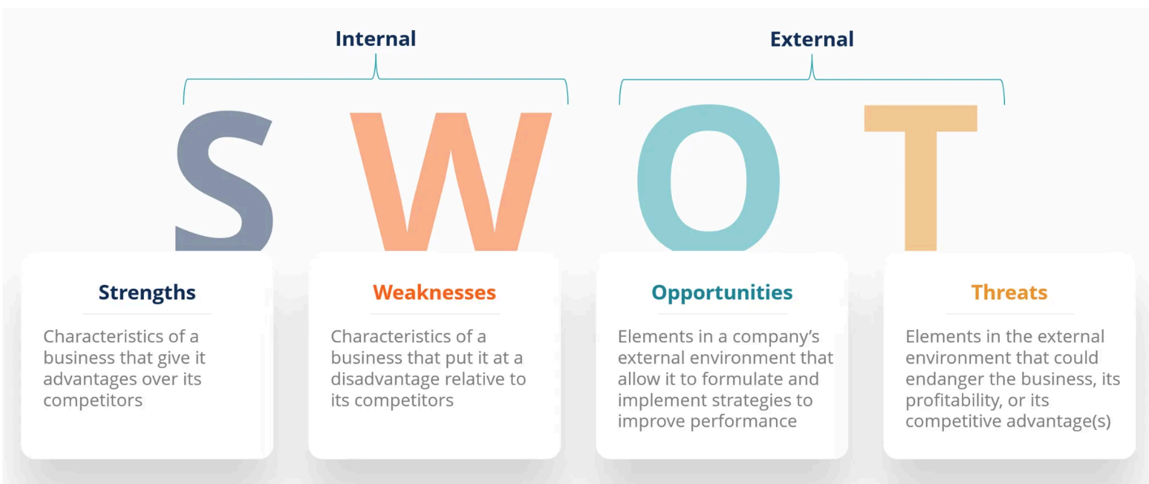
The role of the Treasurer is not to define these fundraising strategies, or attract the financial support of these partners and donors. The tasks of the Treasurer are mainly the management of these financial resources. Through this responsibility, the FM officer shall be responsible to identify the financial needs of the group, which will interfere with the planning process of the team.

D. Financial Strategy

The strategic plan of the association regarding finances should be created following the next key steps:

1. Analyze the current situation of the organisation. A Strength, Weakness, Opportunity and Threats (SWOT) analysis can help to figure out what are internal and external factors that may hinder or accelerate the financial development of an association.
2. Establishing realistic missions and objectives. Possible Question to get to those points are: What are the desired fundings for the future, how independent from externals do you want to be as an association, what are the main points where our money will be invested in the following years, what structural changes would improve our financial situation?
3. Think about the different options to achieve the established goals. The question of how to get there and what actions will be taken in the following years to achieve those goals. Do plan for long terms as this will ensure continuity.

4. Select a way and formulate and develop plans to fulfill it. When writing a financial strategy you have to lay out a way to fulfill certain goals. It is helpful to summarise those options so future treasurers can connect with your thoughts.
5. Execute and evaluate. The best strategy is not worth a dime when it is not implemented. Therefore in the following years the goals shall be caught upon in the One Year Operational Plan as well as an evaluation on the achievements already made within the strategic timeline. This will help to develop future steps and focus points. Sometimes a good idea must be discarded because circumstances change and a certain goal may need to be removed from the strategy. If a goal is no longer achievable or sustainable you may need to think about this as this can free new potential for other goals.



Financial strategy and budget

It is important for us to understand how the financial strategy relates to the budget, understand that they are different tools and how we can use each of them. On the one hand, the mission and vision set the overall direction of the association in the long term.

The strategic objectives will specify how to achieve the mission, while the strategic plan will identify how each objective will be pursued. When it comes to the budget, it is a short term tool that allows us to set smaller specific goals in order to be able to achieve the strategic goals.

You can find an example of a financial strategy in Part 4, Chapter 13 of the International Council Meeting Decision Book. We also invite you to look through the Financial Strategy

Draft document for ELSA Groups. Both documents can be accessed through the Officers Portal.

E. Accounting

What is it?

The process of recording, assessing, and communicating financial transactions helps individuals and organisations understand their financial health and their legal obligations at the same time.

