

# Conflict of Interest and Financial Procedure

## Policy statement

The policy aim is to outline our procedures that protect Rudgwick Pre-School from financial risk and potential financial loss resulting from a conflict of interest or fraud.

A conflict of interest arises when a committee board member or staff member has a personal interest that conflicts with the interests of Rudgwick Pre-School or arise in situations where a committee board/staff member has divided loyalties (also known as a “duality of interest”). The former can result in situations that result in either inappropriate financial gain or the appearance of a lack of integrity in Rudgwick Pre-School’s decision-making process. Both results are damaging to Rudgwick Pre-School and are to be avoided.

## Procedures

The existence of this policy is to ensure that good practice is inherent within Rudgwick Pre-school with regards to any financial matters. The Committee and staff will ensure there are adequate arrangements in place to guard against fraud and theft by officers, staff, contractors and suppliers. