

## IUC - ACCOUNTS 2018 AND FINAL BUDGET 2019

			2018	2019
			01.jan.18	01.jan.19
1111	Incoming balance 1 JANUARY	108 591	108591	117094
1114	Incoming balance Ministry scholarships	18 184	18184	18184
1115	Incoming balance IUC scholarship	2 394	2394	2511
1116	Incoming balance Earmarked funding	4 066	4066	4026

<b>TOTAL INCOMING BALANCE</b>		<b>133235</b>	<b>133235</b>	<b>141815</b>
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<b>INCOME</b>		<b>BUDGET 2018</b>	<b>ACCOUNT 2018</b>	<b>BUDGET 2019</b>
3211	Membership fee payments	21 000	15937	17 500
3211	Course fee participants	28 000	32614	29 000
3211	General course fee	24 000	31191	28 000
3211	Conference fee	11 000	6700	12 000
3215	General conference fee	500	695	800
3413	Interest from bank	200	18	30
3511	Grant from Ministry - operation	29 500	31252	29 500
3512	Grant from Ministry - scholarships	90 800	89716	90 800
3513	council meeting			0
3514	IUC scholarship/ Donation	2 362	3247	0
3550	Earmarked funding	15000	4650	10 000
3612	Other refunds	1 000	631	1 000
<b>TOTAL INCOME</b>		<b>223 362</b>	<b>216651</b>	<b>218 630</b>

### EXPENDITURES

4261	Office material	7000	6493	7 000
4222	Travel expenses DG and others	4 500	2816	4 500
4223	2 Executive Committee meetings	3 000	3328	3 000
4224	DG Allowance	2000		2 000
4232	Scholarships Ministry	90 900	89716	90 900
4232	Scholarships IUC	2 000	3130	1 000
4251	Post & teleservice, internet	7 000	5823	6 000
4252	Web development & communication			8 000
4264	Equipment	12 000	12623	10 000
4253	Printing	4 000	4830	4 000
4257	Accounting services	11 000	11255	11 000
4257	Staff support	21 000	16960	10 000
4257	staff	20 000	2879	7 000
4257	Student help	5 000	4169	0
42574	Research S EU	6 000	470	250
4259	Miscellaneous	5 000	1266	4 000
4255	Transfer to University of Zagreb*	23 000	19754	19 754
4295	Social events, guided tours etc.	14 000	15329	17 000
4431	Bank fees	2 500	2540	2 500
4511	Earmarked projects	15 000	4690	10 000
4512	council/Conference	0		
<b>TOTAL EXPENDITURES</b>		<b>254900</b>	<b>208071</b>	<b>217 904</b>

Balance surplus/deficit	<b>-31 358</b>	<b>8580</b>	<b>726</b>
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<b>OUTGOING BALANCE 31 DECEMBER</b>		<b>141815</b>	<b>142 541</b>
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ALL NUMBERS IN EUR

## **IUC FINAL ACCOUNTS 2018**

AN ON-SITE visit to the premises of the IUC was performed by the elected auditor 4<sup>th</sup> and 5<sup>th</sup> of April 2019. Meetings were held with the IUC Accountant and the Acting 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 2018. General issues related to financial matters, particularly with respect to the daily operation and investments of the IUC, were also discussed.

IN SUMMARY – based on the information provided – 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. However, as commented upon in previous reports, the budget could have been adhered to somewhat more closely than it was. Using the budget actively as one, among several, instrument for securing activities and output demonstrates meticulous administration. The budget for 2018 showed a deficit of EUR 31 358. However, the final accounts establish a surplus of EUR 8 580.

THE STRONG DEPENDENCY on grant(s) from the Croatian government, especially with respect to financing the operational costs, is considered to pose a very high risk to the future, and the development, of the IUC. This IUC authorities, and especially the IUC Executive Committee, should not turn a blind eye to this issue. It is the explicit recommendation of the elected auditor that a concrete plan of action for securing alternative funding should be immediately prepared and implemented.

THE REGISTERS of all sub-items in the IUC accounts were presented during the audit, and shows that IUC bookkeeping is performed in a highly professional manner. Without advance notice, the elected auditor requested to look at receipts for several payments from 3 sub-items<sup>1</sup> (42570, 42572 and 429) – 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.

IN CONCLUSION, as far as the elected auditor is able to verify, bookkeeping at the IUC is sound, reliable and managed in a very satisfactory way. On a general level, the finances of the IUC were marginally solid at the end of 2018. However, this situation can turn around dramatically overnight if the funding from the Croatian government is reduced, or simply evaporate.

