

## **U3A Farnham Financial Controls**

### **FINANCIAL CONTROL - Financial Records and Accounts**

1) **Financial records** to manage money will be kept so that:

The charity must meet its legal and other statutory obligations, in accordance with Trust Deed and Government regulations and guidelines. The policies below enable the trustees to have proper financial control and management of the charity to meet these contractual and legal obligations, by ensuring funds are spent effectively, financial affairs are well managed, to minimise risk such as loss and fraud and to safeguard assets as required by the members.

2) **Proper books of accounts** will be kept and include:

1. Using Beacon, which is an online management system designed by u3as for the u3as to record and analyse all financial records. A cashbook maintained separately on an excel spreadsheet analysing all the transactions appearing on the bank accounts.

2. Prior to the start of each financial year, the trustees will approve a budgeted income and expenditure account for the following year.

3. A report comparing actual income and expenditure with the budget will be presented to the trustees every month whenever meetings take place.

4. Annual accounts are drawn up at the end of each financial year within 3 months of the financial year end and presented to the next Annual General Meeting for approval. Accounts are prepared on cash receipts and payments basis. Approved accounts are filed with the Charities Commission within 10 months of the year end.

5. Income > £25K < £250k and therefore requires an Independent Review. The AGM will appoint an appropriately independent examiner to examine the accounts before presentation to the next AGM.

6. All accounting records will be kept for a minimum of 6 years.

This ensures the quality of financial reporting to help guide and advise trustees, keep adequate accounting records, and prepare timely and relevant financial information.

### **3) Banking - online**

1. The Charity banks with NatWest Bank and accounts are held in the name of u3a Farnham. The following accounts are maintained: business reserve account, general current account, Groups current account, Concert club group current account and theatre club group current account, these are used for receipts.

2. The Charity banks with CAF Bank and accounts are held in the name of u3a Farnham. The following accounts are maintained: CAF general account and CAF Groups Account and are used for payments. The treasurer has full control over the bank accounts. Dual authorisations are required for payments, the treasurer, who sets up the payment, and one other.

3. The bank mandate (list of trustees who can authorise payments on the organisations behalf) will always be approved and minuted by the trustees, as will any changes to it.

4. The banks provide statements every month and these will be reconciled with the cash book at least every three months on Beacon.

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5. The charity will not use any other bank or financial institution or use overdraft facilities or loan without the agreement of the trustees.

6. A NatWest Business debit card is held by the treasurer to deposit cash in the post office. It is not used to make any payments. Pin is secure.

**General accounts** - These represent unrestricted funds and are general funds which can be used for ordinary purposes.

**Group accounts** - These are restricted funds held on behalf of the relevant group / group members for specific group purposes and funded by the members. They are not available for general purposes.

### **4) Income (receipts)**

1. All monies received will be recorded promptly in the cash analysis excel spreadsheet and banked without delay. These will be updated on Beacon as necessary. The Charity will maintain scanned files and emails of documentation to back this up. Membership subscriptions, quiz proceeds, Xmas event can be cash or cheques. All back up records are kept on files online rather than paper copies.

2. Membership Subscriptions whether new or renewals are received via PayPal. The money is held in the PayPal account net of commission, and the member is enrolled directly into Beacon, and appears in membership account, and commission account. Membership fees are all inclusive and, some groups are self-funding so pay as you go.

3. A sum-up card reader is available and is currently used for quiz proceeds and Christmas event receipts. The card reader is configured to pay directly into the NatWest bank account net of commission. Sum up report is available. The card reader is kept by any trustee.

4. The charity does not make grant applications.

5. There are no endowments, no trading and no cryptocurrencies.

6. There is no VAT recoverable as the income is less than £85k, however if income does reach the threshold, advice will be sought from The Third Age Trust.

7. Legacies will be accepted, and fundraising will be considered.

### **5) Payments (expenditure) and Payment documentation**

1. The aim is to ensure that all expenditure is on the charity's business and is properly authorised and that this can be demonstrated. The latest approved budget provides the cheque signatories with authority to spend up to the budgeted expenditure and try not to spend beyond it.

2. Every payment out of the Charity's bank accounts will be evidenced by an original invoice which has been approved for payment by the trustee or a group leader, usually by email. The original invoice will be retained by the Charity and filed / scanned online. The treasurer will set up payment once approved on CAF bank and an email is sent to the bank signatories to authorise each payment online and to confirm that the payments have been done. Payments are usually expenses.

3. All trustees are entitled to reimbursement for out-of-pocket expenses incurred legitimately while promoting and supporting the delivery of the charity's objectives. They must not profit from them. Trustees are volunteers and do not receive remuneration, payments, or benefits or for their work.

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4. No cheques are issued, no card payments, no mobile phone payments, all payments are processed and authorised online.

5. There is no hospitality, no related party payments, no loans, no wages and salaries, no issuing grants policy and no payments to other charities.

6. The Charity does not accept liability for any financial commitment unless properly authorised. All payments /orders placed, or undertakings given which are likely to cost the Charity must be authorised and/or minuted by the trustees.

### **6) Financial Reserves Policy**

The policy is to ensure we have a minimum of 6 months general running costs of £28k to ideally annual costs of £60k as cash. This was proved necessary during the covid pandemic.

### **7) Investments Policy**

The charity is not involved in any investments, but independent financial advice would be sought if the charity ventures into that complex field. However, historically money has been placed with CCLA Investment Management to maximise returns over the long term. Statements are received every 3 months and recorded on Beacon.

### **8) Assets**

The charity does not own or lease any land and buildings.

### **9) Funds**

There are no restricted funds or endowment funds.

Created by Shree Merriman (Treasurer). Approved at Farnham u3a Committee Meeting on 13<sup>th</sup> January 2025.