



# **The Adventist Credit Union Ltd**

## **POLICIES AND PROCEDURES DOCUMENT**

**Version 4 – September 2018**

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# CHAPTER ONE - INTRODUCTION

## Strategic Mission, Aims and Objectives

1. The strategic mission of The Adventist Credit Union Ltd (ACU) is:
  - a. To contribute towards the reduction of poverty (including economic, social and educational disadvantages) within the community.
  - b. To provide community leadership for economic growth within the community, through the development of collective financial resources, support for entrepreneurial initiatives and supporting investment in personal and professional development.
  - c. To be at the forefront of championing the establishment of social capital institutions within the community.
  
2. The aims of the Adventist Credit Union are:
  - a. To develop a sustainable and self-financing financial co-operative, controlled by its members in a democratic way.
  - b. To enable members to embrace and contribute to the delivery of ACU's strategic mission and appreciate the principle of mutual help.
  - c. To enable members and organisations holding ACU accounts to maximise the advantages of saving.
  - d. To enable members and organisations holding ACU accounts to borrow at fixed and affordable rates of interest.
  - e. To provide other financial services as approved by the ACU membership at an AGM.
  
3. The objectives of the Adventist Credit Union are:
  - a. The promotion of thrift among members and organisations holding ACU accounts, by the accumulation of savings.
  - b. The creation of sources of credit for the benefit of members and organisations holding ACU accounts at a fair and reasonable rate of interest.
  - c. The use and control of members' and organisations' savings for their mutual benefit.
  - d. The training and education of members in the more effective use of money and in the management of their financial affairs.

## **Policies and Procedures**

4. The Rules of the ACU can only be modified at an Annual General Meeting (AGM). Policies, however, are formulated by the Board of Directors (Board) and will then be presented to the AGM for adoption. The latest version of the Rules was adopted by the AGM in 2014.
5. Policies help establish clear and well-defined instructions for action to give purpose and direction to those who carry out operational procedures. Policies limit authority in certain situations. Careful thought has been given to the form of words used, their practicality and common sense. Policies cannot be changed by individual officers or other committees and must always be followed unless changed by the Board.
6. The formulation of policies is the responsibility of the Board. However, ultimately policies are ratified and approved at an AGM. The implementation of policy is usually carried out by officers and designated volunteers appointed by the Board.
7. Policies are part of the official records of the Credit Union. They will be reviewed as and when necessary but not less than once every two years. All policies must be in accordance with the Rules of the Credit Union.
8. Operational procedures explain how the policies are implemented in practice. They can be drafted by appropriate committees or departments and endorsed by the Board.
9. Operational procedures may be presented as Annexes to this policy and procedures document: *ACU Policies and Procedures Document: Version 3 2018 page 4 of 41*.
10. The ACU was registered under the Industrial and Provident Societies Act with effect from 1988. Companies House number: 101C. It was granted permission by the Financial Services Authority under part IV of the Financial Services and Markets Act (2000) as an authorised financial organisation. The Firm Registration Number (FRN) is 213267.

## **Directors and Officers**

11. The Board of Directors (which also acts as the Management Committee) will consist of between 5 and 15 persons. At the first meeting following the AGM the following positions are appointed from among the Directors:

- Chair
- Vice Chair(s)
- Secretary
- Treasurer
- Administrator
- Credit Committee: (Chair)
- Money Laundering Reporting Officer
- Communications & Marketing Officer
- Information Technology Officer
- Compliance Officer

12. The key areas of responsibility for the positions above are:

### **Chair**

- To chair the Board of Directors' monthly meetings.
- To act as the overall representative of the Credit Union externally.

**Vice-Chair(s)**

- To carry out the above duties in the absence of the Chair.

**Secretary**

- To act as company secretary.
- To manage the secretarial functions of the ACU.

**Treasurer**

- To oversee the financial affairs of the Credit Union (FCA controlled and required functions).
- To ensure the quarterly and annual return of financial accounts.
- To ensure financial audit requirements are met.

**Administrator**

- To carry out the administrative functions of the ACU under the supervision of the Secretary.

**Credit Committee: (Chair)**

- To manage the Credit Committee in its task of granting loans to Credit Union members.
- To authorise and grant emergency loans to Credit Union members.
- To oversee the work of the Credit Union Solutions sub-committee.

**Money Laundering Reporting Officer (FCA controlled and required position)**

- To be aware of any suspicious activity in the business that might be linked to money laundering or terrorist financing, and if necessary to report it. They are responsible for:
  - (i) receiving reports of suspicious activity from any officer or member of the ACU;
  - (ii) considering all reports and evaluating whether there is - or seems to be - any evidence of money laundering or terrorist financing. Reporting any suspicious activity or transaction to the Serious Organised Crime Agency (SOCA) by completing and submitting a Suspicious Activity Report;
  - (iii) asking SOCA for consent to continue with any transactions that they have reported, and making sure that no transactions are continued illegally.

**Communications & Marketing Officer**

- To ensure that effective communications are in place to members, and externally, to support membership growth.

**Information Technology (IT) Officer**

- To work closely with the Credit Union's external IT systems providers to ensure all IT requirements are met.

**Compliance Officer**

- To ensure the Credit Union satisfies all regulatory requirements of its governing bodies, namely, the Prudential Regulatory Authority (PRA), and the Financial Conduct Authority (FCA).

13. The role of Board members is to ensure the effective running and strategic leadership of the Credit Union for the following controlled FCA functions:

- a. Delinquent Loans Officer – To have oversight of bad debt recovery and minimise the risk of bad debt.

- b. Training Officer – To act as the overall lead for ensuring all officers and volunteers receive the necessary information and training to carry out their roles effectively.
  - c. Supervisory Officer – To ensure that the Credit Union complies with all legislative and regulatory requirements (Supervisory Committee). To ensure that all internal rules, policies and procedures are followed (Supervisory Committee).
14. Other non-Board officers to be appointed by the Board include:-
- Assistant Treasurer – To assist in treasury matters under the supervision of the Treasurer.
  - Membership Services Officer – To record Credit Union membership statistics (joiners, leavers, deceased etc); to record attendance at Credit Union monthly meetings; to foster good relations between Credit Union officers and members.
  - Complaints Officer – To receive, investigate and report (with appropriate recommendations) to the Board, complaints received both internally and externally; to implement and adhere to the Complaints Policy in dealing with complaints received.
  - Chaplaincy – To cater for the spiritual development of the ACU.

### **Officers**

- 15. All officers will be Credit Union members. All members will be informed at the time they join that opportunities exist for members to play a part in the running of the Credit Union. They will be kept informed of opportunities which may exist within the Credit Union, and will be encouraged to participate in the running of their Credit Union.
- 16. All officers will be given an induction and an ACU Policies and Procedures Document. (Procedures for requirement of volunteers are set out in Annex 1).

## CHAPTER TWO – GENERAL MANAGEMENT

### Qualification for admission to membership

17. The qualification for admission to membership of the Credit Union shall, in accordance with the application criteria, be any Seventh-day Adventist (SDA) member who lives or works in the UK, and anyone who is a relative or associate of the said SDA member. Organisations owned by SDA members within the UK will also be eligible to join as corporate members.
18. As of 8 January 2013, following new legislation, our Common Bond area encompasses the UK.
19. In accordance with Rule 6, applicants for membership will only be admitted to membership once it has been determined that they fulfil the Common Bond qualification, have completed and submitted a membership application form, have provided sufficient evidence to prove their identity and address, and have purchased a minimum of £10 shares.

Procedures 1: Annex 2 sets out the precise procedures to be followed for signing up new members.

20. Members who move their residence or work outside the Common Bond may retain their membership together with their rights, including their voting rights, and responsibilities. They will be designated as non-qualifying members. It will be the responsibility of the Board to monitor the numbers of non-qualifying members to ensure they remain below the 10% maximum set out in section 5 of the Credit Union Act 1979.
21. Should numbers approach this figure, the Board will authorise the Secretary to write to all non-qualifying members advising them of the nearest Credit Union to their new place of residence and suggesting that they might wish to transfer membership. Should this fail to achieve a reduction of the number of non-qualifying members the Board will determine the criteria to be applied and a procedure for closing the accounts of an agreed proportion of non-qualifying members.

### Junior Savers

22. The Credit Union will accept members under 16 years of age as Junior Savers (in accordance with Rule 6) and will allow deposits up to £5,000 in these accounts. Junior Savers will not be eligible for loans.
23. The Board will from time to time determine the level of Dividend to be paid to Junior Savers.

### Board of Directors (Board)

24. Ultimate responsibility for safeguarding members' funds and for the effective running of the Credit Union rests with the Board of Directors whose responsibilities are set out in Rule 67 under the responsibilities of directors.
25. To ensure all members of the Board have a clear understanding of their roles and responsibilities, regular refresher training will be organised, and training will be arranged for all new Board members within six months of their appointment.

