



# Crawley u3a

*Registered Charity No. 1029004*

# ***FINANCIAL POLICY***

## **1. Introduction**

- 1.1 This policy is part of the governance arrangements. It set out the financial framework and principles within which the Trustees of Crawley u3a (the u3a) will manage all the organisations financial affairs.
- 1.2 The Trustees are accountable to the Membership for any non-compliance with this policy.
- 1.3 Any decisions made by the Trustees in terms of operational implementation of this policy are minuted in a separate document entitled *Financial Policy – Committee delegated decision schedule*.

## **2. Trustees' financial responsibilities**

- 2.1 The Trustees of Crawley u3a are responsible for:
  - Safeguarding the assets of the charity.
  - Identifying and managing the risk of loss, waste, theft, or fraud.
  - Ensuring the financial reporting is robust and of sufficient quality.
  - Determining the financial control and procedures to be followed by the u3a.
  - Keeping financial records in accordance with the u3a's constitution and relevant legislation/regulations (e.g., Charities Acts, Companies Acts, Charity Commission etc).
  - Preparing Annual Accounts in accordance with the governing document and relevant legislation.
  - Ensuring the accounts show a true and fair view of the situation of the u3a.
  - Ensuring that the organisation is achieving value for money on its expenses.
  - Optimise opportunities to generate income for the benefit of the whole organisation, whilst avoiding any unnecessary risks.
- 2.2 Under the constitution of Crawley u3a, the Trustees collectively form the Committee.
- 2.3 Determining the annual level of the fees and charges to be levied for Membership and activities.
- 2.4 Trustees are jointly and severally responsible for ensuring that all income and expenditure arising from, or associated with the organising, running, delivery or participating in any activities undertaken by the u3a is fully accounted for within the financial records. These included the u3a and all the activity groups, sub-groups, trips and outings.
- 2.5 A copy of this policy will be given to all Trustees as part of their induction programme and made available to Members on the u3a's website.
- 2.6 The Trustees will keep this Policy under regular review and revised, as necessary. The latest review took place on the 8 March 2023

### **3. Accounting**

- 3.1 Crawley u3a compiles and maintains its accounts on an accrual and fund basis in accordance with Charity Commission guidelines and the Accounting and Reporting by Charities: Statement of Recommended Practice (FRS102).

### **4. Banking**

#### **4.1 Bank accounts**

- 4.1.1 All bank accounts are in the name of Crawley u3a.
- 4.1.2 New accounts may only be opened by a decision of the Committee, which must be properly recorded and minuted.
- 4.1.3 Changes to the bank mandate may only be made by a decision of the Committee, which must be properly recorded and minuted.
- 4.1.4 The authorised signatories are the Treasurer and up to four other Trustees. This responsibility cannot be delegated once the Trustees are nominated.
- 4.1.5 All cheques and electronic payments require dual authorisations.
- 4.1.6 A signatory is responsible for examining all payments for accuracy and completeness prior to processing.
- 4.1.7 A signatory is responsible for examining the payment documentation (purchase invoice etc.) prior to authorising the payment.
- 4.1.8 All bank statements must be sent to the Treasurer directly.
- 4.1.9 All cheques books are the responsibility of the Treasurer.
- 4.1.10 Blank cheques will never be issued.
- 4.1.11 Cheques should be fully completed before any signatures are added.
- 4.1.12 Whenever practical two people should be involved in counting cash receipts.

#### **4.2 Online banking**

- 4.2.1 Where online operation of the bank accounts is in place only signatories will have access to this facility. The security of the online system is in line with the arrangements offered by the authorised bank(s) and in accordance with the mandated approval limits.

#### **4.3 Payment by bank cards**

- 4.3.1 Operation of the online banking service is under the control of the Treasurer who has full access rights and is responsible for assigning the appropriate delegate rights, as agreed by the Committee and in accordance with the bank mandate.
- 4.3.2 All payments are authorised in accordance with the bank mandate. Access to the online accounts will be via a card reader and personal access card via logging on to the bank system with a personal password and access code.

- 4.3.3 The issue of any bank debit or credit card in the name of Crawley u3a will be approved by the Committee. The use of these cards overrides the dual control aspect of the payment authorisation process, but is permitted, where agreed in advance in recognition that online purchases for certain goods and services represents the most effective method of completing the purchase.
- 4.3.4 The Committee will predetermine the spending limits for any card: the limit may be per transaction, per day or per month.

#### **4.4 Personal debit or credit cards**

- 4.4.1 The use of personal debit or credit cards for activities needs to be approved by the Treasurer on behalf of the Committee. The Treasurer will monitor usage and report adverse or risky use to the Committee.

#### **4.5 Invoices**

- 4.5.1 All invoices must be issued and received in the name of Crawley u3a.

