

## **Tynedale U3A – Finance Policy**

### **1. Introduction**

This Finance Policy set out the information required by Trustees to fulfil their collective responsibilities towards Tynedale U3A. It also includes information that other members (e.g. Group Convenors) who handle money belonging to Tynedale U3A must follow.

It is essential that all elected and co-opted members of the Committee realise that they are automatically Trustees with a legal duty both to safeguard Tynedale U3A's money and to exercise effective control over all bank accounts. Collectively, Trustees are 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 nonTrustees. In the event of any financial irregularity at either Committee or Group Convenor level, the Trustees could be held liable if they have not taken all possible steps to minimise potential areas of risk. Trustees are therefore strongly recommended to follow best practice recommendations of the regulatory authorities and The Third Age Trust (the Trust).

It is not possible for an individual Trustee to opt out of collective responsibility. All U3A Committees are covered by Trustee Indemnity Insurance provided by the Trust, which protects the trustees both individually and as a board, against a genuine mistake, error of judgement or wrongful act, providing they have acted responsibly and followed their constitution. If proper procedures have not been followed and/or the constitution has not been adhered to, or if trustees have become aware of bad practice and not put it right, they may not be covered under this policy. In all circumstances, an excess of £250 would apply.

### **2. Status**

Tynedale U3A is a registered charity in England and Wales, number 515733. All U3As, as members of the Third Age Trust, have charitable constitutions with charitable objects/purposes, based on the model provided by the Trust and are

subject to charity law.

### **3. Trustees' Financial Responsibilities**

The Trustees of Tynedale U3A are responsible for the following financial controls:

- 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 good 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 show the receipts and payments of Tynedale U3A.

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.

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.

### **4. Banking**

#### **4.1 Bank accounts**

- All bank accounts are in the name of Tynedale U3A and operated by the trustees.
- New accounts may only be opened by a decision of the committee of trustees, which must be minuted.
- Changes to the bank mandate may only be made by a decision of the committee of trustees, which must be minuted.
- The authorised signatories are currently the Chairman, Treasurer, Business Secretary and Beacon Administrator. This responsibility cannot be delegated. The individuals will change over time but a minimum of 4 authorised signatories should be maintained.

- All cheques must be signed by two signatories.
- All internet payments must be set up by the Treasurer and approved by another authorised signatory.
- The signatories are responsible for examining the cheque or internet payment 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 payment.
- All bank statements must be sent to the Treasurer directly.
- 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.

#### 4.2 Online banking

Where online operation of the bank accounts is in place, only trustees approved by the committee will have access to this facility. The security of the online system is in line with the arrangements offered by Barclay's Bank and in accordance with the mandated approval limits.

#### 4.3 Payment online and 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. Access to the online 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. The issue of any bank debit or credit card in the name of Tynedale 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.

Tynedale U3A currently holds no bank debit/credit cards. These would be 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 Tynedale U3A.

#### 4.4 Personal debit or credit cards

The use of personal debit or credit cards for U3A activity needs to be closely managed. Permission must be sought from the committee where a member 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 Tynedale 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 Tynedale U3A.

### 5. Financial Operations

Tynedale U3A will raise funds from its members (and other sources, such as donations and bank interest) to enable the operation of the organisation. It will incur legitimate operating costs including:

- Administration (stationery, marketing, printing, postage, committee meetings, U3A fees etc)
- Running Tynedale U3A events (monthly meetings, AGM etc)
- Running members' events (welcome meetings, theatre trips, day trips/visits etc)
- Paying for Group venues

### 5.1 Events

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.

### 5.2 Social Activities

Purely social activities, such as Christmas parties, should be fully funded by the group members attending.

### 5.3 Payments to Other Charities

In line with charity law, a U3A cannot raise funds for another charity that does not have similar charitable objectives. Tynedale U3A will 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.

### 5.4 Financial Compliance

It is the responsibility of the Treasurer and the Committee to ensure that all financial operations comply with the terms of the Tynedale U3A Constitution and the spirit of the U3A movement.

## **6. Group Finances**

Groups' Finances are defined in a separate policy document, Group Finance Policy. All details of that document are subject to the overarching Group Finance principles as set out below.

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 Tynedale U3A.

Groups are permitted to incur relevant costs deemed necessary by the group

members and the group leadership; however, Groups are not allowed to engage paid tutors to support the running of their groups. Reasonable expenses can be paid to external tutors and speakers as set out in the Group Finance Policy. All costs must be paid for from the specific Group's funds.

The Group Convenor(s) must keep records of the groups' transactions and share them with the Treasurer as set out in the Group Finance Policy 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 Convenors to collect money from group members and hand that over to the Treasurer.

