

Financial Controls Policy and Procedures



1. Scope of the Policy

- 1.1 Preston and District u3a (the u3a) is a UK (England & Wales) Registered Charity No: 141371 and both the Third Age Trust (TAT) and the Charity Commission require all u3as/Charities to have and to keep an up to date FINANCE POLICY so as to mitigate risk. This policy informs anyone with whom we work, including other Agencies and Organisations, of the procedures we follow to minimise the risk of fraud and protect the assets of the u3a.
- 1.2 Items 2 – 10 of this document contain the context and content of this Policy and Item 11 records the Procedures and Regulations arising from this Policy. All are to be implemented by anyone who voluntarily works with and for the u3a.

2. Relationships

- 2.1 The u3a works with the Charity Commission, HMRC and TAT and the legal requirements are set out in the following paragraphs.
- 2.2 It is mandatory for the u3a to register with the Charity Commissioners as an Unincorporated Association (Charity) with an annual income over £5000. Such registration sets out the responsibilities and accountabilities of the u3a within the appropriate legislation framework.
- 2.3 The u3a is also recognised by registration with HMRC as a charity for tax purposes, which allows it to claim for Gift Aid. This requires the Board of Trustees (described within this document as the Committee) to provide regular Declarations about its income and expenditure in relation to its stated charitable objectives/purposes. See also Items 7.4 to 7.6.
- 2.4 TAT is the national representative body for u3as in the UK and is the network organisation of u3a members. It is both a limited company and a registered charity. It underpins the work of local u3as by providing educational and administrative support to their management committees and to individual members and assists in the development of new u3as across the UK.
- 2.5 u3as are independently managed charitable associations with their own constitutions. See <https://u3asites.org.uk/preston/page/68677>. Membership of TAT is a requirement in order to use the u3a name and logo both of which are protected but once registered individual u3a units are self-governing, providing they adhere to the aims and guiding principles of the u3a Trust.
- 2.6 In addition, a u3a, although independently managed, must not act in a way which brings the u3a movement into disrepute. Should this happen, the Trust has the right to intervene with the ultimate penalty being a termination of membership. <https://www.u3a.org.uk/advice/the-u3a-movement/186-terms-of-membership-of-the-third-age-trust.html>

3. Financial Controls

3.1 The Charity Commission states that “Internal financial controls are just one part of a charity's overall control framework. The wider framework should cover all the Charity's systems and activities”. The aims of internal financial controls are to:

- protect the Charity's assets;
- identify and manage the risk of loss, waste, theft or fraud;
- ensure the financial reporting is robust and of sufficient quality; and
- ensure that the trustees comply with charity law and regulations relating to finance.

3.2 Internal financial controls are rules or procedures which inform everyone in the u3a how to deal with financial matters. These controls should be firmly administered but not become, or be perceived as being, too onerous or impractical. If these controls are followed the risk of mistakes or fraud occurring should be reduced.

4. Responsibility

4.1 The Committee, as the elected main Committee of the u3a, are strongly recommended to follow the best practice recommendations of the regulatory authorities and TAT. It is not possible for an individual to opt out of collective responsibility.

4.2 The Committee are collectively 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 irregularity at main committee, group leader or member level, the Committee is held liable if they have not taken all possible steps to minimise potential areas of risk.

4.3 The Committee has a legal duty to ensure that the assets of the u3a are used appropriately to achieve the stated charitable objectives. Therefore, it needs to ensure that all income and all expenditure are appropriate and that both are properly authorised and recorded. The Committee has established a suitable structure to ensure that financial accountability is maintained at the right level. The main areas where internal financial controls are necessary are detailed in the following sections.

5. Bank Accounts

5.1 As a non-profit making, independently managed association, the u3a will hold bank accounts at banks designated by the Committee. A pool of authorised signatories for these accounts drawn from the Committee, one of which must be the Treasurer, will be registered with the bank.

5.2 The Bank Mandates will require two (2) of the authorised signatories to sign each cheque issued on the u3a's behalf. Any change to the definition of the Bank Mandates required by the u3a must be approved and minuted by the Committee.

5.3 The u3a will not use any other banking or financial institution for overdraft or loan facilities without the agreement of the Committee and appropriately minuted.

6. On-line Banking

- 6.1 Some payments of expenditure items are paid through on-line banking facilities. Dual authorisation is required for all on-line payments.
- 6.2 The Committee, through the Treasurer, will maintain a regular review of procedures to ensure controls are and remain effective.