### Monitoring Policy and Procedures

26. The Board is required to operate within a legislative framework and so will need to monitor any changes in legislation and propose amendments to Credit Union Rules as appropriate. They will also monitor the effectiveness of procedures outlined in this Policies and Procedures Document and will make amendments and additions as necessary so as to ensure the smooth running of the Credit Union in the best interests of its members. Any changes in policy and procedures must be consistent with the Credit Union's own Rules and with current legislation. Any changes in policy will need to be agreed by a majority at a full and quorate meeting of the Board.



### **Conflicts of Interest**

27. In order to avoid accusations of preferential treatment or bias, all Board members will be required to declare any potential conflicts of interest as described in Rule 81 and withdraw from any discussion where questions affecting their own financial interests, or those of a close relative, are to be considered. Furthermore any attempt to influence the Board corporately or Board members individually will be considered to be a serious breach of the Rules of the Credit Union and the officer may be suspended and dealt with as defined under Rule 77.
28. To minimise the risk of one Board member influencing another member unduly, as far as is possible relatives or others in close relationships should not sit on the same Board. However if it is deemed to be in the best interests of the Credit Union for this to happen, the related members in question should not constitute a majority on that Board.

### **Officer Functions**

29. The Board will ensure that job descriptions for all elected officers are in place and that all officers are made fully aware of their role and responsibilities at the time of election. The Secretary and Training Officer will be responsible for supporting new officers in their role and arranging additional training for them when needed.
30. The Board will review job descriptions on a regular basis, and no less than once a year, to ensure the workload and responsibilities expected of each member are realistic. Should changes in job descriptions be required, it is the responsibility of the Board to ensure that all the essential roles and functions of the Credit Union are covered and incorporated into job descriptions.
31. The Board will ensure that the appointment and oversight functions are clearly allocated with records showing how those responsibilities have been apportioned. Arrangements will be kept under constant review to ensure that they are operating effectively and changes made if necessary.
32. The Board will also ensure that roles and responsibilities are properly segregated so that in general no one individual will be in a position to initiate, control and process a financial transaction. If such a situation is unavoidable then cross checks in the form of a second signature after the financial transaction will be put in place.

### **Confidentiality**

33. All Directors, sub-committee members and other officers of the Credit Union will protect the confidentiality of member records and of Credit Union financial transactions.
34. All new officers will sign a declaration of confidentiality form.

Procedures: See Annex 11.

### **Support for Committee Members**

35. The Supervisory Committee will give all Board members the opportunity to review workload, technical competence, training needs, support networks and work targets and advise the Board of training needs as appropriate.

### **Arrangement for Succession**

36. It is part of the Chair, Secretary, Treasurer, Assistant Treasurer, Credit Committee Chair and Money Laundering Officer's duty to ensure that a deputy is able to carry out the role in their absence.
37. A three month period of notice should be given before the resignation of any officer. This allows time to find a replacement and to train new officers. If an officer is unable to give notice then the Board will fill the vacancy on a temporary basis from one of their number until the next AGM.
38. The Credit Committee will maintain a membership of at least three including the Board

representative. This will cover temporary absences or resignations. The Directors may, by resolution, designate another member of the Credit Union to assist the Credit Committee if an officer is absent for a long period of time.

39. It will be the Supervisory Committee's responsibility to fill any vacancy that arises on the committee from the Credit Union membership. Any such vacancy should be filled within two months.
40. Vacancies on the Board or Committees, between AGMs, will be filled by co-opting an experienced volunteer. Suitable recruits without experience of the Credit Union will in general be asked to shadow such positions for a period of time before becoming Board or Committee members.

### **Internal Disputes**

41. The Credit Union will address internal disputes through the application of the Complaints Policy set out in this manual and through the application of the Credit Union's Rules with respect to Rule 11 (Expulsion of Membership). Rule 13 (Special General Meeting called by the Credit Union). Rule 45 (Special General Meeting at members' request). Rule 77 (Suspension from Office). Rule 78 (Special General Meeting called by Supervisory Committee). Rule 79 (Suspension from Supervisory Committee) and Rule 85 (Failure to fulfil Office).
42. Disputes not covered under the above Rules will be resolved by the Board at a specially convened Board Meeting. Any internal disputes, which cannot be resolved, may need to be referred to the Financial Ombudsman for resolution or ultimately to the courts.
43. Where internal disputes occur, the Complaints Officer will ensure that proper records are made and retained, outlining the nature of the dispute, the steps taken to resolve it and the eventual outcome. The Board will ensure that the proper timescale for the resolution of such disputes as defined in the Rules, is applied.

### **Registered Office and Information Points**

44. The registered office of the Credit Union is:

**Adventist Credit Union Ltd, c/o Hyland House School, Holcombe Road, London N17 9AD**

Correspondence address is the same as the registered office address.

45. The ACU website ([www.adventistcreditunion.co.uk](http://www.adventistcreditunion.co.uk)) will be a Public Information Point for the Credit Union.
46. The following services will be available at the above Information Point:
  - Accessing membership application forms
  - Accessing share withdrawal forms (and other forms)
  - Accessing and submitting loan application forms
  - Information and advice about the Credit Union
  - Access to members' Credit Union accounts
  - Access to loan calculator

### **Meetings of the Board of Directors**

47. The Board of Directors is required to meet monthly. The Secretary will notify Directors of any change of date or of any special meetings. The Secretary will be charged with the responsibility of making accommodation arrangements together with the provision of minutes, reports and information required by the Board.
48. At the first Board meeting after the AGM the new Board will appoint officers, Committee members and Committee Chairs.
49. At its first meeting after the AGM, the new Board will agree a regular meeting date for the remainder

of the financial year.

50. Members of the Supervisory Committee have an open invitation to attend monthly Board meetings. From time to time, the Chair in consultation with the Board may invite guest speakers to Board meetings to share experiences with the elected officers.
51. Directors who are unable to attend meetings of the Board should notify the Secretary.
52. Directors are expected to attend at least eight Board Meetings per year. Failure to meet this requirement may result in the Director being asked to stand down.

#### **Monies Received**

53. Monies received from members shall be by Standing Order, cheque, cash (via PayPoint) or any other appropriate payment system with the agreement of the Board. The Treasury Team and Cashiers will handle monies received from other sources.
54. Any relevant insurance society payments will be processed to the beneficiary, but will also be reported to the Board.

#### **Annual General Meetings**

55. The Secretary will co-ordinate the arrangements for the AGM and may appoint an organising committee for this purpose.
56. At the November meeting of the Board, the Secretary will present recommendations for the Annual General Meeting, which will include:
  - Date, time and venue
  - The agenda
  - Guest speaker, if there is to be one
  - Refreshments
  - Public address facilities, if required
  - Budget requirements
  - Publicity
57. The AGM will be held during February or March of each year, depending on the availability of audited accounts.
58. In line with Rule 56, prior to the AGM, one-third of the existing Board of Directors will offer themselves for re-election by the ACU membership at the AGM.
59. Ballot forms, where appropriate, will be prepared by the Secretary prior to the date of the AGM.

#### **Marketing and Branding**

60. The Board of Directors, where appropriate, will recommend to the AGM variation of the Credit Union's trading name for their approval.
61. All publicity materials, in the main, will follow a common design template including a single land line telephone number, mobile number, email, Facebook and website address for customer enquiries.
62. There will be a Board member appointed with responsibility for external publicity who will be responsible for bringing recommendations on all marketing material to the Board.
63. In all advertisements where the Credit Union name is used, an accompanying statement will follow to state that .....Community Organisation, for example, 'is an account holder in The Adventist Credit Union Ltd'.
64. There will be a single company website providing information about the Credit Union.

## CHAPTER THREE – FINANCIAL MANAGEMENT

### Designated Bank

65. The Credit Union's current account(s) will be held by HSBC.

### Payments by the Credit Union

66. Any two of the following persons are authorised to sign cheques under £500 on behalf of the Credit Union, providing the request is properly documented and conforms with laws affecting Credit Unions, Rules, contracts entered into and Board policy:

- The Chair
- The Secretary
- The Treasurer
- The Assistant Treasurer
- One other Board Director

67. The same procedure as above applies to loan and withdrawal cheques of any value.

68. Cheques over £500, other than for loans or withdrawals, must be signed by the Treasurer or Assistant Treasurer and one other signatory.

69. Any transfer of money to or from investment accounts will be actioned by the Treasurer following approval of the Chair and one other Board Director.

70. The Board may authorise the Treasurer and/or the Assistant Treasurer to use a debit card for petty cash for up to £250, provided a second signature is obtained to a written record after each use of the debit card.

### Payments to Members

71. Payments to members must be made by cheque with duly authorised signatures, by electronic bank transfer or by pre-paid debit card.

72. Should another person wish to receive a member's payment, written permission from the member and verification of the recipient's identity will be required before any such payment will be made.