While elaborating on the final accounts, we may include the following three main financial statements:

- **Income Statement or Profit and Loss account:** it shows the wealth (profit) generated over a specific period of time, and it is the difference between the total revenue and total expenses in this time. As you can see in the following graphic, this statement is divided into three different stages.

  Firstly, start by compiling all the different revenues the association had over the financial year. This revenue may come from different sources, such as membership fees, sales of merchandising, event fees, partnerships, etc.

  Secondly, proceed with the identification of the expenses related to the specific period of time, this may include board allowances, supplies, rent, insurances, printing and stationery. At this point you will obtain a result that corresponds to the profit (or loss from the operations).

  Next, proceed to add the monetary income as well as the monetary expenses of the financial year, in order to obtain the net financial income, which will be the amount of income before taxes.

  Lastly, subtract the amount that corresponds to the income tax, according to the different regulations in each country, to obtain the profit or loss after tax for the financial year. It is not uncommon that NPOs are exempt from taxation which makes the last step unnecessary to obtain the final profit or loss. Therefore it is important for a national group to establish how their country's tax regulations affect them.

PROFIT AND LOSS ACCOUNT		
Items	**Previous year**	**Actual year**
Revenue (+)	5000	6000
Changes in finished goods (+)		
Supplies (-)	-600	-700
Other operating income (+)	300	1500
Personnel expenses (-)	-500	-600
Other operating expenses (-)		
Provision surpluses (+)		
Other gains/losses (+/-)		
Profit/(loss) from operations	4200	6200
Financial income (+)	60	60
Financial costs (-)	-300	-350
Net finance income	**-240**	**-290**
Profit before tax	**3960**	**5910**
Income tax (10%)	396	591
Profit/loss for the year	**3564**	**5319**

One of the useful features of the template provided on the Officers' Portal is that it includes a column for us to compare the results of the current year to the ones of the previous financial year.

- **Statement of financial position or Balance Sheet:** it represents the accumulated worth of the association at a specific time by setting the relation between the assets and liabilities it has, together with the net worth. At this point, we may determine which of these assets and liabilities are short or long term.

  As you can see in the following graphic, the balance sheet can be structured in two columns. The first of them contains the assets of the association, which are divided into long term assets - to be received in a more than one year period - , as well as short term assets containing different categories such as assets, receivables, cash, supplies and inventory.

  On the other side you can find the liabilities, being defined as obligations of the association towards third parties which arise as the result of past events once again, divided into long and short term liabilities, where we find payable accounts, payable utilities, or payable taxes.

The last item of this statement would be the equity or net worth, which is comprised by the contributions made to the association either at the time of its constitution or later, and are not considered liabilities. As you can see in the graph, it is composed of the result of the previous financial year, the result of the current financial year (profit or loss account), as well as the capital or reserves.

Now all of these items relate to each other in the following way:

Assets=Liabilities + Net worth

BALANCE SHEET				
Assets	6,250.00 €		**Liabilities**	500.00 €
Fixed or Long Term Assets	0.00 €		Fixed or Long Term Liabilities	0.00 €
Current assets	5,000.00 €		Current Liabilities	500.00 €
Interest Receivable	0.00 €		Accounts Payable	0.00 €
Cash	150.00 €		Utilities payable	
Supplies	500.00 €		Tax Payable	
Inventory	600.00 €		Other long term assets	
			Net worth	4,500.00 €
			Previous year result	3,000.00 €
			Actual year result	1,500.00 €
Total	5,000.00 €		TOTAL NW + Liabilities	5,000.00 €

- **Cash Flow Statement:** This is a summary of the inflows and outflows of cash (and cash equivalents) over a period of time. It is a very useful tool that, when used over several years, can help us understand different trends or patterns, and enables us to anticipate moments where we might struggle with liquidity.

EXPENSES CATEGORIES	PLANNED EXPENSES	ACTUAL EXPENSES	EXPENSES BALANCE	% OF BALANCE
BEE	0.00 €	0.00 €	0.00 €	0%
Internal Management	0.00 €	0.00 €	0.00 €	0%
Financial Management	0.00 €	0.00 €	0.00 €	0%
Marketing	0.00 €	0.00 €	0.00 €	0%
Seminars & Conferences	0.00 €	0.00 €	0.00 €	0%
Academic Activities	0.00 €	0.00 €	0.00 €	0%
Moot Court Competitions	0.00 €	0.00 €	0.00 €	0%
Professional Development	0.00 €	0.00 €	0.00 €	0%
TOTAL	0.00 €	0.00 €	0.00 €	0%

According to national regulations it may differ on what is necessary to uphold for an organisation. However it is recommended to use at least the profit loss account and the balance sheet. As this will provide the necessary documentation for the financial situation of the organisation. As it will show the money that has come in and out of the accounts during the term and the pinpoint situation. The following example should help to understand:

At the end of the term you realize that a partnership agreement has not been invoiced yet. As fast as possible the invoice is sent to the partner however the payment only occurs after the term has ended.

