

Financial Control Policy

1. Introduction

- 1.1 This policy is based on advice provided by the Third Age Trust. This advice can be viewed at <https://www.u3a.org.uk/documents/documents/advice/finance-1/1271-finance-policy-template-31-07-19> (a member login will be required to view this).

2. Trustees' Financial Responsibilities

- 2.1 The trustees of Towcester U3A are jointly 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 has sufficient quality.
 - Keeping financial records in accordance with the governing document and relevant legislation (e.g. Charity Commission, General Data Protection Regulation, HM Revenue & Customs, 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 Towcester U3A.
- 2.2 Reference to the trustees and trustee committee in this document means the members of Towcester U3A who are elected to serve on the committee at each AGM.
- 2.3 The trustees are jointly responsible for keeping full financial records. These include those of Towcester U3A and all the interest groups, sub-groups, etc. where appropriate.
- 2.4 To enable the trustees to carry out these responsibilities, the financial procedures detailed below will be followed.
- 2.5 The financial activities of every U3A should be transparent to all its members. A copy of this policy will be given to all trustees of Towcester U3A on their election/appointment to the trustee committee and made available to members on the website and associated social media.
- 2.6 This policy recognises there always needs to be a degree of trust between members. It should demonstrate control whilst being pragmatic. It will be kept under review and revised as necessary.

3. Central Finances

- 3.1 Bank accounts:
- Towcester U3A currently banks with Lloyds Bank plc.
 - All bank accounts are in the name of Towcester U3A and operated by the trustee committee.
 - New bank 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 the Chairman, Vice Chairman, Secretary and Treasurer and/or other trustees. This responsibility can only be delegated in exceptional circumstances.
 - All bank statements must be sent directly to the duly appointed treasurer.
 - Chequebooks will be kept securely by the duly appointed treasurer.
 - Cheques will always be completed with the payee's name and amount before being signed.
 - 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 (e.g. purchase order/invoice, email confirmation, etc.) prior to signing the cheque or authorising an online bank transfer.
 - Blank cheques must never be issued.

- Blank cheques must never be signed by one signatory for a second to complete later.
- Whenever practical two people should be involved in counting cash receipts.

3.2 Online banking

Where online operation of the bank accounts is in place only trustees who are approved by the trustee committee will have access to this facility. The security of our 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 trustee committee and in accordance with the bank mandate.

The payment of expense transactions by online bank transfer may be conducted by the Treasurer without dual authorisation, and at their sole discretion, subject to a review of copy bank statements at each trustee committee meeting. No single item of such expenditure shall exceed £1,000.00 without the prior approval of the trustee committee. Except for this, all payments must be authorised in accordance with the bank mandate.

Access to 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 business debit or credit card in the name of Towcester U3A will be approved by the trustee 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, etc.). The trustee committee will predetermine the spending limit for any card: the limit may be per transaction, per day or per month.

Towcester U3A currently holds no business debit/credit cards.

3.4 Receipts

- Bank paying-in-books will be securely controlled by the duly appointed treasurer.
- All monies received by Towcester U3A will be recorded in the accounting records and will be banked as soon as practicable after receipt.
- Copies of documents relating to income (invoices, letters confirming grants, etc.) will be kept in the filing system.

3.5 Payments for Goods and Services

- Payments will be made only for goods or services which contribute towards achieving the objects of the memorandum and articles of association and which are prescribed within the budget or specifically authorised by the trustee committee. (In matters of urgency the Chairman or Treasurer may authorise a payment outside of the budget, provided that the action is reported to the next meeting of the trustee committee).
- Any order placed for an item or service costing more than £200.00 must be specifically authorised by the trustee committee.
- Cheque payments will be made only against original invoices. The cheque number and date will be recorded on the retained copy of the said invoices. Where no invoice is provided (e.g. for advance booking of event tickets or speaker bookings) copies of appropriate documentation (e.g. order confirmation, quotation, etc) will be retained, together with a copy of any confirmation received as a result of the payment.

- Speakers rarely provide invoices for their services or receipts when they are paid. The Speaker Seeker will therefore forward a copy of the speaker's quotation to the Treasurer each month in advance of the monthly meeting to confirm the sum to be paid.

3.6 Gift Aid

Gift aid is subject to strict regulation by HMRC. In view of the degree of responsibility and administration involved with this, and having considered whether an application for gift aid status on behalf of Towcester U3A would be successful in any event, the trustee committee has resolved not to pursue it.

4. **Interest Groups' Finances**

Towcester U3A is a registered charity. It is therefore important that interest groups should adhere to the following rules which have been set in the least onerous and bureaucratic way possible. The trustee committee will be keen to assist any group that has difficulty with this.