73. Payments to members not collected within three weeks of authorisation will be cancelled. Payments issued to members and not cashed within 60 days may be cancelled. Payments made by cheque and lost in transit will be cancelled by telephone and confirmed in writing by the Treasurer to the Bank.

74. Members will be required to sign the relevant documentation, ie. Loan Agreement before the funds are released.

75. Cheques for members to cash will be made out to the member and opened by writing 'Pay to Cash' across the tramlines and signed by both signatories to the cheque. An agreement will be reached with a bank or post office to cash such cheques. The member will need proof of identity before cashing such cheques.

### Payments by Members to the Credit Union

76. Members will be able to make payments to the Credit Union by means such as Direct Debit (to be developed), Standing Order, Payroll Deductions and cash through the use of PayPoint.

### Liquidity Policy

77. Under FCA CRED Rules the Credit Union must hold liquid assets of an amount and composition that is

prudent and appropriate to the scale and nature of its business, having regard to material risks, including the risk of sudden adverse cash flow, with a view to enabling it to meet its objectives.

78. The Credit Union must, at all times, hold liquid assets of a value equal to at least 5% of its total relevant liabilities. The Credit Union must ensure that on no two consecutive quarter ends does the level of liquid assets fall below 10% of its total relevant liabilities.
79. Only those assets shall count as liquid which can be realised for cash within eight days.
80. The Treasurer, in consultation with the Board, will manage the Credit Union's investments, deposit and current accounts to ensure that the minimum liquidity requirements under CRED are met.

#### **General Reserves**

81. At the end of each year of accounts (end of September), at least 20% of the net surplus will be transferred to a General Reserves account, as required by FCA CRED Rules.
82. It is the intention of the Board to increase reserves to a minimum equivalent to 10% of total assets in the shortest possible time.

#### **Dividends**

83. Following the application of 20% of surplus to a General Reserves account, the Board will consider the payment of a dividend to members from any surplus that is left. As required under Rule 37, and recommendation for dividends will be put to the AGM for agreement.
84. It is the intention of the Board to reach a dividend rate equivalent to the best available savings accounts provided by other financial institutions, up to the maximum allowed in our Rules (8%).

#### **Interest Rebate**

85. If after the application of transfers to the Reserves and the payment of a dividend, an un-appropriated surplus exists, the Board will consider transferring the amount outstanding to the general Reserves.

## CHAPTER FOUR – SHARE AND DEPOSIT ACCOUNTS

### Opening an Account

86. There is an admin charge of £5 for joining the ACU. New members are encouraged to save a minimum of £10 per month but not required to do so. Every member properly accepted onto the registry of members will be given a regular share account with a unique number. If the member leaves and rejoins they will retain their original number. No account will be opened until the member has purchased the minimum £10 shares.
87. Every member will be allowed to check the balance and transactions of their Credit Union accounts by registering on the ACU website. Otherwise, members may make a request to the Treasury Department for a Statement of their accounts (allowing for 10 days for receipt).

### Closing an Account

88. The Credit Union reserves the right to ask for up to 60 days' notice before a member obtains the closure of their account.
89. The Treasurer or Credit Committee may authorise the writing-off of pledge shares held as a guarantee to another member's loan.

### Dormant Accounts

90. The Credit Union may charge, at its discretion, an annual fee for dormant accounts.
91. Dormant accounts are those accounts with shares of £50.00 or less which have had no activity within them for the last twelve inclusive months and which subsequently the Board has deemed as such. In these cases a fee of £5.00 per annum should be charged.
92. Subject to the discretion of the Board, letters will be sent to all dormant account holders as soon as possible after 1 April of each year, advising them that a charge would be made unless they reactivate their account within a two month period. If during that period the account is not re-activated a fee would be charged. If there are insufficient funds in the account to meet this charge the account would be closed.
93. The Credit Union will not take this action against members who hold a small share balance, but who contribute in some way to the life and development of the Credit Union. The Credit Union does not wish to penalise those who play a part in the life of the Credit Union, but wants the right to take action where the costs of operating an account exceed a member's share balance and where there is no activity.

### Share Withdrawals

94. Members can withdraw all or part of their shares provided that it does not take the member outside the Loan Policy.
95. Share withdrawals can be made by completion of the printed share withdrawal form. Share withdrawals will usually take up to 10 working days. However the Board reserves the right to ask for up to 60 days' notice, if there is a heavy demand for share withdrawals.
96. Members with outstanding loans of more than the value of their shares will not be eligible to withdraw their shares.

## CHAPTER FIVE – LOAN POLICY

### Credit Committee

97. Responsibility for considering and granting loans is delegated by the Board to the elected Credit Committee. The committee may however refer loan applications up to the Board for a decision if they wish.
98. The Credit Committee, subject to business, must meet or otherwise confer at least once a month and more frequently if necessary. If there are no loans to approve then a meeting will not be necessary.
99. The Chair of the Credit Committee, with the agreement of the Board, may delegate decisions on loans to a named member of the Credit Committee.
100. Loans of up to £2,000 net exposure (if the member is aged less than 70) are delegated to the Credit Committee. (Net exposure is decided on the loan applied for, less the applicant's share balance, eg A loan request of £12,000, where the applicant has a Share balance of £4,000, will leave a net exposure of £8,000. Formula is £12,000 - £4,000 = £8,000).

### Interest Rates

101. Interest will be charged at a rate of 1% per month on the outstanding loan balance at the end of the month (equivalent to 12.68% APR or 6.5% annual compound interest, and in line with CRED) or such rates as shall from time to time be determined by the Board.
102. High risk loans as identified by the Credit Committee will be charged at varying interest rates of between 2-3% per month.
103. If a loan has to be rescheduled, depending on the circumstance, the member will be charged at the rate of 2% per month on the outstanding balance.

### Life Insurance Cover

104. Loans will be covered by any Loan Protection Insurance scheme in operation, and will be available at a charge to members under the age of 69. However where the member opts not to be included in the Loan Protection Insurance scheme the member's loan could be charged varying rates of interest between 2-3%. Upon the death of the member included in the Loan Protection Insurance scheme, the loan balance up to that amount will be cleared. However where the member, upon death, is not in the Loan Protection Scheme, the member's estate will be liable for the outstanding loan balance.
105. Members aged 70 or above will not be covered by life insurance and this will be one of the factors considered by the Credit Committee in deciding whether or not to grant the loan.

### Basis of Loans

106. No loan will be considered without a completed Loan Application Form and no loan will be issued without a signed Loan Agreement. Preference will be given to regular savers rather than those who make lump sum payments.
107. All applications for loans require six months' membership before a loan can be approved. The Credit Union expects members to save for a continuous period of six months or 26 weeks before applying for a loan. However, the Board will consider applications for a loan less six months' savings in certain extenuating circumstances.
108. The maximum loan available to any one member is £20,000. Requests for loans above £2,000 net exposure must be referred to the Board for a decision.

109. Members can apply to borrow up to three times their savings (Share Account) for all loans, subject to submitting three months' bank statements, three months' payslips and a history of their saving in the ACU.
110. Should members have insufficient funds in their Share Account to be granted their requested loan, they will be allowed to make a deposit into their Share Account to bring their funds up to the required level, or, increase their loan request to include the amount needed to bring their Share Account balance to the required level. Once the increased loan is granted, the extra funds will be deposited into the member's Share Account, and the remainder of the loan will be forwarded to the member. The member will repay the full loan amount, and pay interest on the full loan amount.
111. Members granted loans will be encouraged to save at least £20.00 per month, in addition to the repayment of their loan.
112. The Credit Committee may also request more evidence to substantiate the statements made on the application form and if necessary will make further enquiries on the financial status of the applicant.
113. Members can consolidate an existing loan with a new loan, within policy, providing they have repaid at least 50% of their original loan under the following circumstances:
- There have been no significant missed loan payments.
  - Members must remain active savers whilst repaying their loans.

#### **Length of Loans**

114. All unsecured loans must be repaid over a period not exceeding 60 months. Loans with security (ie those having a guarantor - see paragraphs 116-118) may be repaid over ten years (maximum).
115. Other types of security will not be acceptable. The ACU will not accept property or possessions as security for loans.

#### **Guaranteed Loans**

116. The Credit Committee or Board may approve a loan which falls outside the Policy on the condition that the loan is guaranteed. This means a third party must act as guarantor for the loan in the event that the member defaults – ie if the borrower fails to make any payment due under the terms of the Loan Agreement.
117. In order to determine if the third party is suitable to act as a guarantor they will be required to provide information about their financial circumstances and sign the section on the Application Form for Guarantors prior to the loan being approved.
118. All guarantors must be members of the Credit Union, and that part of their shares used as guarantee cannot be withdrawn during the guarantee period.

