

# LOCKS HEATH U3A

## FINANCE POLICY

**This document details the financial controls and procedures of Locks Heath U3A and has been produced using the U3A Financial Matters 2020 document and the U3A Finance Policy Template document both issued by the Third Age Trust.**

**A copy of this Policy will be given to all Trustees either existing or on their election or appointment to the Executive Committee. A copy of this Policy will also be given to all Interest Group Contacts either new or existing.**

**The Policy will be kept under review and revised, as necessary. It is available to view by members on the Locks Heath U3A website.**

### **TRUSTEES' FINANCIAL RESPONSIBILITIES (i.e. the Executive Committee)**

The Trustees of Locks Heath 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 to a high level of accuracy and detail.
- Keeping financial records in accordance with the governing document and relevant legislation (e.g. Charities Acts, Companies Acts etc.).
- Preparing Annual Accounts in accordance with the governing document and relevant legislation.
- The accounts should show a true and realistic view of the financial situation of Locks Heath U3A.
- Trustees are jointly responsible for keeping full financial records. These include those of Locks Heath U3A and all the Interest Groups, sub-groups etc., where appropriate.
- Trustees are jointly responsible for the safekeeping of all funds and assets belonging to Locks Heath U3A.
- To enable the Trustees to carry out these responsibilities, the financial procedures detailed below will be followed.

## **BANK ACCOUNTS**

The funds of Locks Heath U3A will be paid into such accounts as the Executive Committee may open in the name of Locks Heath U3A. To comply with our Charity Registration the bank account mandates must require dual signatories to authorise all transactions. The two accounts with Lloyds Bank are designated as Current Account and Groups & Events Account.

Changes to the bank account mandates must be approved by the Executive Committee and recorded in the Committee Minutes.

All transactions on such accounts will be carried out in accordance with the terms of that account as agreed with the account provider and approved and accepted by the Executive Committee from time to time.

The Treasurer must supply any information required by the account provider which they need to comply with their legal obligations.

All documents relating to the bank accounts including cheque books and Debit Cards will be held by the Treasurer who will also receive all bank account correspondence, including bank statements.

## **ONLINE BANKING**

Online Banking will be used to operate the bank accounts in accordance with the terms and conditions specified by the account provider.

The Treasurer (or another Authorised Signatory if necessary) will be responsible for operating Online Banking and arranging any changes to the bank mandates approved by the Executive Committee.

The procedures for authorising online payments are shown in Appendix 1.

## **AUTHORISED SIGNATORIES**

The authorised signatories may only be the Chairman, Vice Chairman, Secretary and Treasurer and any other Trustee agreed by the Executive Committee. Signatories must be independent of each other with no form of relationship. The number of Authorised Signatories required will be agreed by the Executive Committee.

All cheques must be signed by two signatories and two signatories must authorise online banking payments. The Treasurer will be responsible for obtaining a second signature before issuing any cheques.

The Treasurer must obtain Executive Committee approval to transfer funds from one bank account to another.

Signatories should ask to see documentary proof of any payments of which they are not aware or differ substantially from any regular amount that is paid before authorising it.

## **FINANCIAL RECORDING**

The Beacon system will be used to record all transactions and the Financial categories to which they are allocated. The Treasurer will review the Financial categories at the end of each financial year and submit any proposed changes to the Executive Committee for approval.

The Current Account will be used for all transactions relating to the operation of Locks Heath U3A other than those specified for the Groups & Events Account. The Groups & Events Account will be used for all transactions relating to Interest Groups and the Christmas Lunch. There will be no Petty Cash Account.

In addition, on Beacon there will be the April Membership Account in which transactions relating to new and renewal membership payments made in January, February and March each year are recorded. The monies from these transactions are paid into the Current Bank Account. The total amount of all transactions recorded in this Account will be transferred to the Beacon Current Account on either 31<sup>st</sup> March or 1<sup>st</sup> April as decided by the Treasurer. This ensures this income is now in the correct financial year.

All transactions for these accounts must be supported by an invoice, receipt or other documentary evidence. The Treasurer may waive this requirement for amounts under £10.

All transactions on Beacon must have the relevant Transaction Voucher completed recording the transaction number and details of the payment and have the supporting payment documentation attached. Refer to the Transaction Vouchers section for more information.

Only the Treasurer and any other Trustee agreed by the Executive Committee will have update access to the Beacon Finance section.

