



Orpington u3a Financial Policy and Procedures

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1. Introduction

Orpington u3a is managed by a committee comprised of four principal officers: Chairman, Vice Chairman, Treasurer and Secretary, and up to 6 further committee members (excluding those who may be co-opted to perform specific functions). The Committee members are the Trustees of Orpington u3a Charity which is affiliated to the Third Age Trust

The trustees 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 for the u3a and, where appropriate, its interest groups, in accordance with Charity Commission and Third Age Trust guidance.
- Preparing Annual Accounts in accordance with Charity Commission and Third Age Trust guidance.

Orpington u3a was founded twenty-five years ago and has evolved financial policies and procedures which have allowed it to thrive and grow within the framework of guidelines set by the Charity Commission and the Third Age Trust. This document formalises those policies and procedures. Any changes it may require to operating and reporting procedures will be implemented from 1st December 2023.

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.

2 Banking

2.1 Current account

- Orpington u3a has only one current account. This is a Barclays Bank business account in the name of Orpington u3a. It is operated by the Treasurer and there are two other mandated signatories, including the Chairman. This responsibility cannot be delegated to other Committee members.
- New accounts may only be opened by a decision of the Trustees and must be minuted.
- Changes to the bank mandate may only be made by a decision of the Trustees and must be minuted.
- All payments are made using on-line banking via BACS (the 'Bankers' Automated Clearing Service) or by direct debit. See Section 2.2.
- The Treasurer is responsible for examining the payment documentation (purchase invoice etc.) and agreeing it with the initiator of the order prior to making the BACS transfer or accepting direct debits.
- Whenever practical two people should be involved in counting cash receipts.

- All financial records and receipts must be kept for a minimum of six years.
- The bank account statement and petty cash should be reconciled monthly (or more. Frequently) with the u3a Financial Management Spreadsheets (see Section 6).

2.2 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. The security of the online system is in line with the arrangements offered by Barclays Bank and in accordance with the mandated approval limits.

Charity Commission guidance is provided in Section 6 of their document 'Internal financial controls for charities'. Section 6.4 specifically addresses payments made using BACS and states that charities should 'consider using dual authorisation'. Orpington u3a has concluded that this is not necessary because orders are only ever raised by other Committee members or ordinary members with delegated authority, never by the Treasurer. Payment is only made when the details and amount of the transaction have been agreed by the initiator of the order and the Treasurer. Payment is only made against invoices and receipts, and these are retained in the file of 'vouchers' maintained by the Treasurer. All BACS payments are recorded in the Orpington u3a Financial Management Spreadsheets. All payments made can, therefore, be inspected and validated by Committee members and by the Independent Examiner.

2.3 Purchases made using the Orpington u3a debit card

Orpington u3a holds only one business debit card and no credit cards. The debit card is held by the treasurer who can delegate its use to other trustees where this facilitates purchases. All transactions made using this card appear immediately on the Barclays bank account (subject to the timescales for electronic banking transactions) and are subject to review by the Treasurer through the online banking service. All such payments must be supported by an invoice or receipt and are recorded in the Orpington u3a Financial Management Spreadsheets.

The issue of any further debit cards (or credit cards) in the name of Orpington_u3a requires minuted approval by the Committee.

2.4 Purchases made using personal debit or credit cards

The use of personal debit or credit cards by the Trustees to make necessary and agreed purchases of goods or services is permitted. Receipted costs will be reimbursed by the Treasurer using BACS. These transactions are recorded in the Orpington u3a Financial Management Spreadsheets.

2.5 Equipment Purchases

Equipment purchases must be discussed and agreed by the Committee in advance. This discussion and agreement must be minuted.

A 'Purchasing Officer' with relevant expertise/experience will be appointed by the Committee and will be responsible for all aspects of the purchase, including a market survey to identify most appropriate and cost-effective option.

The cost of these purchases will be recorded in the Orpington u3a Financial Management Spreadsheets. Full details of the item purchased must be recorded in the Orpington u3a Asset Register (see Section 10).

