

# FINANCE POLICY & GUIDELINES

## Document control

### Approval

Date approved	March 2021
Approved by	Liz Walker

### Version history

Version	Date	Author	Change summary
1	March 2021	Liz Walker	Used template from national u3a

### Introduction

This document is designed to provide Trustees of Matlock Area u3a with an understanding of the financial aspects of the Trust and of their financial responsibilities.

#### 1: Trustees' financial responsibilities

The Trustees of Matlock Area u3a are responsible for:

- Safeguarding the assets of the charity.
- Identifying and managing the risk of loss, waste, theft and fraud.
- Ensuring financial reporting is robust and of sufficient quality.
- Keeping financial records in accordance with best practice and relevant legislation (e.g. Charities Acts, Companies Acts etc).
- Preparing Annual Accounts in accordance with the Constitution and relevant legislation.
- Ensuring that the accounts show a true and fair view of the financial 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 policy, procedures and guidelines detailed below will be followed.

A copy of this policy will be given to all Trustees upon their election/appointment to the Management Committee and made available to members via the website.

This policy will be kept under review by the Management Committee and updated as necessary.

## **2: Banking**

### **2.1: Bank accounts**

- All bank accounts are in the name of Matlock Area u3a and operated by the Trustees.
- New accounts may only be opened by a decision of the Trustees, which must be recorded in the minutes of the Management Committee.
- Changes to the bank mandate may only be made by a decision of the Trustees, which must be recorded in the minutes of the Management Committee.
- The four authorised signatories are the Chair, Treasurer, Business Secretary and Membership Secretary. This responsibility cannot be delegated.
- All bank statements must be sent to the Treasurer directly.

### **2.2: Use of Cheques**

Nowadays, almost all transactions are managed by bank transfers via internet banking, usually by the Treasurer. However, in the event that cheques are used then:

- 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.
- Blank cheques will never be issued.
- Blank cheques will never be signed by one signatory for a second to complete later.

### **2.3: Online Banking**

Unlike with the use of cheques, online transactions require only the authority of one of the authorised signatories (see above). In most cases, this is the Treasurer. The following safeguards are in place:

- The authorised signatories have full online access to the Trust's bank accounts at all times in order to oversee and monitor all transactions.
- The Treasurer must provide a detailed report on the Trust's finances at every meeting of the Management Committee.

- For transactions above £250 in value documented approval by two of the authorised signatories should be obtained (normally by email) before payment is made.
- In line with the Trust's constitution, the annual accounts must be subjected to external scrutiny by an examiner. as appointed at the previous AGM. The examiner should be appropriately qualified and experienced (e.g. a Chartered Accountant) and the examiner's findings presented at the AGM.

## 2.4: Payments

Payments are usually made by the Treasurer via bank transfer using online banking. All payments must be supported by appropriate documentation which, for external suppliers/parties, will be in the form of formal invoices. All invoices must be issued in the name of Matlock Area u3a.

Internal payments to members (e.g., for expenses or minor purchases for Interest Groups) must be supported by appropriate documentation e.g. receipts.

Prior approval must be given by the Management Committee for equipment and other items to be purchased for the use of Matlock Area 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.

## 3: Interest 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. Groups are permitted to make any expenditure deemed necessary by the group members. The group leadership can withdraw money on request to the Treasurer from the ringfenced funds held by the u3a on their behalf, as appropriate. The Group Co-ordinator should agree with the treasurer what records need to be kept of the group's finances. Normally, groups will be asked to make petty cash returns to the Treasurer twice a year, if appropriate. This is to:

- Enable 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.

## 4: Receipts

To manage the handover of cash and cheques to be paid into the Matlock Area u3a bank account, the Management Committee has decided that:

- Bank Paying-in Slips (PIS) will not be provided to group leaders for this purpose.
- Group leaders may pay sums due by issuing their own cheque or paying online through their own bank account. These sums may be recovered from the Treasurer (see **8: Expenses Policy** below)

- Where applicable, receipts will need to be given to group leaders, or acknowledged by email.
- Where net sums are being paid over, this needs to be fully demonstrated to the Treasurer.
- Cash held back for cash flow purposes will be within the U3A's approved limits (they will vary by activity).

Whenever practical two people should be involved in counting cash receipts.

## 5: Payments

The Management Committee will inform relevant Group leaders as to the approved process for payments relating to:

- When a trip is organised by and paid through the U3A or paid directly by the members to the trip organiser.
- When payments may be deducted from activity revenue for:
  - Venues
  - Coaches
  - Tutors
  - Speakers
  - Other
- When payment for venues, coaches, tutors, speakers etc must be paid by the U3A.

