

# **Thornbury U3A - Financial Policy**

**July 2020**

## **1. Trustees' Financial Responsibilities**

The Trustees of Thornbury U3A (collectively referred to as the Committee) are legally responsible under Charity Commission requirements 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. 6 years per Charities Acts, Companies Acts etc).
- Preparing Annual Financial Statements in accordance with the governing document and relevant legislation.
- The Financial Statements should show a true and fair view of the state of affairs of the U3A.

Trustees are jointly responsible for ensuring that full financial records are kept. These include those of the U3A and all the interest 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.

## 2. Banking

### 2.1. Bank Accounts

- Three bank accounts are held in the name of Thornbury U3A and operated by the Trustees, as follows:
  - a 'main' account (General Fund) funded principally by membership subscriptions and used to pay the costs of running the U3A,
  - a 'Social Fund' account used to handle the financial aspects of periodic visits and talks that are open to all members,
  - An instant access 'reserve' account which is interest paying.
- 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 4 named Committee members. This responsibility cannot be delegated.
- All cheques must be signed by two signatories, at least one of whom must be a principal officer (Chairman, Vice Chairman, Secretary, Membership Secretary or Treasurer).
- 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.
- Whenever practical two people should be involved in counting cash receipts.
- Additionally, Thornbury U3A maintains a Paypal account for the collection of subscription renewals processed on-line. Funds accumulated in this account are transferred to the main bank account periodically and no other payments are made from it. This is under the sole control of the Treasurer, although a summary of all transactions is printed and retained on a monthly basis for perusal of any other Trustee in case of need.

## 2.2. On-line Banking

On-line access and operation of the bank accounts is in place. Three named Trustees approved by the Committee have access to this facility. The security of the on-line system is in line with the arrangements offered by Lloyds Bank and in accordance with the mandated approval limits. Additionally, two named Trustees have 'View only' access as a safeguard against any suspicious transactions.

Operation of the on-line 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. Access to the on-line accounts varies from bank to bank and may be via a card reader and personal access card or by logging on to the bank system with a personal password and access code.

## 2.3. Payment by Bank Cards

The issue of any bank debit or credit card in the name of Thornbury U3A will need to 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 on-line 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.

Thornbury U3A Committee holds no business debit/credit cards as at the date of this document, although see below re Groups' finances.

## 2.4. Personal Debit or Credit Cards

The use of personal debit or credit cards for interest group activities needs to be carefully considered and closely managed.

Prior approval must be given by the Committee for equipment and other items to be purchased for the use of Thornbury U3A or specific interest groups, other than replacement of modest, routine items (e.g. playing cards, table tennis balls etc). 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 Thornbury U3A.

### 3. Groups' Finances

Interest groups are expected to be self-financing and will 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 but will be retained by the Group Leaders or suitably delegated group members for the purposes of running the ongoing activities of the groups. It should be understood by Group Leaders that the Trustees are empowered to take control of any group's finances should the Trustees have reasonable cause to consider it to be necessary to fulfil their duties, and Group Leaders would be expected to co-operate with the required change(s) to the bank mandate in such circumstances.

Groups are permitted to open and operate bank accounts and/or maintain cash floats for the purposes of the ongoing operation of their activities. The Trustees, at their discretion, may require that at least one Trustee be party to the bank mandate with full signing powers and/or on-line access. In practice, this will be limited to those groups with the higher income levels.

Additionally, the following bank cards are held by interest groups:

- Concerts Group - debit card under control of Group Leader
- Theatre Group - charge card with spending limit of £5,000 (subject to retention of £5,000 credit balance on current account at all times) under control of Group Treasurer

The Treasurer, Groups Co-ordinator and Group Leader(s) need to agree what records need to be kept of the groups' transactions in order to:

- Allow the Treasurer to produce an accurate Consolidated Financial Statement 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.

Where necessary, the Trustees will seek to improve the standard of group record keeping by providing guidance and other practical assistance to groups to help to achieve this.

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. As a minimum, this will involve an annual return to coincide with the end of the U3A financial year on 30 September, using a pre-determined format depending upon the level of annual income received and complexity of group finances (see Appendix). For groups with income above £20,000 pa, an

interim review part way through the financial year will also be undertaken in conjunction with the Treasurer.

