

Financial Policy

Introduction: Trustees' financial responsibilities

All Committee members are Trustees of the Charity – 'Burnham-on-Crouch University of the Third Age (u3a)'. All Trustees must ensure that the Charity abides by its Constitution, safeguards its assets and exercises effective control over all of its financial activity: the Trustees cannot delegate these responsibilities. This document sets out how this is to be achieved.

The Trustees are responsible for:

- Safeguarding the assets of the Charity
- Identifying and managing the risk of loss, waste, theft or fraud
- Ensuring that financial reporting is robust and of sufficient quality
- Keeping financial records in accordance with the Charity's Constitution and relevant legislation (eg Charities Acts)
- Preparing annual accounts, in accordance with the governing document and relevant legislation, which show a true and fair view of the state of affairs of the Charity.
- Ensuring that the Charity's financial activities are transparent to its members.

The Trustees are responsible for the proper handling and recording of all funds – including any funds handled by Interest Groups for their meetings and activities. In the event that any financial irregularity should come to light at either Executive Committee or Interest Group level, the Trustees will be held liable: this responsibility cannot be delegated to non-Trustees.

A copy of this document will be given to all Trustees on their election/appointment to the committee and made available to members on the website. *It will be made available (eg as part of the Group Leaders' information booklet), alongside other policies, to all Group Leaders. Group Leaders will be reminded of their role under this (and all other) policies, at least annually.*

This document will be reviewed at least once a year, and revised as necessary.

Banking

- All bank accounts are in the name of 'Burnham-on-Crouch University of the Third Age (u3a)' and are operated by the Trustees.
- New accounts may be opened, and changes to the bank mandate may be made, only by a decision of the Trustees, which must be minuted.
- The authorised signatories are listed in the **Appendix** to this document. This responsibility cannot be delegated.
- All cheques must be signed, and all online payments must be authorised, by two of the authorised signatories. The two signatories for any particular payment should be independent of one another, ie they should not be partners, or related. Signatories should check the payment documentation (invoice, etc) before signing a cheque or authorising an online payment; and should check the details of the cheque or online payment before signing/authorising.
- Invoices/receipts should be made out to 'Burnham-on-Crouch u3a'.
- All bank statements are sent by the bank to the Treasurer, who is responsible for reconciling/monitoring them.
- Blank cheques should not be issued, nor should a cheque be signed by one signatory for a second to complete later.
- Whenever practical, two people should be involved in counting cash receipts.

Payments

For the time being, the Charity does not hold any bank payment (debit or credit) cards; payment is made by cheque or (preferably) by bank transfer.

Personal debit or credit cards may be used for payment (eg for Interest Group activities), but only where strictly necessary and with the prior approval of the Executive Committee. A member who purchases goods or services using their personal payment card should reclaim the cost from the Treasurer, providing receipts.

Prior approval must be given by the Executive Committee for the purchase of any significant equipment and other items to be used by the Charity as a whole, or by specific Interest Groups.

When it is proposed to spend the Charity's funds on goods or services, the cost of which is likely to exceed £1,000, more than quote or estimate should be obtained. The decision on which quote to accept should be based on an evaluation of which quote offers best value for money; the decision should be

discussed and agreed either by the Executive Committee as a whole, or by one or more Executive Committee members, together with other u3a members (eg a Group Leader) as appropriate, to whom the Executive Committee delegates this authority. The decision, including the reasons for taking it, should be recorded in writing and the record should be kept to support any subsequent follow-up notification of, or questions from, successful/unsuccessful bidders.

Where the Charity procures an ongoing service, a contract should be agreed with the service provider including the cost of the service, a description of the work to be carried out, the timescale for the work, the standard of work that is expected, the process by which the Charity will assure itself that the work has been completed to the required standard, and arrangements for invoicing, payment and receipts.

Outside speakers should be asked to state their fees and any travel costs at the time of booking; the Treasurer will arrange any agreed payment by cheque, bank transfer or (exceptionally) cash.

Charity law prevents the Charity from raising funds for another charity that does not have similar charitable objectives (charity law requires that all funds raised by a charity should be spent on its own charitable objectives).

A speaker may ask the Charity to make a donation to a nominated charity on their behalf, in lieu of a fee. Two methods are possible:

- 1) The speaker is paid their fee in the usual way, and may then donate their fee to the charity of their choice
- 2) The speaker signs a declaration (below) and then a donation in lieu of their fee can be paid directly to the charity of their choice.

