



Financial Policy



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Financial Policy

1. Document control

1.1. Approval

Date approved	11/09/2020
Approved by	Trustees

1.2. Version history

Version	Date	Author	Change summary
1	11/09/2020	Linda Creed	0
1.1	10/05/2021	Linda Creed	4.1 & 9 COIF to Monmouth Building Society
1.2	11/07/2022	Linda Creed	5.3 Speakers fee from £75 to £100 7. Removal of reciprocal members concession
1.3	09/09/2022	Julia Paul	7. Addition of para for 40 th anniversary offer. Removal of old para re calculation of associate membership fees.
1.4	26/01/2024	Julia Paul	4.1 Signatories: Vice Chair added 5 Replace paragraph regarding excess group monies to clarify that they will be ring-fenced for the group 5.5 Allows payments to another charity in lieu of speaker fees 7 Allows Committee to set promotional Membership fees; allows Associate Membership fees to be set more flexibly than before

2. Introduction

2.1. Purpose

All charities are required to determine their "Internal Controls" for running the charity, one of these being the Financial Controls, or Financial Policy.

2.2. Scope

This document details the responsibilities of members and trustees of the King's Lynn U3A in relation to the control of all financial activities and the maintenance of financial controls specified by the Charities Commission and the U3A Trust.

2.3. Related documentation

U3A-KMS-DOC-033 Financial matters

3. Trustees' financial responsibilities

The trustees of King's Lynn 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.
- Keeping financial records in accordance with the governing document and relevant legislation of the Charities Acts.
- Preparing Annual Accounts in accordance with the governing document and relevant legislation.
- The accounts should show a true and fair view of the state of affairs of the U3A.

Trustees are jointly responsible for keeping full financial records. These include those of the U3A and all the activity groups, sub-groups etc., where appropriate.

To enable the trustees to carry out these responsibilities, the financial procedures detailed below will be followed.

A copy of this policy will be given to all trustees on their election/appointment to the committee and made available to members on the website.

The policy will be kept under review and revised as necessary.

4. Banking

4.1. Bank accounts

- All bank accounts are in the name of King's Lynn U3A and operated by the trustees.
- Two current accounts are held with the NatWest Bank in King's Lynn. A Travel Account for all transaction related to excursions and theatre trips. A General Account for all other transactions.
- A third, restricted savings account is held in a Monmouthshire Building Society see Section 9
- New accounts may only be opened by a decision of the trustees, which must be minuted.
- Changes to the bank mandate may only be made by a decision of the trustees, which must be minuted.
- The authorised signatories are the Chair, Vice Chair, Secretary and Treasurer. This responsibility cannot be delegated.
- All cheques must be signed by two signatories.
- The signatories are responsible for examining the cheque for accuracy and completeness.
- The signatories are responsible for examining the payment documentation (purchase invoice etc.) prior to signing the cheque or authorising an internet transfer.
- All bank statements must be sent to the Treasurer directly.
- Blank cheques will never be issued.
- Blank cheques will never be signed by one signatory for a second to complete later.
- Whenever practical two people should be involved in counting cash receipts.
- The Treasurer will check all bank accounts at the end of each month and reconcile against the relevant Beacon ledgers. Any discrepancies will be reported at the next trustees meeting.

4.2. Online banking

With NatWest only one authorised signatory can make online payments, however, as a means of audit, a form detailing the payment is signed by 2 signatories in advance of the transaction.

4.3. Payment by bank cards

There are no debit or credit cards linked to the King's Lynn U3A bank accounts.

4.4. Personal debit or credit cards

The use of personal debit or credit cards for interest group activities needs to be closely managed. Permission must be sought from the Trustees where a group feels that there is no other viable way to make payments.

Prior approval must be given by the Trustees for equipment and other items to be purchased for the use of King's Lynn U3A or specific interest groups. In these circumstances, it may be appropriate for a member to purchase the equipment themselves and then claim the cost as a personal expense claim.

All invoices must be issued in the name of King's Lynn U3A.

5. Groups' finances

Activity groups are expected to be self-financing.