#### **Credit Committee**

119. Decisions on the issuing of loans will be subject to the availability of funds and Credit Committee approval. Only loans for legal, reasonable, provident and productive purpose will be considered.
120. The Credit Committee may refer Loan Applications to the Board. Loans to other Credit Unions will always be considered by the Board.



121. Applications from Directors, officers of the Credit Union and any related persons will not have priority over applications from any other member of the Credit Union. In order to avoid accusations of preferential treatment or bias, all committee members will be required to declare any potential conflicts of interest as described in Rule 81, and withdraw from any discussion where questions affecting their own financial interests, or those of a close relative, are to be considered.

Procedures: Details of the procedures for dealing with loan applications are set out in Annex 5.

### **Emergency Loans**

122. The Credit Union will consider emergency loans of up to £2,000 in special circumstances ie personal crisis (death or illness of a close family member). Applications must be made directly to the Chair of the Credit Committee. With emergency loans the Chair of the Credit Committee will act as a Loan Officer and will then present his/her decision to the full Credit Committee for ratification before the next meeting of the Board.

123. The Credit Union will endeavour to issue a cheque or make a BACS payment within 48 hours if an emergency loan is granted. This cannot, however, be guaranteed. If not granted, the applicant will be offered processing of his/her loan through the normal channels.

### **Credit Control Policy**

124. Delinquency (bad debt) can erode the assets of the ACU and devalue the shareholding of members. It is the responsibility of the Board to ensure that delinquent loans are pursued and dealt with.

125. The ACU will endeavour to take account of members' personal and financial circumstances when dealing with loans in arrears and will be as flexible as possible within the constraints of protecting the interests of its members as a whole.

Procedures: Annex 6 sets out the agreed procedures for dealing with loans in arrears.

### **Provisioning**

126. In accordance with PRA Rules the Credit Union will make a minimum provision of 35% of the net liability of delinquent loans over three months and up to 12 months, and 100% provision of the net liability of delinquent loans where the amount is 12 months or more in arrears.

127. An additional provision of 2% will be made on all other unsecured loans.

128. Loans will be eligible for being written off when they become 24 months in arrears, and provisioning reduced accordingly.

## CHAPTER SIX – MONEY LAUNDERING

129. It is a requirement in law and the policy of the Credit Union to create a financial regime, which will deter the illegal use of the Credit Union as a place to hide illicit gains. All new members will be alerted to the existence of this policy via publicity and training for volunteers.
130. The Credit Union will appoint a Money Laundering Reporting Officer (MLRO).
131. The officer will be empowered to review bank statements of the Credit Union without notice to other officers. The MLRO will, in particular, take note of unexpected (upward) changes in levels of savings one off or periodic large deposits to savings or early repayment of loans. The MLRO will be empowered to seek clarification from any member of the Credit Union in the course of investigating any relevant matter.
132. If any member or volunteer of the Credit Union has any concern that the funds being provided to, or from, the Credit Union are from, or for, illegal activities, those concerns must be detailed in writing to the MLRO. Any information supplied will be dealt with in the strictest confidence.
133. Where the MLRO has any cause for concern, he/she is required to report the matter directly to the Serious Organised Crime Office (SOCO). The Board will be advised without any names being divulged.
134. Directors will report annually to the Annual General Meeting on the work of the MLRO.

## CHAPTER SEVEN – INTERNAL AUDIT

135. The Board will be responsible for seeing that Internal Control systems are in place to ensure
- a. That the books of account and records (including computer records) fairly reflect the Credit Union's affairs with respect to its transactions, assets and liabilities (see annual external Audit).
  - b. That the Credit Union's assets are properly safeguarded.
  - c. Supervision of the Credit Union's cash holdings, receipts and payments.
  - d. There are limited opportunities to defraud the Credit Union.
136. The three principal elements of Internal Control are a Plan of Organisation (with a proper functioning Board of Directors, Credit Committee, Supervisory Committee and Annual Meeting of Members), Operational Control by the Board, and an Internal Audit.
137. The Committee responsible for Internal Audit is the Supervisory Committee, which will be appointed at the Annual General Meeting and will report on a regular basis to the Board, the members and the external Auditor as and when they consider appropriate.
138. Members of the Supervisory Committee cannot be involved in any type of operational practice. They will have no executive power, and cannot set policy, but they will have responsibility for ensuring that agreed policies are implemented. They also have a responsibility to confirm that records and FCA returns are accurate and up to date and to examine documentary evidence from which they were written up and to confirm their validity.
139. The Supervisory Committee is authorised to carry out spot checks in relation to any of the Credit Union's operational systems, to have access to all records and to attend any meeting they choose. They will have the right to interview Credit Union officers. Where they identify incompetence or fraud, they will have the right (under Rule 77) to suspend any officer.
140. The Supervisory Committee will be responsible for identifying key risks in each area of the organisation and will ensure that systems controls are in place to deal with these risks.
141. Once identified, an Internal Audit Plan is to be prepared to prioritise work. Based on the Internal Audit Plan, a detailed work programme will be established, giving information including details of how evidence will be obtained and recorded and the relevant timescale.
142. The Supervisory Committee will operate in accordance with the Credit Union Rules 76-80. At least once a year the Supervisory Committee will liaise with the appointed Auditor.
143. At the AGM the Supervisory Committee will report to members in writing reflecting the work carried out during the financial year.
144. If the Supervisory Committee requires outside assistance in fulfilling its duties, Board approval will be sought for any necessary expenditure incurred.
145. Where the ACU has a membership of at least 100 residing outside of London, at least one member from that group should be a member of the Supervisory Committee. (This will be subject to future review).

## CHAPTER EIGHT – OTHER CREDIT UNION POLICIES

### Training

146. The Board will ensure that every individual involved in the management or running of the Credit Union will have the necessary skills and training to carry out their functions effectively.

147. To this end the Credit Union will appoint a Training Officer, whose responsibilities will include:

- a. Reviewing the training needs of all officers and volunteers involved in the Credit Union on a bi-annual basis, and arranging appropriate training courses to address any learning deficiencies.
- b. Developing and delivering training courses to meet the needs of those involved in the Credit Union, and arranging training for delivery by external agencies as appropriate.
- c. Developing and delivering introductory training courses for new volunteers and new members of the Board within the first six months of joining the Board.
- d. Monitoring changes in legislation, developments in the Credit Union movement, or the Credit Union's internal policies or practice, bringing such changes to the attention of the Board and other relevant committees, and arranging or delivering training courses in relation to these changes.
- e. Attending training courses with external agencies, including other Credit Unions, to review organisational practice and to ensure the Credit Union is operating to the highest possible standards.
- f. Reporting to the Board on a regular basis on the courses and training undertaken by committee members and volunteers and on those individuals who need additional training.
- g. Recording the details of all courses and training received by individuals and logging this information on their personal file.

148. The Board will ensure that funds are raised both from internal and external sources and allocated to assist in the training of new officers and volunteers.

149. The Board will review its training needs at least annually, based on a report from the Training Officer, and will determine the minimum level of training acceptable for volunteers and committee members to carry out specific functions.

150. The Training Officer will be responsible for ensuring that detailed training records are maintained for all volunteers and committee members and will notify relevant individuals and the Board when refresher training and additional specialist training is needed.

### Arrangement for Succession

151. The Board will be responsible for ensuring that suitably trained deputies are in place to carry out the roles of Chair, Secretary, Treasurer, Assistant Treasurer and Money Laundering Reporting Officer, in their absence.

### Information Technology

152. The ACU recognises that the skilful use of Information Technology has a valuable part to play in:

- a. Providing the Board and the committees of the Credit Union with timely and accurate information at reasonable cost.
  - b. Reducing the amount of paper-based records required to be held and to increase the efficiency and level of service to members.
153. The Board will ensure that all systems are maintained to a high standard and that the Credit Union will comply with the requirements of the Data Protection Act.
154. Software written specifically for credit unions will be used. All officers responsible for data entry and updates will be properly trained.
155. To protect against fraud and to ensure confidentiality the software will be required to have at least three security access levels:
- a. Level One provides full access to the information. The password will be known by the Treasurer, the Assistant Treasurer, and by other designated officers on the authority of the Board.
  - b. Level Two is for transactions and member account changes. The password will be known by those officers responsible for entering data for new members and from collection sheets.
  - c. Level Three is for viewing and printing reports. The password will be known by all members of the Board, the Credit Committee and Supervisory Committee and appropriately trained volunteers, for viewing account balances and checking details.

#### **Disaster Recovery**

156. The ACU Disaster Recovery procedure includes the transfer of data held on paper records to a Cloud based electronic system (BACUS). Also that hard copy documents are electronically scanned into the BACUS system. This practice allows the recovery and retrieval of ACU records by authorised ACU personnel in the event of a disaster.