In both cases, the payment should be recorded in the accounts as 'Speaker Fees'.

Declaration

To Burnham-on-Crouch u3a. Please pay the fee/expenses due to me as speaker at your u3a on [date] to the following charity:

.....

Being a donation paid on my behalf to that charity.

Signed: **Date:**

The Charity may purchase a service from another charity, eg hall or speaker hire.

In line with Charity Commission guidance, no Trustee may receive a payment for a service to the Charity (eg a talk at a meeting, or a free place on a trip they arrange). Trustees may, however, receive reimbursement of all expenses necessarily incurred, although no Trustee should approve their own claim.

Based on the u3a movement's mutual aid principle, no payments are made to u3a members for services to any u3a (eg a talk at a monthly meeting, etc). This does not exclude the reimbursement of reasonable expenses incurred in providing the service.

Cash

Cash balances, wherever they are held, should be kept to a minimum to reduce the risk of loss or theft.

Interest Groups

Interest Groups are expected to be self-financing; otherwise, if an activity results in a deficit the Charity will have to underwrite it. (It is allowable for Trustees to subsidise an Interest Group by covering losses or costs, as these are core activities of the Charity; however, the Trustees must decide whether the activity should be allowed to continue if further deficits are expected.)

The ultimate responsibility for safeguarding all money and assets lies with the Trustees.

Most of the Charity's Interest Groups do not collect or spend any money. However, certain Interest Groups do collect money from members – generally to pay for hall hire fees. And the Archaeology Interest Group collects money from members to pay for new and replacement tools; and also receives donations from time to time, which are used either to pay for equipment or to pay for certain projects.

Interest Groups may collect such sums of money as the group members and leaders consider necessary to undertake their activities.

Those Interest Groups which collect and hold money should inform the Treasurer that they are doing so. The Treasurer will ask these Interest Groups twice a year for an update on their income, expenditure and their current balance of funds.

Any purchases by Interest Groups can be made *either* by the Treasurer directly, with the Interest Group reimbursing the Treasurer accordingly; *or* by the Interest Group from funds held – in which case a copy of the receipt should be shared with the Treasurer (who will ensure that any new assets are recorded on the Asset Register).

If an Interest Group decides to stop meeting, all remaining funds should be handed to the Treasurer to be paid in to the Charity's bank account, and any assets must be returned to the Charity.

The Charity may, with the prior approval of the Trustees, purchase equipment and other items to be used by specific Interest Groups. The cost of equipment used by an entire Interest Group (eg game boards, table tennis tables, etc) may be borne by the Charity if the Trustees agree; the costs of equipment used by individuals (eg table tennis bats & balls, paints & brushes, etc) are considered a personal expense and will not be borne by the Charity.

Any equipment purchased by the Charity is the property of the Charity and must be recorded on the Asset Register.

AGREED: Committee Meeting August 2024
Review Date: August 2025

Venue hire

Where there is a standing arrangement for hire of premises the payment for the hire, and the moneys collected to fund the activity, should go through the Charity's bank account. Any arrangement for regular hire of premises should be signed off by a Trustee, as it is a commitment of the Charity's finances. Checks should be made to ensure the venue is suitable – this can be in the form of a risk assessment and should be done before any agreement is signed, and should include proof that the venue has public liability insurance.

In some cases an Interest Group may hire premises on an occasional rather than a permanent basis, in which case the Interest Group may manage its hire bookings itself, although bookings should still be made in the name of the Charity and should be signed off by a Trustee.

Where fees are collected 'on the day' from group members taking part in an activity, any surplus belongs to the Charity and should be paid over as and when agreed with the Treasurer. Any deficit should be made up by the Group, eg from a temporary or permanent increase in member contributions.

Social activities

Events such as theatre trips, visits or educational days out must be charged at cost and all participants pay appropriately. The payments collected from participating members must cover all costs, including all expenses incurred by the event organiser(s) in the process of arranging the event.

The organiser of an event should not benefit from any discount (e.g. a free place) offered by the organisation providing the event; instead, the value of free places must be shared out among all participants to the event in arriving at the cost per participant.

The Charity handles social activities via a separate bank account, which acts in essence as a holding account. It can, if required, be managed by a Trustee other than the Treasurer, to spread the workload. It should have dual authorisation arrangements.

