



Financial Policy

Category: Finance

Purpose

This policy covers financial controls for East Lothian u3a.

1. Policy

This document defines the processes that East Lothian u3a will use for its financial matters. The policy will be kept under review (at least every 3 years) and revised as necessary. A copy of this document will be given to all Trustees on their election/appointment to the Executive Committee.

This policy is part of the governance arrangements. It sets out the financial framework and principles within which the Trustees of East Lothian u3a will manage all the organisations financial affairs. The Trustees are accountable to the Membership for any non-compliance with this policy.

2. Trustees' Financial Responsibilities

2.1 Trustees

The Trustees of East Lothian u3a are financially accountable for:

- Safeguarding the assets of the charity.
- Identifying and managing the financial 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 (eg Constitution) and relevant legislation (e.g. Charities Acts, Companies Acts etc).
- Ensuring Annual Accounts are prepared in accordance with the governing document and relevant legislation and reflect a clear view of the state of affairs of the u3a.





To enable the Trustees to carry out these responsibilities, the financial procedures below will be followed.

2.2 The Treasurer's Role

The Treasurer's role includes:

- Maintaining the financial records in accordance with the u3as's published 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
- Preparation of the annual accounts for the AGM, publication and filing

3. Banking

3.1 Bank Mandate

Authorised signatories can be stated in the mandate.

3.2 Bank Accounts

- All bank accounts are in the name of East Lothian 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.
- All payments must be approved by at least two signatories (one normally being the Treasurer).
- The authorised signatories shall be the Treasurer and Membership Secretary. This responsibility may be delegated where circumstances dictate (e.g. holiday cover).
- The signatories are responsible for examining the payment request for accuracy and completeness and for examining supportive documentation (purchase invoice etc.) prior to approval (signing the cheque or authorising an internet transfer).
- All bank statements must be available for the Treasurer.
- 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.

3.3 Online Banking

Where online operation of the bank accounts is in place only Trustees approved by the Committee will have access to this facility (as above, at least two). The security of the online system is in accordance with the mandated approval limits.

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 Executive Committee and in accordance with the bank mandate. All payments are authorised in accordance with the bank mandate. Access to the online accounts varies from bank to bank and may be via a card reader and personal access card or by logging on to the bank system with a personal password and access code.

3.4 Payment by Bank Cards-Not applicable

3.5 Personal Debit or Credit Cards

If a member has to use their own credit or debit card when arranging activities on behalf of the u3a. These transactions (or expenses) will be reimbursed on receipt of an expense claim.

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

4. Accounts

4.1 Group Finances

The following policies will apply to activities that are organised for East Lothian u3a's wider membership, for example regarding Outings or Speakers.

The Executive 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 Executive Committee will review as to whether the group is legitimately operating in line with the insurance and financial requirements.

4.2 Group Finance Records and Reporting

Interest groups are expected to be self-financing, with the exception of accommodation costs, 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 the u3a. 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 by the u3a on their behalf, as appropriate. The Treasurer, Group Co-ordinator and relevant Group Leader/s 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. Such cash floats should not exceed £100

Items that may be excluded from Group finance reporting include:



- a) Expenditure on light refreshments e.g. tea, coffee, does not need to be reported if paid for separately.
- b) Any lunches or meals out, which are not part of the core group activity do not need to be reported, as they are not deemed to be u3a activities.
- c) Holidays booked directly through a travel agent/tour company/hotel with individual members paying the provider direct. If it is easier, the organiser can collate and post the individual cheques to the provider.

4.3 Receipts

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

- Group Leaders may pay sums due by issuing their own cheque or paying online through their own bank account
- Where applicable receipts will need to be given to Group Leaders, or acknowledged by email
- Where net sums are being paid over this needs to be fully demonstrated to the Treasurer by a receipts and payments statement
- Cash held back for cash flow purposes will be within the u3a's approved limits (they will vary by activity)

4.4 Payments

The Executive Committee will inform relevant Group Leaders in writing the approval process for payments relating to:

- When a trip or event is organised by and paid through the u3a
- Trips and holidays involving more than 24 hours must be booked and paid for by members through a registered tour operator which can be the local u3a
- When payments may be deducted from activity revenue
- When payment for venues, coaches, tutors, speakers etc must be paid by the u3a (the Treasurer)

The Executive Committee should agree or otherwise to the use of any paid tutors or speakers for Groups. If approved the proposed tutor or speaker must provide evidence of their self-employed status (if applicable), state their fees and any travel costs at the time of booking, and invoice appropriately after the activity. Where a paid tutor is hired for activity classes they need to provide evidence of holding Public Liability Insurance.