Only looking at the profit loss statement of the term the money is not received however since the invoice has been sent out it is a liability towards ELSA therefore being reflected in the balance sheet on the 31st of July of the respective term.

Suggestion!

In EDF, The board of Directors utilises the platform odoo.com which provides free software for accounting. The software is very user-friendly and offers bank synchronization which means that the software automatically fills in the correct numbers from the bank, thus minimizing the risk of incorrect inputs in the accounting procedure. The software also offers worldwide compatibility with regulations meaning it is compliant with jurisdictions within the ELSA network. This system is described in detailed Annex 2.

Bookkeeping vs Accounting

Accounting is a high-level process that uses financial information compiled by a bookkeeper or business owner to produce financial models using that information. The process of accounting is more subjective than bookkeeping, which is largely transactional.

Accounting is comprised of:

- Preparing adjusting entries (recording expenses that have occurred but aren't yet recorded in the bookkeeping process);
- Preparing the ELSA Group financial statements;
- Analysing costs of operations;
- Completing income tax returns;
- Aiding the financial management area in understanding the impact of financial decisions.

The process of accounting provides reports that bring key financial indicators together. The result is a better understanding of actual profitability, and an awareness of cash flow. Meanwhile, bookkeeping is the process of recording daily transactions in a consistent way, and is a key component to building a financially successful organisation.

Bookkeeping is composed of:

- Recording financial transactions;
- Posting debits and credits;
- Producing invoices;
- Maintaining and balancing subsidiaries, general ledgers, and historical accounts;
- Completing payroll.

Maintaining a general ledger is one of the main components of bookkeeping. The general ledger is a basic document where a bookkeeper records the amounts from sale and expense receipts.

Invoices and receipts are the main forms of documentation of a business/organisations daily business activities and thus they are essential in recording financial transactions. Both receipts and invoices have legal value and are essential for bookkeeping purposes. However there is a difference between the two.

- **Receipts can** be both digital and physical and serve as documented proof confirming that a seller has received payment for goods or services. Therefore, a receipt must contain certain information to act as a valid receipt. These are:
  - Date of the transaction
  - Name of the seller
  - Description of the items/services related to the transaction
  - Amount paid
  - Method of payment (cash, card etc.)
  - Applicable tax (usually VAT)

- **Invoice** is a request for payment for goods or services. It serves the same purpose as receipts as it applies to bookkeeping purposes; however, an invoice is sent before the payment has taken place. An invoice must contain certain information to be seen as formal and correct. These are:
  - A unique identifier which is usually in the form of an invoice number for tracking purposes
  - Parties involved
  - Description of the items/services related to the invoice
  - Date of the invoice and the due date of the invoice
  - Financial details: Amount due, payment conditions, accepted payment methods
  - Applicable taxes (usually VAT)

You can find a step-by-step guide on how to produce your own invoices and receipts in annex 1 of this handbook!

Differences between Bookkeeping & Accounting		
	Bookkeeping	**Accounting**
Scope	Bookkeeping is concerned with identifying financial transactions; measuring them in money terms; recording them in the books of accounts and classifying them	Accounting is concerned with summarising the recorded transactions, interpreting them and communicating the results to the stakeholders
Stage	It is the first stage	It is a secondary stage
Objectives	The objective of bookkeeping is to maintain systematic records of financial transactions	The objective of accounting is to ascertain net results of operations and financial position and to communicate information to the interested parties.
Nature of the job	This tasks are mainly routinary	The tasks are analytical and dynamic
Relation	Bookkeeping is the basis for accounting	Accounting begins where bookkeeping ends-

F. Financial Reporting

In ELSA, the Financial Report is really important as it releases the financial results to the local, national or international network. These financial reports are in some cases the only communication with members and officers. As a result, it's crucial for an association manager to understand the ins and outs of their financial reporting to ensure the statements accurately represent the financial state of an ELSA Group.

