

Bourne U3A - Financial Controls Policy and Procedures

Item 1. Why do we have this policy?

1.1 Bourne U3A ('the Charity') has this policy so that anyone with whom we work, including other Agencies and Organisations, are aware of the procedures we follow to minimise the risk of fraud and protect the assets of the Charity.

1.2 Items 2 – 10 of this document record the context and content of this Policy. Items 11 records the Procedures and Regulations arising from this Policy. All are to be implemented by anyone who voluntarily works with and for The Charity.

Item 2. Bourne U3A and its relationship to the Charity Commissioners, HMRC and Third Age Trust

2.1 It is mandatory for the Charity to register with the Charity Commissioners as an Unincorporated Association (Charity) with an annual income over £5000. Such registration sets out the responsibilities and accountabilities of the Charity within the appropriate legislation framework (see <https://www.gov.uk/government/organisations/charity-commission/about>). Bourne U3A is a UK (England & Wales) Registered Charity No 1100094.

2.2 This Charity is also recognized by registration with HMRC as a charity for tax purposes, which allows claims for Gift Aid. This requires the Board of Trustees (often described as the Executive Committee) to provide regular Declarations about its income and expenditure in relation to its stated charitable objects / purposes. See also Item 7.3

2.3 The Third Age Trust is the network organisation of U3A members. The Third Age Trust is the national representative body for U3As in the UK. It is both a limited company and a registered charity. It underpins the work of local U3As by providing educational and administrative support to their management committees and to individual members and assists in the development of new U3As across the UK.

2.4 U3As are independently managed charitable associations with their own constitutions. (See <http://www.u3abourne.org.uk/Constitution/constitution.html>) Membership of The Third Age Trust is a requirement in order to use the U3A name and logo both of which are protected but once registered individual U3A units are self-governing, providing the aims and guiding principles of the U3A Trust are adhered to. In addition, a U3A although independently managed, must not act in a way which brings the U3A movement into disrepute. Should this happen, the Trust has the right to intervene with the ultimate penalty being a termination of membership. <https://www.u3a.org.uk/advice/the-u3a-movement/186-terms-of-membership-of-the-third-age-trust.html>

Item 3. What are Internal Financial Controls?

3.1 The Charity Commission says that: "Internal financial controls are just one part of a charity's overall control framework. The wider framework should cover all the charity's systems and activities".

The aims of internal financial controls are:

- To protect the charity's assets;
- To identify and manage the risk of loss, waste, theft or fraud;
- To ensure the financial reporting is robust and of sufficient quality; and
- To ensure that the trustees comply with charity law and regulation relating to finance."

3.2 Internal financial controls are rules or procedures which inform everyone in Bourne U3A how the Charity's finances should be dealt with. These controls should be firmly administered but not become or be perceived as being too onerous or impractical. If these controls are followed the risk of mistakes or fraud occurring should be reduced.

Item 4. Who is responsible for U3A Funds?

4.1 Trustees collectively are responsible for the safe custody of members' money and the proper handling of all its funds, including any monies paid at group meetings and social events and cannot delegate this responsibility to non-trustees. In the event of any irregularity at main committee, group leader or member level, the Trustees are held liable if they have not taken all possible steps to minimize potential areas of risk. The Board of Trustees (the elected main Committee of Bourne U3A) are strongly recommended to follow best practice recommendations of the regulatory authorities and the Third Age Trust. It is not possible for an individual to opt out of collective responsibility.

4.2 The Board of Trustees has a legal duty to ensure that the assets of Bourne U3A are appropriately used to achieve our charitable objectives. Therefore, it needs to ensure that all income and all expenditure are appropriate and that both are properly authorised, recorded and if exceeding Group retention amounts banked with the Treasurer. The Charity's Board has established this suitable structure to ensure that financial accountability is maintained at the right level. Some of the main areas where internal financial controls are necessary are detailed as follows:

Item 5. Bank Accounts

5.1 As a non-profit making, independently managed association, the Charity will hold 3 bank accounts at a bank designated by the Board.

a) A Current Account for membership subscriptions to be held in and for major expenditure cheques, Gift Aid and Bank transfers to be managed by the Treasurer. This includes all appropriate governance expenses including payments to TAT, Speakers' fees and agreed sundries.

b) A Groups Account for the Treasurer to manage, i.e. primarily for the collection of Groups' activity or attendance fees, together with dealing with the Groups' appropriate expenditure (i.e. invoices requiring cheques or BACS transfers). This reduces the amounts held at Groups Leaders' (or Group Treasurers') homes. It also enables the Treasurer to maintain a simple monitoring brief, together with Group Leaders / Treasurers, on the financial activities of their Groups.

