

# **Knutsford and District u3a Financial Policy (vs1)**

## **1. Document Control**

**Vs1 dated 24th January 2022**

**Approved by the Committee 27<sup>th</sup> January 2022**

## **2 Introduction**

### **2.1 Purpose**

All charities are required to determine their “Internal Controls” for running the charity, one of these being the Financial Controls, or Financial Policy.

This Finance Policy defines the rules and responsibilities through which Knutsford and District u3a will control; and manage its finances

## **3. Financial Responsibilities**

### **3.1. Trustees’ financial responsibilities**

The trustees of Knutsford and District 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.

### **3.2. The Treasurer**

The Treasurers responsibilities include

- Maintaining the financial records in accordance with the financial policies
- Maintaining the financial records in accordance with the applicable charity law and statute
- Managing the bank accounts in accordance with the financial policies
- Preparation of accounts and budgets for committee members and meetings
- Preparation of the annual accounts for the AGM, publication and filing
- Ensuring that an Asset Register is maintained.

## **4. Banking**

### **4.1. Bank accounts**

- All bank accounts are in the name of Knutsford and District 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 are the Chairman, Secretary and Treasurer and one other nominated Trustee. This responsibility cannot be delegated.
- All payments above £50 must be signed by two signatories.
- The signatories are responsible for examining all payments 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 will be downloaded from NatWest Online Banking by the Treasurer and printed copies retained.
- 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.

#### **4.2. Online banking**

Where online operation of the bank accounts is in place only the authorised signatories approved by the committee will have access to this facility. All online payments over £50 must be approved by a second signatory in writing or by electronic means prior to payment. As in 4.1 above, this process includes the examination of supporting documents (eg. invoices where they are available in digital form). The Treasurer should keep a record of the signatory's authorisation. The security of the online system is in line with the arrangements offered by NatWest Bank and in accordance with the mandated approval limits.

Any payment of £50 or less may be made at the Treasurer's discretion.

#### **4.3. Payment by bank cards**

The issue of any bank debit or credit card in the name of Knutsford and District u3a will be approved by the committee. Because the use of these cards overrides the dual control aspect of the payment authorisation process, all proposed spending must be approved by the committee beforehand, on a case by case basis. The committee may predetermine the spending limits for any card: the limit may be per transaction, per day or per month.

Knutsford and District u3a holds four business debit cards. These are held by the authorised signatories. 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 Treasurer and other signatories through the online banking service

All debit / credit card payments must be reported in writing or by email as soon as possible to the Treasurer and be supported by an invoice or receipt which should, whenever possible, be made out to Knutsford and District u3a.

#### **4.4. Personal debit or credit cards**

Personal debit and credit card payments may be used when no other practical method of payment is available. If there is any doubt about the legitimacy of the payment then the Treasurer should be consulted before making the payment.

Prior approval must be given by the committee for equipment and other items to be purchased for the use of Knutsford and District u3a or specific interest groups where the value is greater than £50. 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.

Whenever possible, invoices should be issued in the name of Knutsford and District u3a.

#### **4.5. Role of the committee in agreeing to financial transactions**

In sections 4.1 through 4.4 there is a strong emphasis on the committee being in control of financial decisions. In principle all expenditure from the main or “current” account must be agreed by the committee in advance. The committee should agree a budget before the start of each financial year. Any expenditure which has already been included in an agreed budget (except those under the Miscellaneous category) are considered to have been sanctioned by the committee. Proposals for expenditure outside of the budget should be discussed and agreed at a committee meeting, with a suitable record made in the minutes. Where an urgent decision is required the Chair (in agreement with the Treasurer) can authorise payments of up to £100. Any such authorisations must be reported at the next committee meeting and recorded in the minutes. If larger payments are urgently required the Chair can canvas the committee by email with a decision being taken by a simple majority of the responses. The result of such an email vote should be recorded, along with the date it was taken, in the next set of minutes. The Chair will organise the vote but it should not be assumed that the Chair endorses the proposed expenditure. Committee members with doubts about the proposed course of action should make their views known to all committee members without delay.

