



# **FINANCE POLICY**

Financial Policy and Procedures  
for South Eastern Baptist Association

V1.1

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## Purpose

The purpose of this Policy is to set out the governance arrangements for how the South Eastern Baptist Association manages its finances and assets. The Policy ensures the Association complies with financial regulations and requirements determined by the Charities Commission. It also ensures the charity is able to fulfil its objectives and achieve its vision.

## Finance Committee

The SEBA Trustees have established a Finance Committee in order to address a number of finance related issues and report back to the Trustees.

## Membership

The committee will be chaired by the Association Treasurer and include:

- At least two other Trustees
- The Operations Manager
- The Regional Minister & Team Leader
- Up to three people appointed by the Trustees

A quorum shall be not less than half those eligible to attend.

## Responsibilities

- To prepare an annual budget for presentation to the Trustees;
- To monitor income and expenditure in relation to the budget;
- To agree an annual target for Home Mission giving with the Trustees and Leadership Team and to monitor the giving receipts;
- To set an annual budget for Home Mission grants;
- To review grant proposals from the Leadership and to monitor compliance with agreed criteria;
- To monitor income and expenditure on the properties for which the Association is responsible;
- To have governance of financial matters, on behalf of the Trustees, including oversight of the audited Accounts;
- To consider any other financial matters, as applicable.

## Reserves

### Background

Reserves are required to meet future shortfalls in income or unexpected expenses.

The Association is reliant for our income on a Home Mission grant from the Baptist Union and subscriptions from member churches, supplemented by the rental income from the properties we own and donations. If income were to drop suddenly, then reserves would be needed to cover the income lost less whatever savings could quickly be made from expenditure. If the fall is a longer-term loss of income, more significant cuts in expenditure would need to be made. Reserves would be needed to tide us over the period in which these cuts could be put into place.

### Level of Reserves

We will hold in free reserves (unrestricted reserves that are readily accessible) a minimum of six month's budgeted expenditure.

The amount will be calculated each year when the budget is set for the following year.

### Monitoring and reviewing reserves

The trustees receive reports of income and expenditure, and these are monitored to ensure that our reserve level is adequate.

### Corrective Action

If our reserve levels fall below the required amount, we will consider deferring/ceasing certain items of expenditure.

### Spending limits

The levels of expenditure that can be approved by the holders of different roles in the organisation are shown below.

- Up to £100 – Association Administrator
- Over £100 and up to £500 - Team Leader or Operations Manager
- Over £500 and up to £2,000 - Treasurer
- Over £2,000 and up to £5,000 – Finance Committee
- Over £5,000 – Trustees

It is important to recognise that it is the commitment to spend that requires approval. For example, when planning a conference that is likely to exceed the limit of £2,000 the Finance Committee will need to approve the plan before the venue is booked. The invoice can then be paid without referring back to the Finance Committee, provided the cost is within the scope of the expenditure approved.

Likewise, annual contract renewal (e.g. insurance premium) and subscriptions (e.g. IT Licences) that are within the approved annual budget will not require further approval.

There will inevitably be circumstances where prior approval by the Finance Committee or Trustees cannot be obtained, for example when an emergency repair to any Association property or equipment is needed. In such circumstances, the spend should be approved at the highest level practicable and brought to the attention of the Finance Committee or Trustees as soon as possible.

Three quotations should be obtained for any new item of work or equipment to be purchased where the expenditure is over £2,000. The Finance Committee will agree which provider to use (this will not necessarily be the cheapest in all cases).

In some instances, the Finance Committee may agree to proceed with only one quote:

- Where there is strong evidence that it is more economical or cost effective to choose a preferred supplier e.g. the costs of changing to a different supplier would incur additional costs;
- An emergency repair;
- Where only one or two providers are willing and able to provide a quotation.

## Authorisation

### Banking

The Treasurer, Operations Manager, Bookkeeper, Association Administrator and the Personal Assistant to the Team Leader will all have access to online banking and along with the Moderator will be designated as authorised signatories on the Association current account. Other accounts will be controlled by the Treasurer and Operations Manager.

All cheques, direct debits and standing orders will require two signatures.

All on-line payments, except for transfers between different Association accounts, will require to be set up by one signatory and authorised by another. Transfers between accounts can be done by a single user.

Any cheques or online payments to an authorised signatory or a family member of an authorised signatory should be set up and approved or signed by two other authorised signatories.

## Payroll

The Treasurer acts on behalf of the SEBA Trustees and has overall responsibility to ensure employed staff and Ministers are paid in accordance with their employment contracts.

SEBA uses an external Payroll provider who makes the individual payments to employees and payment are pre-approved each month. The day-to-day management and oversight of payroll is delegated by the Treasurer to the Operations Manager.

Setting up of new paid staff for payroll requires authorisation from both the Treasurer and the Operations Manager.

Any changes, or additional payments, to the Operations Manager needs approval from the Treasurer.

## Debit Card

The Operations Manager and Association Administrator will be provided with Debit Cards to enable on-line purchases and subscriptions as well as other purchases on behalf of the Association. The expenditure limits detailed above apply to debit card purchases and therefore prior approval must be obtained before making a purchase where the Debit Card holder may exceed their own limit of authorisation.

The card must not be used for personal expenses, which should be claimed as described below.