#### 6.1 Receipts

Details of how Group related receipts are to be handled are set out in the Group finance Policy. To manage the handover of cash and cheques to be paid into the Tynedale U3A bank account the committee has decided that:

- Bank paying in slips will not be given to Group Convenors for this purpose.
- Group Convenors may not pay sums due by issuing their own cheque or paying online through their own bank account.
- Where required, receipts will be given to Group Convenors by the Treasurer, or if the Group Convenor is happy, acknowledged by email.
- Where any net sums are being paid over this needs to be fully demonstrated to the Treasurer, e.g. funds collected within a group to pay a speaker's expenses
- Money received from members should be handed over to the Treasurer for banking as so as is practically possible
- Petty Cash should not be held by Group Convenors unless deemed

necessary for the operation of the group by its members, and then should be used for small cost items such as Tea or Coffee at a venue. Rules around the handling of petty cash are set out in the Group Finance Policy.

## 6.2 Payments

Details of how Group related payments are to be made to external organisations are set out in the Group Finance Policy. To manage the payment of money for Group activities from the Tynedale U3A bank account, the committee has decided that:

- Group Convenors must not enter into any financial arrangement with a venue on behalf of any Tynedale U3A Group
- All payments to venues on behalf of Groups, should be made centrally by the Tynedale U3A Treasurer
- These payments must be funded by money held by Tynedale U3A and previously collected on behalf of the Group
- The Group Convenor should keep a record of any payments they might make on behalf of the Group. These records should be shared with Group members and the Tynedale U3A Treasurer.

The Tynedale U3A committee (via the Treasurer) will monitor the income and expenditure of the groups. Group Convenors need to provide regular information on financial transactions to the Tynedale U3A Treasurer. Where groups do not comply with the rules set out in the Financial Policy documents, then the committee can review as to whether the group is legitimately operating in line with Tynedale U3A's insurance and financial requirements, and may require a Group to leave the auspices of Tynedale U3A.

## 7. 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 executive committee and no committee member should authorise their own claim. 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 (pdf copies available from the Treasurer or via the website) giving enough 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 (not in Hexham) 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.

### **8. Membership Fees and membership of more than one U3A**

Tynedale U3A charges an annual subscription which covers the cost of monthly meetings, administration, newsletters, Trust membership subscriptions and general expenditure.

Tynedale U3A is committed to keeping the membership subscription as low as possible to ensure that the U3A remains accessible to all members. The level of subscription is reviewed every 12 months with any proposed change to be discussed and voted on by the membership at the AGM.

Members who pay sufficient tax are encouraged to register for Gift Aid which is claimed annually from HMRC.

Tynedale U3A is required to pay a membership fee to the U3A Trust for all members who register with Tynedale U3A. For U3A members who can evidence membership of another U3A, Tynedale U3A will reduce the cost of membership by the amount that is paid to the U3A Trust for each member.

### **9. Asset register**

An asset register is maintained by the Treasurer, listing the various pieces of equipment purchased by Tynedale U3A, together with details of where they are located. It is updated as required.

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.

## **10. Reserves**

Tynedale U3A aims to keep a level of reserves that will cover 6 months of regular operating activity. This is considered by the committee a reasonable level for this type of charity.

Reserves are there to ensure the smooth running of the charity in the event of a sudden drop in income, to cope with unexpected and unplanned increases in expenditure, to replace assets, to cover future equipment demands and to deal with any emergency. Reserves provide a contingency for expenditure over and above day-to-day commitments and other planned outgoings.

Group accounts, and social activities are excluded from the Reserves figure as these activities are inflated by high-cost activities such as theatre visits and days out and are entirely self-financing.

## **11. Financial Reporting**

Tynedale U3A's financial year extends from 1st January – 31st December.

If the current total income of Tynedale U3A is greater than £10,000, Tynedale U3A must complete an annual return for the Charities Commission following year end.

If the current total income is greater than £10,000 but less than £25,000, Tynedale U3A must produce a set of examined accounts for the AGM which provides details of all monies received and paid out in their previous financial year and a statement giving details of any assets and any liabilities at the end of the year.

Accounts from the end of the financial year to which they relate are kept for 6 years. Gift Aid Forms are also kept as required by HMRC. Recording of operational finance is done using the Treasurer's spreadsheet system and backed up to the cloud.

If the total income should become greater than £25,000, Tynedale U3A would then be required to submit an annual return and to supply a copy of accounts and Trustees' annual report to the Charity Commission. This must be carried out

within 10 months of our financial year end. The accounts must contain financial records for all our charitable activities: main accounts; social activities; group activities. Our accounts are then examined by a scrutineer and are presented to the membership at the AGM. The scrutineer is usually nominated for the forthcoming year and approved by the membership at the AGM.