

# Paddock Wood U3A Financial Policy

## 1 Introduction

### 1.1 Trustees' financial responsibilities

The trustees of Paddock Wood 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.

### 1.2 Accounting policies

- The financial records/accounts are recorded on a receipts and payments basis.
- If there are significant amounts receivable or payable (i.e. debtors or creditors) at the year end, then this should be noted in the annual accounts presented to the members.
- The financial year runs from 1 July to 30 June.
- A formal audit of the accounts is not required, in line with Third Age Trust and Charity Commission guidelines. However, the annual accounts will be examined by an appointed independent examiner. The examiner can be a member of the U3A but not a trustee, nor related in any way to any trustee.
- A tailored spreadsheet is used to record financial activity.
- Records are kept on a dedicated laptop owned by the U3A and used exclusively by the Treasurer. Everything is backed up on the Cloud (Dropbox).

## 2 Banking

### 2.1 Bank accounts

- All bank accounts are with NatWest in the name of Paddock Wood 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 for all bank accounts are the Chair, Vice-Chair and Treasurer. This responsibility cannot be delegated but other Trustees may be included in the mandate. The Theatre Visits organiser is an additional signatory, appointed by the trustees to manage payments from Social 1.
- 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.
- All bank statements must be sent to the Treasurer directly.
- 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

Paddock Wood U3A operates online banking. Transactions are made by the Treasurer. The Third Age Trust guidance recommends dual authorisation for all transactions. As this facility is not currently offered by NatWest, an email system is in place whereby the Treasurer gives notice to the Chair or Vice-Chair of impending transactions for approval prior to payment.

### 2.3 Payment by bank cards

The issue of any bank debit or credit card in the name of Paddock Wood U3A will be approved by the Executive 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).

Paddock Wood U3A holds business debit cards for each of the current bank accounts. Three of these are held by the Treasurer, one by the Chair (for Social 2) and one by the Theatre Visits organiser (Social 1). All transactions made using these cards 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 clearly showing what was purchased.

The debit cards may be used for cash withdrawal that has been agreed in advance by the Executive Committee, with an upper limit of £500. The Theatre Visits (Social 1) spending limit is the amount that has already been banked/received for tickets, confirmed by the Treasurer to the organiser before ticket purchase.

## 2.4 Personal debit or credit cards

The use of personal debit or credit cards for interest 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 items must be clearly identified as belonging to Paddock Wood U3A and not the purchaser. These transactions will be recorded in the group and/or main U3A accounts.

## 3 Groups' finances

### 3.1 Groups meeting in members' homes

The majority of interest groups meet in members' homes. An amount of 50p per person is payable to the host each meeting, in recognition of expenses in providing refreshments, lighting, heating, etc. This does not need to be recorded. Any items purchased in quantity for individuals in the group, e.g. language textbooks or art materials, and paid for by each individual at cost price, do not need to be recorded. These items belong to the individuals and not the U3A. No reporting is required.

If such a group plans a one-off event where they need to hire a hall or engage a speaker, the Group Leader should ask the Groups Organiser and Treasurer to provide guidance. Records will need to be kept and reporting will be required.

### 3.2 Groups hiring venues

Hiring a venue is a contract between the U3A and the venue. The Treasurer should be informed about any hiring, whether a one-off or a regular hire. The venue should be informed that the group is part of the U3A, which is a registered charity. There may be a special rate for charities.

Checks should be done to ensure the venue is suitable. This can be done in the form of a risk assessment carried out before any agreement is signed and should include proof that the venue has public liability insurance. The venue may require groups to provide evidence of public liability insurance; the U3A public liability insurance document is available from the Treasurer.

If a group wishes, the payment of invoices can be handled by the Treasurer, in which case adequate funds must be deposited in the U3A bank account before payment is due.

Groups hiring venues are required to report their income and expenditure (see section 3.5 below).

### 3.3 Handling money collected

Interest groups are expected to be self-financing. Covering the cost of venue hire and other expenses requires the collection of such sums of money as the group members and leadership deem necessary.

Groups can decide for themselves how to recover their costs, but guidance is available from the Treasurer/Groups Coordinator. The Group Leader should not be out of pocket, but neither should large reserves be built up.

Group Leaders should not store group money in their personal bank account. However, it is acceptable to deposit cash in their bank account if at the same time they pay the same amount to the U3A account. Long-term balances up to the value of £100 may be kept; amounts above this should be passed over to the Treasurer to be banked for the group.

Where venues are booked in advance and payment made on receipt of invoice, it is recommended that group members pay for a set of sessions in advance, whether or not they attend all sessions. A small cash balance may be kept by the Group Leader, but the money required for venue hire should be paid into the U3A bank account. The Treasurer will pay the venue cost as it becomes due.

However, groups are free to work out the method of collecting money and paying for venues that suits their members best. The Treasurer should be kept informed of the method chosen.

If the Group Leader has an arrangement, agreed by the Executive Committee, where monies are collected from attendees and the venue paid direct on the day, then a suitable report should be submitted to the Treasurer.

Any residual funds of these groups belong to Paddock Wood U3A and should not be directly returned to members, but retained by the U3A. This residual amount will be ring-fenced by the Treasurer for use by the interest group.

### **3.4 Group expenditure**

Groups are permitted to make any expenditure necessary for the day-to-day running of the group (venue hire, consumables, etc.) and capital expenditure on equipment up to a limit for a single item agreed by the committee (currently £100). The group leadership can withdraw money on request from the ring-fenced funds held by the U3A on their behalf.