The structure of a Financial Report should be composed of:

FINANCIAL REPORT STRUCTURE	
General Overview	Evaluation of the financial performance of the ELSA Group, mentioning the main information and the main evaluation.
Partnerships	Analysis of the partnership packages, incomes provided by these partnerships and the state of the relationship with each one of the partners.
Grants	Evaluation about the Grants strategy, the number of current applications and incomes generated by this source of incomes.
Projects	The balance incomes and expenses of each of the projects, as well as the quality standards of each of the projects.

Balance Sheet	Assets = Liabilities + Equity
Profit and Loss Statement	The evaluation of profits and losses of each category, reflecting a balance between Bruto Margin and costs, which will bring us the Profit and Loss result.
Budget Realisation	Clearance of the amount and percentage of realisation of the incomes and expenses on each element of each category of the budget.

What is recommended for the two cycles of Financial Reporting in ELSA are:

- Interim Accounts Report - presented during the second council meeting of the current financial year.
- Final Accounts Report - presented in the first council meeting of the next financial year.

IV. Auditing

The role of an audit is to provide independent assurance that an organisation's risk management, governance and internal control processes are operating effectively. Ensuring transparent, accountable and independent analysing and reporting, the auditors provide to the members of the ELSA Group and the board the assurance that duties and obligations towards the association were fulfilled.

Some of the elements that are examined are:

a) **Bookkeeping and accounting:**

- Checking every document, whether it has been correctly entered in the accounting system or whether it is on a bank statement. Paying attention to whether the amounts match. Making sure that the document is issued to ELSA. Checking if all documents are present.
- Paying attention to documents on which currency is not the euro. They should be accompanied by a document from the bank, showing the currency converter.

b) **Reimbursements:**

- Going through all documents, including reimbursement forms, to ensure that all are present and correct.
- Confirming whether the requested amount has been returned, if the amount returned is smaller, check if that has been explained by the Treasurer.

c) **Agreements and contracts:**

- Investigating if they are accurate, drafted on a single template, with the specified list of ELSA responsibilities and obligations. Checking if there is a provision about the contract being governed by and constructed in accordance with the relevant country's laws.
- Checking if the contracts are signed and if there are initials by both parties on every page.

d) **Invoices issued:**

- Evaluating their correctness. Paying attention to whether the invoice amount matches the contract, and all the information of the recipients is appropriately reflected in the document.

e) **Bank statements and credit/debit cards statements:**
   - Checking if there is a document for each transaction, and if they correspond to the information in our accounting programme.

f) **Petty cash:**
   - Taking a look at all monthly summaries to see if the transactions are correct.
   - Checking whether the cash register has as much money as it should have.

g) **Financial situation of ELSA Group:**
   - Finding out about ELSA's financial situation. Collecting information from the Treasurer and the President.

h) **Debtors:**
   - Checking if such a list is kept, and the different payment agreements reached with the debtors are present and correct.

i) **Compliance with the financial strategy:**
   - Talking to the Treasurer and President about the focus part of the financial strategy.
   - After the Treasurer prepared interim/final accounts, checking the execution part of the financial strategy.

j) **Compliance with the budget:**
   - After the Treasurer prepared interim/final accounts, checking compliance with the budget.

k) **Board meeting minutes:**
   - Minutes should be printed and signed by the board.
   - Checking if they are written neatly and accurately.

l) **Grants:**
   - Asking if any grants applications have been submitted and asking for a copy of them to be sent for review.

m) **Other:**
   - Checking whether they have complied with the auditors' suggestions from the previous audit.
   - Asking the board if there is an issue that they need to look at in more detail and raise that issue in the report.

However Auditors are not the Spanish Inquisition, it is recommended to contact them during the term for questions and clarifications and not only during an audit. Auditors in ELSA are usually former ELSA Officers that have knowledge of the association and its business and have a comprehensive knowledge of the needed accounting principles. Therefore it is better to ask them beforehand than to receive a comment in the auditors report.

How to prepare for Auditing?