2.6 Income

2.6.1 Member Subscriptions by PayPal

Orpington u3a has set up a PayPal Account which is managed by the Treasurer. Payment of members subscriptions using the PayPal Account is the preferred method for membership renewals since it links directly with Beacon which is automatically updated with the net payment and payer details. The Treasurer transfers the balance of the PayPal account into the Orpington u3a Business Bank Account on a monthly or more frequent basis and these transfers are recorded as membership income in the Orpington u3a Financial Management Spreadsheets.

2.6.2 Member Subscriptions by Cheque and Cash

Members subscriptions paid by cheque or cash are received by the Orpington u3a Membership Secretary who updates Beacon with the payment and payer details. The cheques and cash are passed in a verifiable manner to the Orpington u3a Treasurer who pays them into the Orpington u3a Business Bank Account using either a deposit card or paying-in book. These transactions are recorded as membership income in the Orpington u3a Financial Management Spreadsheets.

2.6.3 Member Subscriptions by Card Reader

Members subscriptions paid by a debit or credit card using the Orpington u3a 'Square' card reader are automatically transferred from the 'Square' transaction account into the Orpington u3a Business Bank Account after deduction of the transaction fee. These transactions are recorded as membership income in the Orpington u3a Financial Management Spreadsheets.

2.6.4 Gift Aid

Gift Aid is claimed for eligible members of Orpington u3a by the Treasurer towards the end of the Orpington u3a Financial Year which runs from December 1st to November 30th. This tax rebate from HMRC is paid by BACS into the Orpington u3a Business Account and is recorded in the Orpington u3a Financial Management Spreadsheets.

2.7 COIF Savings Account

Orpington u3a keeps its reserves in a CCLA Investment Management Ltd. fund, the 'COIF Charities Deposit Fund' where it earns interest. The account has three signatories including the Chairman and is operated by the Treasurer. Any transfers to current account must be discussed and agreed at a committee meeting, and be minuted. Records of COIF account transactions are maintained in the Orpington u3a Financial Management Spreadsheets. The balance at the end of the financial year is reported to members at the AGM.

3 Petty Cash

It is the policy of Orpington u3a to keep a cash reserve to pay for small value items, such as refreshments for volunteers at events, and to provide coinage to facilitate cash membership subscriptions. Typically, this reserve is maintained in the range £50 to £100. All petty cash transactions are recorded in the Financial Management Spreadsheets and are supported by paper 'vouchers' which are filed and available for inspection by the Orpington u3a Independent Examiner and Trustees.

4 Expenses

Out of pocket expenses incurred by the volunteers who are involved with running Orpington u3a will be reimbursed. Expense claims must be submitted with receipts. 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 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.

5 Interest Group Finances

5.1 Overview

Interest Groups are the reason for the existence of the u3a and competent, well-motivated Group Leaders are vital for its continued existence. The policy and procedures set out below have been devised recognising these values; they are experience based and pragmatic.

The guiding principles adopted by Orpington u3a in preparing the finance policy and procedures applicable to Interest Groups financial arrangements are that:

- they should comply with Charity Commission and Third Age Trust guidance.
- any change they may require to the long-established practices of Orpington u3a Interest groups should as far as possible be avoided or at least minimised.
- any changes they may require should not lead to unnecessary overburdening of an already busy Treasurer.

All Interest Group Leaders are accountable to their members for their group finances. Depending on the type of group, this accountability may derive from the transparency of any financial transactions, or by recording and reporting transactions. Always it is underwritten by trusting relationships and mutual respect.

Interest Groups are expected to be self-financing so that their activities are not subsidised by other members of the u3a. Interest Groups can collect sums of money from their members and make any expenditure necessary to undertake their activities. The funds of Interest Groups belong to the u3a. Interest Groups are permitted to make any expenditure deemed necessary by the Group members and the Group Leader can request money from any ringfenced funds held by the u3a on their behalf.

The u3a Treasurer, the Group Co-ordinator and the Interest Group Leader need to 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.

The turnover of Interest Groups, which is defined here as annual gross income, varies widely from small groups meeting in members' homes, to larger groups which hire halls or rooms to undertake their activities and have a turnover of thousands of pounds. The need for the u3a Trustees to exercise financial control and recording varies accordingly.

For this reason, Orpington u3a has adopted a tiered approach by classifying interest Groups into one of five categories, as follows:

- 'Home' Groups**
- 'Outings' Groups**
- 'Medium Size' Groups**
- 'Large' Groups'**
- 'BOB' Groups'**

The definition and financial arrangements for each of these categories are detailed in the following sections.

