

IUC - ACCOUNT 2022/REVISED BUDGET 20

Budget2022

Accounts2022

Revised Budget2023

All numbers in EUR

1111	Incoming balance 1 JANUARY	125711	125711	119869
1114	Incoming balance Ministry scholarships	18184	18184	18184
1115	Incoming balance IUC scholarship	11128	11128	11982
1116	Incoming balance Earmarked funding	8802	8802	6432
TOTAL INCOMING BALANCE		163825	163825	156467

INCOME

3211	Membership fee payments	18000	25469	24000
3211	Course fee participants	19000	28993	30000
3211	General course fee	17000	17667	22000
3211	Conference fee	15000	16897	15000
3211	General conference fee	1300	598	1000
3511	Grant from Ministry - operation	25000	24573	25000
3512	Grant from Ministry - scholarships	75000	74969	75000
3513	Council meeting	4000	664	0
3541	Witea id	2000	6363	8000
3551	IUC scholarship/ Donation	2000	854	1000
3552	Marija i Mirjan scholarship fund			10000
3550	Earmarked funding	5860	4995	2000
3612	Other refunds		821	500
TOTAL INCOME		184160	202863	213500

EXPENDITURES

4261	Office material	5000	5607	6500
4222	Travel expenses DG and others	6500	4446	7000
4223	2 Executive Committee meetings	3500	3027	4500
4224	DG Allowance	2000		2000
4232	Scholarships Ministry	75000	74969	75000
4232	Scholarships IUC	7500		4000
4233	Marija i Mirjan Damaška fund			10000
4251	Post & teleservice, internet	6000	4902	6000
4252	Web development	3000	584	4000
4264	Equipment	4000	4210	4500
4264	Cont.Building Investment	14400	14009	0
4253	Printing	4500	2134	3000
4257	Accounting services	11500	10162	12500
4257	Staff	10000	11770	12000
42574	Research EU		375	0
4259	Miscellaneous	500	1342	3000
4255	Transfer to University of Zagreb	22000	21369	26000
4294	Registration fee	0	251	500
4295	Social events, guided tours etc.	15500	17684	19000
4431	Bank fees	2500	1624	2000
4511	Earmarked projects	5000	7365	12000
4512	IUC visibility, incl. book	5000		8500
4554	Anniversary IUC-a	30000	23959	0
4259	Online course working papers	1000	432	500
TOTAL EXPENDITURES		234400	210221	222500
Balance surplus/deficit		-50240	-7358	-9000
OUTGOING BALANCE 31.12		113585	156467	147467

IUC FINAL ACCOUNTS AND OPERATION 2022

THE AUDIT OF the final accounts for 2022 was undertaken on site at the IUC 16 and 17 March 2023. Like the previous years, meetings regarding the planning and execution of the financial operation were held with the IUC Accountant and the IUC Executive Secretary. The objective of the visit was to check, and review, the accounting procedures of the IUC by way of a general audit of the final accounts for 2022.

THE REGISTERS OF all sub-items in the IUC accounts were presented during the audit and continue to demonstrate that IUC bookkeeping is still performed in a highly professional manner. Without advance notice, the elected auditor requested to look at receipts for several payments from 2 sub-items (4252 and 4554)* – completely randomly chosen in the moment by the elected auditor – from the detailed accounting ledgers. All original receipts were found, presented, and verified to be 100% accurate. Moreover, the auditor also asked for the bank statement of the outgoing balance ('money in the bank') of 2022. An e-transcript from the bank was presented and corresponds with the financial statement (final accounts) 2022.

ONE IMPORTANT DISCOVERY made during the audit was that – as of 17 March 2023 – the IUC has had an exchange rate loss of approx. EUR 6000 (six thousand) in the account for the Damaška fund, which was received in USD. The auditor made a recommendation to change the total amount received and the currency from USD to EUR as soon as possible. This in order to avoid further possible losses from that donation.

IN SUMMARY – based on the audit performed – the assessment of the elected auditor is that the accounting and financial reporting at IUC is excellent and are handled in a meticulous and impeccable manner, as always.

THE BUDGET APPROVED by the Executive Committee (EC) for the fiscal year 2022 projected a deficit of EUR 50 240. Nonetheless, the final financial result of 2022 was much better, with a deficit of 'only' EUR 7 358. That is EUR 42 882 better than expected.

THUS, THE INCOMING balance of the IUC as of 1 January 2023 was EUR 156 467. It is the assumption of the elected auditor that one of the reasons for why they approved a rather larger deficit for the fiscal year 2022, was the fact that the financial situation of the IUC was looking promising. This is still the case – even after the cost of the celebration of the 50th anniversary. Therefore, the elected auditor repeats the recommendation given in the 2021 report, that the margin for investment in the future operation of the IUC is good. Thus, *“The EC should consider how to use this opportunity to consolidate and strengthen the operation of the IUC in a long-term perspective.”*

THE FINANCIAL RESULT of 2022 saw a rather strong rupture with the budget. In general terms the administration of the IUC finances has been close to the budget, improving over the latter years, but 2022 provides a deviation from this trend. However, the financial management of IUC still is

* Those were 'IUC Anniversary', under this account three additional items were randomly selected, as well as 'Web Development'.

very professional and the main explanation for the discrepancy between budget and account in 2022, is that income was 10% higher than projected in the budget, something that is really a good sign.