4.5 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) must not get any pecuniary reward for organising an event.

5. Statutory Reporting

Every charity needs to keep accounting records and produce annual accounts. The Statutory Authority for East Lothian u3a is OSCR (Office of the Scottish Charity Regulator). Further information can be found on the Third Age Trust website in Finance Matters – Guidance (see References).

6. General Reporting

The Treasurer is responsible for maintaining financial records and will submit regular monthly accounts to the Executive Committee. Accounts will be kept on a payments and receipt basis.

All financial records and receipts shall be kept for a minimum of six years. This includes Gift Aid declaration data.

7. Reserves

The two accounts identified will be kept in credit at all points.

East Lothian u3a aims to not keep a level of reserves.

8. Other Points

8.1 Payments to Other Charities

In line with charity law, a u3a cannot raise funds for another charity that does not have similar charitable objectives.

East Lothian u3a can 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.

8.2 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. Authorised signatories are stated in Section 3.1. No committee member should authorise their own claim.

All claims need to be made by the agreed procedure giving sufficient detail as to the nature of the expense.

8.3 Membership Fees and Membership of More Than One u3a

Each u3a will determine its own form of membership classes. The membership fees will be reviewed on an annual basis.





East Lothian u3a is committed to keeping the membership subscription as low as possible to ensure that the u3a remains accessible to all members.

A u3a can offer an 'Associate Membership' class if they want. For u3a members who can provide evidence membership of another u3a will consider reducing the cost of membership by the amount that is paid to the Trust in membership fees for each member (but not for Beacon).

8.4 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. The register will be reviewed annually.

Assets will be written off in their first year if using a Receipts and Payments system.

8.5 Gift Aid

Each u3a shall determine what its policy will be regarding Gift Aid.

8.6 Card Readers

East Lothian does not currently use a card reader to take payments by credit card at our events.

8.7 Procurement Process

For any procurement of a large value (above £1,000) item there must be a documented competitive tender process in place. This is applicable for any capital item or service. If a service, then the above value refers to either a one-off charge or an annual charge. The EC must agree to the tendering process for the particular contract or purchase order, and this must be agreed before the actual activity is started. If there is required to be any change to the agreed process during the process, the reasons must be explained to the EC and accepted by them. Prior to the final actual commitment the EC must approve the proposed conclusion.

Any commitment below the figure above can be single sourced but the EC should still approve the award recommendation.

9. Investments-Not applicable

East Lothian u3a: Treasurer's Procedure Manual

1. Primary income for the ELu3a comes in the subscriptions paid annually by members into the Treasurer's account. This is managed by the Members secretary who checks that the account is up to date. There are three signatories to this account.
2. Other income awarded (grants and gift aid) come directly to the Business Account managed by the Treasurer.





3. Requests for payment in form of invoices, a complete claims form (available on the website) or simply an email, come to the Treasurer and are paid from the Business Account by BACS to the bank detailed on the request. All requests are kept in an invoices file.
4. When it is required, the Treasurer and another signatory to the Treasurer's Account will transfer money across to the Business Account. This process is currently managed by the use of a cheque.
5. All expenditure from the Business account is recorded on the financial ledger on Beacon, including dates of payment, bank details taken from Bank statements, categories of expenditure e.g. room hire, stationary, hospitality.
6. The Treasurer makes an ongoing reconciliation of the bank statements against the Beacon financial records and at the end of the year these records along with the invoices for payments, are made available for the external accounts' moderator.
7. An annual set of accounts are produced and provided at the AGM and uploaded to OSCR by the Treasurer.

Dual Authorisation Records

1. Two signatories are required to make transfers from the Treasurer's to the Business account.
2. All items of expenditure from the business account are itemised according to the approved list agreed by the executive committee. Members of the Executive Committee have access to the financial ledger on Beacon and can raise any issues either immediately as they arise with the Treasurer or at the regular meeting of the Executive Committee.

Reserves Policy

It is the policy of the Committee that the two accounts identified above should remain in credit at all points.

Financial Plans

1. Financial Plans are predominantly based on the previous year's expenses are presented to the committee at the beginning of the financial year.
2. Any additional expenses in the form of purchases of equipment are subject to the approval of the executive committee and the availability of funds in hand.

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