



Sevenoaks U3A Finance Policy

Published May 2021

This policy was written following guidelines issued by the Third Age Trust & adapted by the Trustees to suit the particular needs of Sevenoaks U3A. There was extensive consultation by the Finance Sub-Committee with trustees, group organisers & other members before submission to the Executive Committee for approval.

Approved by the Executive Committee 6th May 2021

Abbreviations Used

CC	Charities Commission
TAT	Third Age Trust
EC	Executive Committee
GO	Group Organiser/Committee Chair
GT	Group/Committee Treasurer
AGM	Annual General Meeting

Sevenoaks U3A Finance Policy

1. Trustees' Financial Responsibilities

1.1

The trustees of Sevenoaks 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, Third Age Trust (TAT) Guidelines etc.).
- Preparing Annual Accounts in accordance with the governing document, TAT guidelines and relevant legislation.
- The accounts should show a true and fair view of the state of affairs of the U3A.

All 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.

Group Organisers & Treasurers are jointly responsible with the trustees for U3A funds held on behalf of their group.

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 Executive Committee (EC)
- All Group Organisers & Treasurers for their group.

and made available to members on the website

1.2 Accounting Policies

- The financial records/accounts are recorded on a Receipts & Payments basis rather than an Accruals & Prepayments basis in line with TAT recommendations.
- If there are significant amounts receivable or payable (i.e. debtors or creditors) at year end this should be noted in the annual accounts presented to the members.
- The financial year runs from 1st April to 31st March.
- A formal audit of the annual accounts is not required, in line with TAT & CC guidelines. However, the annual accounts will be examined by an appointed accounts examiner who may not be a trustee.

2. Banking

2.1 Bank accounts

- Bank accounts for Sevenoaks U3A are in the name of Sevenoaks U3A/U3A Sevenoaks and are operated by the trustees.
- New accounts may only be opened by a decision of the trustees, which must be minuted.
- Bank accounts may be operated by Sevenoaks U3A groups under authority approved & delegated by the trustees. Such group bank accounts must be operated under the same rules as other accounts, as outlined below.
- Changes to bank mandates may only be made by a decision of the trustees, which must be minuted.
- The primary bank mandate (General Fund) should have a minimum of three trustees as signatories, including the Treasurer. Other authorised signatories are the Chairman, Vice Chairman & Secretary. This responsibility cannot be delegated but other Trustees may be included in the mandate.
- Other U3A bank accounts should have a minimum of two authorised signatories.
- All cheques must be signed by two signatories.
- The signatories are responsible for examining all cheques for accuracy and completeness.
- The signatories are responsible for examining the payment documentation (purchase invoice etc.) prior to signing the cheque or authorising an online transfer.
- All bank statements must be sent to the respective treasurers/organisers directly.
- Copies of all statements must be sent to the U3A Treasurer on request.
- Blank 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.

2.2 Online banking

Where online operation of bank accounts is in place only authorised trustees or those with authority delegated by the EC will have access to this facility. The security of the online system is in line with the arrangements offered by the relevant bank and in accordance with the mandated approval limits.

Operation of the primary online banking service (General Fund) is under the control of the U3A Treasurer who has full access rights and is responsible for assigning the appropriate delegate rights, as agreed by the EC 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 is may be via a card reader and personal access card or by accessing the bank system with a personal password and access code. If the bank operates two-stage authentication for access this should be utilised

2.3 Payment by bank cards

The issue of any bank debit or credit card in the name of Sevenoaks U3A will be approved by the EC. 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). The EC will predetermine the spending limits for any card: the limit may be per transaction, per day or per month.

Sevenoaks U3A holds one business debit card. It is held by the U3A Treasurer. All transactions made using the card appear immediately on the General Fund 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 Sevenoaks U3A/U3A Sevenoaks.

2.4 Personal debit or credit cards

The use of personal debit or credit cards for group activities needs to be closely managed. Recovery of expenses must be supported by an invoice and/or receipt clearly showing the item or service purchased. All invoices must be issued in the name of Sevenoaks U3A or the appropriate sub-committee or group. All items must be clearly identified as belonging to Sevenoaks U3A & not the purchaser.

Prior approval must be given by the EC for any equipment and other items to be purchased over £200 for the use of Sevenoaks U3A or specific interest group(s) – see below Section 3. 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. Groups' Finances - General

Interest groups & trips or events open to the whole membership 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. **Any residual funds of these groups, trips & events belong to the U3A** & should not be returned directly to members. Should there be any unplanned deficit, this will be covered from central funds provided the event was approved in advance & processed through a U3A approved bank account (i.e. not a personal bank account).

Groups are permitted to make any expenditure necessary for the day to day running of the group (hall hire, consumables, etc.) and capital expenditure on equipment, etc., up to a limit for a single item agreed by the EC - currently £200 (May 2021) - as deemed necessary by the group members and the group leadership and can withdraw money on request from any ring-fenced funds held by the U3A on their behalf. **Note that any such equipment purchased by the group remains the property of Sevenoaks U3A.**

For trips made by study groups, a budget for the trip will be prepared by the GO, GT or another member of the group. Typically, that person will pay using their own debit/credit card or cheque and members will pay the organiser by cash, cheque or bank transfer, either before or after the booking is made.

