



EVESHAM & DISTRICT U3A FINANCE POLICY

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1 INTRODUCTION

This document contains information which all Executive Committee members need to be aware of in order to fulfil their collective responsibilities. It includes information that other members (e.g. Group Leaders and Short Break Organiser) handling money belonging to Evesham & District U3A must follow.

It is essential that all elected and co-opted members of the Executive Committee realise that they are automatically Trustees, with a legal duty to safeguard their members' money and exercise effective control over all bank accounts.

Trustees collectively are responsible for the safe custody of members' money and the proper handling of all its funds, including any monies paid at group meetings and social events, and cannot delegate this responsibility to non-Trustees. In the event of any financial irregularity at either Executive Committee or Group Leader level, the Trustees could be held liable if they have not taken all possible steps to minimise potential areas of risk. Trustees are therefore strongly recommended to follow best practice recommendations of the regulatory authorities and the Trust. It is not possible for an individual Trustee to opt out of collective responsibility.

All U3A Executive Committees are covered by Trustee Indemnity Insurance provided by The Third Age Trust (the Trust), which protects the trustees both individually and as a board, against a genuine mistake, error of judgement or wrongful act, providing they have acted responsibly and followed their constitution. If proper procedures have not been followed and/or the constitution has not been adhered to, or if trustees have become aware of bad practice and not put it right, they may not be covered under this policy. In all circumstances, an excess of £250 would apply.

2 STATUS

Evesham & District U3A is a registered charity in England and Wales, number 1101530. All U3As, as members of the Third Age Trust, have charitable constitutions with charitable objects/purposes, based on the model provided by the Trust, and are subject to charity law.

3 BANK ACCOUNTS AND ASSOCIATED FINANCIAL RECORDING

3.1 MAIN ACCOUNTS

We currently have two bank accounts, Evesham & District U3A current account (which is used for membership subscriptions and administration) and a business reserve account, managed by the Treasurer. We have, as recommended by the Third Age Trust, four or five authorised signatories, two of whom must sign all cheques and requests made to the bank. Another Trustee must have access to the details of the accounts so that he/she could, in an emergency, manage them.

The Treasurer has access to online banking solely to obtain statements. No financial transactions can be conducted online.

3.2 PAYPAL ACCOUNT

There is also a PayPal account (linked to our current account only) to allow members to pay subscriptions online.

3.3 OUTINGS ACCOUNT

This account covers social events such as outings, theatre and concert visits and the annual lunch, which are open to all members.

The Outings Evesham and District U3A account is managed by a Trustee and has four authorised signatories, two of whom must sign any cheques and requests made to the bank. The Treasurer must have access to the account details so that he/she could, in an emergency, take up the reins of managing already arranged social events.

3.4 FINANCIAL RECORDING MAIN

Our main finances are managed by the Treasurer and recorded on the Beacon Management System on a cash accounting basis.

3.5 FINANCIAL RECORDING OUTINGS

Outings finances are managed by a Trustee and recorded on an Excel spreadsheet on an accruals basis.

Any discounts or value of free places are shared equally among participants in accordance with national policy.

The outings account runs with a float of approximately £2,500, mainly to pay deposits or other upfront expenditure, and can also be used as a contingency fund in the event of unforeseen problems. The level of the float is reviewed annually by the Committee.

4 MEMBERSHIP FEES/INCOME

Evesham & District U3A charges a small annual subscription which covers the cost of monthly meetings, administration, newsletters, Trust membership subscriptions, and general and major group capital expenditure. All other (particularly group and social) activities are financed separately. The level of subscription is reviewed annually in time for any proposed change to be discussed and voted on by the membership at the AGM.

Members who pay sufficient tax are encouraged to register for Gift Aid, which is claimed annually from HMRC.

5 GROUP FEES AND EXPENDITURE

Please refer to section 10 to understand our financial reporting requirements under charity law.

Group Leaders must remember that all activities come under the auspices of the Evesham & District U3A, that **all monies belong to Evesham & District U3A** and that they, as leaders, are accountable to the Trustees (Committee) for the effective management of the group's funds.

Groups must NOT open a bank account.

New groups are entitled to a start-up grant of £50 which is authorised by the Treasurer or Group Co-ordinator. All groups can apply for grants to cover larger capital items from £20. An application form for a grant is available from the Treasurer. Such expenditure must have written authorisation prior to purchase. Grants up to £50 are authorised by the Treasurer: grants above this amount are authorised by the Committee. Receipts for purchases must be submitted to the Treasurer, together with serial numbers (if appropriate) and details of the items' locations, for inclusion on the Assets Register in order to fulfil our obligations under our insurance policy.

Each group is autonomous and covers its own running costs and minor capital expenditure.