Each Group Leader (GL) is responsible and accountable for all monies collected from their members and spent on behalf of the Group. In this respect they need to:

- Collect sufficient membership fees to cover expenditure on venue hire, refreshments and any equipment requirements.
- Pay the exact amount of money to the Treasurer, where the Treasurer is making payments for bookings by multiple users at the same venue.
- Redistribute to the members, via free sessions or reduced price sessions, where a surplus in excess of £30 is being held, unless a surplus is being built up to pay for future activities or equipment.
- Similar groups such as the Excursions and London Theatre Trips need to liaise to ensure no large scale expenditure is being considered for the same time. Advise the Treasurer if this is the case so that the Treasurer can assess the impact on the cash flow.
- Seek authorisation from the Trustees for any purchase of capital assets e.g., handbells. Consumable items such as playing cards are not included in this requirement.
- Provide, to the Treasurer, details of any purchases of capital assets for inclusion on the Asset Register.
- Update their Group's Beacon ledger after each collection and/or expenditure of money.
- Ensure their Group's Beacon ledger is up to date at 30 June and 31 December each year for audit by the Treasurer.

Beacon is the only acceptable method of record keeping.

Note – Where the Treasurer makes a block payment (often for a number of groups using the same venue) the details will be recorded on the Treasurers Groups Ledger (within the Finance section of Beacon). This will ensure that each Group is not paying more or less than the hire charges paid out by the Treasurer on their behalf. Other than that, the Group's ledger is the principle means of record keeping.

When a Group pays the Treasurer any money it collects then any amount in excess of hire charges will be ring-fenced for the Group as long as it remains viable. A Group may build a large surplus in preparation for a purchase, but any large surplus, or deficit, must be discussed with the Treasurer. While the surplus remains notionally general KLu3a funds, no action would be taken to use it for other purposes except in exceptional circumstances. This would require a vote by the Trustees, after discussion with the Group via its Leader(s). When a Group closes, any ring-fenced balance will revert to general u3a funds.

Any arrangement for regular hire of premises must be signed off by the Treasurer as Trustee, as it is a commitment of the U3A's finances.

Following approval by the Group Co-ordinator and Trustees, funding for new groups starting up will be allowed for:

- The funding of any equipment requirements
- The funding a tutor for a maximum of 6 sessions.

All groups need to adhere to one of the models below, with the exception of those that meet in the GL's home.

5.1. Finance Models for Activity Groups

Pay as you go	Hired venue paid per session	Hired venue paid quarterly, members charged quarterly	Hired venue paid quarterly, members charged per session
<ul style="list-style-type: none"> • Venue may be free or paid for on the day with no surplus finds being generated. 	<ul style="list-style-type: none"> • GL collects fees per member present and pays for venue per session. • If a set fee is charged any new members generate a surplus. • Surplus to be used for either free sessions for all or a reduced fee for all. • Details of money movements and surplus recorded on Beacon • Balances in excess of £30 on 30 June and 31 December to be paid into the KL U3A General Account • GL signs Treasurer's form confirming balance held at year end 	<ul style="list-style-type: none"> • Venue paid for in advance • Members charged in advance an exact proportion of hire fee • New members pay a pro rata fee • Surplus, generated by new members, used for either free sessions for all or a reduced fee for all for the next quarter • Details of money movements and surplus recorded on Beacon • Balances in excess of £30 on 30 June and 31 December to be paid into the KL U3A General Account • GL signs Treasurer's form confirming balance held at year end 	<ul style="list-style-type: none"> • Venue paid for in advance • Members charged per session • If the venue is being paid for by the Treasurer, GL to forward the exact amount of hire fee to the Treasurer. • New members fees accumulate in Group's Beacon ledger • Fees adjusted each session to reduce surplus generated by new members. • Details of money movements and surplus recorded on Beacon • Balances in excess of £30 on 30 June and 31 December to be paid into the KL U3A General Account • GL signs Treasurer's form confirming balance held at year end

5.2. Receipts

To manage the handover of cash and cheques to be paid into the Kings Lynn U3A bank account the Trustees have decided that:

- Bank paying in slips will not be given to Group Leaders for this purpose.
- Group Leaders may pay sums due by issuing their own cheque or paying online through their own bank account
- Where monies are handed over to the Treasurer at a meeting they must be accompanied by a form which indicates:
 - The Group's name, event or trip
 - Date
 - Breakdown of the sum e.g. 10 members at £10
- The Treasurer will check the total sum and sign the form