The Treasurer must reconcile the Beacon system with the bank accounts each month when the bank statements are received.

The Treasurer and any other Trustee agreed by the Executive Committee will be the only person permitted to use the Debit Cards for each account. The Treasurer or other Trustee must provide the Chairman or Vice Chairman with details of any proposed use of a card and obtain their prior approval before use. More detailed guidelines for the use of Debit cards are shown in Appendix 2.

The Treasurer is responsible for maintaining the financial records of Locks Heath U3A. All financial records must be kept for a minimum of 6 years.

## **PAYMENT TO OTHER CHARITIES**

Our Charity Commission registration does not allow Locks Heath U3A to make payments to or raise funds for another charity unless it has similar charitable objectives. Members may make personal donations or raise funds for other charities but not using Locks Heath U3A name.

## **PAID TUTORS**

Locks Heath U3A does not permit the use of Paid Tutors by Interest Groups.

## **ANNUAL MEMBERSHIP SUBSCRIPTIONS**

Changes to the amount of the annual subscription and the corresponding reduced subscription for any class of Membership may be proposed by the Executive Committee and must be approved by the Membership at an Annual or a Special General Meeting.

New Members who join between 1<sup>st</sup> October and 31<sup>st</sup> January will be offered a reduced subscription. New Members who join between 1<sup>st</sup> February and 31<sup>st</sup> March will pay the annual subscription for the forthcoming year.

Members who are also members of another U3A joining or renewing with Locks Heath U3A will pay the annual subscription less the portion relating to the Third Age Trust membership subscription. They must provide details of their other U3A membership to the Membership Secretary. These members are known as Affiliate Members.

The Membership year starts on 1st April. The Renewal Pack for the forthcoming year detailing their annual subscription will be issued to Members in January & February. The end date for payment is the 31st March. A Member's Membership may be terminated if the annual subscription is still unpaid one month after 31<sup>st</sup> March.

## **GIFT AID**

Locks Heath U3A is registered with HMRC to make claims for Gift Aid refunds on members' annual subscriptions. A Gift Aid declaration in the format stipulated by HMRC must be completed by the member who wishes to do this even if their subscription is paid with another member's subscription. These declarations must be kept for 6 years and must be updated with any changes of address advised to Locks Heath U3A.

The timing of submitting a claim for each financial year will be agreed by the Executive Committee. The Treasurer and Membership Secretary will be responsible for producing and submitting the claims in the format required by HMRC by using the details obtained from Beacon and the completed Gift Aid declarations.

## **PAYMENTS FOR HIRE OR PURCHASE**

All contracts for services and venue hire must be signed off by the Treasurer or any other Trustee.

All payments for equipment purchase, services or venue hire must be authorised by the Treasurer or the Executive Committee if the Treasurer considers this is necessary. Payments will be made by the Treasurer using the appropriate Locks Heath U3A bank account unless otherwise agreed in advance.

Trustees cannot be paid for any services they supply to Locks Heath U3A.

Trustees and Interest Group Contacts may make minor purchases on behalf of the main Locks Heath U3A or their Interest Group using their personal debit or credit cards provided that the purchase has been agreed in advance by the Treasurer. The cost will be refunded on production of documentary proof of purchase. Refunds will be made by BACS or cheque.

## **EXPENSES**

Costs incurred by Trustees in carrying out their usual duties may be refunded. It is expected that most of these costs will be limited to postage, printing ink and stationery. One-off costs over £25 must be referred to the Treasurer and agreed before being incurred.

Interest Group Contacts who want to incur costs they consider to be beyond those they can ask their Group members to fund may submit a request for help to the Executive Committee.

Handling of Expenses for Interest Group Contacts are shown in the Interest Group section.

Travel costs including parking fees for attending U3A network meetings may be refunded on a case by case basis. Travel costs will be paid on a mileage travelled basis using the current HMRC approved rate.

Expenses claims must be submitted to the Treasurer and be supported by details of the cost and documentary proof except for minor amounts under £10. Refunds will be made by BACS or cheque.

## **ORGANISED ACTIVITIES & EVENTS**

Events such as coach or theatre trips, visits, days out etc. must be charged at cost and priced to include out-of-pocket expenses and may include a contingency amount to cover possible reduced take up. The final cost to members must be agreed with the Treasurer.