Outside speakers should be asked to state their fees and any travel costs at the time of booking and payment obtained from the Treasurer.

Where the Management Committee has agreed the use of paid tutors, they must provide evidence of their self-employed status and invoice the U3A as agreed.

The Management 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 then the Management Committee will review as to whether the group is legitimately operating in line with the insurance and financial requirements.

If an Interest Group needs special equipment to operate, it may apply to the Management Committee for funding. Equipment that is required for multiple groups, such as computers and audio-visual equipment, is purchased from central funds with advice from the Equipment Officer.

## 6: 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 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.

## **7: Payments to other Charities**

In line with charity law, a u3a cannot raise funds for another charity that does not have similar charitable objectives.

Matlock Area 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.

## **8: 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 Management Committee and no committee member should authorise their own claims. 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 (copies available from the Treasurer) giving sufficient detail as to the nature of the expense, together with any relevant receipts.

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.

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

## **9: Membership Fees and membership of more than one U3A**

Membership fees are reviewed by the Management Committee, with advice from the Treasurer, on an annual basis. Matlock Area u3a is committed to keeping the membership subscription as low as possible to ensure that the U3A remains accessible to all members.

For members who can evidence membership of another u3a, Matlock Area u3a will reduce their cost of membership by 50%.

## **10: 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 location. The register is reviewed annually and is recorded in the Annual Financial Statement.

It should be noted that assets are depreciated from their initial purchase price by 25% of their purchase price per annum.

## **11: Reserves**

Matlock Area u3a aims to keep a level of reserves that is considered reasonable by the management committee, and is kept under review when setting the following year's membership fee.



The costs of social activities are excluded from this figure as these activities are entirely self-financing.

## **12: Financial Year**

The financial year for Matlock Area u3a runs from 1<sup>st</sup> February each year (although the membership year runs from 1<sup>st</sup> January). The February date is chosen so that accounts can be prepared before the next AGM.

This date also means that the majority of the membership renewal income should have been received (fees can still be accepted up to the end of February before a person is deemed to have left u3a but these would be counted as income for the next financial year).

## **13: Third Age Trust (TAT)**

### **13.1: Capitation Levy**

Matlock Area u3a pays a capitation levy of £3.50 per member to the Third Age Trust. This covers, inter alia, liability insurance of our activities.

### **13.2: 'Third Age Matters' Magazine**

In addition, we pay a fee of £3.10 per member for the packaging and distribution of the five issues of the Third Age Matters Magazine that is sent direct to all members each year. This is included in our annual subscription for each member. Note that some u3a branches allow members to opt out of the magazine subscription.

### **13.3: Beacon**

There is also a charge of £1.00 per head for the use of the Beacon system.

### **13.4: Charitable Status**

It is mandatory for organisations to register as a charity in England and Wales once their income exceeds £5,000, so Matlock Area u3a is a registered charity (Registered Charity Number 1161704). The Business Secretary keeps the Charity Commission Trustees page up to date and sends the audited accounts by November of each year.

### **13.4: Gift Aid**

Like a number of other u3as throughout the country, we have gained the acceptable status that allows us to be registered for Gift Aid. This enables us to claim back any tax that members may have paid on their subscriptions both now and into the future. This means, for example, that on a subscription of £10.00 we can currently reclaim £2.50 from the Inland Revenue. This has no effect on the member's subscription or on their tax; it simply allows some of the tax already paid to be transferred from the Inland Revenue to the Matlock Area u3a, thus substantially increasing our income.



The tax situation on Gift Aid can be complicated. Advice is available on the Third Age Trust website but you must be registered to access such advice. Steps must be taken every year to reclaim Gift Aid – it is not automatic.

### **13.5: Insurance for MAU3A Events**

Our Capitation Fee to the Third Age Trust includes insurance cover for our events. The cover note is sent every year (December) to the Business Secretary who keeps records of this. It covers members, associate members and, (for up to three meetings) potential members. Further advice is available on the Third Age Trust website.

### **14: Annual Accounts and Auditing**

As a registered charity, it is necessary to publish annual accounts and to have those accounts independently audited. Provisional accounts are prepared and distributed with AGM documents and these are usually audited prior to the AGM so that they can be presented as 'Final Accounts' and officially approved. Auditors are suggested and approved at the AGM for the following financial year and their fees paid from general funds.

**This policy was reviewed and approved by the Matlock Area u3a Management Committee at its meeting on March 30<sup>th</sup> 2021**

**Review Date: March 2024**