In the unlikely event of a significant depletion of this Groups Account or in an extreme emergency, the Treasurer may draw from the Current account for the Groups Account for an amount up to £500 at any one time. Such a transaction is to be printed and validated at this time by another different authorised signatory, usually through exchange of emails to provide a 'print trail'. This transaction must be ratified by the Board as soon as possible, or by the Board at its next meeting.

c) A Reserves Account to be maintained by the Treasurer for the surplus of monies held in the Current Account, and which becomes a contingency fund against unforeseen problems (usually 6/12 months of anticipated expenditure.)

d) All accounts must respect the requirements in relation to authorised signatories and reporting.

5.2 The Bank Mandates require two (2) out of the pool of five (5) agreed Trustees as authorised banking signatories for each cheque signed on the Charity's behalf. The Treasurer should be one of these signatories. Any change to the definition of the Bank Mandates required by Bourne U3A must be approved and minuted by the Board. This authorisation may be extended to include all transactions up to a limit of £300 per transaction without any further individual notice and validation being required for regular recognised general expenses e.g. Corn Exchange hire.

Item 6. On-line Banking

It is possible that at some future date the Trustees may decide to operate payments of expenditure items through on-line banking facilities. The U3A Trust guidelines recommend that this payment method should only be arranged with a bank that will facilitate dual authorisation of all on-line payments.

6.1 The Charity recognises that many organisations are preferring to use BACS for immediate Internet Banking rather than processing cheques. This access is only to be used by the Treasurer and **all** transactions are to be printed and validated by another different authorised signatory, usually through exchange of emails to provide a 'print trail'. This authorisation may be extended to include all transactions up to a limit of £300 per transaction without any further individual notice and validation being required for regular recognised general expenses e.g. Corn Exchange hire.

6.2 If/when U3A credit or debit cards may be introduced to facilitate some banking transactions (including the request to no longer use cheques for payments), the above regulatory control procedures (see Items 5 and 6.1) regarding access, authorisation and validation of such U3A cards for all such transactions will be maintained by the authorised banking signatories in office at that time. Some specific Group Leaders (e.g. Theatre / Travel) may be provided with U3A debit cards for urgent / emergency use. If/when that situation occurs the Trustees in Office at that time will decide on the requisite policy and levels of control required to:-

- Ensure a single payment limit is set.
- Monthly/Annual payment limits are set.
- All payments are supported by suitable documentation and reported to the Treasurer immediately.
- Card Statements must be independently verified by other than the card holder.
- Ensure that trustees involved in the control procedures are not related.

The use of personal credit / debit cards by U3A members for transacting U3A business is strictly forbidden. See also Item 11.1, 11.3, 11.4.

6.3 The Board through the Treasurer, will maintain a regular review of procedures to ensure controls are and remain effective.

6.4 The Charity will not use any other banking or financial institution for overdraft or loan facilities without the agreement of the Board.

Item 7. Income

7.1 Individual Membership Fees are payable by an **small** annual subscription from every member which covers purchase of assets for the benefit of the whole Bourne organisation, newsletters expenses, governance expenses. The latter includes the Charity's capitation fees to TAT which includes the insurance premiums as an organisation. In addition, there is an Attendance Charge per person to cover all expenses for the monthly main meetings. Interest Groups are self-supporting and may also charge a small amount to cover their activities and expenses. However it should be clearly understood that this money does not belong to the Interest Group but to Bourne U3A,

7.2 All monies received – membership fees and groups' activities fees, whether in cash, by cheque or by bank transfer – are recorded promptly and banked without delay in the correct account. The Charity does not provide any opportunity to pay any charges or fees by Standing Order or Direct Debit. All those receiving money - Treasurer, Membership Secretary and Group Leaders or Group Treasurers should maintain sufficient and appropriation documentation to back this up. The only exception is for Groups dealing with trivial amounts - see also Item 11.2

7.3 Gift Aid is way for charities to increase the value of monetary gifts from UK taxpayers by claiming back the basic rate of tax paid by the donor. HMRC is prepared to treat membership subscriptions as gifts providing the payments do no more than secure membership of the charity which allows members to receive newsletters and participate in activities which form part of the U3A charitable activities. Gift Aid cannot be claimed by anyone paying for their own (or on behalf of another) Membership Fee who does not pay tax. Members are advised that when signing the Gift Aid Declaration i.e. agreeing to claim Gift Aid via the Charity, they find themselves paying insufficient income and/or capital gains tax to equal or exceed the gift aid claimed on all their donations in a tax year, it will be pointed out that it is their responsibility to pay the difference to HMRC - but this can be done in the following year by adjusting their existing Declaration.