With the right preparation for an audit you have nothing to fear:

1. Communicate before the audit the time period. If your audit for example is in the beginning of February it might be hard to finish the January, therefore communicate beforehand that the timeframe until the 31st of December is being audited
2. Gather and prepare necessary documents (Books, interim accounts, reimbursements etc.) in a way that it is easy to check
3. Update the list of debtors regularly → you can show on the understanding of outstanding liabilities towards the organisation
4. Collaborate with your SecGen to ensure that all protocols and board decisions are ready and have been minuted flawless
5. Update the budget according to the realisation
6. Follow upon auditors recommendation of the last audit

V. Communication & Network Management

A. Transition

Transition is the process of sharing knowledge with the incoming officers of ELSA Groups. There are two types of transitions in ELSA - General Transition and Area Transition. In the FM area, the aim is to ensure the stability of the ELSA Group and the ELSA Network in general by preparing new officers for their roles and providing them with insights that will help them continue the work of their predecessors rather than having to reinvent the wheel each year. The area that focuses on the management of the financial resources requires a complete, efficient and clear sharing of information between boards. An incomplete transition will ultimately result in poor financial decision-making or the refusal of the Council to relieve a board of its responsibility for such decisions.

Ensure that every topic in this handbook and those that have risen up during your term are transitioned with your successor. It can be helpful to prepare a transition booklet where you can rewrite your experience on certain matters from your term and line out the basic knowledge your successor needs.

In addition to that there are some parts that might be useful for the general transition. Explain to the new board how your reimbursement system works. If your National Group utilises reimbursement forms, let the new board fill out a test form and explain the important things that they need to keep in mind. This will help your successor to reduce denied reimbursement forms because of formal mistakes. If your national law has some special regulations for an NGO it can also be good to explain the regularities and things to watch out for. Also explaining the budget and what costs will be accounted where will help the new board understand the system of the budget.

More ideas about the structure and tips on how to organise a successful transition can be found in the Transition Manual of ELSA.

B. Knowledge Management

The Financial Management area is a really technical area

In the ELSA Network, currently, we have some sources of knowledge, in which you can search for information, especially if you are a new officer

Here you have some platforms that can be useful in your learning process:

- ELSA Wiki
- FM part of the Officers' Portal, with our focus on Handbooks & Guides, as well as the templates and other tools available in the FM Toolkits, like practical cases compilations and the links to the FM_Webinars.

C. Communication

For FM officers, communication is an essential part of their work and key for successfully supporting the rest of the board in their responsibilities.

On one side, external communication is important for building credibility and complying with reporting duties towards external entities (partners, institutions, or participants). A Treasurer that communicates with externals is someone that is representing the organisation, highlighting the efficiency of the internal procedures of the ELSA Group.

On the other side, ensuring consistent internal communication with the board, auditors and the network will allow the Treasurer to be more transparent, open and supported in the planning process.

VI. Synergies

a) Supporting Areas

BEE

The relationship between the FM and BEE area is really clear. The following discussion points will be at the center of this collaboration:

i) Current financial situation;

ii) Amount of incomes from projects, partnerships, grants, donations and uncategorised sources of income;

iii) Amount of expenses from administration and project costs.

iv) Legality and the signature of contracts, the financial engagement of the association.

The Treasurer needs this information for many reasons:

1- To understand the level of fundraising that is necessary to cover administrative and logistical costs of the ELSA Group.

2- To support the President in building their external relations policy and understanding what the President can demand of each one of the partners.

3- To clarify the cost of each project, in order to evaluate the balance of expenses within the incomes of each project. Sometimes it is necessary to get additional financial support that can be provided by a partner or a sponsor.

4- The signature of the President will be necessary to enter into an agreement with externals.

IM

The area of Internal Management, headed by the Secretary General, is in charge of the administration and internal affairs of the association, such as preparing the internal meetings, dealing with the obligations of its members, archiving, data protection, human resource management, training, knowledge management and dealing with information technologies.

The relation between IM and FM is based on the idea of ensuring the proper administration of the association, both internally and financially. The collaboration between the two areas is especially important before internal meetings when preparing the list of votes, i.e. which of the Members have fulfilled their obligations and hence may vote, as well as covering the administrative fees for the proper registration of the association and its executive board members, IT systems, etc. Especially before an audit the Treasurer and the Secretary General will work closely together ensuring that minutes of board meetings and decisions are properly prepared.