### **5. General Financial Practices**

#### **5.1 Receipts**

- 5.1.1 To manage the handling of cash and cheques to be paid into the Crawley u3a bank account the Committee will establish:
- If Group Leaders may pay sums due by issuing their own cheque or paying online through their own bank account.
  - If Group Leaders may pay in directly to the Bank.
  - If receipts, where applicable, will need to be given to Group Leaders or acknowledged by email.
- 5.1.2 Receipts will be paid in full into the bank account, no expenditure should be netted off against the receipts.
- 5.1.3 The Treasurer will determine and document the appropriate procedures and documentation to be used to process all receipts.
- 5.1.4 A Group Leader may request to the Committee, via the Treasurer to retain some of their group fees as an operational petty cash float. Once approved the Group Leader will provide the Treasurer, when requested to do so, with a full analysis of all transactions for which the float has been used.
- 5.1.5 The Committee will determine the frequency of payment of any fees and charges set by them. Any deferral of payment will be subject to guidelines approved by the Committee. These will be known as the Deferment Rules.
- 5.1.6 As Group Leaders have responsibility for the organisation and delivery of activities and events the Committee have the power to waive any associated attendance and membership fees for those individuals.

## **5.2 Payments / Refunds**

- 5.2.1 The Committee will establish procedures that ensure all expenditure incurred by the organisation delivers value for money by following recognised best procurement practices in the use of written quotations or estimates on all purchases above predetermined monetary values.
- 5.2.2 The Committee will inform (via the Treasurer) Group Leaders as to the approved process for all payments made on the u3a's behalf. Especially relating to:
- When a trip is organised by and paid through the u3a or paid directly by the members to the trip organiser.
  - When payments may be claimed back by Group Leaders.
- 5.2.3 Where possible all payments will be made by electronic bank transfer.
- 5.2.4 The Committee will determine the 'Refund' rules that will be applicable for the different types of fees and charges levied by the u3a.
- 5.2.5 Group Leaders may make requests to the Treasurer to refund an individual member, where an overpayment of fees has occurred. The Treasurer will consider requests on a case-by-case basis in accordance with both the 'Refund' and 'Deferment' rules set by the Committee.

## **5.3 Payments to other charities**

- 5.3.1 In line with charity law, a u3a cannot raise funds for another charity that does not have similar charitable objectives. Crawley u3a will make payments to speakers who have indicated that they intend to donate their fee to a specific charity but not direct to their nominated charity.

## **5.4 Activity groups**

- 5.4.1 All activities undertaken must be compliant with the Crawley u3a's charity objectives as set out in its published constitution. A copy of which is available on the website.
- 5.4.2 Activity groups should aim to be self-financing and can collect such sums of money as the Committee deem to be necessary to undertake their activities. The funds of these groups belong to the u3a.
- 5.4.3 Activity Group Leaders are permitted to incur expenses up to a maximum value pre-determined by the Committee. All items of expenditure above this limit will require the pre-approval of the Treasurer. Items above a higher value limit, as determined by the Committee, will require their direct approval before being incurred.
- 5.4.4 Expenditure incurred by Activity groups will be defined into different classifications. The method of funding each classification will be determined by the Committee. The definitions and funding methods are set out in the Group Leaders Procedure and Reference Guide.
- 5.4.5 The Committee (via the Treasurer) will monitor the income and expenditure of the Activity groups. Group Leaders need to provide regular information, as agreed, to the Treasurer. Where groups do not comply then the Committee will review as to

whether the group is legitimately operating in line with the insurance and financial requirements.

## **5.5 Social activities**

- 5.5.1 All Trips, Outings and Events undertaken must be compliant with the Crawley u3a's charity objectives as set out in its published constitution. A copy of which is available on the website.
- 5.5.2 Events such as theatre trips, outings, visits, study trips or holidays must be charged at cost and all participants pay appropriately. The costs paid by members must cover all associated expenses of undertaking that event.
- 5.5.3 Before any trips, outings or events are undertaken the Group Leader or Event organiser will need to agree with the Treasurer and Group Coordinator what records need to be kept to:
- keep accurate accounts and comply with legal requirements,
  - maintain transparency and trust for all concerned, and
  - minimise risks and potential loss of funds.
- 5.5.4 The Organiser of any trip, outing or event must not benefit from any discount (e.g., a free place) offered by the organisation providing the event. The value of free places must be shared out among all participants to the event.
- 5.5.5 Out-of-pocket expenditure incurred by either the Group Leader or Event organiser can be claimed back as expenses, but as all u3a members offer their services free to the movement, the organiser(s) must not get any pecuniary reward/gain for organising an event.

## **5.6 Outside Speakers**

- 5.6.1 Outside speakers should be asked to state their fees and any travel costs at the time of booking and to provide an invoice against which a payment can be made.

## **5.7 Paid Tutors**

- 5.7.1 Where the Committee has agreed the use of a paid tutor, they must provide evidence of their self-employed status and invoice the u3a.
- 5.7.2 The Activity Group using a paid Tutor must be totally self-financing, no subsidy can be provided from other u3a funds, unless specifically pre-agreed by the Committee.

## **5.8 Carers**

- 5.8.1 The Committee will determine the financial arrangements that will apply to Carers attending activities.