7. Income

- 7.1 Individual Membership Fees are payable by annual subscription, with the level recommended by the Committee. This covers purchase of assets for the benefit of the whole organisation, newsletters, expenses, governance expenses. The latter includes the u3a's contribution to TAT which includes the insurance premiums.
- 7.2 For the monthly main meetings there is an Attendance Charge per person to cover all expenses. The Interest Groups are self-supporting and may also charge to cover their activities and expenses, however, it should be clearly understood that this money does not belong to the Interest Group but to the u3a.
- 7.3 All monies received from membership fees and group activity fees, whether in cash, by cheque or by bank transfer are to be recorded promptly and banked without delay in the correct account. All those receiving money, Treasurer, Membership Secretary, Group Leaders or Group Treasurers should maintain sufficient and appropriation documentation to back this up. The only exception is for Groups dealing with trivial amounts - see Items 11.3 and 11.6.
- 7.4 Gift Aid is a way for charities to increase the value of monetary gifts from UK taxpayers by claiming back the basic rate of tax paid by the donor. HMRC is prepared to treat membership subscriptions as gifts providing the payments do no more than secure membership of the u3a which allows members to receive newsletters and participate in activities which form part of the u3a charitable activities.
- 7.5 Gift Aid cannot be claimed by anyone paying for their own (or on behalf of another) Membership Fee who does not pay tax. Members who pay for another's Membership Fee are also advised that such payment is regarded as a gift to a third party and is not eligible for Gift Aid.
- 7.6 Members are advised that, when signing the Gift Aid Declaration i.e. agreeing to claim Gift Aid via the u3a, they find themselves paying insufficient income and/or capital gains tax to equal or exceed the gift aid claimed on all their donations in a tax year, that it is their responsibility to pay the difference to HMRC. This can be done in the following year by adjusting their existing Declaration.

8 Expenditure

- 8.1 Any expenditure can be made, provided that it is within the following framework:
- within Charity and Company Law;
 - within the rules, policies and procedures of the u3a;
 - in accordance with the u3a's objectives; and
 - with regard to the u3a's contracts.

9. Other Assets

9.1 **Monetary Reserves.** The u3a currently holds 6 months running costs in a reserve bank account, the Committee reviews this amount annually. These reserves should reflect the particular circumstances of the u3a and 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 for the benefit of the whole membership;
- to cover future equipment demands; and
- to deal with emergency situations i.e. they provide a contingency for expenditure over and above day to day commitments and other planned outgoings.

9.2 **Physical assets.** All equipment purchased from central funds, for the benefit of all members, is owned by the u3a and is regarded as 'assets'. See also Item 11.9.

10. Roles and responsibilities

10.1 The Officers of the u3a, Chair, Vice Chair, Secretary and Treasurer, comply with the specific provisions in the Constitution and carry out the specific roles and responsibilities delegated to them. All Trustees remain jointly responsible for the Finances of the u3a.

10.2 **The Treasurer** usually takes the lead at Committee level for:

- ensuring the u3a keeps proper accounts;
- producing Year End accounts for Independent Examiner's approval and subsequently for Charity Commission;
- reviewing the financial performance of the u3a;
- drawing up and reviewing policies for finance and investment;
- ensuring that the u3a has robust and effective financial controls in place;
- liaising with finance staff (including Group Leaders and Treasurers) and with the u3a's Independent Examiner;
- reporting on financial matters to the members through the Committee;
- in practical ways as set out further in this Policy document – see Items 5-9 and 11; and
- working closely with the Beacon Buddies and the Treasurer's Role Backup.

10.3 **u3a Treasurer's Role (Backup).** To ensure continuity of the finance function an elected Committee member (preferably one of the existing authorised banking signatories) will provide "back-up" to the Treasurer position. In the event of the temporary incapacity of the Treasurer this Trustee will ensure essential payments and banking requirements are maintained until the elected Treasurer can resume duties.

10.4 In the event of the permanent incapacity of the Treasurer, the committee will appoint an official replacement Treasurer and authorise the u3a Beacon Administrator to allocate the access and security rights of the Beacon "Treasurer Profile" to the appointed person.

10.5 Both of these actions are to be fully minuted to meet banking signatory requirements. Both of these actions will cease at the next AGM, when the formal nomination and election process will occur.

10.6 **Interest Group Leader and Group Treasurer.** The Interest Group Leader is a member and convenes any planning meeting, usually of all group members to decide the programme for the group to follow over a certain period, and to share out amongst other group members the necessary tasks requiring action to be carried out to achieve this. This will include dealing with the financial transactions required for the programme to be achieved. This task may be shared with other Group members, depending on the nature of the activities. However, one person if nominated as the Group Treasurer should oversee all those assisting and bring every financial dealing together for financial control and recording purposes in liaison with their appointed Beacon Buddy who may on behalf of the group be updating and maintaining the group's records on Beacon. See Items 5-9 and 11.

