

# Financial Policy

## 1. Introduction

### 1.1. Purpose

All charities are required to determine their “Internal Controls” for running the charity, one of these being the Financial Controls, or Financial Policy. While this policy is largely based on the template provided by the Third Age Trust, there are differences, particularly relating to groups’ finance.

## 2. Trustees’ financial responsibilities

The trustees of Milford on Sea 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, 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.

## 3. Banking

### 3.1. Bank accounts

- All bank accounts are in the name of Milford on Sea 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 agreed by Trustees and a record kept.
- Payments may be made by internet or by cheque by an agreed signatory.
- New payments must be authorised by a second trustee where the amount exceeds £100.
- The trustees 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 be accessible by the Treasurer via online banking.

- Blank cheques will never be issued.

### *3.2. 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 Lloyds Bank and in accordance with the mandated approval limits.

### *3.3. 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. 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 Milford on Sea u3a will be approved by the committee. The committee will agree the spending limits for any card: the limit may be per transaction, per day or per month.

If Milford on Sea u3a were to hold a business debit card, the card will need to be held by the Treasurer. All transactions made using this card will 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 Milford on Sea u3a.

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

Prior approval must be given by the committee for equipment and other items to be purchased for the use of Milford on Sea 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.

## **4. Groups' finances**

Interest groups are expected to be self-financing, subject to any subsidy arrangements agreed by the Trustees. Interest groups 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. (See paragraph 4.5 below for more details regarding group expenses.)

### *4.1. Groups where room rental is paid by u3a*

Where the u3a pays for room rental on behalf of a group, the group leader should deposit receipts from members into the u3a bank account without keeping back any money. This should be done as soon as possible, but at least once per month, unless pre-arranged with the Treasurer. Any surplus funds will be available to that group and may be used at their discretion, though fees should be adjusted to prevent the surplus from exceeding £100. These groups should use the Group Ledger facility within the Beacon system to record their income and expenditure and a summary of the finances of the group should be made available to all members of the group once per year.

### *4.2. Other groups*

Groups that incur some regular spending as part of their regular activities are expected to balance these expenditures on average by contributions from members. While these groups may carry over small cash balances from one meeting to the next, these balances should not exceed £100.

All groups that hold cash balances should report to its members at least once per year on the income, expenditure and cash balance of the group. A copy of the report should also be sent to the u3a Treasurer. These groups may choose to use the Group Ledger facility within the Beacon system to record their income and expenditure.

Where the cash balance exceeds £100, receipts should be deposited into the u3a bank account, and payments arranged via the u3a Treasurer. Any surplus funds for the group will be ring-fenced for use by that group at the group's discretion.

#### *4.3. Group expenses funded by u3a*

Groups should cover their normal running costs, including printing costs, from member contributions. The Committee may approve subsidies to groups where it is not possible for a group to cover their costs, e.g. due to the venue needed for a particular group.

In general, the u3a will only fund the purchase of equipment for a group. This equipment remain the property of the u3a. Groups need to apply to the Committee before purchasing any equipment. If a group should have any other expense that they believe should be financed by the u3a rather than the group, they should apply in advance to the Committee of the u3a.

#### *4.4. Groups arranging outside speakers or tutors*

Groups may occasionally (but not on a regular basis) need to arrange tutors and speakers. Payment for tutors and speakers, etc. must be made via the u3a Treasurer. Outside speakers should be asked to state their fees and any travel costs at the time of booking and payment arranged with the Treasurer. Where the Committee has agreed the use of a paid tutor, the Treasurer will advise the third party that no tax has been paid and that it is their responsibility to do so.

#### *4.5. Social activities*

Events such as theatre trips, visits or educational days out must be charged at cost and all participants pay appropriately, unless there is a specific commitment by the committee to subsidise it (e.g., the annual social). 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.

Once a member has committed to buying a ticket for an activity, this is regarded as a firm commitment and no refunds will generally be available. There are two exceptions: First, where the activity is cancelled or postponed and Second, where the ticket can be resold to another member.