When a group's funds are processed through a member's private bank account, it should be noted that the funds do not legally belong to the U3A. If the member were to pass away, the funds would form part of their estate & be inaccessible by the members or trustees. Similarly, if a group suffers a deficit via a member's personal bank account, this cannot be guaranteed from U3A funds.

3. Groups' Finances: Classification of Financial Activity				
	Primary U3A Account(s) General Fund	Social Committee & Large Interest Groups	Medium Sized Interest Groups	All Other Small Interest Groups
3.1 Turnover Limit	No restriction.	Annual turnover greater than £1,500 & all groups booking larger events or facilities.	Annual turnover from £500 to £1,500 , especially groups regularly booking facilities.	Annual turnover less than £500 . Most groups not regularly using facilities.
3.2 Reserves or Residual Funds Limit	As per Reserves Policy (see Section 7), currently £8,000 (2021)	Retained funds limited to 50% of turnover (see Section 7). Groups may exceed the funds limit at any time due to receiving funds from members prior to paying for events, trips, etc.	Retained funds limited to 50% of turnover or £250 whichever is the greater (see Section 7).	Should hold not more than £100 at any one time.
3.3 U3A Bank Account Required	Yes.	Yes after approval by EC.	No. However a bank account incorporating 'Sevenoaks U3A' in its title (with the group name) may be allowed subject to EC approval .	No.
3.4 Bank Mandate & Account Signatories	Minimum 3 trustees including the Treasurer. Other authorised signatories are the Chairman, Vice Chairman, Secretary. This responsibility cannot be delegated but other Trustees may be included in the mandate. Dual payment approval required	Minimum 3 available signatories which should include at least 1 trustee. Other signatories should be Sevenoaks U3A members approved by the EC. In the absence of a third signatory, the U3A Treasurer should be added to the mandate. Dual payment approval required	If a U3A account is held it should have at least 2 signatories. All signatories should be Sevenoaks U3A members approved by the EC.	No.

<p>3.5 Bank Card Permitted</p>	<p>Yes, subject to approval by the EC & must be retained by the Treasurer or another Officer of the U3A. (See section 2.3)</p>	<p>Yes, subject to approval by the EC & must be retained by the Group/Committee Treasurer. (See section 2.3)</p>	<p>No.</p>	<p>Not applicable.</p>
<p>3.6 Record Keeping</p>	<p>Full accounts required according to accounting policy (see Section 1.2 above).</p> <ul style="list-style-type: none"> • To allow the U3A Treasurer to keep accurate accounts for presentation to the AGM, for discussion with the trustees and to meet regulatory requirements • To allow the group members to understand how their monies are being managed. • To maintain transparency and trust for all concerned. • To minimise the risk of error and potential loss of funds. • To allow GO/GTs to maintain cash floats. <p>Where appropriate, records of income & expenditure by groups may be recorded in the 'Beacon' U3A database system to allow transparency & visibility by the trustees & GOs/GTs (& group members where appropriate).</p>	<p>Full accounts required according to accounting policy (above). GOs/GTs need to keep detailed records of their group's transactions in order to meet the following requirements:</p>	<p>GOs/GTs need to keep records of their group's transactions, receipts & payments in order to meet the following requirements:</p>	<p>GOs should keep simple records of receipts & payments for the group.</p>
<p>3.7 Receipts Money IN</p>	<p>The EC require the U3A Treasurer and all GOs/GTs to record all income from members, etc. For cash and cheques to be paid into a bank account the following instructions apply:</p> <ul style="list-style-type: none"> • Bank paying in slips should only be used by the U3A Treasurer or GOs/GTs for the bank a/c they hold. • GOs/GTs may pay IN to a U3A a/c any cash received by issuing their own cheque or paying online through their own bank account. • Where applicable receipts will need to be given by U3A Treasurer or GOs/GTs, or acknowledged by email. • Net sums should not be paid over but a breakdown of receipts & payments should be provided to the U3A Treasurer or GO/GT. Net amounts (i.e. received less paid) should not be recorded. • Cash held back for cash flow purposes will be within the U3A's insured limits (they will vary by activity). 	<p>As above.</p>		