11. **FINANCIAL PROCEDURES & REGULATIONS FOR INTEREST GROUPS INCOME AND EXPENDITURE**

11.1 Under no circumstances is an Interest Group allowed to open their own Bank account for collecting and paying over monies.

11.2 **In room hire situations.**

11.2.1 The Interest Group Leader keeps a note of how much money is collected from those attending, towards the cost of room hire. Any income should be given to the Treasurer as soon as possible for banking in the Interest Groups Fund. See item 11.10.

11.2.2 Where a paid tutor/speaker agrees and provided the amount is small (less than £40 a time) immediate payment is allowable. A detailed and signed receipt for the money handed over must be obtained and the supporting documentation needs to be included when handing over the money collected to the Treasurer. See item 11.5.

11.3 **Meeting in a private house (trivial amounts).**

11.3.1 The amount recommended for house meetings in the u3a guideline paper 'Financial Matters' is 50p, this is to be collected by the host and paid to the u3a as an attendance fee. In addition the host may collect 50p from each member attending as reimbursement for the cost of refreshments. This administration of 'trivial amounts / personal payments' may be applied also to any 'driver's tips' to coach drivers and to group members using their own transport. See Item 11.7.

11.4 **Making visits including those requiring reservation fee.**

11.4.1 This procedure has regulatory significance to safeguard the interests of all concerned. Because of the inherent purposes (social and educational) of this type of interest group, it is vital that comprehensive records of all transactions should be developed and recorded by the Interest Group Leader and capable of being easily monitored by the Treasurer, as necessary. All expenditure for all aspects of each trip is the responsibility of the Treasurer.

11.4.2 Once a group has decided to make a visit to a location which requires some form of reservation for hire of transport (coach) and/or entrance reservation either by the Group Leader or Group Treasurer, the Treasurer is informed of the date and the estimated cost. It is recognised that this action is needed in order to safeguard the Group Leader and/or Group Treasurer and to bring about a good trip.

11.4.3 A deposit may be required to make the reservation. The Group Leader or Group Treasurer establishes how this payment is to be made to the visit proprietor (cheque or BACS, which

requires corresponding banking information) and contacts the Treasurer with a request to send the amount required to the proprietor. It should include a request for receipt for the deposit plus an invoice for any outstanding amount. This may be required as quickly as possible or can be handed over to the Group Leader to be paid on the day of the event. The final transaction is completed before the trip takes place or when all the monies have been collected by the Group Leader and handed over to the Treasurer to be banked.

11.4.4 The following is based upon a trust (a developed relationship of knowledge and understanding) between the Group Leader or Group Treasurer and the individual member of the group participating in the trip.

11.4.5 At the same time, the Group Leader requires and collects an appropriate non-refundable deposit from each member planning to participate in the trip. Monies collected should be handed over to the Treasurer with appropriate documentation for banking as soon as possible. This collection is NOT to be used for the payment by the Group Leader for any other aspect of this trip i.e. deposit, final payment, driver's tip or other gifts.

11.4.6 If the trip is not undertaken and the deposit is lost, the Group will be responsible for making up the loss of u3a funds, i.e. the full cost. This is to be refunded to the Treasurer.

11.4.7 For insurance purposes any interest group which makes any sort of trip must notify the Groups Coordinator for recording, of their intentions and preparations for each trip. This information should include details of date, times, location, travel arrangements, numbers and have proof of having undertaken some sort of assessment of meeting the possible needs of those attending, on behalf of their members.

11.5 **Paid Speakers.**

11.5.1 There is no problem with the payment of fees to speakers but this must come from the funds of that particular interest group, unless previously agreed by Committee. Before a Group pays a speaker – only a one-off payment to a non u3a member is permitted - a statement should have been obtained confirming that he/she carries appropriate insurance.

11.5.2 A one-off payment to another charity, in lieu of a Speaker's Fee, is acceptable but needs recording appropriately. Such a payment is to be made in the name of the Speaker for onward transmission through the Speaker.

11.5.3 It is not permissible to pay any u3a member for making a presentation or giving a talk, nor as a gift. Legitimate expenses can be reimbursed. The latter can also be claimed by Group Leaders with appropriate documentation. This may include trivial prizes.

