

## **FINANCIAL POLICY 2020**

### **Trustees' Responsibilities**

All Trustees must ensure that their u3a abides by its constitution, safeguards its assets, and exercises effective control over all of its financial activity. Trustees cannot delegate their responsibilities in this matter.

Trustees are jointly responsible for keeping full financial records. These include those of the u3a and all the interest groups, sub-groups etc., where appropriate.

All funds and assets belong to the u3a regardless of which activity or interest group creates them, so the Trustees are responsible for their safekeeping.

The Treasurer's role includes:

- Maintaining the financial records in accordance with the financial policies
- Maintaining the financial records in accordance with the applicable charity law and statute
- Managing the bank accounts in accordance with the financial policies
- Preparation of accounts and budgets for committee members and meetings
- Preparation of the annual accounts for the AGM, publication and filing
- Ensuring that an Asset Register is maintained

#### **1. Bank accounts:-**

The Main account is to be used for all funds received and payments made. This includes all funds from Social events, Open days, membership fees and group activities other than those of the Coach Outings Group.

The Social account is now reserved for the Coach Outings group due to the relatively high amount of transactions per annum and the large amounts of money received and paid.

Additional paying in facilities may be given to group leaders if considered to be appropriate.

Any reserves over and above the amount needed for running the u3a can be transferred to the Deposit account to be held for later use for our charitable purposes.

#### **2. Online banking and u3a debit/credit cards**

The arrangement with HSBC caters for dual authorisation of cheque payments, with any two of the four mandated officers to sign.

For online banking and use of Visa debit card there is no dual authorisation. There is a designated committee member with the facility to monitor the bank accounts on a monthly basis with particular reference to debit card use and online payments made by the Treasurer who is the authorised user. Only the authorised user should have access to the debit cards and the card number and PIN must never be disclosed to any other person.

With regard to debit card payments for goods and services by the Treasurer, then a limit of £100 has been set. Any payments above this amount should be paid by cheque, but where this is not

acceptable to the payee, higher debit cards payments may be made after authorisation has been sought and given by email to one of the other Officers.

ATM cash withdrawals must be limited to £100 and this should be shown as being credited to Petty Cash and also included in the annual accounts.

There is currently no business case for having a credit card for Leigh Belfairs as the level of purchases is very low and, although a credit card does give some protection against loss of service, there are interest payments incurred from such cards. VISA debit cards also give a certain amount of protection against loss of service.

Personal debit and credit cards should not be used as there is a lack of Trustee control, and should they be used, any debt incurred is a personal one not a u3a one.

For all banking matters, the u3a Committee should review procedures within two months of the AGM to ensure banking controls remain effective.

### **3. Petty Cash**

The amount of petty cash held, including the Membership Secretary's float, should be kept at a reasonable level to avoid money loss. Money enters the petty cash fund via withdrawals from the Main bank account and the Petty Cash book should show this entry. This must be included in the annual accounts. Minimum holding in Petty Cash set at £150.

#### **Petty Cash held by Group leaders.**

Guidelines for the amounts held should be set up and the committee should monitor any income and expenditure on a regular basis and ensure reporting mechanisms are adhered to.

### **4. Reimbursement of Expenses**

All costs necessarily incurred by Trustees or any member in a u3a role should be reimbursed, although no Trustee or member should approve their own claim. A second signature will be required to verify any treasurer's expenses claim.

Expenses such as postage, stationery, home printing, and parking whilst on u3a business, are all expenses that can be reclaimed. Reimbursement for mileage (to an out of area function) can also be made, subject to a fixed amount per mile, and prior permission from the Committee. Receipts to back up any claims must be provided, with the exception of home printing which should be accompanied by a written description of the number of pages and reason for printing.

### **5. Membership fees**

The level of membership fees must be set to take into account:-

The funds needed to run the u3a

Paying the Direct Mail subscription

Paying the Membership fees to The Third Age Trust

The cost of funding one or more members' attendance at the Third Age Trust's Conference/AGM.

The need to build up adequate, but not excessive reserves.