<p>3.8 Payments Money OUT</p>	<p>The EC require the U3A Treasurer and all GOs/GTs to record all payments relating to venues, coaches, speakers, tutors, etc., when an event or trip is organised by and paid through the U3A Primary account or any account held on behalf of a group.</p> <p>Outside speakers should be asked to state their fees and any travel costs at the time of booking.</p> <p>The EC must approve the use of a paid tutor by any group before they are engaged. Where this has been agreed, the tutor must provide evidence of their self-employed status or charging via a limited company and invoice the U3A/group as agreed.</p>			<p>As above.</p>
<p>3.9 Events, Trips & Social Activities</p>	<p>Events such as theatre trips, visits or educational days out must be charged to members at cost and all participants pay appropriately.</p> <p>The organiser of an event may benefit from any discount or free place offered to the organiser by the organisation providing the event, provided all those members participating are made aware of the fact in advance.</p> <p>Out-of-pocket expenses can be paid to an organiser provided they are claimed as an expense.</p>			<p>As above.</p>
<p>3.10 Reporting General</p>	<p>The EC (via the Treasurer) will monitor the income and expenditure of the U3A (primary account) and all groups required to report. GOs/GTs handling members' funds need to provide regular information to the Treasurer as detailed below.</p> <p>Where groups do not comply then the EC will review as to whether the group is legitimately operating in line with the insurance and financial requirements of TAT & Sevenoaks U3A.</p>			<p>As above.</p>
<p>3.11 Annual Report</p>	<p>Full accounts must be submitted to the EC & Accounts Examiner and then to members at an AGM. Once approved by the members they are submitted to the Charities Commission (CC).</p>	<p>Full accounts must be submitted to the U3A Treasurer at year end for incorporation into the U3A's annual accounts</p>	<p>For other medium sized groups holding significant funds, summary accounts are required comprising:</p> <ul style="list-style-type: none"> • Total annual income. • Total annual payments. • Balance of funds held. <p>This must be made available to the U3A Treasurer for incorporation into the U3A's annual accounts as deemed necessary.</p>	<p>Not required.</p> <p>However, GOs should ensure that their members are aware how their money is being spent.</p>

3.12 Reporting Frequency	At least bi-monthly to EC and at year end	At least bi-monthly to U3A Treasurer and at year end	At least annually at year end or on request from EC.	Not required
3.13 Policy Applies to:	General Fund	Social Committee. Science Open Group.	Computer Open Group. Apple Group. <u>OTHERS INCLUDE:</u> Table Tennis groups Digital Photography groups Circle & Folk Dancing Singing For Fun Arts – Painting Bridge for Pleasure Tai Chi etc.	Groups meeting at members' homes or incurring minimal costs, etc.
3.14 Payments to other charities	<p>In line with charity law, Sevenoaks U3A cannot raise funds for another charity that does not have similar charitable objectives.</p> <p>Sevenoaks U3A may 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.</p> <p>Payments by Sevenoaks U3A can never be made to or at the sole direction of a trustee in return for services rendered by that trustee.</p>			
Notes	<ul style="list-style-type: none"> • When referring to 'normal turnover', this applies to turnover in a period of 'normal' activity & does not include periods where normal activity is suspended for any reason (for example during the Coronavirus pandemic in 2020-21). • If any small group wishes to arrange a larger event than they usually operate, they should approach the U3A Treasurer or a trustee for advice, approval & potential support from the General Fund (i.e. underwriting any potential loss). This applies particularly where the event is open to other Sevenoaks groups or other U3As. 			

4 Expenses policy

Out of pocket expenses incurred by the volunteers who are involved with running Sevenoaks U3A and its groups will be reimbursed. Expense claims must be submitted with receipts where possible. Expense claims will be authorised by the relevant committee and no committee member should authorise their own claim. Expenses will include – with EC prior approval – attendance at the TAT’s AGM and Conference or national/regional workshops.

All claims need to be made on the appropriate form (copies available from the U3A Treasurer or GT) 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.

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

5. Membership Fees and membership of more than one U3A

The membership fee is reviewed on a regular basis & may only be amended following approval by the members at an AGM. Sevenoaks U3A is committed to keeping the membership subscription as low as possible to ensure that the U3A remains accessible to all members.

Sevenoaks U3A offers a system whereby the membership fee can be adjusted for those who can provide proof of benefits received.

6. Asset register

An asset register is maintained which records all assets held including their initial purchase price, date of purchase, estimated nominal value, location and/or keeper. The register may be recorded by an authorised member but must be available to the Treasurer at all times

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.

7. Reserves

7.1 General Fund

Reserves are required to ensure continuity of Sevenoaks U3A in the event of a sudden drop in income, to cope with unexpected and unplanned increases in expenditure, to replace assets, to cover future equipment demands and to deal with emergency situations.

Our reserves therefore provide a contingency for expenditure over and above day-to-day commitments and other planned outgoings.

The Trustees have resolved that our reserves should not fall below £8000 which is consistent with The Third Age Trust recommendation. The appropriate level of reserves will be reviewed and set by the Committee annually in May.

The Trustees will do their best to ensure that reserves are maintained at the set level. However, because the majority of subscriptions are paid by Standing Order, which in turn necessitates setting the subscription rate to be fixed over an extended period of time (because of the difficulties in requiring Members to amend their Standing Orders); the level of reserves may be higher than the set minimum reserve. In such a case the Trustees undertake not to increase the subscription rates until the reserves are approaching the minimum level.

Reserves may only be spent in furtherance of Sevenoaks U3A objectives in accordance with the Constitution.

7.2 Other Group Funds

For the **Social** account & all **Groups** which regularly hold a surplus, the EC require Group Leaders to keep a level of reserves not more than six months of normal turnover. This is considered by the EC a reasonable level for this type of charity.