FCAC report 2023-2024

General introduction

This mandate the FCAC was downsized from 4 to 2 members, namely Miriam and Ximena. Even though we were less members, we have found that two is still a sufficient number for the tasks and responsibilities of this body. The FCAC has enjoyed communication with the FYEG treasurer and the Office, and we want to thank them for their efforts this year! We are very satisfied with the financial management and the financial strategies that FYEG has been moving towards. We are seeing the fruits of many of the previous FCC/FCAC recommendations and the tireless dedication of the Office and the treasurers over the last few years.

This mandate we were able to have multiple digital meetings and one in-person meeting in Brussels in May 2024. Throughout the year we have been kept informed in a timely manner about financial challenges or successes. During the digital meetings we had a continuous conversation surrounding recommendations past and future. However in the in-person meeting we were really able to delve into the details of the budget, books and financial plans.

In this FCAC report we will look back on past recommendations and their implementation, the internal audit and our suggestions for the future.

Implementation of last year’s recommendations

Recommendation 1: Develop a Liquidity Plan

It was recommended to create a liquidity plan to ensure timely payments and prevent cash shortages, especially given the annual funding cycle with European grants.

This year we considered a formal liquidity plan, however due to the general good financial practices that already exist within FYEG, the FCAC does not deem it necessary to write a complete liquidity plan. Instead we propose a simple indicator, an Account Coverage Indicator (a “trigger” after which a specific plan would be put in motion) for ensuring account coverage. This is commonly referred to as a “red line”, when the liquidity drops below this line this automatically triggers a predefined set of emergency measures to restore the financial security. The specifics on the plan still need to be discussed. The suggestion is for the FCAC to support the Office on this discussion, trying to use the experience we have available before reaching for an external advisor. (See current recommendations)
Recommendation 2: Implement Gender Budgeting

Gender budgeting aims to reduce gender inequalities and promote equal opportunities. FYEG has implemented multiple practices and publishes a gender report each year. The previous FCAC recommended continuing this practice and seeking assistance if necessary to address significant gender gaps.

This has not been an issue this year, the current gender budgeting is well implemented and sufficient.

Recommendation 3: Implement Carbon Budgeting

Carbon budgeting involves setting limits on greenhouse gas emissions to promote sustainability. While lowering CO2 emissions is important, a formal carbon budgeting plan was considered impractical for a Pan-European organisation that values coming together for our political goals. Also, this is a very complex and innovative concept which makes it very challenging to implement since we know of few real life examples of carbon budgeting. This requires a lot of thought and energy, and has not been the priority of FYEG nor this FCAC.

Instead, we discussed and suggested FYEG focuses on reworking travel reimbursement guidelines and exploring practical solutions for reducing emissions without adopting individual carbon budgets. We encourage a broad discussion and recognition of its broader systemic context instead of focusing solely on individual behavior. (See current recommendations.)

Internal audit

The internal audit took place in May 2024 and the FCAC and FYEG’s Treasurer Emil were present. As is customary we started the day with the budget report of 2023 and the budget plan for 2024.

The budget report of 2023 had some important differences to the proposed budget at the last GA. However, we found the explanations for these differences were clear and reasonable. For example, higher personnel costs were realised. This was due to the indexation for inflation and also a period of overlap for the handover of Caro and Florence. The indexation amount is compliant with the Belgian mandatory level. And investing in a quality handover is very important. We also saw a reduced spending on trainings for staff. This however remains something that the FCAC deems essential to the wellbeing and growth of the Office and it is expected that next year this budget will be more utilised. We were also happy to see that the EC has started using the budget for Study visits more. We dedicated extra time to the Know Your Customer fee which will be a new recurring expense for the bank charges. The revenue streams of 2023 were also clearly explained and there were no significant changes worthy of concern.
The budget plan for 2024 is well thought out and we support the changes that have been implemented. We did not make any recommendations for changes. Overall we think it is a solid plan for our next year.

The final part of the in person meeting is the checking of the books. Important to note is that FYEG also employs an external accountant to check the books compliant with the Belgian legal requirements. Our internal audit entails a check of individual payments in the accounting system. We can confirm that there are no concerning transactions or missing documentation. There were some minor questions we had but Emil (Treasurer) and Flo (Finance Officer) were both able to give some more context and clarity when asked. We were able to close the meeting with a sense of confidence in the financial management of FYEG.

Future recommendations financial management & orientations

Implementing an Account Coverage Indicator

As FYEG continues to prioritize financial stability, exploring efficient alternatives to formal liquidity plans can streamline operations. One such suggestion is the implementation of an account coverage indicator, serving as a proactive measure to ensure timely payments and prevent cash shortages. The proposal for an account coverage indicator stems from the recognition of the organization's need for a practical yet effective approach to financial management. By establishing a simple trigger mechanism, such as a predefined threshold indicating sufficient account coverage, FYEG can promptly identify potential liquidity issues and initiate necessary actions.

While the specifics of this indicator require further discussion, the suggested approach offers flexibility and ease of implementation. The indicator for example could be tailored to the organization's financial dynamics, considering factors such as grant cycles and operational expenses. Regular reviews and adjustments would ensure its relevance and effectiveness over time.

To facilitate the development and refinement of this indicator, collaboration between the FCAC and the Office is essential. Leveraging the collective experience and expertise within the organization, FCAC's support in these discussions can provide valuable insights and perspectives. The suggestion would also be to harness internal resources before considering external advisors.
Refocusing Emission Reduction Efforts on Travel Reimbursement Guidelines

As FYEG continues its commitment to sustainability, a strategic shift towards practical solutions is necessary. While carbon budgeting has been considered, the organization acknowledges the limitations and explores alternatives to reduce emissions and address broader systemic issues. The suggestion is then to prioritize reworking travel reimbursement guidelines in order to demonstrate FYEG’s commitment to practical sustainability solutions. We believe that by leveraging internal resources and discussing more in depth the challenges and possibilities in relation with the travel reimbursement guidelines, our organization can effectively further reduce its carbon footprint while addressing broader systemic issues.

Payroll Safety Fund

The Payroll Safety Fund represents an important asset for FYEG’s financial stability and resilience. As discussions continue regarding its sustainable and secure investment, defining a clear strategy for the fund’s management is imperative. While the fund serves as a critical buffer against unforeseen financial challenges, determining the most suitable investment approach requires careful consideration of various factors, including risk tolerance, liquidity needs, and long-term sustainability.

To address the need for a defined strategy, initiating discussions among key stakeholders is essential. By convening meetings involving relevant parties, such as the FCAC and organizational leadership, FYEG can assess different investment options and evaluate their alignment with organizational goals and values. We hope to see this matter be addressed in the coming year, since we view this strategic planning as a keystone for organisational stability.

Conclusion

All in all, FYEG’s finances are becoming more professionally managed every year and we are proud of the growth we have seen.

Thank you so much for your hard work and dedication.