Interest groups are expected to be self-financing. Group coordinators are permitted to make payment for goods and services they have procured on behalf of their respective groups out of monies collected from their respective members. In exceptional circumstances, and with the approval of the trustee committee, the payment for such goods or services may be paid from central funds.

As group activities all take place within the charitable scope of Towcester U3A, the monies these generate are lawfully the property of Towcester U3A. These monies will nonetheless remain ringfenced for the use of the specific groups that generate them.

Group coordinators are permitted to retain sufficient cash in hand for them to meet their financial obligations as and when they arise. The level of these cash floats may vary from group to group due to the nature of their different activities. It is necessary, however, that the level of these floats should be maintained as low as possible. Any surplus funds held by specific groups should be given back to their members in the form of reduced attendance fees. Surplus funds can also be transferred for safe-keeping to Towcester U3A, who will hold and maintain a ringfenced account on their behalf and allow money to be withdrawn on request, as appropriate.

Start-up and other grants are available to interest groups in line with the Towcester U3A Groups Funding Policy, details of which can be found under the document tab on the Towcester U3A website.

The Treasurer, Group Coordinator and/or Group Leader(s) will need to agree on what records they should keep of their group's transactions 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.

4.1 Receipts

To manage the receipt of monies paid by group members to group leaders for their attendance at group activities, a cash and attendance summary must be completed by group leaders. The appropriate cash and attendance summary form is available from the Treasurer. A copy of the completed summary must be provided to the Treasurer on a monthly basis.

To manage the payment of any monies by group leaders to Towcester U3A central funds the trustee committee has decided that:

- Payment should be made to the Treasurer either in cash, or by cheque made payable to Towcester U3A, and recorded in the monthly reporting process.

- Where applicable, receipts will be given to group leaders, or acknowledged by email.
- Where net sums are being paid over, the appropriate details will need to be fully demonstrated to the Treasurer as part of the monthly reporting process.
- The level of cash held back for cash flow purposes will be monitored by the trustee committee (via the Treasurer). This will vary from one activity to another. Any funds that are judged to be surplus to requirements may need to be returned to the members of the interest group in question in the form of reduced attendance fees.

4.2 Payments

The Treasurer will advise relevant group leaders as to the approved process for payments relating to: -

- When a trip is organised by and paid through Towcester U3A or paid directly by the members to an outside agent, trip or tour organiser.
- When payments may be deducted from their activity income: -
 - Venue and room hire
 - Coach hire
 - Speakers
 - Other
- When payment for venue hire, coach hire, speakers, etc. must be paid by Towcester U3A.

Using cash collected from members to meet expenses related to the activity they are attending is acceptable. Expenses may include local hall/venue fees. Group leaders may pay sums due by issuing their own cheque or paying by their own credit/debit card or online through their own bank account.

Some transactions, which take place directly between a member and a supplier (where payment is not collected by the group leader), do not need to be recorded in a group's or the U3A accounts. Examples of this could be: -

- Contributions to refreshments in a member's home (typically 0.50p per member).
- Payments to a pub/restaurant when at a group/social gathering.
- Entry fees to a house or garden.
- Fares.
- Theatre or cinema tickets.
- Holiday trips.
- Membership fees to a club (e.g. golf/tennis/badminton) or leisure centre, etc.

Prior approval must be obtained from the trustee committee before any significant equipment and/or other items can be purchased for the use of Towcester U3A or specific interest groups. Prior approval is important and will protect the relevant member from problems that may arise following an unapproved purchase. Once approval has been obtained, it may be appropriate for the member to purchase the required item themselves and then claim the cost as a personal expense claim. Further guidance in this regard is available from the Treasurer upon request.

It is a fundamental part of U3A ethos that teaching within U3A is by the members, for the members. All work undertaken by volunteers for the movement is unpaid. Hence no payment can be made to U3A members for tutoring, or any other work, done for and within the movement.

The engagement of paid speakers/tutors on a regular fee-paying basis can only be permitted if they are officially self-employed and responsible for their own tax affairs. Where the trustee committee has agreed the use of a self-employed paid speaker/tutor, they must provide evidence of their self-employed status and invoice Towcester U3A as agreed. Tutors who are employed by external businesses and organisations to provide tutoring services on their behalf (e.g. leisure centres, golf clubs, etc.) are not self-employed and are not treated as paid tutors.

Paying modest fees to outside guest speakers (provided they are not U3A members) is in accordance with U3A ethos, and is acceptable, provided the same speaker is not engaged on a regular basis and is not part of an ongoing activity. Outside speakers should be asked to state their fees and any travel costs at the time of booking. Where possible, fees should be inclusive of travel costs.

The trustee 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. Where groups do not comply, the trustee committee will then review whether the group is legitimately operating in line with the insurance and financial requirements.