Group Leaders are required to send a 'Yearly Group Leader Financial Return' to the Treasurer, preferably attached to an email, or by post, no later than 7th April so that these figures can be included in the accounts that are sent for independent examination. This return must include: cash balance at the beginning of the financial year; income; expenditure; cash balance at the end of the financial year.

Some payments from members can be ignored when accounting to the Trustees:

- Payments for refreshments for groups that meet in a member's home, where the charge is no more than 50p.
- Payments made for car-sharing arrangements by 'outdoor' groups, or where group members make their own arrangements for a trip but travel together and share transport costs.
- Where a group meets at a venue that does not charge a hire fee but instead each attendee buys refreshments at each meeting, the payments can be ignored. But if the free use of the venue is specifically conditional on attendees buying refreshments, the payments should be accounted for.

Group accounts and receipts/invoices over £75 (non-capital items) must be retained by the Group Leader for six years so that they can be inspected if necessary.

6 PAYING BY DEBIT/CREDIT CARD

The Evesham & District U3A does not have a credit or debit card. Arrangements for any payments for items that will be purchased on a personal debit/credit card and that will belong to the U3A must be agreed prior to purchase with the Treasurer.

7 PAYMENTS TO OTHER CHARITIES

Under Charity Commission rules we are not permitted to make donations to other charities unless they share our objects. Payments for services e.g. hall hire may be made. It is acceptable to arrange a small fundraising event, for example, a second-hand book sale, in support of a local charity providing it is clearly indicated that all monies raised will be going to that particular charity and are not processed through our accounts.

8 PAID SPEAKERS

Fees may be paid to external speakers. Any U3A member giving a talk must not be paid a fee (as it is unacceptable within the U3A movement) but legitimate expenses can be reimbursed.

9 REIMBURSEMENT OF EXPENSES

Trustees may claim a refund of costs which they have incurred in order to carry out their duties. Claims for these expenses must be supported by receipts, except where it is unreasonable to expect this, for example, where very small amounts are claimed. Examples of legitimate expenses include authorised travel on trustee business (car mileage at current HMRC rate), postage, stationery and telephone calls. All expenses must be authorised by a Committee officer and no-one can authorise their own claim.

Group leaders/members may be reimbursed from group funds for any legitimate expenditure e.g. if they host a U3A (group) meeting and provide refreshments or from the main fund if they attend an external meeting with the prior agreement of the Committee.

10 FINANCIAL REPORTING

Our financial year runs from 1st April to 31st March the following year.

As our total income is more than £25,000 we are required to submit an annual return and to supply a copy of our accounts and Trustees' annual report to the Charity Commission. This must be carried out within 10 months of our financial year end. The accounts must contain financial records for all our charitable activities: main accounts; social activities; group activities.

Our accounts are examined by an independent person with the requisite knowledge and practical experience and are presented to the membership at the AGM. That knowledgeable person is usually nominated for the forthcoming year and approved by the membership at the AGM.

Accounts from the end of the financial year to which they relate are kept for 6 years. Gift Aid Forms are also kept as required by HMRC.

11 ASSETS REGISTER

An asset register is kept by a Trustee listing the various pieces of equipment purchased by Evesham & District U3A, together with details of where they are stored. It is updated as required.

12 RESERVES

The Trust advises that there is no single level that is right for all, as the amount of reserves being held should reflect particular circumstances. Reserves are needed to ensure continuity in the event of a sudden drop in income, to cope with unexpected and unplanned increases in expenditure, to replace assets, to cover future equipment demands and to deal with any emergency. They provide a contingency for expenditure over and above day-to-day commitments and other planned outgoings. The Committee considers that the reserve should equate to 50% of total annual expenditure which goes through the Main Account. Methods to reduce reserve funds above this amount should further the charitable objects/purposes of our U3A in a way that benefits as many existing members as possible e.g. through the purchase of equipment or by a temporary freeze of, or a reduction in, membership subscriptions. It is assumed that the main account will show its lowest balance in June/July after payment of invoices raised by the Trust and before the new membership subscriptions for the following year begin to come in.

13 FREE TRIPS WHEN ORGANISING TRAVEL

It is recognised practice for tour operators to offer one free place (or more) for holiday group bookings. The Committee, not the trip organiser, decides how these free places are dealt with. As it is strongly recommended by the Trust that they be shared out equally by applying a discount to all travellers (whilst retaining the discretion to reflect service from the organiser above and beyond what is normally expected), we are of a like mind.

Any travel operations must be run in a properly regulated manner. The Short Breaks Organiser does not take any money from members but collects cheques payable to the Tour Operator. The cash value of the free place(s) - minus any administrative costs e.g. printing, postage, telephone calls - is distributed fairly among all the participants. It is recommended that the account be run with a float of around £200 and reported to the Treasurer at the end of the financial year.