## Pay

### Introduction

The overarching principle is that we want to treat people fairly and equally. We also want to retain colleagues that are performing well because turnover is costly and disruptive to the Association running smoothly and achieving its vision.

The Association has two types of paid appointments: Ministers and Employed Staff.

### Policy

Ministers pay will always be based upon the BUGB Standard Stipend.

Employed staff's pay will be reviewed and benchmarked against similar posts at least every three years. A cost of living increase will be applied each year from 1<sup>st</sup> January that is equal in percentage terms to the annual stipend increase. However, the hourly rate will be monitored to ensure that it never falls below the Real Living Wage set by the Living Wage Foundation.

In the case of employed staff, extensive experience in the role or exceptional performance may be recognised by a small increase in pay (up to 5%). This gives the ability to recognise higher performance and helps to retain our most experience staff. This can be applied once at the line manager's discretion, with approval by the Treasurer. Any further increases would require approval of the Finance Committee.

As part of pay reviews there is always the risk that the recommended level of pay may go down rather than up. Staff will never be asked to take a pay cut but may have pay frozen if their pay is already above the recommended rate i.e. staff being paid above the rate approved by Trustees will not receive the annual cost of living increase.

## Expenses

Where a colleague incurs travel costs or other expenses in the performance of their duties, these can be claimed back using the HMRC approved rates (refer to staff handbook).

### Hotel or B&B accommodation

Where a colleague is required to stay away from home overnight in the performance of their duties, SEBA will meet the cost of overnight room and breakfast, provided prior approval has been obtained from the Operations Manager, Team Leader or Treasurer.

### Travel arrangements

When travelling with colleagues, we expect colleagues to discuss the most cost-effective way for everyone to travel to a meeting. This may involve one or more people travelling to other locations first so that the whole group can travel in one car to reduce overall expenses. However, we recognise that time, distance and practical arrangements will need to be taken into account.

### Travelling by air

In exceptional circumstances colleagues may need to book flights to attend conferences or events. Before making any flight arrangements mileage prior approval must be obtained from the Operations Manager, Team Leader or Treasurer. Note the normal spending limits set out above apply to travel of this nature so the appropriate level of authorisation must be obtained prior to purchase.

## Ethical Investment

### Introduction

The purpose of this policy is to ensure that the investments we hold reflect our Christian values and ethos. We are committed to ensuring that such ethical investment considerations are integral to the Association's stated object in the advancement of Christian Faith and Practice, especially by the means of and in accordance with the principles of the Baptist Denomination.

Striking a balance between risk, reward and ethical considerations is complex and subject to Trust and Charity law. The Finance Committee and Trustees must at all times satisfy themselves that their action in applying an ethical investment policy will not involve significant financial detriment and therefore seek to achieve an acceptable balance that will satisfy this expectation and our beliefs.

In setting this Ethical Investment Policy it has been recognised that following an ethical investment policy may lead to higher investment management costs and increased volatility of returns, compared to those for a non-ethical approach.

### Investment Policy

Through its ethical investment policy, the Association seeks to invest in companies that will successfully develop their business financially where responsible business practices and high standards of corporate behaviour are encouraged and supported.

Both positive and negative screening will be used to determine where our funds are invested.

### Positive Screening

This means investing in companies or sectors which reflect Christian values in areas like:

- environmental protection,
- supporting sustainable development,
- health, including healthy food
- education,
- employment,
- human rights, including addressing modern day slavery
- good corporate social responsibility,
- good governance,

- financial transparency,
- anti-corruption controls,
- safe working practices,
- natural justice and
- sensitivity towards the communities in which their business operates.

We seek, by applying our ethical investment policy, to encourage companies to act responsibly in the interests of their shareholders, employees and other stakeholders.

### Negative Screening

This means avoiding investment in companies or sectors or companies undertaking a particular activity or operating in a way which may be harmful and inconsistent with our Christian values and ethos.

We will therefore avoid investment in companies with significant trading in:

- gambling,
- pornography,
- the supply of tobacco products,
- alcoholic beverages,
- armaments,
- high interest rate lending.
- generally, we will avoid companies involved in human embryonic cloning or genetically modified organisms (GMO), except where such research is regarded as absolutely necessary and ensuring the ethical imperatives in embryo research are never forgotten as science develops.
- we will also avoid investment in companies significantly involved in human exploitation or injustice.
- the production, extraction and refining of oil, gas, tar sands and coal

Significant trading or involvement is normally taken to mean greater than 10% of turnover.

Investment in derivatives is not permitted, except for hedging purposes as in investment in warrants and investment in assets not readily realisable. Hedging, where used, will be to reduce risk.

We will avoid investment where it is clear there is systematic abuse or harmful impact on community development. As stewards of the world in which we live, we will avoid investment in companies that act without proper regard to the environment.

### Fund Management

In order to get appropriate diversification and to manage risks we invest through funds, which ensures that we do not have too high a concentration in any particular company. Using funds presents an additional challenge in finding funds which match our ethical criteria. Whilst there are a range of ethical funds available none will provide a complete match with our policy. We therefore need to accept investment in funds 'with best fit'.

Policy Owner: Treasurer
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Version	Revisions	Approval Date
1.0	Policy reviewed and updated, including adding pay policy and revised spending limits	25 March 2024
1.1	PA to the Team Leader added as a bank signatory	09 December 2024