### **5.a Reserves**

Reserves are needed to ensure continuity of the u3a in the event of a sudden drop in income, unexpected increases in expenditure, to replace assets, to cover future equipment demands and to deal with emergency situations. The level of reserves should represent the particular circumstances of Leigh Belfairs u3a and should be approved by the Committee. At this time the anticipated level of Reserves held should be no higher than £1500.

A policy on the level of reserves should be set that is not excessive and can be justified if challenged. Once the level is reached, funds must be used to exclusively further the charitable objectives for the benefit of as many members as possible. This is done by either reducing the membership fees, or purchasing equipment that benefits most, if not all, members.

It is not permissible to spend money other than on charitable purposes and in no circumstances can reserves be repaid to members.

### **6. Asset Register**

Each u3a should keep an Asset Register to record the items of equipment it has purchased and have a simple system, e.g. a spreadsheet, in place to monitor the value and location of the equipment.

It is good practice to obtain 3 separate quotes before purchasing equipment.

**7. Gift Aid and VAT** are not applicable at this time to the accounts of Leigh Belfairs u3a

### **8. Financial reporting**

The Treasurer should compile a report of bank account balances for the monthly Committee meetings.

The Treasurer must also prepare annual accounts for the members at the AGM in an appropriately certified form and should be examined by an independent person with the requisite knowledge and practical experience. If no external examiner can be found, a suitably qualified member, who has no connection with any Trustee, can examine the accounts.

All accounts must be prepared showing gross income and gross payments and no account should be netted off.

All financial records must be kept for 6 years.

### **9. Interest Groups/Activity Groups/Sub-Groups - Surplus or deficit**

All u3a's have groups that are run or managed by one or more members. However, the funds of these groups belong to the u3a and the control and reporting of the related financial transactions

should be covered in the financial policies. Any assets purchased by the group belong to the u3a and must be returned to the u3a if the group ceases to exist.

Although all funds belong to the u3a and may be spent as the committee directs, it is common practice to ring-fence surplus funds that have arisen from particular activities, so they may be used for a similar activity in the future.

Ideally, all groups and activities will be self-financing. However, if an activity results in a deficit the u3a must underwrite it and decide whether the activity should be allowed to continue if further deficits are expected.

Often fees are collected on the day from group members who are taking part in an activity, in order to pay for premises hired for the activity. Any surplus belongs to the u3a and should be paid over as and when agreed with the Treasurer.

Gross income and expenditure of the group should be reported to the Treasurer as and when agreed for inclusion in the u3a's accounts.

## **10. External Events and Activities**

No u3a member should benefit from any discount (e.g. a free place) offered by the organisation providing the event. The value of free places should be shared amongst all participants to the event.

Normal 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) should not receive any financial reward.

## **11. Payments to other charities**

The u3a constitution does not provide a u3a with the power to raise funds for another charity that does not have similar charitable objectives to itself. This is a fundamental part of charity law as all money raised by any charity should be spent on its own charitable objectives.

If a u3a member wishes to support a charity that does not have similar objectives it is advised that the proceeds of, say, a raffle at a u3a Quiz which a u3a member has organised should be remitted to the nominated charity via a member's account and not the relevant u3a.

A charity may purchase a service from another charity, e.g. hall or speaker hire. If a non-u3a member nominates a charity to receive the speaker's fee, the u3a is advised not to directly pay the charity unless the nominated charity has similar objectives and the speaker provides a disclaimer of their fee/expenses in favour of the nominated charity. Where the nominated charity has different objectives, then the payment is made to the speaker personally for them to then issue payment to their charity from their personal account.

Based on our Mutual Aid Principle, no payments are made to u3a members for services rendered to any u3a.

The logical conclusion of this principle is that, as a member cannot receive payment for a service to a u3a (such as a talk at a Monthly Meeting, etc), they cannot suggest a donation to their designated charity from a u3a's account. The only exception to this principle is the reimbursement of reasonable expenses incurred in providing the service.

***This financial policy is subject to change, should the Treasurer and Committee decide that changes are appropriate, and should be monitored on a regular basis to provide clarification and any additional financial decisions.***

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