- Receipts in the form of an email will be issued by the Treasurer to the Group Leaders in respect of all money paid, whether by personal handover or bank transfer
- Cash held back as a float will be within the U3A's approved limit of £30

5.3. Payments

The Trustees have agreed the following process:

- Payment for trips should be made by the Treasurer upon presentation of an invoice.
- In circumstances where the Group Leader has to pay to secure a booking (via telephone to a booking office for a show) payment by personal credit card is permissible, the receipt being sent to the Treasurer for reimbursement
- Payment should also be made by the Treasurer for the following:
 - Venues for general meetings
 - Coaches
 - Tutors (only for start ups, conflicts with self-help ethos of U3A)
 - Speakers for general meetings

Outside speakers should be asked to state their fees and any travel costs at the time of booking and a cheque obtained from the Treasurer or BACs payment arranged. Speakers fees in excess of £100 must be approved by the Treasurer prior to booking. The Trustees (via the Treasurer) will monitor the income and expenditure of the groups. Group leaders need to maintain an up to date Beacon ledger and ensure it is balanced at the end of June and December and any amount in excess of £30 is paid into the Kings Lynn U3A bank account. Where groups do not comply then the Trustees will review as to whether the group is legitimately operating in line with the insurance and financial requirements.

5.4. Social activities

Events such as theatre trips, visits or educational days out must be charged at cost and all participants pay appropriately. The costs paid by members must cover out-of-pocket expenses.

The organiser of an 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.

Out-of-pocket expenses can be paid to an organiser out of the money collected for the event. As all U3A members offer their services free to the movement, the organiser(s) must not get any pecuniary reward for organising an event.

5.5. Payments to other charities

In line with charity law, a U3A cannot raise funds for another charity that does not have similar charitable objectives. King's Lynn u3a can make payments directly to a speaker's nominated charity, providing the speaker expresses this wish in an email or by signing a standard form available at monthly meetings. The form of words to use is "in lieu of speaker fees".

6. Expenses policy

Out of pocket expenses incurred by the volunteers who are involved with running the U3A will be reimbursed. Expense claims must be submitted with receipts. Expense claims will be authorised by the executive and no Trustee should authorise their own claim. Trustees may incur expenses up to a maximum of £50 without prior approval. Expenses for attendance at the Trust's AGM and Conference or national/regional workshops will only be authorised by the Trustees for the following

- Two voting delegates per event
- Transport
- Student accommodation (delegates wishing to use a hotel will need to pay the additional amount themselves)
- Conference fees

All claims need to be made on the appropriate form (copies available from the Treasurer) giving sufficient detail as to the nature of the expense.

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.

Overnight accommodation will only be allowed in exceptional circumstances and will need the prior agreement of the Trustees.

7. Membership Fees and membership of more than one U3A

The membership fee is reviewed on an annual basis. King's Lynn U3A is committed to keeping the membership subscription as low as possible to ensure that the U3A remains accessible to all members.

Members who join for the last 3 months of the year are only charged 50% of the annual fee. Those who join in December are charged the annual fee and receive 13 months benefits for the price of 12.

The Committee may from time to time set fees for new members at a promotional rate, either a monetary discount or an extended term of membership.

Lapsed members are not eligible for such special offers.

Associate members (already a fully paid up member of another U3A) pay a proportion of the normal fee (66% in 2023). This fee is set to recognise that the King's Lynn u3a does not have to pay certain fixed costs.

8. Asset register

An asset register is maintained by the Treasurer which records all assets held including their initial purchase price, date of purchase, estimated nominal value and location.

It should be noted that under a receipts and payments reporting system, all assets are fully written off against receipts in the year of purchase. The register is reviewed annually.

9. Reserves

King's Lynn U3A aims to keep a level of reserves that will cover six months of regular operating activity. Based on the annual expenditure for 2019, a reserve of £5,000 would be required. This is considered by the Trustees a reasonable level for this type of charity. £2,000 is currently held in a restricted fund with Monmouthshire Building Society and a further £3,000 is maintained in the general account.

Activity Group accounts are excluded from this figure as these activities are inflated by high-cost activities such as theatre visits and days out and are entirely self-financing.