

U3A	Woodhall Spa U3A
Doc Financial Policy	Date 23/07/20
Ref U3A-WSP-POL-003	Review 27/07/21

Financial Policy

1. Document control

1.1. Approval

Date approved	27/07/20
Approved by	Woodhall Spa U3A Committee

1.2. Version history

Version	Date	Author	Change summary
1	23/07/20		Taking U3A-KMS-POL-003 from National Office Feb 2020 and revisions for Woodhall Spa U3A

2. Introduction

2.1. Purpose

All charities are required to determine their "Internal Controls" for running the charity, one of these being the Financial Control, or Financial Policy.

The aims of a Financial Policy are:

- To protect the charity's assets
- To identify and manage the risk of loss, waste, theft or fraud
- To ensure the financial reporting is robust and of sufficient quality
- To ensure the Trustees comply with charity law and regulation relating to finance

Where applicable "Trustees" means Committee members.

This financial policy documents the rules or procedures which inform everyone in Woodhall Spa U3A how the Charity's finances should be handled. 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.

2.2. Scope

Relevant to Woodhall Spa U3A.

2.3. Related documentation

U3A-KMS-DOC-033 Financial matters

3. Trustees' financial responsibilities

The trustees of Woodhall Spa U3A are responsible for:

- Ensuring that the assets are appropriately used to achieve our charitable objectives.
- 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).
- 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.

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Trustees are jointly responsible for keeping full financial records. These include those of the U3A and all the interest groups, sub-groups etc. and includes social outings.

To enable the trustees to carry out these responsibilities, the financial procedures detailed below will be followed.

All trustees on their election/appointment to the Committee will be made aware of this policy document, which will also be available to members on the website.

The policy will be kept under review and revised as necessary, but reviewed at least annually.

4. Relationship with External Agencies

4.1. Third Age Trust

The Third Age Trust is the national representative body for U3As in the UK. It is both a limited company and a registered charity. Woodhall Spa U3A is a member of the Third Age Trust and as such is bound by the Articles of Association of the Trust, whilst being an independently-managed U3A with its own constitution. Woodhall Spa U3A does pay a membership fee to the Third Age Trust which is calculated per member and paid in arrears.

4.2. Charity Commission

Woodhall Spa U3A is registered with the Charity Commission as it was obliged to do when its income (which includes groups' funds) exceeded £5000. As such it has to abide by the legal requirements and recommendations of the Charity Commission.

4.3. HMRC

Woodhall Spa U3A is registered with HMRC as a charity for tax purposes. This allows claims for gift aid for UK taxpayers, which increases the income available to Woodhall Spa without further cost to the members.

5. Banking

5.1. Bank accounts

- All bank accounts are in the name of Woodhall Spa U3A and operated by the trustees.
- Woodhall Spa U3A operates 2 bank accounts; one solely for managing Social Outings and the main bank account for everything else
- 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.
- There will be 4 authorised signatories for each account; signatories will be Trustees. This responsibility cannot be delegated. The Treasurer and Social Treasurer will be signatories of their respective bank accounts. The remaining signatories will be a decision of the Committee, which will be minuted.
- 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 of funds.
- All bank statements must be sent to the Treasurer directly.
- Blank, pre-signed 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.
- Trustees involved in the control process must have an independent relationship

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5.2. Online banking

Where online operation of the bank accounts is in place only trustees approved by the Committee will have access to this facility. This decision including the level of access must be minuted. The security of the online system is in line with the arrangements offered by Lloyds Bank Plc and in accordance with the approval limits as agreed and minuted by the Committee.

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 is by logging on to the bank system with a **personal** password and access code, which **must not** be shared.

5.3. Payment by bank cards

The issuing of any bank debit cards in the name of Woodhall Spa U3A will be approved by the Committee and will be minuted. The use of these cards will be agreed by the Committee and payments made by Internet transfer **must** be authorised by two signatories. It is agreed 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 cards are named and **must only** be used by the card holder, security details **must not** be shared. 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 – the Treasurer, Social Account Treasurer and the chairperson of Woodhall Spa U3A - through the online banking service. All such payments must be supported by an invoice or receipt made out to Woodhall Spa U3A.

5.4. Personal debit or credit cards

The use of personal debit or credit cards by Trustees needs to be closely managed. Where it is appropriate, it should only be used by **advance agreement** of the Committee which should be minuted. The Trustee can then reclaim the cost as a personal expense.

6. 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.

In 2018, in response to Charity Commission rules regarding financial reporting, and subsequent guidelines from National Office, Woodhall Spa U3A introduced new procedures which focused on groups' payments to venues. This procedure required the Treasurer to pay for all venues used by interest groups, and group leaders had to collect all monies and pay to Treasurer. This approach seemed cumbersome, was disliked by the majority of group leaders, and proved onerous for the Treasurer.