Further, the uncertainly tied to the funding (in 2018 the contract with the ministry was not signed until June, that is 6 months into the annual operation!) makes it very difficult to advance various new initiatives and to be bold when it comes to the academic development of the IUC. Consequently, the lack of stable financing is not only a future risk, but already influences the ongoing planning and execution of the IUC's mission on a daily basis.

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<sup>1</sup> The sub-items were Accounting Services, Student help and Expenses for Social Events.

### Some remarks on individual items:

3211 **MEMBERSHIP FEE PAYMENTS:** The sum is lower than the budget. It is due to the fact that only **35 (thirty-five) institutions paid** the modest membership fee of EUR 500 in 2018. This is **5 less paying institutions** than in 2017, and **a disturbing 20% decrease** in paying institutions in the four years between 2014 (when 44 institutions paid the fee) and 2018.

There is still an **excessive and unreasonable default on non-paid membership fees** which has been, time and again, pointed to in previous reports by this elected auditor. Amending this peculiar situation seems, for some reason, not to have been addressed thoroughly.

3211 **COURSE FEE PARTICIPANTS:** This item is higher (EUR 4 614) than the budget.

3211 **GENERAL COURSE FEE:** This item is significantly higher (EUR 7 191) than the budget.

3214 **CONFERENCE FEE:** This item is much lower (EUR 4 300) than the budget.

4224 **DG ALLOWANCE:** no money has been used here.

### **COMMENTS:**

It is very encouraging to see that the work with securing a robust staffing of the IUC office finally has been implemented. The support from the University of Zagreb in solving this issue has been crucial and is duly recognized. This favorable situation gives a momentum and opens up for adapted activities and renewed focus of the IUC. Further professional development of the IUC office, attached to activities for the future should be a high priority of the IUC. Hereunder:

- Offering (based on aspirations of staff, as well as the long-term strategy of the IUC) complementary, and continuous education/training for IUC personnel
- Elaborating a long-term (concrete) plan for financing the continuous, successful operation of the IUC (including addressing the challenges/possibilities with memberships fees, additional income and dependency on government funding)

### **OBSERVATIONS/SUGGESTIONS:**

- ✓ The uncertainty with the grant (from the Croatian Government) is a returning issue. Hence, with no additional funds/income, the IUC is faced with a significant high-risk threat with respect to its future existence.
- ✓ Increasing the ratio of (the modest EUR 500) membership fee payments is, *arguably*, the easiest way (quick-fix) of addressing challenges with income in the short term. If 75 institutions paid their membership fee it would secure an income of EUR 37 500, as

opposed to only EUR 15 000 in 2018. Moreover, if 100 institutions paid, the income would be EUR 50 000. How will the IUC authorities address this compelling issue?

- ✓ When one look closer at the IUC ‘course catalogues’ for the past years, it demonstrates a “tour the force” of research-based university education in an international and, particularly, European context. New research-based knowledge is being transferred and young generations are engaging in global challenges and their solutions. As such, the IUC could be described as a successful center of advanced academic studies. However, this immense effort is **almost invisible** to the international/European research community, academic institutions in the region and to the society at large both locally, nationally, regionally and internationally. Said in a tabloid manner: *It is almost like the IUC does not exist*. Thus, perhaps the IUC should think about making a serious plan of communication, as well as consolidate the various educational and research initiatives in forms of **more academic outreach** like conferences, workshops, publishing etc. Would it be beneficial to hire a communications officer for such “marketing” and “branding” of the IUC? What is the IUC “narrative”, how can that be presented and how can one use existing education and research also towards policy makers, NGOs, governments and a serious advancing scientific cooperation with reputable academic institutions? How can the existing and ongoing success of IUC be communicated? This is not only about making the IUC more relevant, but also more visible.
- ✓ The budget should be followed more closely in the future. Seen as an instrument of guiding the daily operation, it was suggested in the 2017 report that quarterly (perhaps bimonthly) financial reports were produced in order to have a better overview of spending according to budget and used as a guiding instrument. As far as the elected auditor can establish, such a mechanism was not implemented. Doing this also makes it possible to adjust the budget during according to operations during the year. One solution here is to give a mandate to the DG and Deputy DG to, in cooperation with the IUC office, reallocate money between subitems in the budget, as long as the overall balance with respect to surplus/deficit is not altered.
- ✓ Another way of using the budget as an instrument of governance and securing a good financial administration of the many IUC activities, is perhaps to finalize the work with the *final budget* in October before the fiscal year of implementation. This will make it easier to plan long-term activities of higher impact.

In 2018 the staff at IUC coordinated **53 courses** and **12 conferences**. A total of **1 965 people** participated in the various activities. One more time it is an impressive output and, once again, a mammoth achievement by the IUC and the dedicated staff in the IUC office!

Bergen/Dubrovnik, May 2019  
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