5.2 'Home' Groups

These are relatively small Interest Groups, typically having up to 15 members and an annual turnover of less than £500. They usually meet in members' homes and, in general, their only expenditure is for refreshments which are provided and funded according to arrangements agreed amongst the members. Exceptionally, some home based groups, such as wine appreciation, may need to make purchases on behalf of their members to facilitate discussion, and reclaim the cost from them. This income must exactly balance the Group Leader's expenditure and need not be included in the estimate of the Group annual turnover.

These Groups require no financial control or oversight by the u3a Trustees.

5.3 'Outings' Groups

These Interest Groups undertake visits to places and venues agreed to be of interest to their members, or for socialising including dining and drinking. Attendees pay their own transport costs. If the place or venue being visited charges an entry or other fees, the Group Leader collects the money necessary to pay the fees in advance from the attendees. If the outing is for socialising, the members pay their own costs.

All visits should break even. If for reasons beyond the Group Leader's control a surplus arises, this must be returned to the attendees on an equitable basis. Arrangements in regard of any eventual shortfall must be discussed with the Interest Group members and, if necessary, referred to the u3a Trustees to agree how the deficit will be funded.

The Group Leader (or organiser) of an event must not benefit from any discount (e.g. free entry, meal or drinks) offered by the organisation providing the event. The value of any free benefits must be shared equally among all participants to the event.

Depending on the nature and cost of the visit, by agreement with the attendees and with their oversight, the Group Leader may opt to handle all the financial transactions without reference to the u3a Trustees.

Alternatively, the Group Leader may collect the money necessary to fund the visit from the attendees in advance and pass the cheques or cash to the u3a Treasurer who will pay these funds into the u3a Business Current Account. The Group Leader will arrange for an invoice to be sent to the Treasurer for payment by BACS. The Treasurer and Group Leader will liaise to ensure that the invoice amount agrees with the price quoted by the venue.

These Groups require no financial control or oversight by the u3a Treasurer and other Trustees, save as above.

5.4 'Medium Size' Groups

"Medium Size" Interest Groups are defined as those which hire a meeting place for their activities, either regularly or occasionally, and have a turnover of between £500 and £1500.

These Interest Groups charge their members fees to pay for their costs and must aim to be self-financing. The Group Leader and members may decide to handle all financial transactions themselves. If so, they must provide reports to the u3a Treasurer and Trustees showing as a minimum, their balance at the start of the reporting period, the income and expenditure during the reporting period, and the balance carried forward.

The frequency at which these reports should be provided must be agreed with the u3a Treasurer and Groups Coordinator. It will depend on how often the group meets, the level of financial activity, the invoicing schedule agreed with the hall manager, and the way in which member subscriptions are collected i.e. whether they are collected monthly or quarterly in advance, or on a 'pay-as-you-go' basis.

The arrangements and reporting for 'Medium Size' Interest Groups described above are the minimum requirements. However, these groups may if they wish and by agreement with the u3a Treasurer, opt for the more integrated financial arrangements described below in the context of 'Large' Interest Groups.

5.5 'Large' Groups

'Large' Interest Groups are defined as those which regularly and frequently hire a meeting place for their activities and have an annual turnover in excess of £1500.

These groups may have a Group Treasurer who handles the finances but for convenience only the Group Leader will be referenced in this document. The finances of these groups should be managed jointly by the Group Leader and the u3a Treasurer, and fully integrated with the main u3a Financial Management Spreadsheets.

Group member subscriptions should be collected by the Group Leader who can use these to purchase items necessary for the group to function. The balance of the income should either be paid directly into the u3a Business Bank Account by the Group Leader using a Bank Deposit card provided by the u3a Treasurer, or the balance should be passed to the u3a Treasurer who will bank it on behalf of the Group. Invoices in respect of hall hire must be sent to the u3a Treasurer who will pay the creditor by BACS.