Members who pay for another's Membership Fee are also advised that such payment is regarded as a gift to a third party and is not eligible for Gift Aid.

Item 8. Expenditure

Any expenditure can be made, provided that it is within the following framework, and therefore it is made:

- within Charity and Company Law
- within the rules, policies and procedures of the Charity
- in accordance with the Charity's objectives
- with regards to the Charity's contracts

Item 9. Other Assets

9.1 Monetary Reserves held should reflect the particular circumstances of the charity and are needed to ensure continuity in the event of a sudden drop in income, to cope with unexpected and unplanned increases in expenditure, to replace assets for the benefit of the whole membership, to cover future equipment demands and to deal with emergency situations i.e. they provide a contingency for expenditure over and above day-to-day commitments and other planned outgoings. The Charity currently holds 6/12 months running costs as a reserve in a separate Reserves account and the Board reviews this amount annually, finding opportunity to benefit all members as appropriate with any surplus.

9.2 Physical assets - All equipment purchased from central funds, for the benefit of all members, is owned by the Charity and is regarded as 'assets. See also Item 11.6

Item 10. Key Roles, in relation to this Policy

10.1 U3A Treasurer

The Treasurer is one of the 4 Officers of the Charity, complying with any specific provisions in the Constitution and carrying out specific roles and responsibilities delegated to them. However, all Trustees remain jointly responsible for the charity i.e. for the finances. The Treasurer usually takes the lead at Board level on

- Making sure the charity keeps proper accounts
- Produces Year End accounts for Independent Examiner's approval and subsequently for Charity Commissioners
- Reviewing the charity's financial performance
- Drawing up and reviewing policies for finance and investment
- Ensuring that the charity has robust and effective financial controls in place
- Liaising with finance staff (including Group Leaders and Treasurers) and with the Charity's

- Reporting on financial matters to the members through the Board
- In practical ways as set out further in this Policy document – see Items 5-9 and 11
- Working closely with the Beacon Buddies and the Treasurer's Role Backup

10.2 U3A Treasurer's Role Backup

To ensure continuity of the finance function an elected Committee member (preferably one of the existing authorised banking signatories) will provide "back-up" to the Treasurer position. In the event of a temporary incapacity of the Treasurer this Trustee will ensure essential payments and banking requirements are maintained until the elected Treasurer can resume duties.

In the event of the permanent incapacity of the Treasurer, the committee will appoint an official replacement Treasurer and authorise the Bourne Beacon Administrator to allocate the access and security rights of the Beacon "Treasurer Profile" to the appointed person. Both of these actions to be fully minuted to meet banking signatory requirements. Both of these actions will cease at the next AGM, when the formal nomination and election process will occur.

10.3 Group Leader and Group Treasurer

The Group Leader is a member and convenes any planning meeting, usually of all group members to decide the programme for the group to follow over a certain period - and to share out amongst other group members the necessary tasks requiring action to be carried to achieve this. This will include dealing with the financial transactions required for the programme to be achieved. This task may be shared with other Group members, depending on the nature of the activities. However, one person as the Group Treasurer should oversee all those assisting and bring every financial dealing together for financial control and recording purposes in liaison with their appointed Beacon Buddy who may on behalf of the group be updating and maintaining the group's records on Beacon. See Items 5-9,11

11. FINANCIAL PROCEDURES & REGULATIONS FOR INTEREST GROUPS re Income and Expenditure

11.1 Interest Groups and collecting monies in room hire situations

Generally speaking, the Group Leader or Treasurer on each occasion keeps a note of collecting monies from those attending, towards the cost of room hire. If the amount is small (less than £40 a time) and the proprietor so wishes, immediate payment is allowable, provided a detailed and signed receipt for the money handed over, is obtained at the same time and included as supporting documentation in the group accounts.

