

# Financial Policy

## 1. Document control

### 1.1. Approval

Date approved	19/08/2020
Approved by	Committee of the u3a

### 1.2. Version history

Version	Date	Author	Change summary
4	09/12/20	Tony Garwood	Sections 3, 4.1 and new 10

## 2. Introduction

### 2.1. Purpose

All charities are required to determine their "Internal Controls" for running the charity, one of these being the Financial Policy. Where applicable "Trustees" includes committee members.

## 3. Trustees' financial responsibilities

The trustees of Newhaven & Peacehaven 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 (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 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 interest groups, etc. as 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.

It is the responsibility of all Committee members to be vigilant against the possibility of fraud both from external agents and internally. If a Committee member suspects external or internal fraud, they must report this to the Treasurer who must investigate and report to the Committee within two calendar months. However, if the Treasurer is implicated in the suspected fraud, the Chairman must be informed instead, and they must investigate and report to the Committee within two calendar months. Should fraud be found to have taken place the appropriate authorities must be informed.

Committee shall ensure a review of internal financial procedures is undertaken each September.

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 Newhaven & Peacehaven u3a and operated by the trustees.
- 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 Chairman, Treasurer and Assistant 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 or accessed by the Treasurer online.
- 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. At least one of these must be a signatory.
- Committee approval must be given before amounts more than £500 may be paid out.

#### **4.2. Online banking**

Where online operation of the bank accounts is in place only persons approved by the committee will have access to this facility. The security of the online system is in line with the arrangements offered by NatWest Bank and in accordance with the mandated approval limits. As soon as made possible by the NatWest online system, payments by Bank Transfer will require double authorisation. In the meantime, before a transfer is made, the Treasurer must receive verbal agreement from another signatory. The Treasurer must keep a record of who approves each transfer.

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

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. All payments are authorised in accordance with the bank mandate. The issue of any bank debit or credit card in the name of Newhaven & Peacehaven 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, and in some cases, the only method of completing the purchase (e.g. theatre tickets). The committee will predetermine the spending limits for any card: the limit may be per transaction, per day or per month.

Newhaven & Peacehaven u3a holds 1 debit card. It is held by the Treasurer. All transactions made using these cards appear immediately on the appropriate bank account (subject to the timescales for electronic banking transactions) and are subject to review by the nominated officers through the online banking service. All such payments must be supported by an invoice or receipt made out to Newhaven & Peacehaven u3a.

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

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

Prior approval must be given by the committee for equipment and other items to be purchased for the use of Newhaven & Peacehaven 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 Newhaven & Peacehaven u3a.

### **5. Groups' finances**

Interest groups are expected to be self-financing and can collect such sums of money as the group members and leadership deem to be necessary to undertake their activities. The funds of these groups belong to the u3a. Groups are permitted to make any expenditure deemed necessary by the group members and the group leadership and can withdraw money on request from the ringfenced funds held by the u3a on their behalf, as appropriate. The Outline Flow Charts M2(monies collected every meeting) and M3 (monies collected periodically) must be followed in order to:

- Allow the Treasurer to keep accurate accounts for presentation to the AGM, for discussion with the trustees and to meet regulatory requirements.
- Allow the group members to understand how their monies are being managed.
- Maintain transparency and trust for all concerned.
- Minimise the risk of error and potential loss of funds.
- Allow group leaders to maintain cash floats.

### **5.1. Receipts**

To manage the handover of cash and cheques to be paid into the Newhaven & Peacehaven u3a bank account the committee has decided that:

- Outline Flow Charts M1 to M5 are to be followed for the purposes of passing cash or cheques to the Treasurer and for informing the Treasurer of bank transfers made.
- 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 as indicated in the Outline Flow Charts.
- Where applicable receipts will need to be given to group leaders or acknowledged by email.
- Where net sums are being paid over this needs to be fully demonstrated to the Treasurer.
- Cash held back for cash flow purposes will be within the u3a's approved limits (they will vary by activity). The Treasurer has the discretion to agree the appropriate limit.

### **5.2. Payments**

The committee will inform relevant group leaders as to the approved process for payments 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 deducted from activity revenue:
  - Tutors
  - Speakers
- When payment for venues, coaches, tutors, speakers etc must be paid by the u3a.

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.

Where the committee has agreed the use of a paid tutor, they must provide evidence of their self-employed status and invoice the u3a as agreed.

The committee (via the Treasurer) will monitor the income and expenditure of the groups. Group leaders need to provide regular information, as agreed, to the Treasurer (see Outline Flow Charts). 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.

### **5.3. 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. Outline Flow Chart M4 must be followed.

### **5.4. Payments to other charities**

In line with charity law, a u3a cannot raise funds for another charity that does not have similar charitable objectives. Newhaven & Peacehaven u3a may 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.

## 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 following Outline Flow Chart: M6. Expense claims will be authorised by the Treasurer and reported to the committee. No committee member should authorise their own claim. Treasurer's expenses must be approved by the executive committee. Expenses will include – with committee approval – attendance at the Trust's AGM and Conference or national/regional workshops.

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 executive committee.

## 7. Membership Fees and membership of more than one u3a

The membership fee is reviewed on an annual basis. Newhaven & Peacehaven u3a is committed to keeping the membership subscription as low as possible to ensure that the u3a remains accessible to all members. A reduced fee is offered for joint membership (2 members living at the same address) and for members joining more than half-way through the year.

For U3A members who also belong to another u3a, Newhaven & Peacehavenu3a will offer an associate membership/joint membership fee. This will normally be less than the fee mentioned above.

The membership fee shall be normally be determined by the committee no later than June of each year.

Outline Flow Chart M5 must be followed.

## 8. Asset register

An asset register is maintained by a designated member of the committee, 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 will be reviewed annually in time for a statement to be included in the annual accounts.

## 9. Reserves

Newhaven & Peacehaven u3a aims to keep a level of reserves that will cover 12 months of regular operating activity. This is considered by the committee a reasonable level for this type of charity.

Social account activities 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.

## 10. Investments

If there are sufficient funds in the accounts to cover 12 months of regular operation then the Committee may consider investing the remaining funds. The Committee may only agree to investments that carry no risk of loss of the capital amount. In general, this will mean that Bank deposit accounts are the preferred option.

The u3a must be able to access the full amount of annual operating cost as and when required.

## 11. Appendices

Outline Flow charts	M1 Discrete Cash Collections (e.g. raffle)
	M2 Fees Collected at Each Meeting (e.g. Singing)
	M3 Fees Collected Covering Several Meetings (e.g. Art)
	M4 Attendance Fees Collected for Events (e.g. Theatre Trip)
	M5 Collection and Banking of Membership Fees
	M6 Committee Members Expenses