MKT

The collaboration between the marketing area and financial management area shall be seen as a cooperation to ensure the correct promotion of the association and all the projects. To achieve this goal, investments such as appropriate equipment or editing programmes must be made. These expenses should not be seen as a burden for the association, yet as something we can benefit from, as we will be able to gain more participants, sponsors or partners.

b) Key Areas & their projects

This section provides selected examples of ELSA projects to illustrate how Financial Management typically interacts with Key Areas in practice. The examples below are not exhaustive and do not replace the project-specific rules, procedures and organisational guidance. For detailed information on project governance, operational structure and standards, please refer to the relevant Project Handbook of the Area of Reference. The focus here is solely on the financial setup, controls, and key financial risk points a Treasurer should monitor.

As written above, from a governance perspective, the Treasurer acts as the financial gatekeeper of the term: ensuring that projects are financially feasible, correctly budgeted, compliant with internal regulations, and transparently documented. In operational terms, this covers the full cycle of project finance: drafting and approving the budget, forecasting income and expenditure, monitoring cash flow, issuing invoices and tracking receivables, documenting expenses, and reporting financial performance. The Treasurer also has a coordination role at the ELSA International level in relation to the network's financial standards, particularly when fees, reporting cycles, or EDF/grants procedures are involved.

A core principle applies across all projects: no financial commitment should be made unless the cash impact is understood and the funding source is realistic. Sponsors, grants, and external contributions should be treated as expected income until they are contractually secured or formally approved. Conversely, deposits, cancellation fees, and fixed supplier commitments should always be treated as real liabilities from the moment they arise. This is where project managers often need the Treasurer the most: not to "approve spending" in the abstract, but to translate project decisions into liquidity planning and risk containment.

Moot Court Competition (C) - Regional Rounds - Financial setup

The Regional Rounds provide a clear example of a project where the financial structure must remain stable across multiple hosts while still allowing for local execution. The Treasurer's main contribution is to ensure that the financial flow is predictable, documented and aligned with the rules set at the international level. As of the writing of this handbook, there are two Moot Court Competitions with Regional Rounds. There is both the Helga Pedersen Moot Court Competition (HPMCC and JHJMCC). More detailed information can be found in the

HPMCC RR handbook and the JHJMCC RR handbook. Both handbooks can be found on the Officers Portal.

Participation Fees. Participation fees represent a primary revenue stream and must be handled in a structured manner. Fees are typically set by ELSA International together with the Hosts and are paid directly to the Local or National Group organising the Regional Round. From a financial management perspective, this immediately creates two critical responsibilities for the host Treasurer: (1) invoice issuance based on correct billing data and (2) receivables management to avoid liquidity gaps. Payment deadlines must be communicated clearly and should be planned in consultation with ELSA International, because late receipts often create downstream pressure on deposits, suppliers and non-refundable costs.

A key financial risk point arises around withdrawals and refunds. Even if a refund is considered fair from a participant perspective, the Treasurer must evaluate whether the project has already incurred non-refundable expenses that were contracted based on expected attendance. The financial logic is simple: if the cost base has already become fixed, refunding income may turn the project immediately loss-making. Therefore, refund decisions require coordination with ELSA International to ensure consistency and to avoid setting precedents that undermine cost control across Rounds. If unforeseen circumstances force a shift to an online format, participation fees may be waived. The Treasurer should treat such scenarios as a stress test for the budget: a large share of revenue is removed and fixed costs must either be eliminated or covered through alternative funding.

Grants. Regional Round Organisers are eligible to apply, after the event has taken place, for EDF Support of up to €2,000 for the organisation of the Regional Round. Further information on EDF Support is available in the EDF section of the ELSA Officers' Portal. They are also encouraged to seek additional national or regional grants prior to the event. The Treasurer's role is to ensure that grant planning is financially sound: grant funding should not be used to justify expenditure unless approval is realistic and timing is compatible with the project's cash needs. A common failure mode is "grant optimism" combined with early supplier commitments. The correct approach is to treat grants as conditional income, link grant-funded expenditure to approval milestones and document the entire application chain for reporting and audit readiness.

Sponsors and partners. Projects often attempt to close the gap between fee income and cost needs by relying on external partners. Here, the Treasurer should push for clarity in two areas: valuation and timing. If a sponsor offers services in kind (printing, catering discounts, products), the Treasurer should still treat this as a financial element of the budget: it affects the real cost structure and should be recorded transparently for internal reporting. In addition, sponsor income should not be "counted" until it is contractually secured. Where internal approvals are required before contacting sponsors, the Treasurer's focus should remain on financial exposure: commitments should never be made on the assumption of a sponsorship that has not yet materialised. Always keep in mind that this is usually the responsibility of BEE and C.

