

# Leicester u3a      Financial Policy

## 1 Purpose

In line with all charities, Leicester u3a is required to determine its “Internal Controls” for running the charity, one of these being the Financial Controls, or Financial Policy.

This Financial Policy is developed from the Third Age Trust template, and our current unwritten procedures.

Where applicable “Trustees” are the members elected or appointed to the committee (the “Committee”).

## 2 Trustees’ financial responsibilities

The Trustees of Leicester u3a are responsible for:

- a) Collection of membership subscription fees.
- b) Safeguarding the assets of the charity.
- c) Identifying and managing the risk of loss, waste, theft, or fraud.
- d) Ensuring the financial reporting is robust and of sufficient quality.
- e) Keeping financial records in accordance with the governing document and relevant legislation (e.g., Charities Acts, Companies Acts etc).
- f) Preparing Annual Accounts in accordance with the governing document and relevant legislation on a cash accounting basis.
- g) 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 Leicester u3a and all its 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.

## 3 Banking

### 3.1 Bank accounts

- a) All bank accounts are in the name of Leicester u3a and operated by the Trustees in accordance with the bank mandate.
- b) New accounts may only be opened by a decision of the Trustees, which must be minuted.
- c) Changes to the bank mandate may only be made by a decision of the Trustees, which must be minuted.
- d) The authorised signatories are the Chair, Treasurer, Secretary and Membership Secretary. This responsibility cannot be delegated.
- e) Dual authorisation by two Trustees of all expenditure is mandatory.

- f) The signatories are responsible for examining cheques and online payment details for accuracy and completeness.
- g) The signatories are responsible for examining the payment documentation (purchase invoice etc.) prior to signing the cheque or authorising an internet transfer.
- h) All bank statements must be sent to the Treasurer directly.
- i) Blank cheques will never be issued.
- j) Blank cheques will never be signed by one signatory for a second to complete later.
- k) Whenever practical two people should be involved in counting cash receipts.

### 3.2 Online banking

- a) Only Trustees approved by the Committee will have access to online operation of the bank accounts. The approved Trustees are the Chair, the Treasurer, the Secretary, and the Membership Secretary. The security of the online system is in line with the arrangements offered by Barclays Bank and in accordance with the mandated approval limits.
- b) All online payments must be reviewed and posted by the Treasurer (1<sup>st</sup> level authorisation) and the request reviewed online and authorised by one other signatory (2<sup>nd</sup> level authorisation). Signatories must be independent of each other; they must not be partners or related.
- c) The only exception to b) is as a last resort, in an emergency situation, where no other signatories are available, or will become available, within the required time scale and to pay. The only permitted payees in this instance are The Third Age Trust, rental for regular venue hire for a recurring Leicester u3a event or a speaker fee (for which a receipt must be obtained). No other circumstances are acceptable, and partners/relatives must **never** authorise each other's expenses, those of another committee member or an asset purchase.

In the situations described above, where possible, payments should always wait until another signatory is available and clause b) must be followed.

- d) Any Trustee authorising payments must ensure that they are within the budget agreed.
- e) Invoices/receipts are required for all payments.
- f) All debit card payments must be authorised by the Treasurer and previously agreed by the Committee.
- g) Cheques for amounts already agreed by the Treasurer and Committee must be signed by the Treasurer and one other authorised signatory. This may change in an emergency when the Treasurer is unavailable.
- h) Any signatory who has access to Leicester u3a internet banking must inform the Chair and Treasurer **IMMEDIATELY** should they discover any suspicious activity on the bank account. The Treasurer must immediately inform the bank and relevant cybercrime agencies.
- i) Any Trustee who has access to Leicester u3a's internet banking and/or Beacon database must inform the Chair, Systems Administrator and Treasurer **IMMEDIATELY** if they discover any suspicious or possible suspicious activity on their PC or email account to safeguard Member Data.
- j) Passwords should not be disclosed, shared, or written down anywhere other than a secured password manager.
- k) Passwords and pin numbers must never be disclosed over the telephone or via email/email links.

### 3.3 Operation of online banking

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 Committee and in accordance with the bank mandate. All payments are authorised in accordance with the bank mandate. Access to the online accounts with Barclays is via a card reader and personal access card and by logging on to the bank system with a personal PIN.

### **3.4 Debit and credit cards**

- a) The issue of any bank debit or credit cards in the name of Leicester u3a will be approved by the Committee. The holders of the cards must be signatories to the bank account and, therefore, members of the Committee. Leicester u3a holds one business debit card. This is held by the Treasurer. Up to two more may be permitted subject to the agreement of the 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 represent the most effective and, in some cases the only method of completing the purchase (e.g., theatre tickets).
- b) The holder of the card should never disclose the card number and PIN/Security Number to anyone else.
- c) The cards must only be used for the purchasing items or services on behalf of Leicester u3a and NOT for cash withdrawals.
- d) The Committee will predetermine the spending limits for any card: currently no single transaction may exceed £500 unless specifically pre-approved by at least 2 signatories to the account or the Committee.
- e) All transactions made using these cards must be notified to the Treasurer so that the account can be checked and reconciled each month. They will also 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.
- f) All such payments must be supported by an invoice or receipt (paper or online) made out to Leicester u3a.

### **3.5 Personal debit or credit cards for groups**

The use of personal debit or credit cards for interest group activities will be closely managed. Permission must be sought from the Committee where a group feels that there is no other viable way to make payments and a limit will be set by the Committee.