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.

### 3.1. 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 of 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.

### 3.2. Payments to Other Charities

In line with charity law, a U3A cannot raise funds for another charity that does not have similar charitable objectives. Thornbury U3A will make payments to speakers who have indicated that they intend to donate their fee to a specific charity but not directly to their nominated charity.

## 4. 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 Committee and no Committee member should authorise their own claim. Expenses will include – with Committee approval – attendance at the Trust's AGM and Conference, along with national/regional workshops and meetings.

All claims need to be made in a format acceptable to 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 Committee.

## **5. Membership Fees**

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

## **6. Asset Register**

An asset register is maintained by the Equipment Co-ordinator which records all assets held including their initial purchase price, date of purchase 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.

## **7. Reserves**

### **7.1 General Fund**

Thornbury U3A aims to keep a level of reserve on the General Fund that will

1. cover 12 months of regular operating expenses, and
2. cover the agreed equipment budget

This is to cover any increase in operating costs, sudden drop of income or unexpected expenses, including the need to assist any groups with financial difficulties or new groups with their start up costs. It is considered by the Committee a reasonable level for this type of charity.

If considered necessary, the level of reserve can be reduced by adjusting the annual subscription paid by members.

### **7.2 Social Fund**

Social fund activities are excluded from the above figure as these activities are expected to be self-financing but a separate reserve of £1,500 is considered prudent. This enables up-front

costs to be paid for events ahead of members' payments being received, and any shortfalls experienced to be covered.

If considered necessary, the reserve can be reduced by subsidising activities available to all members.

## 7.3 Interest Groups

The level of reserves maintained by individual groups will depend upon the nature of their activities and will be monitored by the Treasurer on an annual basis when compiling the Financial Statement for the overall U3A. In particular, groups with income normally in excess of £5,000 pa will be subject to individual scrutiny each year by the Treasurer and, if appropriate, the Independent Examiner of the Financial Statement. Given the different types of activities undertaken by groups, it is not possible to outline here every risk that needs to be covered by reserves, but the principle is to ensure that normal activities can continue and also that any increases in costs and/or reductions in income can be covered.

If considered necessary, any individual reserve can be reduced by subsidising activities available to members of the appropriate group.

## 7.4 Review of Reserves

The level of reserves will be reviewed on an annual basis by the Committee and amendments made as considered appropriate.

# 8. Appendix

- Financial Information Reporting Form for groups.

## Financial Information Reporting Form

Specific requirements vary depending upon the scale and complexity of each Group as follows:

- Groups with total annual income over £5,000
  - Income & Expenditure statement with surplus/shortfall linking in to change in reserves from prior year, and backed up by a scanned copy bank statement as at the end of the financial year.
  - Please email to treasurer@thornburyu3a.org.uk
  - Deadline - 31st October.
  - If any Groups require help in compiling these figures, please contact the U3A Treasurer as soon as possible after the year end.
  
- Groups that do not need to keep financial records
  - a simple 'Nil Return' is requested
  - *either* email to treasurer@thornburyu3a.org.uk
  - *or* phone U3A Treasurer on number in Handbook/on website.
  - Deadline - 15th October
  
- All other Groups that keep financial records
  - *either* a copy of the spreadsheet used for recording transactions
  - *or* completion of the form below (pasted into an email)
  - Please email to treasurer@thornburyu3a.org.uk
  - Deadline - 15th October

<b>Group Name:</b>	<b>Contact:</b>	
<b>Opening Reserves (date:                    )</b>		<b>£                    (a)</b>
<b>Income for 12 months (to date:            )</b>	<b>£                    (b)</b>	
<b>Less Expenditure for 12 months</b>	<b>£                    (c)</b>	
<b>Surplus/Deficit for 12 months</b>	<b>(b) - (c)</b>	<b>£                    (d)</b>
<b>Closing Reserves (date:                    )</b>	<b>(a) +/- (d)</b>	<b>£</b>
<b>Bank Account held:</b>	<b>YES/NO</b>	
<b>If YES, Bank &amp; Branch:</b>		

If any clarification on the above is required, please contact the U3A Treasurer.