The Group Leader must send a report and all purchase receipts to the u3a Treasurer at the end of each month or quarter (to be agreed with the Treasurer and Groups Coordinator) detailing income and expenditure. The u3a Treasurer will enter the net income and hall hire expenditure into the main u3a accounting spreadsheet. The u3a Treasurer will keep a separate spreadsheet on behalf of the Group which will detail all income and expenditures and the balance. This will be sent to the Group Leader every month so that their progress towards their goal of breaking even can be monitored and their funds are effectively ringfenced.

The Trustees understand that any Large Interest Group which has been operating autonomously for many years (in excess of ten) may be reluctant to adopt the model detailed above. In these exceptional circumstances, the Trustees may agree to reduce their oversight to that required for Medium Size Interest Groups, as described above. This will be predicated on the basis that the Group Leader is respected and trusted by both the group members and by those Trustees who know him/her, and that the financial transactions are



transparent. Such legacy exemption must be temporary and a move to the more rigorous, integrated model describe above should be made as soon as possible but without disrupting the harmony and health of the group. This opportunity will typically occur when the Group Leader retires.

5.6 'BOB' Groups

Orpington u3a has a close working relationship with Bromley u3a and Beckenham u3a which are its geographic neighbours. These three u3as together constitute the 'Bromley, Orpington, Beckenham' or 'BOB' Consortium. Interest Groups run by the BOB Consortium are open to members of all three u3as. Where these Interest Groups are run by Bromley u3a or Beckenham u3a, no financial control, reporting or oversight is required by the Orpington u3a Trustees.

5.7 Summary of Interest Group Classification Scheme

Interest Group Classification	Turnover	Reporting Requirement
Home	< £500	None
Outings	N/A	None
Medium	£500 to £1500	Summary Reports at agreed intervals.
Large	> £1500	Finances fully integrated within u3a Accounts
BOB	N/A	None

5.8 Interest Group Financial Governance

Orpington u3a Committee will agree the Interest Group classification and financial reporting arrangements for each Group. The Group Co-ordinator will discuss and agree the reporting arrangements with Interest Group Leaders. If a Group refuses to comply with the reporting requirement, the Committee will discuss the particular circumstances and agree what action should be taken.

5.9 Interest Group Social Events

Any Interest Group may on special occasions, such as Christmas, hold social events. Such events must be wholly funded by the Group members such that they break even and are not, therefore, subsidised by other u3a members. The income associated with any such occasional social events shall not be included in the calculation of turnover used in the Interest Group classification scheme described above.

6 Recording Financial Transactions

Orpington u3a uses spreadsheets to record all management level transactions. (The recording of Interest Group financial transactions is described in Section 5 above). These spreadsheets are referred to as the Orpington u3a Financial Management Spreadsheets. All incomes and expenditures are categorised so that the transactions can be analysed to provide detailed information as may be required by the Orpington u3a Trustees and members.

All transactions are supported by paper vouchers (e.g. invoice, receipt, income control form etc.) which are kept in a file by the Treasurer and available for inspection by the Orpington u3a Independent Examiner and the Trustees.

Orpington u3a may in the future decide to adopt Beacon Finance to replace its Financial Management Spreadsheets. If this happens, this section of the document will be revised accordingly.

7 Independent Examination of the Accounts

The Charity Commission and Third Age Trust do not require an audit or independent examination of a charity's accounts if its annual income is <£25,000. Orpington u3a has an annual income typically less than half this threshold. Nevertheless, the Trustees have decided that independent examination of the year end accounts is important in order to be fully transparent and accountable to our members.

The purpose of the independent examination is to confirm that all money is accounted for, and that records have been kept correctly.

The independent examiner (IE) can be a member of Orpington u3a but must not be a Trustee. They do not have to have an accounting background but must have a good understanding of basic record keeping and have the requisite ability and practical experience to carry out a competent examination of the accounts.

At the end of the financial year, the Treasurer will provide to the IE a copy of the Financial Management Spreadsheets and the file of supporting paper vouchers. When the IE has completed his work and any errors detected have been corrected by the Treasurer, the Treasurer and IE will sign a summary of the accounts to confirm that they are a true and accurate record of the financial transactions.

8 Presentation of the Accounts to Members

A summary of the authorised accounts for the year will be presented to the Annual General Meeting which will be held within 8 weeks of the end of the Financial Year.