Under no circumstances is a Group allowed to open their own Bank account for collecting and paying over monies.

Any 'leftover money' should be received by the Treasurer as soon as possible for banking in the Social Groups Fund.

A small accumulation of such collections (totalling under £100) by the Group Leader or the Group Treasurer is permissible. Any amount in excess of £100 should be handed to the Treasurer at the earliest opportunity and held in the Groups Account on the group's behalf until the funds are required by the group. Those interest groups that do not record their group finance details on Beacon need to provide the Bourne U3A Treasurer with their account information each quarter. This action is necessary as the Board has legal accountability for ensuring safe custody of members' money.

If there is for example a 'rental contract' between the Group Leader as hirer and the proprietor for an agreed amount for a regular room hiring (and agreed with a 'paper trail' between the Treasurer and Group Leader), a regular (e.g. monthly) invoice is to be requested / obtained from the proprietor to be sent to the Treasurer for payment. In those circumstances, the Group Leader or Group Treasurer will on each occasion keep a note of collecting monies from those attending, towards the cost of room hire, and passing this on to the Treasurer as soon as possible for banking in the Groups Fund.

11.2 Interest group meeting in a private house - trivial amounts.

If a small contribution is collected for the host to cover use of their home and cost of refreshments, as these amounts are so small, this situation requires no further action (i.e. recording) to be taken by the Group Leader or Group Treasurer. The amount recommended for house meetings in the U3A guideline paper "Financial Matters" is 50p to be paid to the host to cover refreshments.

This administration of 'trivial amounts / personal payments' may be applied also to any 'driver's tips' to coach drivers and to group members using their own transport. (See Item 11.4)

11.3 Interest groups making visits* including those requiring reservation fee This procedure has regulatory significance to safeguard the interests of all concerned.

Once a group has decided to make a visit to a location which requires some form of reservation (either for hire of transport (coach) and/or entrance reservation) by the Group Leader or Group Treasurer, it is recognised that the following situation arises which requires the following action to safeguard the Group Leader and / or Group Treasurer and to bring about a good trip. The following is based upon a trust (a developed relationship of knowledge and understanding) between the Group Leader or Group Treasurer and the individual member of the group participating in the trip.

- A deposit is required to make the reservation. The Group Leader or Group Treasurer establishes how this payment is to be made to the proprietor –cheque or BACS (which requires corresponding banking information) - and then contacts the Treasurer with a request (through the completion of a pro-forma estimated budget for the whole trip) to send the amount required to the proprietor as quickly as possible. An accompanying letter / pro-forma from the Treasurer is sent with this payment (and includes a request for receipt for this amount plus an invoice for any outstanding amount). This final transaction is completed before the trip takes place or when all the monies have been collected by the Group Leader or Group Treasurer, handed over to the Treasurer and banked.
- At the same time, the Group Leader or Group Treasurer requests / requires and collects an appropriate non-refundable deposit from each member planning to participate in the trip.
- Although this collected amount held will usually be over the £100 limit, for the benefit of the Group Leader or Group Treasurer, this amount may be increased in the short term to £200 for each trip, to act as an emergency fund for that trip. Any other monies collected over this increased amount should be handed over to the Treasurer with appropriate documentation for banking as soon as possible. This collection is NOT to be used for the payment by the Group Leader or Group Treasurer for any other aspect of this trip (i.e. deposit / final payment / driver's tip or other gifts.
- All expenditure for all aspects of each trip is the responsibility of the Treasurer.
- Because of the inherent purposes (social and educational) of this Interest group, it is vital that comprehensive records of all transactions should be developed and recorded by the Group Leader and/ or Group Treasurer and capable of being easily monitored by the Treasurer as necessary.
- If the trip is not taken up and the deposit is lost, the Group will be responsible to make up the loss of U3A funds, i.e. the full costs to be refunded to the Treasurer
- Any interest group which makes any sort of trip, for insurance purposes, must notify the Groups Coordinator for recording, of their intentions and preparations for each trip – with details of date, times, location, travel arrangements, numbers and have proof of having undertaken some sort of assessment of meeting the possible needs of those attending, on behalf of their members.

