



THE UNIVERSITY OF THE THIRD AGE

From: Tony Key
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Southwell U3A
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U3A Financial Matters

In May, I attended a Treasurer's conference in Birmingham. The purpose of the conference was to bring Treasurers up to date with developments in handling and accounting for members' money in the light of ongoing discussions between National representatives and the Charity Commission primarily with regard to a U3A's social account. Unfortunately, those discussions have yet to be concluded, but up to date guidance on the handling and accounting for monies more generally was provided. Issues around copyright were also addressed. The committee believes that the essential points from the conference are relevant to all members and particularly to group leaders.

1. All U3As are charities and as such are subject to the law as it applies to charities and to the demands of the regulatory authorities – the Charity Commission & HM Revenue & Customs (HMRC). Each U3A is an independent association, managed by its trustees, the committee members.
2. As trustees each committee member has a legal duty to act in the charity's best interests and to manage the charity's resources responsibly. The Charity Commission, HMRC & National U3A provide best practice guidance to help trustees comply with their legal duties. Trustees who are in breach of their legal duties may be held responsible for the consequences that flow from such a breach and any loss the charity may incur.
3. A U3A is a membership charity and does not fund raise. Instead, our 'income' is derived from all the payments made by our members, whether that be through membership subscriptions or payments made at group meetings or for trips and other social events. The trustees are responsible for the safe custody and proper handling of all such U3A monies. Monies paid as membership subscriptions can be used for any U3A purpose; monies held by or for groups/trips etc. are ear-marked for the purposes for which they were paid. Certain payments from members can be ignored, see later.
4. All payments made by members are U3A monies and may only be expended in furtherance of the charitable objects set out in our constitution. This includes all monies held by groups/trips etc. whether they be at bank or in cash.
5. The trustees cannot delegate their overall collective responsibility for U3A monies. Groups/trips etc. are not self-governing units within a U3A; they are an integral and fundamental part of the charity. Groups/trips etc. cannot choose to take responsibility for handling their monies to the exclusion of the trustees; the trustees are not able to delegate final responsibility to them. Groups/trips etc. cannot indemnify the trustees against a personal risk.
6. Consequently trustees are required to have in place effective processes that allow them to monitor all monies paid by members and expended on their behalf, and to produce accurate and complete accounts reflecting all the charity's dealings. Amongst other things, the Charity Commission recommends that trustees
 - Have clear policies and procedures to deal with income & expenditure
 - Keep accurate records of all income & expenditure
 - Have robust and effective financial controls in place
 - Have an appropriate reserves policy.

7. There are certain payments that cannot/should not be made.
 - We cannot make a payment from U3A monies directly to another charity. But it is possible to make a donation to another charity for services rendered, for example, the hire of a hall or at the request of a speaker in lieu of a fee.
 - We should not employ tutors on a regular fee-paying basis. Aside from being against the ethos of the U3A, it could lead to issues with employment law. Paying a speaker's fee at the monthly meeting, or an expert speaker at a group meeting on a one-off/occasional basis is acceptable.
 - A group member should not pay fees for a visit/coach hire using a personal debit/credit card and be reimbursed by members. The money should be collected in beforehand and paid into the groups' bank account. Cheques should be drawn on that account to pay for the costs of the visit.
8. Some payments from members can be ignored when groups/trips etc. are accounting to the trustees, but only in given circumstances.
 - Payments for refreshments for groups that meet in a member's home.
 - Payments made for car sharing arrangements by 'outdoor' groups, or where group members make their own arrangements for a trip but travel together and share transport costs.
 - Where a group meets at a venue that does not charge a hire fee but instead each attendee buys refreshments at each meeting, the payments can be ignored. But if the free use of the venue is specifically conditional on attendees buying refreshments, the payments should be accounted for.
9. The trustees' annual accounts only need to be examined, not audited; but the examiner must be independent and not connected or related to a trustee and ideally not a member of the U3A.
10. We need to be sure that we hold the appropriate licences to play CDs & DVDs at meetings and for copying material so as not to risk infringing copyright.

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How does Southwell U3A measure up?

11. For the most part, we do pretty well. Whatever the outcome of the discussions with the Charity Commission concerning the social account, I do not expect it to have any impact on us as we are already rigorously following best practice.
12. As regards the groups, we have fallen short last year and in previous years. Not all groups were able to provide a full account to the trustees of all the payments made by members during the last financial year, so our accounts understate the level of U3A activity. There was an inadequate 'paper trail' in some instances. We expect this to be put right this year – not least because with our increasing turnover, the accounts should be professionally examined at the end of this year. We do not want to be in a position where the examiner has to give a qualified report because either the accounts do not reflect all the activity that takes place in the U3A name; or our paper records are inadequate.
13. Copyright - we have a PPL (Phonographic Performance Limited) licence for CDs and National U3A provides an umbrella licence for DVDs published by MPLC (Motion Picture Licencing Company). We have a CLA (Copyright Licensing Agency) licence for photocopying reasonable amounts of paper publications; but this does not extend to copying of maps, charts, newspapers or printed sheet music including the words (unless the music is out of copyright!). We do not have a licence for DVDs published by Filmbank Media.