In 2019, therefore, the following policy was adopted by Woodhall Spa U3A regarding Groups' Finances:

Although understood that all money collected at groups is lawfully the property of Woodhall Spa U3A, the Trustees of Woodhall Spa U3A allow Group Leaders to retain money collected so to ring-fence this money for the benefit of the specific group. Groups are permitted to make any expenditure deemed necessary by the group members and the group leadership. Assets purchased and monies collected along with the supporting financial documentation will only be returned to Woodhall Spa U3A if the group ceases to exist. The Trustees of Woodhall Spa U3A have agreed what records they need to keep of the groups transactions in order to:

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- 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.

6.1. Receipts

Where a Group Leader collects monies from his or her group, this must be kept securely in an envelope or container which is clearly labelled and stating that it is Woodhall Spa U3A money and its purposes.

The maximum amount held for a group **must not exceed** £250. Excess funds must be deposited with the Treasurer for safe-keeping.

6.2. Payments

In addition to managing their venue bookings, Group Leaders will now be responsible for making payments directly to the venue used by their group.

The use of personal debit or credit cards for interest group activities needs to be closely managed. Permission must be sought from the Committee, and minuted, where a group feels that there is no other viable way to make payments. All receipts for payments **must** be kept and details of expenditure included on the group leaders' quarterly financial report to the Treasurer.

Prior approval in writing must be given by the Committee for equipment and other items to be purchased for the use of Woodhall Spa U3A. In these circumstances, it may be appropriate for a member to purchase the equipment themselves and then reclaim the cost as a personal expense, together with the receipt.

They can also continue to spend as their group deems appropriate on other group-related expenses without recourse to the Treasurer or the Committee, eg refreshments.

6.3. Keeping Records

The Committee (via the Treasurer) are legally accountable for the safe custody of members' money and will monitor the income and expenditure of the groups.

Group leaders need to provide regular information, as agreed, to 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.

The Group Leader must obtain and retain a receipt for each payment which should clearly show the item covered, date and amount paid.

As per guidance from National Office, transactions which occur **directly** between a member and a supplier, do **NOT** need to be recorded eg contributions to refreshments in a member's home, payments to pub/restaurant, entry fees, fares, theatre/cinema tickets.

Group Leaders must update their group's accounts at least once a month and immediately advise the Group Co-ordinator of any shortfall. This will enable action to be taken and to mitigate risk to Woodhall Spa U3A funds.

Group Leaders must keep all financial records, invoices and receipts for minimum of 6 years.

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Every 3 Months on 30 June, 30 September, 31 December and 31 March (Year End), the group leader must send an e-mail to the Treasurer detailing the income and expenditure of their group for that period. Format defined by the Treasurer is balance brought forward, income and expenditure and accumulated balance to carry forward.

7. 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 all members to cover organiser's personal 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 equally 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.

Woodhall Spa U3A in the form of the Outings Group, organise outings for the Woodhall Spa U3A members. It is anticipated that these outings are entirely self-financing. Occasionally this may not be possible, and Woodhall Spa U3A will underwrite any shortfall.

The following steps have been taken to minimise this exposure:

- Limit the number of seats available and book smaller coaches to reduce the risk of cancellations and unfilled seats
- Members are liable to pay in full once all costs have been agreed and trip confirmed.

Refunds – if trips are cancelled then all reasonable steps will be taken to enable members participating in obtaining full refunds. If a member cancels their place on a trip and that place cannot be resold then no refund will be made. Note that **all** refunds for trips/outings are at the discretion of the Outings Group Committee, providing funds allow. There is a full refunds policy on the Website.

8. Payments to other charities

In line with Charity Law, a U3A cannot raise funds for another charity that does not have similar charitable objectives. Woodhall Spa U3A will make payments to speakers directly where they have indicated that they intend to donate their fee to a specific charity. Woodhall Spa U3A will not pay directly to their nominated charity.

9. 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 prior 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 and on the Woodhall Spa U3A Website 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.

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Overnight accommodation will only be allowed in exceptional circumstances and will need the prior agreement of the Executive Committee.

10. Membership Fees and membership of more than one U3A

The membership fee is reviewed on an annual basis. Woodhall Spa U3A is committed to keeping the membership subscription as low as possible to ensure that the U3A remains accessible to all members. Woodhall Spa U3A does not offer any further subsidies.

Woodhall Spa U3A does not offer reduced membership to members who are already members of another U3A.

11. Asset register

An asset register is maintained by the Asset Manager and reported to the Treasurer. This 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 is reviewed annually.

The Asset Manager will request from each Group Leader at the end of each Financial Year, a list of equipment or other non-monetary assets paid for, insured by and belonging to the Charity and held by, but not belonging to the Group. If a Group dissolves, holding assets at the time of dissolution, the Asset Manager must be informed.

12. Reserves

Woodhall Spa 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.

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.