Full upfront payment by members is required. Full payments may be split between event and travel if there is a substantial difference in the payment timescale for each. This option must be agreed with the Treasurer in advance.

All monies collected must be given to the Treasurer together with the Income Voucher provided for that purpose. Interest Group Contacts can agree with the Treasurer to pay monies into their own bank accounts and then transfer this by BACS to the Groups & Events Account. The Interest Group Contact must email the Treasurer with details of the amount and date of the transfer. All expenditure payments will be made by the Treasurer using the Locks Heath U3A Groups & Events bank account.

Any person organising an event etc. must not take up the offer of a free place solely for their use. The value of the free place must be used to reduce the costs for all the members involved

Requests for refunds will be considered on a case by case by the organiser in conjunction with the Treasurer but any refund will exclude that portion of the cost not affected by the non-attendance.

When members who attend a Locks Heath U3A organised activity or event, make and pay for their own travel arrangements, pay their own entrance fees and other incidental costs these transactions do not have to be recorded in the Locks Heath U3A accounts.

Trips and holidays covering more than one day and involving overnight accommodation may be subject to legal regulations and must be considered on a separate basis.

## **INTEREST GROUPS**

All Interest Groups are self-funding. New Interest Groups may request the Executive Committee for funds to cover their start-up costs that are payable before the Group is properly organised. The funds provided would not be expected to exceed the cost of holding two meetings.

Interest Groups are not permitted to open their own bank accounts and Interest Group Contacts must not use their personal cheques, debit cards and credit cards to make payments relating to events being organised by them such as coach hire or theatre or venue bookings.

Interest Group Contacts may ask members of their group to contribute to the costs that are necessary for the effective running of the group such as hiring a venue or providing refreshments. These costs may also include the costs incurred by the Interest Group Contact for providing items to support the group's purpose.

Interest Group Contacts hiring venues must agree with the Treasurer the regular contribution they wish to ask members to pay towards any venue hire costs and other expenses necessary for the operation of their Group. These contributions may be made to the Interest Group Contact in cash or by cheque. If such payments are made by cheque this must be made payable to Locks Heath U3A.

All monies collected by Interest Group Contacts belongs to Locks Heath U3A and the ultimate responsibility for this money is the Trustees.

All monies collected must be given to the Treasurer together with the Income Voucher provided for that purpose. Interest Group Contacts can agree with the Treasurer to pay monies into their own bank accounts and then transfer this by BACS to the Groups & Events Account. The Interest Group Contact must email the Treasurer with details of the amount and date of the transfer.

All Interest Group monies will be held in the Groups & Events Account. These monies will be ring-fenced in the bank account for each Group and may be carried forward at the end of a financial year. The Treasurer will keep the Interest Group Contacts advised of their credit and may ask them to take measures to reduce any large credit not in keeping with their requirements.

Interest Group Contacts may hold a small cash fund to cover minor expenses. They may also pay some expenses from members' contributions if this avoids an unnecessary banking process and this must be agreed with the Treasurer in advance. The maximum cash amount allowed to be held will be agreed by the Treasurer with each Interest Group Contact.

Interest Group Contacts must keep records of all monies received and expended. The use of the Beacon Group Ledger is the preferred option, but paper records or spreadsheets are acceptable provided they are kept in secure place to comply with GDPR.

Monies collected towards refreshments for meetings held in private homes do not need to be recorded.

## **SPEAKER FEES**

The Executive Committee will set an overall budget for Speaker fees which may include reasonable travel expenses at the beginning of each financial year. The entertainment provided at the AGM is not included in this budget.

Speakers will be paid by BACS or cheque on the day of their talk. If a Speaker requests us to pay a charity, we must explain that we are not permitted to do this under our Charity registration. We will pay the Speaker and he/she must make the donation to the nominated charity. The receipt each speaker is asked to sign will record this possibility.

Speakers who are members of any U3A are not allowed to charge a fee or expect a donation to a charity. They are entitled to claim reasonable expenses

## **ANNUAL BUDGET**

The Treasurer will produce a draft Budget for each financial year based upon the previous year's accounts and any projected changes that are likely to occur.

At the beginning of each financial year the Executive Committee must review the last year's Budget and agree the Budget for the forthcoming year.

The Budget will be reviewed at least half-yearly so that any appropriate action may be taken to correct any serious problems identified.

## **RESERVES**

Locks Heath U3A aims to keep a level of reserves that will cover the 6 months of our regular operating activity with the highest potential expenditure.