Where needed, the committee will usually underwrite the social activity so that it can be planned in advance, e.g. for tickets, transport, room hire, food etc. In no case should a member organising an activity be exposed to personal loss arising from a deficit on a social activity.

Handling of money for payments or income should always be in consultation with the Treasurer. See par 4.7 below relating payments for social activities. Any surpluses from an activity should be retained by the U3A to cover any future deficits on social activities. If the

social activity is arranged by a group, the surplus will be ring-fenced for use by that group. The surplus would not normally be refunded to members who had paid for tickets.

#### *4.6. Travel costs where groups arrange trips*

Where a group arranges a trip where each member pays their own expenses (e.g. train travel, entrance fees, etc.), groups can arrange these themselves without involving the u3a Treasurer. However, where members have to pay in advance for travel costs, group leaders should contact the Treasurer. See par 4.7 below relating payments for group trips. Groups who wish to use coach or minibus hire companies should ensure as far as possible that they can meet the charges by member contributions ahead of any booking. Group members should be aware that this is a firm commitment and no refunds are due if individuals subsequently cancel. Milford on Sea u3a will undertake to underwrite the cost and pay bills for travel on that understanding. Any entrance or other fees are the responsibility of the group. A surplus on any one trip for travel can be ring-fenced for a future group trip. Similarly, deficits should be made up over a year.

#### *4.7. Using private bank accounts for payments on behalf of members of the u3a*

While the u3a bank account should be used as far as possible for u3a income and expenditures, there are cases where members may use their personal bank accounts for u3a transactions:

- a) Where cash is received (e.g. for events or room rental), the group leader or assigned member may pay the money into the u3a account from their own bank account and use the cash for their own purposes. The Treasurer should be advised either via email or via the group's ledger in Beacon.
- b) Where a member of a group needs to buy tickets for a trip or event on behalf of other members of the group in order to secure the correct number of tickets and/or to benefit from group discounts, members can pay the money directly into the bank account of that member, as long as the actual purchase of the ticket is made within four weeks. If there is a longer time delay, the payments need to be made via the u3a bank account.
- c) Any member who makes a payment directly into the bank account of another member does so voluntarily and accepts the risk if there should be financial losses as a result.
- d) Any member of a group who feels uncomfortable about paying money into the private bank account of another member in the circumstances described in par b) above can choose to pay the money into the u3a bank account instead and the Treasurer will then refund the group once tickets for the event have been bought. This will also apply to cases where some members pay directly into a member's bank account, and others decide to pay into the u3a bank account.

#### *4.8. Payments to other charities*

In line with charity law, a u3a cannot raise funds for another charity that does not have similar charitable objectives. However, a non-u3a speaker at a monthly meeting can request a donation to a charity in lieu of a direct payment.

## **5. Expenses policy**

Out of pocket non-group 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 for regular running expenses need to be given in sufficient detail as to the nature of the expense. All non-regular expenses should provide an invoice or record of payment.

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. Car parking charges can only be reclaimed if incurred on u3a business other than attendance at regular meetings of Milford on Sea u3a.

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

## **6. Membership Fees**

The membership fee is reviewed on an annual basis and confirmed at an Annual or Special General meeting. Milford on Sea u3a is committed to keeping the membership subscription as low as possible to ensure that the u3a remains accessible to all members. Milford on Sea u3a offers a system whereby the membership fee can be adjusted for certain groups of members subject to confirmation at an Annual or Special General Meeting. There is no provision for a reduced subscription for members of another u3a.

## **7. Asset register**

An asset register is maintained by the Treasurer or a nominated Trustee 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 is reviewed annually.

## **8. Reserves**

Milford on Sea u3a aims to keep a level of reserves that will cover at least 6 months of regular operating activity. This is considered by the committee a reasonable level for this type of charity.

Prepayment for trips and ring-fenced group account balances are excluded from this figure.

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