Any assets purchased or cash accumulated by the group belong to the U3A and must be returned to the U3A should the group cease to exist. Assets purchased will be recorded on the Asset/Equipment register.

Prior approval must be given by the Executive Committee for equipment and other items to be purchased over £100 for the use of Paddock Wood 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.

Groups can ask for assistance from the Executive Committee with purchasing items needed by the group up to a maximum of £50. Contact the Groups Coordinator for guidance.

### **3.5 Record-keeping and reporting**

The committee (via the Treasurer and assistants) will monitor the income and expenditure of the groups.

Group Leaders who are required to report should keep simple records of money in, money out and balance retained, with appropriate details. A straightforward form (and/or spreadsheet) is available from the Treasurer. These transaction records are required 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
- allow group leaders to maintain cash floats.

Group Leaders should note that the U3A financial year runs from 1 July to 30 June. A simple summary of the group finances should be provided to the Treasurer twice each year, or when requested, the final summary going up to 30 June.

If venue hire is arranged directly with the U3A Treasurer, then the receipts for venue hire will be in the U3A accounting system. The Treasurer will regularly provide Group Leaders with up-to-date information about the amount held in their ring-fenced fund.

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

### 3.6 Receipts – paying into the U3A bank account

To manage the handover of cash and cheques to be paid into the Paddock Wood U3A bank account the Executive Committee has decided that:

- Paying in books may be provided for each of the Social 1, Social 2 and Social 3 accounts to be used by organisers designated by the Executive Committee/Groups Coordinator.
- Bank paying in slips will not be given to Interest Group Leaders. Cheques should be given to the Treasurer to pay in.
- Group Leaders may pay sums due by issuing a cheque made payable to Paddock Wood U3A or by paying online through their own bank account, informing the Treasurer by email of the amount to be paid and using the group name as reference for the payment.
- Where applicable receipts will be given to Group Leaders, or acknowledged by email.
- Where net sums are being paid over the Group Leader needs to provide a full breakdown of the income and expenditure to the Treasurer. However, it is much preferred that sums are not netted off.
- Cash held back for cash flow purposes will be within the U3A's approved limits (they will vary by activity).

### 3.7 Payments – money paid out

The Executive Committee requires that **all** payments relating to venues, coaches, speakers, etc. are recorded to be included in the U3A main and/or group annual accounts.

Outside speakers should be asked to state their fees and any travel costs at the time of booking. They should provide a simple invoice giving title of talk, date, fee, bank details for BACS payment, e.g. in an email. The Treasurer must be informed that the speaker has delivered the talk before they can be paid.

Where the committee has agreed the use of a paid tutor, they must provide evidence of their self-employed status and invoice the U3A as agreed.

## 4 Social activities

Events such as theatre visits, group visits, extended visits or study days must be charged at cost and all participants pay appropriately. The costs paid by members must cover out-of-pocket expenses, for example postage of theatre tickets.

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.

All monies for theatre visits, study days and group trips must be paid into the appropriate U3A bank account. Payment of necessary invoices for study days and visits will be made from the appropriate U3A bank account. Detailed guidance on organising, costing, collecting payments and arranging payment for coaches, venues etc. for study days or days out is available from the Study Days Coordinator.

A maximum surplus of £500 acting as a buffer is allowed for each event group. Funds above this amount are transferred to the main U3A funds.

Where the financial aspects of any U3A extended trips/holidays at home or abroad are handled by an external agency, prior approval for these arrangements must always be given by the U3A Committee, with the final account being submitted by the Agency and the Group Leader. The financial value of any free places that might be part of the holiday arrangements should be paid back to the U3A, but be made available to the Group Leader for draw-downs in relation to various disbursements either before, during or after the trip/holiday. An appropriate schedule should be included within the final account. Should there be a residual balance, then this should be distributed to the trip/holiday participants.

## 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. Paddock Wood U3A will make payments to speakers who have indicated that they intend to donate their fee to a specific charity; provided the speaker fills in a waiver form as approved by the Third Age Trust, the U3A can pay directly to their nominated charity.

## 6 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 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 need to be made to the Treasurer, either on a paper form (available from the Treasurer) or on an electronic claims form, giving sufficient detail:

- the name of the purchaser and the group for which it has been purchased
- the nature of the expense
- the date purchased
- the receipt
- bank details for reimbursement by BACS (full first name – not just initial, sort code and bank account number)

- for reimbursement by cheque, the name required on the cheque and the full postal address.

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 Executive Committee.

## 7 Membership fees

Paddock Wood U3A operates a pay-as-you go membership subscription. The membership fee is reviewed on an annual basis. Paddock Wood U3A is committed to keeping the membership subscription as low as possible to ensure that the U3A remains accessible to all members.

Paddock Wood U3A does not offer a reduction to members of other U3As.

## 8 Asset register

An asset (equipment) register is maintained by the Treasurer which records all equipment held including the initial purchase price, date of purchase, for which group purchased or for general use, and location.

Under the receipts and payments reporting system used by Paddock Wood U3A, all assets are fully written off against receipts in the year of purchase. The register is reviewed annually.

## 9 Reserves

Paddock Wood U3A aims to keep a level of reserves that will cover 6 months of regular operating activity, approximately £6000. The committee considers this a reasonable level for this type of charity.

**Policy review date:** April 2024 (amended 22 June 2024; further amendments to follow)