## **6. Expenses policy**

- 6.1.1 Expenses incurred by the Members who are involved with running the u3a activities will be reimbursed. Expense claims must be submitted with receipts wherever possible. Expense claims will be authorised by the Treasurer on behalf of the Committee and no Committee member should authorise their own claim. Expenses will include, with Committee approval, attendance at the Third Age Trust's AGM and Conference or national/regional workshops.
- 6.1.2 All claims need to be made on the appropriate form determined by the Treasurer, giving sufficient detail as to the nature of the expense.
- 6.1.3 Expense claims should reflect the cheapest travel option available. Travel by car will be reimbursed at the current HMRC approved rate for the actual mileage travelled. Car parking and congestion charges can be reclaimed (with receipts) but parking or other fines will not be allowed.
- 6.1.4 The Committee, where appropriate will predetermine remunerations rates for different cost elements.
- 6.1.5 Overnight accommodation will only be allowed in exceptional circumstances and will need the prior agreement of the Committee.

## **7. Membership Fees and membership of more than one U3A**

- 7.1 The membership fee is reviewed on an annual basis. The u3a is committed to keeping the membership subscription value for money to attract and retain members.
- 7.2 Members can belong to more than one u3a but must nominate which is their main one. The main u3a will be responsible for all payments to the Third Age Trust on that person's behalf, this will include the annual membership (capitation) fee and the Third Age Matters magazine subscription. Where members nominate another u3a as they main one then their annual membership fee to Crawley u3a will be reduced accordingly.

## **8. Assets**

- 8.1 An asset register is maintained by the Treasurer which records all assets held including their initial purchase price, date of purchase, estimated replacement value and location. Only items with a purchase value of £100 need to be recorded on the Register.
- 8.2 To accord with financial reporting requirements the following limits are to be applied to the recording of assets purchased within the financial accounts.
  - Items with purchase value under £500, are not required to be depreciated and the costs charged to expenditure in the year of purchase.

- Items valued over £500 are to be depreciated so that the purchase cost is charged to expenditure, in equal instalments over the expected life of the Asset.

## **9. Gift Aid**

- 9.1 Crawley u3a has registered with H.M. Revenue and Customs to claim gift aid. Its registration number is XR585.
- 9.2 Claims are made on an annual basis, covering the previous completed tax year.
- 9.3 Claims will only be made based on Members who have provided a Gift Aid Declaration form and confirmed their approval to claim on their behalf.
- 9.4 Claims are made in accordance with the regulations and guidance provided by H.M. Revenue and Customs and the Third Age Trust.

## **10. Reserves**

### **Unrestricted**

- 10.1 The u3a needs to retain a level of reserves that are sufficient to meet the following requirements should they materialize:
  - To fund the loss of income from a significant reduction in Membership numbers, that would undermine the long-term viability of the organisation.
  - To cover additional unforeseen expenses arising from a local or national emergency (e.g. Covid) or unforeseen event such as an insurance claim.
  - The contractual costs of winding up the organisation in an orderly manner.
- 10.2 The u3a aims to keep a minimum level of reserves that will cover at least six months of regular operating activity.
- 10.3 The level of requirement to be annually reviewed by the Committee as part of the fee setting process.
- 10.4 The Committee can determine that 'unrestricted.' Reserves can be earmarked for a specific purpose and transfer them into 'Designated ' funds, but these funds still remain a part of the 'Unrestricted reserve balance.

### **Restricted**

- 10.5 These reserves are generated from either money collected through Group Activities or from Donations, Bequests, Grants or other external sources received to support group activities.
- 10.6 In accordance with Charity Commission rules and the Financial Reporting Standards these funds can only be used to support similar activities to those from which they were originally generated.
- 10.7 Surpluses generated by an individual Activity Group will be ring-fenced for only that Group to use.



- 10.8 Any surpluses or deficits generated, which cannot be identified as coming from one individual group or arise from a Group which has closed will be pooled together and applied for the benefit of all existing and future Groups.
- 10.9 The Committee will establish a procedure for the administration of any pooled arrangement and ensure it operates in a fair and transparent manner.

## **11. Investments**

- 11.1 The u3a has as its prime consideration that it is merely holding money on behalf of its members. While the u3a should seek to obtain the best investment returns available, the security of funds takes precedence over returns on investment.
- 11.2 Investment of funds will be with main banks or building societies and the Charities Official Investment Fund (COIF).
- 11.3 These are chosen as they have the funds to withstand economic pressures. The Banks and Building Societies should offer cover by the FSCS guarantee (limited to £85,000 per institution).

The COIF is not covered by the FSCS guarantee, however, has the strength of working primarily in the charitable sector and offers no risk cash-based accounts.

- 11.4 No investments will be made into stocks, shares, gilts, or bonds as the risk level would be too high.
- 11.5 All individual investments must be approved by the Committee.
- 11.6 The investments should be reviewed annually by the Committee, as part of the fee setting process to take account of changing economic conditions.