11.4 Interest groups and paid speakers

There is no problem about the payment of fees to speakers but this must come from the funds of that particular interest group. Such funds may be collected at Groups meetings over a period of time – and as with room hire (see above) – any amount over £100 will have been banked by the Treasurer – and may be requested for Speaker's Fees from the Treasurer. If this fee is £100 or less, the Group Leader or Group Treasurer may immediately pay such an amount from the meeting's current collection – with full documentation as above. (See Item 11.1)

Before a Group pays a tutor – only a one-off payment to a non U3A member is permitted - a statement should have been obtained from the tutor, confirming that he/she carries appropriate insurance. Where a Group pays a tutor on a regular basis of whatever frequency, this Group cannot be recognised as a U3A group, because of the Employment Laws - and should take appropriate actions forthwith.

A one-off payment to another charity arranged with a Speaker in lieu of a Speaker's Fee, is acceptable but needs recording appropriately. Such a payment is to be made in the name of the Speaker for onward transmission through the Speaker. It is not permissible to pay any U3A member for making a presentation or

giving a talk nor as a gift. Legitimate expenses can be reimbursed. The latter can also be claimed by Group Leaders with appropriate documentation. This may include trivial prizes.

If Group members regularly use their vehicles to ferry other members around on U3A business, it is suggested, if required / requested, that the driver might receive a contribution towards petrol costs. This would take the form either of a) a mileage allowance (40p / mile) with the total cost split between all the occupants of the car, i.e. including the driver, or b) of corresponding public transport costs – whichever is the less. In any case, any such payment should not be recorded!!

11.5 Interest Groups and money from U3A Funds

Groups may wish to ask for financial help with start-up costs and sometimes the cost of other equipment (including replacement equipment) from central funds. A written request should be submitted to the Treasurer for inclusion at the next Board meeting, which will consider the request and decide and appropriate response. Requests for financial help must include

- factual evidence to support the case e.g. number of members who will benefit and how they will benefit
- at least two estimates detailing the total cost.

If such expenditure is approved, the Treasurer will deal with this and all necessary receipts will be obtained. Any items purchased from central funds become the assets of the Charity, not the Group.

11.6 Interest Groups Assets

The Treasurer will request from each Group Leader or Group Treasurer at the end of each Financial Year, a list of equipment or other non-monetary assets paid for, insured by and belonging to the Charity and held by, but not belonging to the Group.

If a Group dissolves, holding assets at the time of dissolution, the Treasurer must be informed.

11.7 Interest Groups recording transactions

It is necessary for all the above-mentioned income and expenditure transactions to be fully recorded by Group Leaders and Group Treasurers. The following relevant forms are available to be printed from the website for use over the whole of the financial year. These are to be retained, together with appropriate receipts and other relevant documentation for putting together the Charity's Annual Return by the Treasurer.

- [Appendix 1 – Expenses Claim Form \(latest version approved by the Trustees\)](#)
- [Appendix 3 - Group Information and Assets \(latest version approved by the Trustees\)](#)
- [Appendix 6 – Proposal for Coach Trip \(latest version approved by the Trustees\)](#)
- [Appendix 7 – Coach trip Income Sheet \(latest version approved by the Trustees\)](#)
- [Appendix 10 – Group Meeting – Income and Expenditure \(latest version approved by the Trustees\)](#)
- [Appendix 11 – Group Meeting – Income and Expenditure : Attendance \(latest version approved by the Trustees\)](#)
- [Appendix 12 – Groups \(Annual\) Return of Income and Expenditure \(latest version approved by the Trustees\)](#)

Immediately after 31st March annually, each group will provide to the Treasurer as written statement or return (pro-forma) of its financial transactions for the past year. However, the following exceptions will apply:

- a) The end of the financial year return will not be required provided that the Group Ledger for the Beacon system has been maintained (with the appropriate help of the Beacon Buddy)
- b) If the total annual income for a Group is £100 or less, a limited annual return statement, recording only the total income and expenditure, with final balance, is adequate. Where the total annual income is over £100, a full annual return statement is required i.e. a complete breakdown of all transactions of income and expenditure with records.

These actions will enable the Treasurer to monitor the financial system, so to keep the Board updated of any concerns or necessary alterations, and enable the Treasurer to provide satisfactory accounts for end-of year examination for the Charity Commissioners and HMRC.

There is a simplified Beacon Financial Systems Handbook for Group Leaders and Group Treasurers to follow and the role of the Beacon Buddy is to enable Group Leaders and Group Treasurers to satisfactorily complete all necessary documentation.