9 Membership Subscription and Budgets

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

The Trustees will meet to discuss the membership subscription sometime after the Third Age Trust levy and Beacon Fees for the following year are known. The Treasurer shall prepare a draft budget in advance of that meeting to allow the Trustees to explore the effect of any changes in these fees on the ongoing financial health of the u3a.

The budget estimate of income shall initially assume the same number of members and membership subscription as the then current year. The estimate of revenue expenditure shall be based on the previous year as adjusted for inflation. Estimates of capital expenditure (e.g. equipment) and non-recurring revenue expenditure (e.g. one-off events) will be agreed on a year by year basis by the Trustees.

The budget forecast will then be compared with the Trustees' strategic objective of maintaining a sensible minimum reserve (see Section 10.2) and the membership subscription for the next year adjusted as necessary and appropriate.

The discussion and agreement of the membership subscription for the next year will be recorded in the minutes of the relevant Committee meeting.

The budget will then be finalised by the Treasurer and presented to the Trustees in advance of either the December or January Committee meeting for discussion and agreement. Agreement shall be recorded in the minutes of that meeting.

10 Cash Flows and Reserve

10.1 Cash Flows

The Orpington u3a Financial Year runs from 1st December to 30th November. The membership year starts on 1st March. Most members renew their subscriptions during February and March such that much of the total income of the u3a is received by the end of March. Major expenditures, such as the Third Age Trust membership fee, Beacon fee and Third Age Matters direct mail out fee, occur later in the year. For this reason, cash flow is favourable.

10.2 Reserves

Reserves are required to ensure continuity of Orpington u3a in the event of a sudden drop in income, to cope with unexpected and unplanned increases in expenditure, to cover future equipment demands and to deal with emergency situations.

In accordance with Third Age Trust guidance, Orpington u3a aims to keep a minimum reserve that will cover 6 months operating activity. This is considered to be a reasonable level for this type of charity, particularly in view of the favourable cash flows described above.

In calculating the amount of this reserve, Orpington u3a recognises the following:

- We have no fixed liabilities,
- The income from members subscriptions and the Third Age Trust fees are both directly related to the number of members,
- Gift Aid income is also related to the number of members since the proportion of eligible members is similar each year,
- Capital and non-recurring revenue (NRR) expenditure is avoidable,

- Revenue expenditure is dependent to some extent on the number of members but can pessimistically be assumed to be independent and used as the basis for calculating the reserve required to cover 6 months liabilities.

On this basis, Orpington u3a liabilities for 6 months operation is of the order £5000.

An alternative way to calculate a sensible reserve is to run stress tests on the finances by assuming pessimistic scenarios and calculating the associated reductions in reserves. Orpington u3a has run stress tests on its finances and the results suggest that the 6-month liability approach described in the foregoing is conservative.

Therefore, the minimum reserve level is conservatively set at £5000. This will be reviewed annually by the Treasurer and the other Trustees and will be revised where necessary.

The Charities Commission guidance is that money is given for a purpose and should benefit the people who gave it immediately. Therefore, reserves should not greatly exceed the minimum agreed reserve. If the funds held are judged by the Trustees to substantially exceed the minimum, the Trustees must formulate a plan to reduce the reserves towards the agreed minimum over a period of not more than five years.

11 u3a Social Events

The Third Age Trust and Orpington u3a have been granted charitable status on the basis that we provide educational opportunities for our members. Because they are charities, we can claim a tax rebate (referred to as 'Gift Aid') from HMRC on eligible members subscriptions.

The Third Age Trust defines 'social events' as those which are open to all members and do not have any significant educational benefit. It recommends that these events should not be funded from membership subscriptions as these must be used solely in pursuance of the declared objective of the charity.

Accordingly, 'social events' should be funded by a separate fee paid by those members attending the function. Social events must aim to break even or make a small profit so that they are not subsidised by other members of the u3a. By agreement with the Third Age Trust, for special events, such as major anniversaries, this guidance may be set aside.

The income and expenditures associated with social events shall be recorded in the Orpington u3a Financial Management Spreadsheets so that they are transparent and can be audited against the above requirements.

12 Asset Register

An asset register is maintained by the Treasurer. This records all assets held including a description or specification, the purchase price, the date of purchase and keeper or location. It should be noted that under the receipts and payments reporting system used by Orpington u3a, all assets are fully written off against receipts in the year of purchase.