Procedures are set out in Annex 8

#### **Business Continuity**

157. In order to ensure the continued operation of its activities in the event of an unforeseen interruption, the Board, through its officers, will be responsible for ensuring the Credit Union meets its statutory requirements and that all reasonable measures are taken.

158. An alternative site will be designated by the Board for operations in the event of the Credit Union's premises being out of operation as a result of fire or other serious incident.

Procedures are set out in Annex 8

159. Discussions will be held with all relevant partners on at least an annual basis to ensure that these measures remain effective. The Credit Union IT Specialist will present a review of these arrangements to the Board annually for confirmation.

#### **Complaints Policy**

160. A complaint is any expression of dissatisfaction, whether written or oral, about a service that the ACU has provided, or failed to provide, and which has resulted in a financial loss, distress or inconvenience or the potential for such loss or inconvenience to occur.

161. The ACU asserts its right to make appropriate decisions about any area of its operations in accordance with the Rules and the Policies and Procedures Document.

162. Complaints can only be made by:

- a. A Credit Union member or Junior Saver, a potential member or potential Junior Saver, a former member or former Junior Saver.
- b. A nominated beneficiary or personal representative of (a) above.
- c. A business with which the Credit Union has dealings.

Procedures: Details of the agreed complaints procedures are set out in Annex 9 Complaints Procedure

163. If a complainant is still dissatisfied following receipt of the final response, the complainant may appeal to the Financial Ombudsman Service (FOS) within six months of the final response from ACU. The Credit Union will co-operate with any investigation by the FOS.

### **Equal Opportunities**

164. The ACU is committed to ensuring that all members are treated fairly and valued equally, and that all laws and regulations relating to discrimination and complementing the common bond of Adventism are followed. The Credit Union's policies will be governed by this commitment in dealing with its own officers, volunteers, members and with all those with whom the Credit Union has contact or dealings.

165. The Equal Opportunities policy and principles, complementing the common bond of Adventism will apply to all members, and the ACU will do its best to provide an example of good practice to the Adventist community.

166. The Credit Union will oppose discrimination against any member specifically on grounds of race, ethnic origin, disability or impairment, gender, or on any other unjustified grounds which does not comply with the ethos of the Adventist common bond. No-one, whether member, volunteer, or official of the ACU will receive less favourable treatment, or will be disadvantaged by unjustifiable requirements or conditions.

167. Where discrimination occurs, members have the right to appeal through the Board and retain the right for further appeal.

### **Death of a Member**

168. On the death of a member, when deciding on the allocation of the member's savings, the Credit Union will be guided by the following requirements:

- a. The production of an original death certificate.
- b. Evidence of the appointed Executor of the deceased's Will
- c. Evidence of the deceased's nominated Beneficiary, as shown in documents held in the ACU files.

Procedure: An extract from the current version of the UKCU guidance is attached as Annex 10.

# Annex 1: Procedures for Volunteers

## Recruitment

1. Vacancies for volunteer positions will be advertised on the ACU website, and through third parties throughout the common bond area.
2. All vacant positions will have a job description and person specification.
3. All potential volunteers will be required to complete the Volunteering Application Form.
4. All potential volunteers will be directed to the ACU Secretariat who will respond within five working days to enquiries.
5. All potential volunteers will be interviewed by a Board member and selected on the basis of their skills, experience and time to fulfil the post requirements.
6. References will be taken up prior to a person being appointed where the handling of personal data is required.
7. It is the responsibility of the Secretariat to check references.
8. The Secretariat is responsible for updating details on the database of volunteers.

## Management and Support for Volunteers

1. A single database of volunteers will be maintained.
2. A training session will be held at least every twelve months for all volunteers.
3. It is the responsibility of the Secretariat to ensure that the volunteer has the right induction support for them to carry out their role effectively.
4. Volunteers can access regular updates on credit union news from the ACU website.
5. Volunteers will be able to use the ACU email address for ACU correspondence.
6. Reasonable volunteer expenses will be payable.

## Annex 2: Procedures for New Members

1. Volunteers signing up new members should follow the procedures below. These procedures are necessary to ensure that applicants are eligible to join the ACU, and the Credit Union's money laundering policy is being followed:
  - a. Accept and check that the Application Form is fully completed, signed and dated.
  - b. Check that applicant's details comply with eligibility for membership.
  - c. Check documentation for ID – A minimum of two documents is required.
    - One document to prove identity – see below for list of acceptable documents.
    - One document to prove address – see below for list of acceptable documents.

*Note: if a document is being used for identity it cannot also be used for the address and vice versa.*
  - d. Copy the identification documents and annotate each copy to indicate you have seen the original documents.
  - e. Request from the applicant a copy of the completed ACU Standing Order mandate form.
  - f. Explain that a Welcome Pack and membership number will be sent to the applicant usually within ten working days.
2. If the original identification documents have been seen, then the volunteer should endorse, sign and date the copies to say that the originals have been seen. If the original documents have not been seen, documents already received from the applicant will be held by the Secretariat until the original ID is received.
3. If an applicant is unable to obtain and present the documents required, the credit union can normally find an alternative way to establish the identity and/or address eg we could accept a letter from a third party who is in a responsible position and who knows the applicant.
4. New members can also join by post, by sending the completed application form (available on our website or from Secretariat) and original ID directly to the credit union.
5. There is a minimum joining fee of £15 for each adult applicant. £5 of the fee is for administration and £10 serves as the applicant's opening Share Account balance. The applicant may, if they wish, open their Share Account with an amount more than the minimum £10. Junior Savers are not charged the £5 administration fee.

### Foreign Nationals

6. Passports from European Union (EU) or European Economic Area (EEA) countries do not need to be accompanied by a visa (*this policy will be reviewed once the UK is no longer an EU member*):  
EU Countries: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Gibraltar, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom.  
  
EEA Countries: Norway, Iceland, Lichtenstein, Switzerland is treated as if it were an EEA country.
7. Passports from countries other than EU or EEA countries should be accompanied by a valid and unexpired visa. Volunteers should photocopy the visa, date and sign copy of the visa to certify they have seen the original, and send it to the Secretariat with copies of other documents.



### **Other procedures for new members**

8. There is a separate application form for junior accounts (under 16) and there are special arrangements for establishing ID and address – for applicants under 16, an original birth certificate is acceptable. We will also need a letter from a parent or head teacher.
9. Some applicants may have different names on their passport from that shown on other Identification documentation. In such cases a marriage certificate or other change of name documentation will be required to link the current name with the name by which the applicant was previously known.
10. The Board of Directors has delegated approval of membership to the Secretariat, but reserves the right to refuse an application. Should the Board of Directors decide to reject an application, any shares deposited will be refunded.

### **ID requirements**

1. The Credit Union exists so that people who live or work in the common bond area can support each other, saving their money together and lending it to each other at affordable rates of interest. Obviously, in an area as large as ours, we do not all know each other personally, so it is important we can verify that people are who they say they are. We also have to comply with money laundering regulations.
2. We therefore need to see at least two documents, one to prove identity and one to prove address. (Please see paragraphs 3,4,5,6 below).
3. Identification documents should contain a current photo ID issued by an appropriate authority. For example:
  - Current signed Passport (with valid unexpired visa for non EU or EEA countries)
  - Current driver's licence with photo
  - Current EU National Identity Card
  - HM Forces ID Card
4. If you do not have ID as above, please provide two other forms of ID from the list below:
  - National Insurance card
  - Current driver's licence (paper)
  - Benefit book
  - Recent letter from the Benefits Agency confirming rights to benefits
  - HMRC tax notification
  - Employee ID card
  - Blue disabled parking badge
  - Any one document from the list below if not being used to prove address together with any document from the list above.
5. Documents accepted as proof of address include:
  - Current driving licence (if not being used to prove identity)

Or any of the following documents (if less than three months old)

- Utility bill (not mobile telephone)
- Bank or Building Society account statement
- Pension statement
- Local Authority rent card or tenancy agreement
- Mortgage Statement

- Current TV Licence
- Pay slip addressed to home address
- Solicitor's confirmation of house move
- Landlord's confirmation tenancy agreement
- Tenancy Agreement

6. Additional documents may be required eg a marriage certificate to verify any change in name.

7. Documents that are not acceptable include:

- Bus Pass
- Rail Card
- Library Card
- Credit or Debit Card
- Birth Certificate (unless applicant is under 16 years of age)

We understand that not everyone has the forms of identification we need. If prospective members are unable to provide this documentation or are unsure which documents will be acceptable, they should contact the Secretariat for advice.

