

## St Michael's Pre-school

### Internal Financial Controls for Charities

Providers must evaluate the charity's performance against the legal requirements and good practice recommendations set out in the Charity Commission's guidance on internal financial controls for charities.

## Finance

### 6.3 Managing the risks of financial crime and abuse

#### Policy Statement

St Michael's Pre-school is run as a not-for-profit charity that provides Early Years Childcare. The financial health and stability of St Michael's Pre-school is essential to the success of the pre-school and its longevity. The Pre-school must ensure that all trustees and staff are aware of the risks of financial crime and abuse and why the charity may be at risk.

Trustees carry out an annual review of internal financial controls.

#### Why is the charity at risk from financial crime and abuse?

Financial crime may occur within a charity, carried out by someone involved in or connected to it, or the charity may be the victim of crime committed by external individuals or criminal networks.

#### Where is the Fraud Risk?

- **Staff and volunteer fraud** - Fraud committed by someone involved with the charity, whether a trustee, an employee or volunteer who diverts money to themselves.
- **Fundraising fraud** - Asking for donations from a genuine charity but keeping the money, collecting sponsorship for an event not undertaken and keeping the sponsorship.
- **Online fraud** - Criminals accessing websites to steal donor information, personal information and bank card details, phishing emails requesting confidential information from the charity which is then used by fraudsters to obtain funds illegally.

- **Bribery and corruption** - Charitable donations can be a conduit for corrupt payments, a trustee could be connected to a political party or a person with a decision-making function elsewhere who requests donations made to their charity to win new clients, retain existing clients or to gain a financial advantage.
- **Organised crime** - Unauthorised fundraising in a charity's name e.g. fraudulent disaster appeal websites, hijacking a charity's bank account.

### **Preventing financial crime**

- Trustees' have legal duties to safeguard a charity's money and assets and to act prudently.
- Trustees must make sure that proper robust financial controls and procedures suitable for their charity and its activities are in place.
- Trustees and staff must act responsibly when, and in the interests of the charity, dealing with incidents of fraud and financial crime.
- Failure on the part of trustees to take reasonable and proper steps to protect the charity and its assets, such as not having suitable and proper financial controls in place, or not acting responsibly when dealing with incidents of financial abuse may be regarded as evidence of misconduct and/ or mismanagement in the administration of the charity.
- If trustees do not discharge their duties, they may be personally liable to replace any loss, be liable to criminal prosecution or be barred from being a trustee in the future.
- All trustees must ensure that they are aware of the risks their charities face, assess them objectively and take appropriate and proportionate steps to manage them in the context of their charities and what they do.

### **Anti-bribery and corruption**

St Michael's Pre-school aims to conduct all our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our dealings wherever we operate. We are also committed to implementing and enforcing effective systems to counter bribery.

All activity must:

- Be conducted without intent to bribe or corrupt

- Be reasonable and transparent.
- Not be considered lavish or disproportionate to the professional relationship.
- Must be reviewed and authorised by the committee chair.

It is unethical, illegal, and contrary to Pre-school principles and good governance to bribe or corrupt others including to:

- Offer, promise, give or authorise others to give anything of value, directly or indirectly, to any party, or to influence any Public Official or;
- Solicit or receive anything of value, directly or indirectly, from any party or;
- Offer or provide a facilitation payment (exceptions may be permitted in limited circumstances where an employee's health, safety or liberty may be at risk) to improperly obtain or retain business or otherwise gain an unfair advantage in business.

### **Gifts and hospitality**

A 'gift' is defined as any item, cash, goods, or any service which is offered for personal benefit at a cost, or no cost, that is less than its commercial value.

Parents may wish to thank pre-school staff with Christmas gifts or gifts when the child leaves the nursery. Staff members should always consider whether it is appropriate to accept a gift and whether it should be shared with the wider team. If in any doubt this should be discussed with the manager. If any gift clearly has a value in excess of £25 staff should discuss if appropriate to accept the gift with the manager, and if unsure, the committee should also be informed.

The pre-school will not accept gifts from service providers. This may be deemed as a bribe to maintain a contract. The pre-school will always remain transparent and open.

### **Legal framework**

- Charity Commission Regulatory and Risk Framework
- Bribery Act 2010

This policy was adopted at a meeting of

St Michael's Pre-school

Held on

21/09/21

(date)

Date to be reviewed

(date)

Signed on behalf of the management  
committee

A handwritten signature in black ink on a light brown rectangular background. The signature is written in a cursive style and reads "Ellena Lloyd".

Name of signatory

Ellena Lloyd

Role of signatory (e.g. chair/owner)

Committee Chair