IN TERMS OF NUMBER of participants in IUC activities, 2022 is the best year for IUC since the current elected auditor assumed his role. A total of 2446 persons participated in IUC activities in 2022. It should be noted that approx. 450 of these were online participants, so the number of participants in person in Dubrovnik in 2022 was 1996. Still, it is the highest number of participants since 2015, and shows that the IUC is now 'beating' its own pre-covid numbers. This fact should be taken into consideration (and exploited) when planning future strategic activities, as well as used in public relations about the IUC, particularly in front of possible donors.

PARTICIPANTS IN IUC ACTIVITIES BY YEAR (2015-2022)

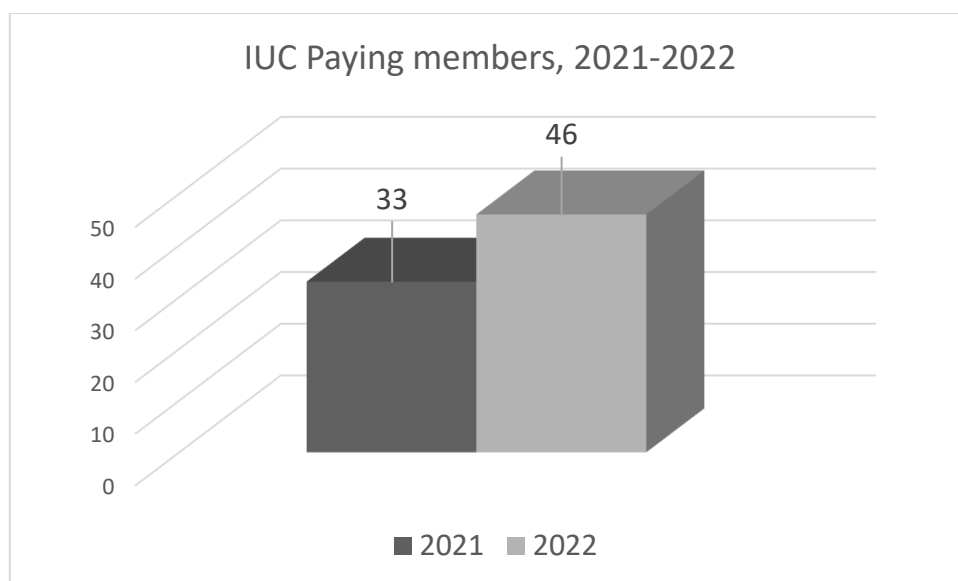
2015	2016	2017	2018	2019	2020	2021	2022
1717	1946	1926	1965	1995	606	1534	2446

IUC CONFERENCES AND COURSES (2021-2022)

	2021	2022	DIFFERENCE
NUMBER OF CONFERENCES	16	19	+18%
NUMBER OF COURSES	22	37	+68%

THE ELECTED AUDITOR is very impressed by this high activity of the IUC and thinks that the staff in the IUC office deserve a mammoth commendation for their hard work! Nevertheless – and as repeatedly commented upon in previous reports – it is difficult to understand how the staff are managing this workload and how this is sustainable in the long run. Given that the work in the office is highly specialized and, consequently, it takes time to train new personnel, the situation with continuous high-pressure workload among IUC staff poses a significant risk for the IUC operation.

DURING 2022 A total of 46 institutions paid their annual membership fee. This is up 39%, compared to the 33 paying institutions in 2021.



RUNNING THE DANGER of ‘being on repeat’, it is still the view of the elected auditor that, arguably, the most ‘cost efficient’ way of further consolidating the economy of the IUC is to increase the paying members from the current (approx.) 37% to at least 50%.[†] If 50 percent (62 institutions) of the IUC members indeed paid the membership fee of EUR 500, that would give the IUC an annual income of EUR 31 000 for its operation.

BASED ON THE CURRENT financial situation of the IUC, the elected auditor puts forward the following recommendations (most of them have been suggested in previous reports) for careful consideration and deliberation by the IUC Executive Committee:

- ❖ Generally: make a strategic *operational* plan for investing around EUR 50 000 (32%) of the current financial balance within the next 2-3 years. These should be invested – in a coherent and responsible manner – in activities that can contribute to boost the academic output, profile, visibility, and recognition of the IUC as a relevant and solid center for advanced studies in Croatia, in the region, and in Europe.
- ❖ Concretely: evaluate the tasks undertaken by staff at the IUC office as well as the workload. Which tasks are important; is the office properly staffed given the high volume of activities; are there important things that should be done that (due to lack of capacity) are neglected; are there functions that can, reasonably, be offloaded/outsourced, etc.?
- ❖ Concretely: consider how the IUC can take better advantage of its web page, social media, and other electronic instruments as tools for the goal of expanding academic- and educational activities.

IN CONCLUSION, it is the assessment of the elected auditor that the IUC should immediately cease on the various opportunities and ‘invest in the future’ of the IUC, given the current financial ‘room of opportunities’ for thoughtful, strategic long-term actions.

Bergen/Dubrovnik, May 2023
Hans Egil Offerdal
University of Bergen

[†] The number of IUC member institutions used here is calculated (from the list of Membership Fee Payments) to be 124.