11.6 **Paid Tutors.**

11.6.1 Where a Group pays a tutor on a regular basis of whatever frequency, the tutor must provide evidence that they are self-employed i.e. their Unique tax reference (UTR). This is to ensure that the tutor is not able to claim they are employed by the u3a. The Tutor should also provide an up to date insurance certificate, updated annually.

11.6.2 Payment to the Tutor must be made from the attendance fees collected at the meeting and the amount recorded in the expenses section of the Attendance Sheet – see item 11.10 and Appendix 1. The Group Leader should ensure there are sufficient funds available at the meeting to pay the Tutor. The Treasurer will reimburse the Group Leader if they have to subsidise the payment.

11.6.3 The Treasurer will provide the Group Leader with a duplicate receipt book which the Tutor must sign to acknowledge receipt of the agreed fee. The receipt is given to the Tutor and the copy retained in the receipt book by the Group Leader.

11.7 Drivers Allowance.

11.7.1 If an Interest Group Member provides other member(s) with a lift to an event, or on u3a business, it is suggested that the driver might receive a contribution towards petrol costs (if requested/required). This would take the form of either a mileage allowance (30p / mile) with the total cost split between all the occupants of the car (i.e. including the driver), or of the corresponding public transport costs, whichever is the less. In either case, any such payment should not be recorded.

11.8 Money from u3a Funds.

11.8.1 Groups may wish to ask for financial help with start-up costs and sometimes the cost of other equipment (including replacement equipment) from central funds. A written request should be submitted to the Secretary for inclusion at the next Committee meeting. The Committee will consider the request and decide an appropriate response. If such expenditure is approved, the Treasurer will deal with this and all necessary receipts will be obtained. Any items purchased from central funds become the assets of the u3a, not the Group.

11.8.2 Requests for financial help must include;

- factual evidence to support the case e.g. number of members who will benefit and how they will benefit; and
- at least two estimates detailing the total cost.

11.9 Interest Groups Assets.

11.9.1 The Treasurer will request from each Interest Group Leader or Group Treasurer at the end of each Financial Year, a list of equipment or other non-monetary assets paid for, insured by and belonging to the u3a and held by, but not belonging to the Interest Group. If a Group dissolves the Treasurer must be informed of any assets which pertain to that group.

11.10 Recording transactions.

11.10.1 It is necessary for all the above-mentioned income and expenditure transactions to be fully recorded by Interest Group Leaders. The following relevant forms are available to be printed from the website for use over the whole of the financial year. These are to be retained by the Treasurer, together with appropriate receipts and other relevant documentation for putting together the u3a's Annual Return.

- Appendix 1 – Group Meeting Attendance Sheet
- Appendix 2 – Expenses Claim Form

October 2018
Reviewed and Updated August 2021
Next review due August 2024

Appendix1

Meeting Attendance Register: Interest Group / Event: _____ Date: ___/___/___

Name	Mem No.	Pd.	Name	Mem No.	Pd.
1			11		
2			12		
3			13		
4			14		
5			15		
6			16		
7			17		
8			18		
9			19		
10			20		

If you are a u3a member from another branch or a non u3a member you will need to complete a separate form. The Group Leader or Organiser will give you a blank form

Name of non u3a member	Paid	Name of visitor from another u3a	Paid
1		1	
2		2	
3		3	

----- Group Leaders: please cut here -----

Group/Event Name _____ **Date:** ___/___/___ **Making payment electronically Y/N**

Did St Cuthbert's provide any photocopying **Y/N** If so how many

Totals: Preston u3a Members ____ Guests: ____ Non u3a Mem: ____

Cash Collected: £ _____ Expenses (under £5) £ _____ Cash to Treasurer: _____

Group Leaders MUST attach an invoice for any expenses claimed

Event Organiser/ Group Leader's Signature: _____

Ensure you have completed the form including circling the method of payment

Cheque made payable to the u3a. Put the cheque and slip (invoice for any expenses attached) in a plastic bag and place in the box in the drawer in the office at St Cuthbert's or hand it in at the next monthly meeting,

Cash Put the money in a plastic bag with this slip and attach any invoices for any expenses, hand it in at the next monthly meeting. **DO NOT LEAVE CASH IN THE DRAWER**

Appendix 2

Preston and District U3A

Expenses Claim Form

Name of Claimant

Costs Incurred:

Date	Short Description of Expense	Receipt Attached Yes/No	Amount

Payment Details:

Cash	Amount:
BACS	
Cheque Number	Date:

Signatures:

Approved (Treasurer) _____

Authorised (>£50: Chair) _____

Received (Payee) _____