Budget responsibility. The hosting Group is responsible for the finances and for any financial loss. This is why Regional Round budgets should include scenario planning (Plan A/B/C) and contingency planning, plus clear prioritisation: what is indispensable, what can be scaled and what can be removed without harming core quality. A mid-project budget revision once participation numbers are clearer is not optional good practice, it is risk management. It allows the Treasurer to recalibrate spending before the project enters the irreversible cost phase.

Seminars & Conferences (S&C) – disciplined budgeting and cost structure control

Seminars and Conferences highlight a basic but essential financial management principle: realistic budgets are a governance tool. The Treasurer must push for feasibility, not optimism.

Income can come from sponsors, grants, university support, and participation fees, with internal caps depending on participant categories. The Treasurer should treat sponsor and grant income as unsecured until confirmed and design expenditure so the event remains viable even if external funding is delayed or reduced. On the expenditure side, participant numbers heavily influence variable costs, while fixed costs must be kept low relative to total expenditure to reduce break-even pressure.

- Study Visits (S&C) – Financial clarity and cost allocation

Study Visits are financially simpler than large flagship events, but they are often riskier administratively because costs are split across two Groups and payment flows can become unclear. The Treasurer's main objective is to prevent ambiguity. More detailed information can be found in the Study Visits Handbook which can be accessed through the Officers Portal.

Financial responsibilities. Financial responsibilities must be discussed early and recorded clearly in the Study Visit Agreement. The agreement should specify which costs are included and which are optional, how meals and transport are handled, and whether tickets or entrance fees exist. Vague formulations ("participants will cover some costs") are a red flag: they produce disputes, inconsistent reimbursement practices and incomplete accounting documentation.

There are two common payment structures: either the Hosting Group pays in advance and invoices the Visiting Group as a single counterparty, or costs are split with the Visiting Group paying certain items directly. The Treasurer should prefer whichever option is more trackable and legally straightforward for the Group's accounting system. Regardless of the structure, deadlines, cancellation policy, and payment evidence must be clear. A practical best practice is to build a small amount in plus (around 5%) into participation fees to cover exchange-rate movement, last-minute schedule changes, or minor additional costs.

Funding options. Study Visits can benefit from institutional support (university facilities, subsidised meals, local sponsors and local authorities).

- ELSA Law Schools (S&C) – Fee-based sustainability model

ELSA Law Schools are a classic example of a project with a relatively clear financial model: large cost blocks must be covered primarily through participation fees. The Treasurer's primary job is to ensure that the model remains sustainable and that the event does not create hidden financial exposure for the Group. More detailed information can be found in the ELSA Law Schools Handbook which can be accessed through the Officers Portal.

Participation fees and cost coverage. The central financial principle is that participation fees should cover accommodation, meals, transportation during the official programme, academic and social programme components and administrative costs. A common strategic mistake is using all available funds only for accommodation and meals, leaving insufficient margin to cover logistics and unavoidable operational costs. The Treasurer should actively enforce margin logic: even if the event is not designed to maximise profit, it must at least protect the Group from losses and liquidity shortages. Keep in mind to pay close attention to cash flow, which can come under pressure when instalments for accommodation or catering need to be paid.

Regulated fee structure. Participation fee maxima are determined by internal rules (detailed information can be found in the part 6 of the ELSA Law Schools Handbook) and vary based on organiser categories and favoured/non-favoured classifications. ELSA

International keeps a frequently updated list on favoured/non-favoured countries found in Annex 1 of the ELSA International Decision Book. The classification of favoured or non/favoured will decide the maximum participation fee for a participant, whereas participants from a favoured country will have a lower maximum participation fee than participants from a non-favoured country. Keep in mind that both the list of favoured/non-favoured countries and the maximum fee can change through a decision from the International Council or due to indexation. If most events set fees at the maximum, lowering fees becomes a competitive decision that must be supported by cost reductions or additional funding, otherwise the event becomes structurally underfunded.

Additional and extra fees. Additional fees are limited to certain categories and maximum amounts.