The Treasurer will produce and maintain a document showing the expenditure items and the potential costs that produce the Reserve amount agreed by the Executive Committee.

The Reserve amount will be reviewed annually by the Executive Committee after each AGM and amended if necessary. If the amount is substantially above the agreed amount the Executive Committee must find ways of reducing this. Charity Commission rules do not allow return of U3A funds to members so other methods must be considered.

## **EXAMINATION OF FINANCIAL RECORDS**

Prior to each AGM the Locks Heath U3A Financial Records will be examined by an independent person with the requisite knowledge and practical experience to perform the task. This person may be a member of Locks Heath U3A if they do not have any relationship or close contact with members of the Executive Committee.

The Examiner will be given all paper records and view only access to the Financial Section of Beacon while the examination is being undertaken.

The Examiner for the current financial year will be proposed and agreed at each AGM.

## **FINANCIAL REPORTING – AGM & CHARITY COMMISSION**

The Treasurer will produce Financial Statements for each bank account for submission and approval at the AGM.

The Treasurer must produce a Financial Statement combining all bank accounts and submit this information to the Charity Commission each year in the format and timescale relevant to the total income of Locks Heath U3A for the relevant financial year.

## **TRANSACTION VOUCHERS**

These Vouchers enable better storage of receipts, invoices and other documentary evidence of transactions and help the Examiner in the examination of the Finance Records.

Completed Vouchers for the current financial year are stored in separate folders for the Current Account (including the April Membership Account) and the Groups & Events Account. They are filed by the month of the Transaction and in Transaction No. order. The current options that are in use are listed below.

### **Treasurer's use only**

- Current Account – Individual Income Transaction
- Current Account – Individual Expenditure Transaction
- April Membership/Current Account – Multiple Membership Transactions
- Groups & Events Account – Individual Income Transaction
- Groups & Events Account– Individual Expenditure Transaction

### **Interest Group Contacts & Treasurer use**

- Groups & Events Account – Interest Group Meeting Income Transaction

Specific Transaction Vouchers may be produced for organised activities and events.

### **Policy Review Date – November 2021**

## **APPENDIX 1**

### **ONLINE BANKING PAYMENT AUTHORISATIONS**

The Treasurer (or another authorized signatory in his absence) will set up the payment(s).

A signatory must not authorise a payment when they are the payee. The Treasurer (or another signatory in his absence) requiring a payment in their name must provide proof of any payment and request approval from the Chairman or Vice Chairman to set up a payment in their name. The Chairman or Vice Chairman must be asked to authorise the payment.

The Treasurer (or another signatory) after setting up a payment will email another signatory requesting them to authorise the payment. The email will detail the name, amount and a brief description of the payment(s) requiring authorisation. The second signatory may ask to see documentary proof of any amount being proposed for payment before authorising it.

Signatories must only authorise payments they have specifically been asked to authorise. Authorisations should be completed within 5 days of receiving the email. The signatory completing the authorisation will reply to the request email to confirm that it has been done.

The Treasurer will produce a monthly rota of the Authorised Signatories and advise them of the months they will be asked to complete the authorisations. If a signatory needs to change their allocated month, they must arrange the change with another signatory and advise the Treasurer of the change.

## **APPENDIX 2**

### **USE OF BANK ACCOUNT DEBIT CARDS**

The Treasurer holds the Debit Cards provided by Lloyds Bank for both of our bank accounts. The cards are issued showing his name as well as Locks Heath U3A and they can be used like any personal Debit Card. This means the Treasurer can use these cards without any need for dual authorisation. Their use is now being required more often e.g. the Kings Head want the Skittles Group to pay their hire charge this way each month and some venues visited by Gadabouts have required payment by debit card.

The following criteria must be used to maintain the spirit of dual authorisation for the protection of both our accounts.

The payment must be for a purchase, a hire or venue charge previously made by a cheque or cash or a new payment authorised by the Committee or necessary to support an Interest Group who have provided the details and sufficient funds to the Treasurer.

Prior to using the Debit Card, the Treasurer must provide the Chairman or Vice Chairman or in their absence the Secretary, of the details of the proposed transaction and obtain their approval. If it is not possible to provide the details in advance of the use, they must be supplied within a day of this taking place.

The notified person should then check the relevant bank account shortly after the transaction has taken place to confirm that it matches the details provided.