## Annex 3: Procedures for Information Points

An Information Point will offer the following minimum services to members:

- Access to a computer with online access to the ACU website
  - Provision of information and assistance to join, save and borrow
  - Access to information on policies and procedures.
1. An Information Point will be open at all times advertised. Ideally two ACU personnel should be present, however they can operate with one person.
  2. There will be a designated Board member responsible for Information Points. They will be responsible for organising a rota of volunteers to ensure that Information Points are open at all advertised times.
  3. If one of the designated personnel fails to show, the other person who is present should notify the Information Points Board member.
  4. The role of ACU personnel at Information Points is to provide advice on the ACU, to encourage people to join, save and borrow. The specific tasks will include
    - a. Dealing with enquiries about membership and helping people to join. This includes processing membership applications (see procedure for new members), informing people how to join by post, and communicating the benefits of membership.
    - b. Helping members to save. This could be through advising members on the different saving methods available to them and communicating the benefits.
    - c. Helping members to borrow. This could be through helping members to complete a loan application form online or in hard copy, and advising them of interest rates and benefits.
    - d. Helping members to access other services such as the online members' area, special offers or getting more involved.
  5. All ACU personnel will be provided with access to a computer and online access to the ACU website at an Information Point in order to provide members with accurate up to date information.
  6. ACU personnel are asked to encourage members to use the online members' area in the first instance, and only use hard copy forms where necessary. Online access helps members manage their accounts independently and allows quicker and more efficient processing.
  7. ACU personnel who agree to cover Information Points are responsible for attending at the times they have agreed and providing adequate notice where they are unable to do so. Where possible, Information Point personnel should try to arrange cover if they are unable to attend.
  8. List of hard copy items to be held at Information Points:
    - A copy of this Policies and Procedures manual
    - Leaflets
    - Loan Application form
    - Loan Application guidance
    - Membership Application form
    - Standing Order form

- Share Withdrawal form
- Change of address form
- ACU FAQ sheet
- Compulsory notices for display (Money Laundering and deposit protection)

#### **Partnership Information Points**

9. To encourage new members to join the credit union, other organisations and community groups will be asked to provide and display information about the ACU (eg SDA churches).

## **Annex 4: Share Withdrawal Procedures**

1. Share withdrawal requests can be made by downloading the Share Withdrawal form from the ACU website or obtaining a hard copy form from the ACU Secretariat.
2. Once members return completed Share Withdrawal forms to the ACU, they will be dealt with by the ACU Treasury department.
3. The Treasury department will process the Share Withdrawal form and prepare BACS payment instructions.
4. If a cheque is required it will be forwarded to members or to Information Points for collection, as required.
5. Once payment has been made, the Treasury department will forward the processed Share Withdrawal form to Secretariat for filing.
6. Withdrawals are not permitted for members in arrears on their account, or for any member with an outstanding loan greater than the value of their shares, but share to loan transfers are permitted.

## Annex 5: Loan Procedures

1. No loan will be issued without completed Loan Application and Loan Agreement Forms. A list of the current Rules and clear description of how to fill in the application form is provided to each member when they apply for a loan.
2. Loan applications are considered at least once a month and more frequently as necessary by the Chair of the Credit Committee, and meetings of the Credit Committee. All loans for over £2,000 net exposure will be considered by the Credit Committee at its monthly meeting, or by exchange of email in advance of the monthly meeting.
3. The target turnaround for loan applications is 14 days from application to cheque issue, except where the loan falls outside the Loans Policy, where it will need to be submitted to the Board of Directors for approval. A member should place no reliance on receiving payment in advance of this period.
4. Applicants may be asked to meet with the Chair of the Credit Committee should further information/clarification be required prior to a decision being made.
5. The Chair of the Credit Committee first considers all applications between £350 and £2,000 net exposure. If the application complies with the Credit Union Rules and the risk of default is considered small, the Chair of the Credit Committee has delegated authority to approve the application. In the event that the application does not comply the Chair of the Credit Committee will advise the applicant and attempt a settlement which will comply with the Rules.
6. In the event that there is not a settlement to the applicant's satisfaction the matter will be referred to the Credit Committee for further consideration and the applicant will be advised of the situation.
7. The Chair of the Credit Committee will access the member's records on the computer system in order to verify data supplied by the loan applicant.
8. The Credit Committee will meet on a regular basis (suggested as once a month) to review all loans approved to ensure the integrity of the system is being maintained. In addition, Credit Union Solutions will consider a report on loan arrears from the Credit Committee on a monthly basis.
9. All Loan Agreement forms must be signed by the Chair of the Credit Committee and one other member of the Credit Committee.
10. All loans which fall outside the Loans Policy (including loans over £7,000), will be submitted to the Board of Directors for approval.

## **Annex 6: Procedure for Dealing with Loan Arrears**

1. If a payment due is not received, then the loan repayment due will be deducted from shares on the authorisation of the Board of Directors provided the ratio rule is not breached.
2. The list of loans in arrears (delinquent loans) will be considered by the Delinquent Loans Officer (DLO) and Credit Union Solutions at least once per month.
3. If any loan is more than one (1) month in arrears (excepting those in arrears because of regular scheduled payments arriving a few days after the end of the month), the DLO will contact the members listed in the delinquency report, and report his/her findings back to the Credit Committee Chair and Credit Union Solutions.
4. After two (2) months' arrears, and no attempt at repayment, the DLO will send the first formal arrears letter to the member. A copy of this letter will be retained on file. Information on how to contact local debt advisory services will accompany this letter. The member will be encouraged to discuss options for repayment with Credit Union Solutions. If the member does not respond to the first letter within one month, a second arrears letter will be issued. This letter will warn the member of the ACU policy to refer all defaulters to solicitors. A copy of this letter will be retained on file.
5. If there is no response to the second arrears letter within 14 days, solicitors' action will be taken.
6. All members who are three (3), or more, months in arrears with their loan repayments will be liable to solicitors' action.
7. Members who are in arrears shall be liable for all expenses incurred by the ACU in the recovery of its bad debt.
8. Members can be expelled from the credit union if they default on a loan or continually refuse to honour a debt. (See ACU Rule Book, Rule 11)

Throughout this Annex part payment of a due amount will be treated as a 'response', and solicitors' action delayed, but the member will continue to be treated as in default.

## Annex 7: Procedures of the Supervisory Committee

1. Unlike all other procedures, these are established by the Committee independently of the Board of Directors.
2. The Supervisory Committee will ensure that eight essential checks are carried out as part of their Internal Audit Function. These are:
  - a. Nominal Ledger trial balance.
  - b. Bank reconciliation: to check bank statement and report discrepancies to the Board of Directors.
  - c. Share and Loan Listing: a check of members' share and loan balances will be carried out on a regular basis.
  - d. Financial Report: verify that the report is accurate and promptly prepared at the end of each month and every quarter, verify the Quarterly Return to the Prudential Regulatory Authority (PRA).
  - e. Loan documentation and verification: spot check of loans throughout the year. A 100% check to be carried out during the financial year.
  - f. Inspection of Board Minutes.
  - g. Delinquency: a check will be carried out on members' records to see that the Delinquency Policy is being implemented by the Board.
  - h. Disbursements: all disbursements will be checked for proper authorisation and accompanying invoices.
3. Evidence of findings made during the audit will be recorded and retained, and should include information about who undertook the audit work, how it was controlled and supervised and any conclusions reached.



# **Annex 8: Procedures for Disaster Recovery and Business Continuity**

## **1. Records held at Conaccess Ltd**

- a. The ACU disaster recovery procedures are contained in a document entitled 'Computer and Information Security and Safety' and dated ....., a copy of which is stored at Conaccess Ltd. The Chairperson, Secretary and Vice-Chair with special responsibility for IT hold copies of this document.
- b. Automatic daily back up is provided for all electronic data, including the computer system.

## **2. Paper Records held at ACU Secretary Residence**

- c. Members' files stored as paper records are scanned into the BACUS cloud system and therefore are included in the above procedure (see a. and b. above).

## **3. Records held at Hyland House School**

- d. In the event of damage or loss of premises through fire, flood or other disaster, officers will oversee the transfer of equipment, paperwork, records to other premises.
- e. Should equipment be damaged or destroyed as a result of a disaster, officers will seek advice on the replacement of equipment from the Credit Union's insurers and will ensure that any essential items are acquired within 48 hours.
- f. Should paper records be damaged or destroyed as a result of a disaster, where appropriate, records will be restored from computer held information. Should it prove impossible to replace information in this way, where possible, members will be asked to provide duplicate information, which will allow a partial reconstruction of the records.
- g. If the computer is stolen or becomes damaged there is the facility to use other computers to access data.
- h. In the event of a disaster at one of the Information Points, officers will discuss with representatives of the affected Information Point and other community organisations the feasibility of transferring the service elsewhere on a temporary basis. Information about any such change of location will be communicated to ACU members via text message.
- i. Should there be disruption to the electricity, water or telephone supplies at Hyland House School the Credit Union will expect to be informed of such disruption by Hyland House School and will take any necessary action to protect its equipment and records, or transfer information to other premises until the reconnection of services.
- j. In the event of death, serious injury or long term sickness of key personnel, the Secretary or Assistant Secretary will contact other officers as a matter of urgency to agree how the operational activities can be maintained in the short term, and will arrange a special Board Meeting to agree a longer term strategy. Alternates for the following posts will be designated in advance: Chair, Treasurer, Assistant Treasurer, Secretary, Credit Committee Chair, Money Laundering Officer.