## **5. Groups’ finances**

Activity 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 Knutsford and District u3a. Groups should not arrange their finances through personal bank accounts, they should go through the u3a Treasurer. Groups are permitted to make any expenditure deemed necessary by the group members and the group leadership and can withdraw money on request from the ringfenced funds held in the Knutsford and District u3a Activity Groups’ Bank Account on their behalf, as appropriate. The Treasurer, Group Co-ordinator and Group Leader(s) will agree what records they need to keep of the groups’ transactions 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.

### **5.1. Receipts**

To manage the handover of cash and cheques to be paid into the Knutsford and District u3a Activity Groups’ bank account the committee has decided that:

- To facilitate BACS deposits, the Treasurer will provide on request, details of the Knutsford District u3a Activity Groups’ Bank Account. Details of such deposits must be sent to the Treasurer in writing or by e mail. If cheques are part of the deposit the receipt obtained from the bank should be forwarded to the Treasurer.
- Group leaders may retain for cashflow purposes up to £150 in cash; quantities of money (cash or cheques) above this amount should be deposited into the Activities account.

### **5.2. Payments**

The Treasurer will inform relevant group leaders as to the approved process for payments relating to trips and outings. In some cases an Event financial statement may be required detailing which payments went through the u3a account and which payments are funded directly from the participants contributions. Whether such a financial statement is required for an event is at the discretion of the Treasurer.

- Payments for Venues, Coaches, Tutors and Speakers should be funded from the u3a accounts via the Treasure. Smaller payments can be financed by money obtained directly from the participants.

- Outside speakers should be asked to state their fees and any travel costs at the time of booking and payment arranged by the Treasurer.
- Where the committee has agreed the use of a paid tutor, the tutor must provide evidence of their self-employed status and invoice the u3a as agreed.

The 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 committee will review as to whether the group is legitimately operating in line with the insurance and financial requirements of Knutsford & District u3a.

### **5.3. 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) should not get any pecuniary reward for organising an event. However, where the organiser is accompanying a group on a trip in a supervisory role where they would be called upon to make key decisions in the event of an emergency, then it is appropriate for them to go on the trip free of charge in lieu of expenses.

## **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 two of the signatories and no committee member should authorise their own claim. Expenses will include – with committee approval – attendance at the Third Age 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.

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.

## **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. Knutsford and District 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. Purchasing Policy**

The policy relating to Activity Groups is shown in Section 5 of this document.

Most of the expenses of Knutsford and District u3a are included in the Annual Budget which is approved by the Trustees (Committee).

Requests for exceptional expenditure for items / events not included in the Annual Budget must be submitted in writing or by email to the Committee for prior approval.

In all instances those responsible for purchasing on behalf of Knutsford and District u3a should ensure that the item / service purchased represents the best value for money. For purchases over £100, the proposers should show that they have obtained best value for money by getting prices from at least two potential suppliers and explain which supplier they propose to use.

## **9. Membership Fees and membership of more than one u3a**

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

For u3a members who can provide evidence of membership of another u3a, Knutsford and District u3a will reduce the cost of membership to an amount agreed by the Committee.

## **10. Asset Register**

An asset register is maintained by the Committee 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.

## **11. Reserves**

Knutsford and District u3a aims to keep a level of reserves that will cover six months of regular operating activity. This is considered by the committee 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.

## **12. Annual Accounts and Budgets**

The Treasurer will prepare a set of annual accounts recording all receipts and expenditures for both the "current" and the "groups" accounts. These accounts will be approved by the Committee of Trustees and then independently checked to ensure their accuracy and completeness. They will be presented in summary form to the Membership at the AGM.

The Treasurer will also prepare a budget for the anticipated expenditure from the "current" account. The budget will be used to establish the adequacy of the membership fee and enable the Committee to make recommendations for the annual subscription in the forthcoming year. These recommendations will be presented to the Membership at the AGM.