Group coordinators, group leaders, and members generally, are not permitted to enter into any legally binding agreements or contracts on behalf of Towcester U3A without the express minuted approval of the trustee committee.

4.3 Social Activities

Events such as theatre trips, visits or education days out must be charged at cost and all participants pay the appropriate pro rata cost. The costs paid by members must cover valid 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 money collected for the event. As all U3A members offer their services free to the movement, the organiser(s) must not receive a pecuniary reward for organising an event.

4.4 Holidays and Trips

Where possible holidays and trips should be booked and paid for by members directly with the tour operator. This will ensure that members benefit from the insurance cover and travel industry protections available from the tour operator, which cannot be provided by Towcester U3A.

On 1 July 2018, the Package Travel & Linked Travel Arrangements Regulations 2018 came into force, which now affects trips and linked travel arrangements. U3As, being not-for-profit organisations, are exempt from these regulations provided:

- Their packages offered and linked travel arrangements cover a period of less than 24 hours. (Where overnight accommodation is included then, under normal circumstances, this would become a linked package and hence subject to these regulations).
- Their packages offered and linked travel arrangements are facilitated on an occasional not-for-profit basis and only offered to members.

The Third Age Trust has been advised that “occasional” should be not more than ten times per year. If a U3A is about to run, or wishes to run, more than ten trips per year, then it is likely they will need to comply with these regulations and should contact National Office for further advice.

Members should have their own personal travel insurance where appropriate.

4.5 Payments to Other Charities

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

5. Expenses Policy

Out-of-pocket expenses incurred by the volunteers who are involved with running the U3A will be reimbursed. Expenses claims must be submitted with receipts. Expense claims will be authorised by the trustee committee (via the Treasurer) and no committee member should authorise their own claim. Expenses can include (with trustee 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) 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 HMR&C 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 trustee committee.

6 Financial Reporting

6.1 The trustees are required to conduct the financial activities of Towcester U3A in accordance with Charity Commission regulations currently in force at any time.

6.2 The trustees are jointly responsible for the finances of Towcester U3A who will receive and consider a comprehensive finance report at each trustee committee meeting.

6.3 The trustees are jointly responsible for preparing an annual Trustee's Report and Accounts at each financial year end for presentation at the AGM.

- Towcester U3A accounts are prepared on an 'accrual reporting basis'. They are subject to an independent examination by a qualified examiner appointed by the members at the AGM.
- The financial year runs from 1 March to 28/29 February. The AGM is usually held in May.
- In accordance with fiscal requirements, all financial records are kept for a minimum of six years from the end of the financial year to which they relate.
- The examined accounts must contain a balance sheet, a statement of financial activities and explanatory notes. These accounts are required in accountancy terms to show a 'true and fair view' and are presented to the members at the AGM.
- The annual Trustee's Report and Accounts must be filed with the Charity Commission in accordance with their reporting requirements currently in force at any time. These should be filed online, together with the Annual Return form, following the AGM.

6.4 Accounting Records

Comprehensive records shall be kept including a cashbook showing all transactions through Towcester U3A's bank accounts, a petty cash receipt system for all cash transactions, and a summary of the income and expense reports submitted by Towcester U3A activity groups.

6.5 Budgets

Before the end of each financial year, a budget for the ensuing year will be agreed by the trustee committee, who will receive a comprehensive report at each meeting of actual income and expenditure against that budget.

7. Reserves

Towcester U3A aims to keep a level of reserves that will cover six months of regular operating activity. This is in line with the policy followed by the Third Age Trust in their accounts and is considered by the trustee committee to be a reasonable level for this type of charity.

As social account activities are inflated by high-cost activities such as theatre visits and days out, and are entirely self-financing, they are excluded from this figure.

8. Asset Register

An asset register is maintained by the Treasurer which records all assets held including their initial purchase price, date of purchase, estimated nominal value and storage location.

Towcester U3A operates an accrual reporting system under which all assets are written off against income at the rate of 20% per annum. The register is reviewed annually.

9. Membership Fees and Membership of more than One U3A

The membership fee is reviewed on an annual basis. Towcester U3A is committed to keeping the membership subscription as low as possible to ensure that the U3A remains accessible to all members. Some Towcester U3A members may have membership of more than one U3A. Towcester U3A policy does not allow these members to deduct the Third Age Trust's capitation fee when paying for their membership subscriptions. The undertaking of cross-checking with multiple other U3As to verify such external memberships would be a massive administrative task.

10. Review of Financial Control Policy

The trustee committee is newly appointed at each AGM which may include the appointment of new trustees. This policy shall therefore be reviewed by the trustee committee at the earliest opportunity after each AGM.

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