#### **4. Officer Responsibility**

- k. Each officer or volunteer of the ACU who use their own equipment for credit union work, is personally responsible for the safety of the equipment, back up of files and confidentiality of data. Should their equipment be lost, stolen or damaged, they are responsible for the equipment's replacement or repair.
- l. Officers and volunteers given computer passwords for access to the ACU on-line system (BACUS), are responsible for keeping their passwords confidential.

## **Annex 9: Complaints Procedure**

1. A complaint can be received at any place where the ACU conducts business and can be received by any officer or volunteer. Complaints can be made in writing to: The Complaints Officer at Adventist Credit Union, c/o Hyland House School, Holcombe Road, Tottenham, London N17 9AD. Or sent via email: info@adventistcreditunion.co.uk. Members are also able to complain orally via telephone number 07930 854730, or in person to any ACU officer or volunteer.
2. The person receiving the complaint shall complete a Complaints Form in full and pass this to the Complaints Officer. The Complaints Officer will log the information in the Complaints Register and supply copy to the Chair of the Supervisory Committee.
3. The Complaints Officer will be responsible for action on, and investigation of, all complaints unless they are the subject of the complaint, when the Chair of the Supervisory Committee may delegate a suitable individual, not involved in the complaint, to action and investigate the complaint.
4. Appropriate actions will be taken to identify and remedy any recurring or systemic problems as well as any specific problem identified by a complaint.
5. Records of all complaints taking longer than one work day to resolve will be kept for a period of three years by the Complaints Officer. He/she will also send a written annual report to the FCA on the amount and type of complaints dealt with by the Credit Union.

### **Responding to Complaints**

6. Within a day: the aim is to resolve complaints to the complainant's satisfaction by the end of the next working day after the complaint has been received. Complaints resolved in this time period will not be included in the annual report to the FCA and need not be kept for three years.
7. Within seven days: If the complaint cannot be resolved quickly, an acknowledgement will be sent to the complainant within seven days of receipt of the complaint and will include the name of the person handling the complaint and a copy of the ACU's internal complaint handling procedure.
8. Within eight weeks: If still unresolved within eight weeks of receiving the complaint, the ACU will send the complainant a final response, or a response which explains the delay, and advises the complainant when a final response can be expected.
9. The complainant will be asked whether they are willing to extend the time for the investigation to be completed. The complainant will be advised that if they are dissatisfied with the delay they can refer the complaint to the Financial Ombudsman Services (FOS). A copy of the FOS leaflet will be included in the response.
10. A final response will include a summary of the complaint and the investigation; the Credit Union's views on the issues raised in the complaint; an acknowledgement by the ACU if it has been at fault, and details of redress or offer made to settle the complaint. Reference will also be made to the complainant's right to refer to the FOS if they remain unsatisfied.
11. The ACU will:
  - a. Ensure all complainants receive an apology where appropriate.
  - b. Seek to improve its service to all members as a result of complaints received.

# Annex 10: Extract from the UKCU advice on the death of a member

## Introduction

1. This information sheet has been compiled using legal guidance from a lawyer experienced in Industrial and Provident law. However, it must be stressed that this is not a definitive statement of the law and members are advised to seek legal advice if in any doubt over individual cases.
2. On the death of a member of a credit union, the member's shares and any other accounts within the credit union form part of his or her estate, unless the member has completed a nomination form.

## Nomination

3. A member may nominate any person, or persons, to whom any of their property in the credit union at the time of their death shall be transferred. Under section 23 of the Industrial Provident Societies Act (IPSA) 1965, the nomination can apply to up to £5,000 of the whole, or such part or respective parts as may be specified in the nomination, of any property in the credit union.
4. Section 23(4) of IPSA states "Every registered society shall keep a book in which the names of all persons nominated shall be recorded." The ACU complies with this statement by keeping hard copy and electronic records of members' nominations.

## Definitions

5. An understanding of the following terms will assist credit union officers in dealing with deceased accounts and enable them to help members:
  - Estate – The total of the deceased person's assets, including bank and credit union deposits, insurance claims, house, personal effects and any liabilities due upon death.
  - Testate – Having made a Will.
  - Intestate – Not having made a Will.
  - Personal Representative – Either the Executor's name on the Will or the person administering the estate if there is no Will.
  - Executor – Person appointed by the Will to administer the estate.
  - Administrator – Person appointed by the courts to administer the estate.
  - Grant of Probate – Issued where there is a Will; confirmation of the estate and Executor(s) name in accordance with the Will.
  - Letters of Administration – Similar to Probate but issued where there is no Will. Administrator(s) named to administer the estate.
  - Grant of Confirmation – Issued by the Sherriff's Court in Scotland to identify Executor(s) regardless of whether there is a Will or not.

## **Payment of funds**

6. Before disbursing the deceased member's funds, the credit union should take a copy of the original death certificate in the first instance.
7. In order to confirm whether the claimant is entitled to the proceeds of the account, the credit union should check whether a nomination is in place. It is a requirement under the IPSA 1965 for credit unions to maintain a record of all nominations and revocations or variations in them, so that the credit union should refer to their register to establish whether there is a current nomination in place.
8. Where there is not a nomination in place, current testacy law prevails. The value of the estate and whether there is a Will or not will determine how, and to whom, the funds will be payable.
9. In England and Wales where the value of the estate is under £5,000, it may not be necessary to obtain Grant of Probate or Letters of Administration. In Scotland the limit is £30,000 before needing to apply for Grant of Confirmation. (These figures are subject to change and should be re-checked when a claim is made).
10. The credit union should, therefore, establish in what capacity the claimant is seeking payment and whether or not there is a Grant of Probate/Letters of Administration or Grant of Confirmation.
11. Life Savings insurance will count towards the value of the estate unless it has been specifically provided for within the nomination form/clause.
12. The credit union has the right to set-off in the case of death, so may set-off shares or loan insurance against any outstanding loans prior to disbursing the remaining funds.

### **Where a nomination is in place and the value of shares is under £5,000**

13. Where the credit union holds a nomination form from the deceased account holder and the value of shares is less than £5,000 the funds (less any outstanding loan) should be paid to the nominee.
14. The credit union will adhere to the following procedure:
  - Take a photocopy of the original death certificate.
  - The nominee should be required to provide proof of identity in a similar fashion to the credit union's process for identifying new members.
  - It is wise for the credit union to ask the nominee to sign an indemnity to confirm that the funds are being claimed by the rightful person.
  - The nominee should state his or her relationship to the deceased and confirm whether he/she is a current member of the credit union.

The Industrial and Provident Societies Act 1965 states that a member may nominate any property in the society (whether in shares, loans or deposits or otherwise) at the time of his/her death. Therefore the proceeds from Life Savings insurance should be included in the figure when calculating the amount and to whom the proceeds are payable. ABCUL recommends that the Credit Union membership form or nomination form clearly specifies this and sample wording is provided.

15. If the nominee qualifies to become a member of the credit union he/she may transfer the shares into a credit union account in his or her own name. Such payment can only be transferred provided that the amount in the nominee's account remains below the statutory threshold. Any balance in excess of the statutory maximum shareholding should be paid in cash.
16. If the nominee does not qualify for membership of the credit union, payment should be made to the nominee in cash or cheque.

17. There may be occasion where the member's shares are less than £5,000 but when the Life Savings cover is included the figure exceeds £5,000, in which case only the first £5,000 is payable within the nomination terms. The balance forms part of the estate and should be paid according to relevant testacy law.

**Where a nomination is in place and shares exceed £5,000**

18. If there is a nomination form recorded and the value of shares exceeds £5,000, the credit union should make payment of the first £5,000 to the nominee in line with section 1 above. The balance will form part of the deceased's estate and the credit union should then proceed with the process described in sections 3 and 4 below dependant on the value of the estate.

**Where there is no nomination recorded and the estate is under £5,000 in England and Wales or £30,000 in Scotland**

19. As a general rule, no shares should be transferred or monies paid out without sight of Grant of Probate, Letters of Administration or Grant of Confirmation. However, there is an exemption from seeking these documents if the estate of the deceased is no more than £5,000 in England and Wales and no more than £30,000 in Scotland. (Amounts vary from time to time and the correct figure should be checked at the point of claim).

20. When someone dies without leaving a Will, dealing with their estate can be complicated, mistakes can be made in this area if the rules of Intestacy are misunderstood and it should not be assumed that all of the estate will automatically go to the surviving spouse or immediate next of kin.