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

If a personal card is used a credit rather than debit card is preferable as it offers more buyer protection.

All invoices must be issued in the name of Leicester u3a.

## **4 Groups' finances**

Some interest groups are run by one or more members and are expected to be self-financing. They can collect such sums of money as the group members and Convenors deem to be necessary to undertake their activities. The funds and assets of these groups belong to Leicester u3a. Any assets purchased by groups should be included in the Asset Register and any assets or cash accumulated must be returned to Leicester u3a if the group ceases to exist.

Groups are permitted to make any expenditure deemed necessary by the group members and the Convenor and can withdraw money on request from the ring-fenced funds held by Leicester u3a on their behalf, as appropriate. The Treasurer, Groups Co-ordinator and Group Convenor(s) will agree what records they need to keep of the group's transactions in order to:

- a) Allow the Treasurer to keep accurate accounts for presentation to the AGM, for discussion with the Trustees and to meet regulatory requirements.
- b) Allow the group members to understand how their monies are being managed.
- c) Maintain transparency and trust for all concerned.
- d) Minimise the risk of error and potential loss of funds.
- e) Allow Group Convenors to maintain cash floats.

Some transactions between a member and supplier will not necessarily need to be recorded in Leicester u3a's accounts. Examples could be:

- f) Contributions to refreshments in a member's home if within agreed limits.
- g) Payments to a club, public house, or restaurant that an interest group or activity group attends.
- h) Entry fees.
- i) Transport fares.
- j) Theatre or Cinema tickets.
- k) Holidays/Trips.
- l) Membership fees to e.g. a tennis/snooker/ badminton club.

#### 4.1 Receipts

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

- a) Bank paying in slips will not be given to Group Convenors for this purpose.
- b) Group Convenors should not pay sums due by issuing their own cheque or paying online through their own bank account. However, in exceptional circumstances if this is totally unavoidable then a Group Coordinator collecting cash from members and paying it into their personal account for onward cheque/online transfer to Leicester u3a bank account must immediately send a covering e-mail to the Treasurer explaining the transaction.
- c) Group Convenors may not accept cheques made payable to them, or accept online receipts through their own bank account. All receipts should be banked through Leicester u3a's account.

**This is an expectation of the Third Age Trust Crime Insurance Cover.**

- d) Where applicable receipts will need to be given to Group Convenors or acknowledged by email.
- e) Where net sums are being paid over this needs to be fully demonstrated to the Treasurer.
- f) Cash held back for cash flow purposes will be within Leicester u3a's approved limits (they will vary by activity).
- g) All petty cash should be kept to a reasonable working minimum to reduce the risk of loss or theft.

#### 4.2 Payments

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

- a) When a trip is organised by and paid through Leicester u3a or paid directly by the members to the trip organiser.

b) When payments may be deducted from activity revenue:

- Venues
- Coaches
- Tutors
- Speakers
- Other

c) When payment for venues, coaches, tutors, speakers etc must be paid by Leicester u3a.

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

Where the Committee has agreed the use of a paid tutor, the tutor must provide evidence of their self-employed status, Public Liability Insurance, and invoice Leicester u3a as agreed.

The Committee (via the Treasurer) will monitor the income and expenditure of the groups. Group Convenors need to provide regular information, as agreed, to the Treasurer. 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.

### **4.3 Room Hire**

Where there is an agreement for the hire of premises, the payment for hire, and monies collected to fund the activity, should go through the Leicester u3a bank account where possible.

If fees are collected on the day from group members who are taking part in an activity then, in order to pay for the premises hired for the activity, any surplus belongs to Leicester u3a and should be paid over as and when agreed with the Treasurer. Gross income and expenditure should be reported to the Treasurer, as and when agreed for inclusion in Leicester u3a's accounts.

### **4.4 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 Leicester u3a members offer their services free to the movement, the organiser(s) must not get any pecuniary reward for organising an event.

### **4.4 Payments to other charities**

In line with charity law, Leicester u3a cannot raise funds for another charity that does not have similar charitable objectives. Leicester u3a will make payments to speakers who have indicated that they intend to donate their fee to a specific charity but not directly to their nominated charity unless recorded in advance.

## **5 Expenses policy**

Out of pocket expenses incurred by the volunteers who are involved with running Leicester u3a will be reimbursed providing that they are agreed in advance by the Committee and do not exceed the extent of the budget without further Committee approval. Expense claims must be submitted using expenses form T1 with receipts. Expense claims will be authorised by the

Committee and no Committee Member should authorise their own claim. Expenses will include – with Committee approval – attendance at the 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 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 Committee.

## **6 Membership Fees and membership of more than one u3a**

The membership fee is reviewed on an annual basis. Leicester u3a is committed to keeping the membership subscription as low as possible to ensure that Leicester u3a remains accessible to all members. Leicester u3a offers a system whereby the membership fee can be adjusted for those who can provide proof of benefits received.

For Leicester u3a members who can evidence membership of another u3a, Leicester u3a will reduce the cost of membership by the amount that is paid to the Third Age Trust for each member.

## **7 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.

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.

## **8 Reserves**

Leicester u3a aims to keep a level of reserves that will cover approximately twelve months of regular expenditure. This is considered by the Committee to be a reasonable level for this type of charity.

Social account activities are excluded from this figure as these activities are inflated by high-cost activities such as theatre visits and days out and are entirely self-financing.

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