If the Social account needs financial support on a temporary basis, eg to pay for tickets in advance, the Trustees can provide a loan, which should be repaid by the end of the financial year. (If this is not possible, the Trustees could decide to roll the loan forward into the next financial year, but the Trustees will not support continued losses.) At the end of each financial year, a decision should be made on whether the balance in the Social account should remain, or whether a proportion should be transferred into the main account to support the Charity's primary objectives.

Expenses

Out of pocket expenses incurred by the volunteers involved with running the Charity will be reimbursed on receipt of expense claims, on the appropriate form (available from the Treasurer), with receipts. Expense claims will be authorised by the Trustees (this role may be delegated to the Treasurer). No Trustee should authorise their own expenses claim.

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.

The costs of overnight accommodation may be allowed in exceptional circumstances but will need the prior agreement of the Trustees.

Membership Fees

The membership fee is reviewed on an annual basis. The Charity is committed to keeping the membership subscription as low as possible to ensure that the u3a remains accessible to all members.

The Trustees will aim to set a fee which will provide the Charity with sufficient funds to cover its expected annual expenditure, and to maintain adequate reserves.

Asset register

All assets, including those purchased for use by Interest Groups, are and remain the property of the Charity. The Charity will keep an Asset Register – maintained by the Treasurer – to record all assets held including their initial purchase price, date of purchase, estimated nominal value¹ and location.

The asset register is reviewed annually.

It is good practice to obtain 3 separate quotes before purchasing equipment.

¹ Under the cash accounting system which the Charity operates, all assets are fully written off against receipts in the year of purchase (value under £250) or written down linearly over a 3-year period (value over £250)

Reserves

The Charity's policy is to keep a level of reserves that will cover 6 months of regular operating activity.

Reserves should cover:

- Running costs to allow a managed closure of the Charity
- Costs of outstanding commitments
- Commitments to purchase assets

If the Charity believes it has too much in reserves, it cannot return funds to members. However, the Trustees may consider: freezing or reducing membership fees until a sufficient level of reserves is achieved; or purchasing capital items which will benefit members.

Gift Aid

Gift Aid allows the Charity to make a tax claim to HMRC on the annual membership fees its members pay:

- The Charity must ensure it has valid declarations for every individual listed in the claim, including one each from a wife and husband if a membership fee is received from a joint account. (Where a cheque for joint membership is drawn on one member's account, only one Gift Aid claim may be made – for that member.)
- Declarations should be kept for 6 years.
- Declaration forms may change each year, so it is important to check that the latest version is used.
- Declarations should be updated when members change their address.
- Gift Aid claims can be backdated for 4 years.

AGM

The Treasurer should produce, and the Trustees should approve:

- Annual accounts
- Details of income and expenditure, assets and liabilities (eg uncashed cheques)
- Balance sheet

And these will have been examined by an examiner appointed by the previous AGM.

Accounts

The Charity's financial year shall end on such date as the Trustees shall decide, provided always that the financial year must be in accordance with applicable charity law requirements and the annual accounts and trustees' report must be submitted to the Charity Commission (if required) within relevant time limits.

The Charity's financial year is currently (ie as of August 2024) 1 April to 31 March.

The Charity has adopted the simple 'cash & payments' basis for its accounts, rather than the accruals basis.

The Charity's annual accounts are examined by an independent examiner at the end of each financial year. The independent examiner is appointed each year by the AGM. The independent examiner may not be a Trustee of the Charity, or related to a Trustee.

The examined accounts are presented to the AGM each year.

Trustee Indemnity Insurance

All u3a Committees are covered by Trustee Indemnity Insurance provided by the Third Age Trust, which protects Trustees, both individually and as a Committee, against a genuine mistake/error of judgment providing they have acted responsibly and followed their Constitution. If proper procedures have not been followed and/or the Constitution 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 applies.)

Approved by the Committee on 15th December 2022, and to be reviewed annually.

Updated in line with a discussion at the Committee on 17th January 2023.

Updated in line with a discussion at the Committee on [15th August 2024].

Appendix

Authorised Signatories: Burnham-on-Crouch University of the Third Age (u3a)

(as at August 2024)

Chair – Carl Hughes

Vice-Chair – Dave Rae

Treasurer – Pete Wardle

Secretary – Jo Gray

Membership Secretary – Phil Flack