Grants, sponsors, and in-kind contributions. Grants (university, EDF, local/regional) and sponsors can reduce participation fees or improve quality, but only if managed as realistic financial inputs. In-kind contributions should be treated as part of the budget in a transparent way, because they effectively replace expenditure with negotiated value.

Administrative fee and mandatory outgoings. Mandatory administrative fees and deposits must be paid towards ELSA International.

- ICE (International Conferences and Events) (S&C)– per-day fee logic

ICE projects are structured around daily participation fees. The Treasurer's focus should be on accurate cost allocation and compliance with fee caps. The daily-fee model creates a simple formula, but it increases sensitivity to attendance choices: if participants attend fewer days than projected, revenue falls while some costs remain fixed. The Treasurer should ensure the budget distinguishes between fixed costs (platform/venue baseline, equipment, initial marketing) and variable costs (meals, per-capita materials). Optional elements like gala events or accommodation as extra fees can improve financial resilience, but only if priced properly and contracted with flexible conditions. More detailed information can be found in the ICE Handbook which can be accessed through the Officers Portal.

Career & Job Fairs (PD) – revenue, visibility packages, and post-event reporting

Fairs can be both a strategic flagship initiative and a revenue opportunity. Financially, they are a hybrid between an event and an external relations product.

The Treasurer should insist on a clear budget early in the planning phase, covering venue/platform costs, marketing, logistics, and operational materials. On the income side, participation fees for organisations and sponsorships are often the main driver. These should be structured through tiered packages, so that the price corresponds to visibility and benefits. After the fair, a short financial report should be prepared and stored to support continuity and improve forecasting accuracy for future editions. Detailed information about Career & Job Fairs can be found in the Fairs Handbook which can be accessed through the Officers Portal.

Always keep in mind

1. These are examples, not an exhaustive list.

We are referring here to selected events that are commonly organised within ELSA and are frequently used as examples. However, there are many other projects described in the respective Area Handbooks. In any case, the financial principles analysed above apply to all, or at least the vast majority of ELSA events. The structure may differ, the scale may vary, but the core logic of budgeting, liquidity control, documentation, and risk management remains the same.

2. Understand your role, your limits, and the broader financial vision.

Your responsibilities may vary slightly depending on your National Group, established Board practices and internal working culture. Financial Management is a supporting area, and certain operational decisions must remain within the competence of the responsible Vice President or Project Officer. For this reason, communication and clarity with the relevant VP are essential.

It is highly recommended that you thoroughly read and understand the project itself. A realistic and sustainable budget can only be built if the Treasurer has a clear understanding of the structure, timing, scale, and risk profile of the event. Invest time in dialogue, discussion, and comparison. Speak with Treasurers who have previously organised the same project, either within your own Board or from other Groups, if you need help, feel free to ask other members of our network so that they can help you! Learn from past experiences to improve projections and avoid preventable financial mistakes.

Remember that the Association's objective is overall financial sustainability. While certain events may generate a loss, what ultimately matters is that the financial year, and the long-term financial cycle, remains stable and aligned with your financial strategy. If there are pre-existing debts or financial weaknesses, this becomes even more important. Some events are organised primarily for members' benefit, strategic positioning or visibility. Their value may materialise indirectly or in the long term. A modern Treasurer must therefore combine two abilities: the capacity to evaluate each individual event rigorously, and the broader strategic vision to understand its role within the annual and multi-annual financial framework. Setting clear financial boundaries for each project is essential; otherwise, a single poorly controlled event can compromise the stability of the entire term. Financial management requires a continuous balancing of competing interests.

3. Learn to say no.

Ultimately, the Treasurer is responsible for the finances and it rests with you. It is therefore essential to maintain an overview of both the individual project and the overall financial situation. You must know where to set limits, which costs can be reduced or eliminated, and which commitments are not financially sustainable. Decisions should always start from what is non-essential and remain fully in accordance with ELSA's internal regulations and governing documents. Exercising restraint when necessary is not obstruction, it is responsible stewardship of the Association's financial stability.

VII. General Conclusion

This handbook should give you a helpful start to understand what it requires to be successful in the field of Financial Management. However, it is important to note that every National Group has their own needs and requirements. Some examples regarding taxes may not apply to your national group and most of the financial terms found in the glossary will have translations in your respective language that you might be more familiar with. We hope that you found this handbook helpful and it's now up to you to figure out what works best for your national group.

VIII. Contacts

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