21. The following steps should be taken where the estate is below the above thresholds and there is no nomination:

- Take a photocopy of original death certificate.
- If there is a Grant of Probate, Letters of Administration or Grant of Confirmation in Scotland, take a photocopy and make payment to the named Personal Representative(s) as shown in that document.
- Where Grant of Probate, Letters of Administration or Grant of Confirmation has not been applied for, the credit union should seek to establish that the claimant is legally entitled to receive payment of the funds. It is wise for the credit union to obtain a completed indemnity form confirming that the claimant is not aware of any other executor, administrator or other person that has legal claim to the estate. As a further safeguard, the indemnity form should be signed by the person making the claim before a solicitor or Commissioner for Oaths.
- The claimant must satisfy standard identification procedures to establish that they are who they claim to be.

**Where there is no nomination recorded and the estate is over £5,000 in England and Wales or £30,000 in Scotland**

22. If the value of the estate is above £5,000 in England and Wales or £30,000 in Scotland, then the exemption for small estates will not apply and payment should be made to the legal Personal Representative(s) as given on the Grant of Probate, Letters of Administration or Grant of Confirmation.

23. The following steps should be taken where the estate is above the small estates threshold and there is no nomination:

- Take a photocopy of original death certificate.

- Take a photocopy of the Grant of Probate, Letters of Administration or Grant of Confirmation in Scotland and make payment to the named Personal Representative(s) as shown in that document.
- The claimant must satisfy standard identification procedures to establish that they are who they claim to be.
- Obtain completed indemnity form confirming that the claimant is not aware of any other executor, administrator or other person that has legal claim to the estate. The indemnity form should be signed by the person making the claim before a solicitor or Commissioner for Oaths.

#### **What to do if funds are not claimed**

24. In rare circumstances the credit union may have knowledge that a member has died but nobody has come forward to claim the funds held on behalf of the deceased. In these circumstances the credit union should place the funds into a suspense account and contact one of the following:

##### **In England and Wales**

25. Assets that remain unclaimed become 'bona vacantia' and pass to the Crown. The Bona Vacantia Division of the Treasury Solicitor's Department administers the estates of persons who die intestate without known kin, and collects the assets of dissolved companies and failed trusts. Contact the Bona Vacantia Department of the Treasury Solicitor at Treasury Solicitor 9(bv), 1 Kemble Street, London WC2B 4TS. Tel: 020 7210 3116/7 or visit [www.bonavacantia.gov.uk](http://www.bonavacantia.gov.uk)

##### **In Scotland**

26. In Scotland bona vacantia refers only to the assets of dissolved companies and lost property. The separate doctrine of ultimus haeres states that the assets of those who die intestate leaving no other person entitled to inherit pass to the Crown. Both of these rights, together with treasure trove, are administered by the Queen's and Lord Treasurer's Remembrancer, an office held by the Crown Agent, the senior official in the Crown Office and Procurator Fiscal Service (COPFS). The Commissary Office of the local Sherriff Court should be contacted at [www.copfs.gov.uk](http://www.copfs.gov.uk)

#### **Dealing with Objections**

27. Credit unions will no doubt be asked why there is so much paperwork. The main reason is to protect the credit union from a claim by a person with a better entitlement than one to whom a payment has been made earlier. The sample indemnity will offer some protection and gives the credit union a right to recover monies from a payee in the event that an executor or other person with a better claim to the money should appear and claim the funds from a deceased person's credit union account. A credit union will have to use its discretion to balance protecting itself and its members against the understandable wish to be helpful and sympathetic to bereaved relatives and others.

# **Annex 11: A guide to the use of personal information by Adventist Credit Union**

## **Introduction**

1. The confidentiality of all financial and personal information about members and their accounts is guaranteed by the Credit Union Board of Directors and by its policies and procedures. All officers and volunteers with access to such information have signed a confidentiality statement. We are signed up to the requirements of the Data Protection Act via our annual subscription to the Information Commissioner.
2. The following paragraphs explain in what circumstances and to which organisations we might pass on your personal and financial information to others, as permitted or required by law.

## **New Members**

3. When you apply to us to open an account the ACU may check the following records about you:
  - Our own records
  - Photograph identification
  - Address confirmation
  - Endorsement by church Pastor/church clerk

## **Loan Applications**

4. When you make a loan application to us we may check the following records about you and others (see 5. below):
  - Our own records
  - Current payslips
  - Current bank statements
  - Those at Fraud Prevention Agencies (FPAs). We will make checks such as; verifying identities to prevent and detect crime and money laundering.
5. If you tell us that you have a partner, spouse or financial associate who is also a member, we will link your records together, so you must be sure that you have their agreement to disclose information about them.
6. If you give us false or inaccurate information and we suspect or identify fraud we will record this and may also pass this information on to FPAs and other organisations involved in crime and fraud prevention.
7. If you have borrowed from us and do not make payments that you owe us, we will trace your whereabouts and recover debts.
8. We and other organisations may access and use from other countries the information recorded by FPAs.



9. Your data may also be used for other purposes for which you give your specific permission or in very limited circumstances, when required by law or where permitted under the terms of the Data Protection Act 1998.
10. We will from time to time send you by email or post information on new products and services. You can choose not to receive such material by contacting us on Tel no. 07930 854730.
11. You have the right to access certain records held about you. Please contact us for more information.
12. Further information on how the FPAs use your personal information can be obtained by contacting them directly at Equifax Plc, Credit File Advice Centre, PO Box 3001, Bradford BD1 4US or call 0870 010 0583. They may charge a small fee for this information.

### **Money Laundering Act**

13. All credit unions are required to have a Money Laundering Reporting Officer (MLRO), who is usually a Board member. Financial transactions such as very large cash deposits or unusual activity on members' accounts, must, by law, be reported in confidence by our officers and volunteers to our MLRO.
14. In turn the MLRO must decide if the report is serious enough to warrant onward reporting to the Serious Organised Crime Office (SOCO). Any such report is confidential to the MLRO and is not known or reported to other Board members or to any of our officers or volunteers. In most cases no further action will be taken by the credit union and the member concerned will not be informed of any such referrals.

### **Data Protection Privacy Notice**

15. The Adventist Credit Union recognises individual concerns about how your personal or financial information is dealt with by us. This privacy notice sets out how we deal with this information and how and when it may be shared with others. We may change this notice at any time in the future.
16. It applies to information we collect about: - People who apply for and use our products and services – example: current members, and other customers. - Other people we deal with in the course of delivering our services, example: current and former volunteers and contractors, Visitors to our website.
17. We have to hold your details to allow us to process your application or request for services and then to provide them and ensure that we are able to carry out our responsibilities. For example: as a member, we will hold the details which we obtain from you at the outset of your membership and records concerning share deposits and loan repayments and your conduct in relation to your membership.
18. This information will be retained once we stop providing services to you for so long as it is considered necessary or for a maximum of 5 years after you stop being a member.
19. Any volunteers, contractors, or organisations and people working on our behalf may have access to this information.
20. There are other types of information that apply in special cases, including: - medical, health and care details - Other agencies that may be helping you - Complaints - Records of anti-social behaviour or criminal activities - County Court Judgements (CCJ's) - Insolvency services. Most of the above information we hold concerning you comes directly from you, as we get most of it from your

application form or other forms we ask you to complete, or from when you contact us. We will often give you more details about how we will use your information on documents that we ask you to complete or sign, or when we write to you.

21. We may use your details to provide you with information about other services which may be of interest to you and we may contact you about these by post or telephone. We may contact you by electronic means (example: email or text messaging) only if you have provided us with your electronic contact details for this purpose.
22. We may use banking, financial information and fraud prevention agencies to help us make decisions. How we use your information is detailed in our guide to the use of personal information, above.
23. General Data Protection Regulation, Page 10 - Your Rights - The Data Protection Act 1988 states that you have a right to request a copy of the information we hold about you. The GDPR states that you can access this information for free – however, there may be a fee charged for unfounded, repetitive or excessive requests, or requests for the same information already provided, you will be informed of the cost at the time of application.
24. We must provide you with a copy of your information within one calendar month of the request. We can delay this for up to a further 2 months for complex or numerous requests. If we do this we must inform you about it and give you an explanation about the delay.
25. You have a right to ask for any information we hold to be corrected if it is inaccurate or incomplete.
26. If we have shared your information with a Data Processor (third party) we must also inform them of the rectification.
27. You have the right to block or restrict the processing of your personal data.
28. We have 'lawful rights' to hold certain personal data about you, but we are not allowed to further process that data once we have been asked to restrict it.
29. You have the right to ask that your personal data be erased, if we no longer have any 'lawful rights' for keeping your data then we will adhere to your request.
30. You have the right to request that we do not use your personal data for marketing purposes. You can exercise your right to prevent such processing by ticking certain boxes on the forms we use to collect your data.
31. You can also exercise the right at any time by contacting us at:

The Adventist Credit Union Ltd  
c/o Hyland House School  
Holcombe Road  
Tottenham  
London N17 9AD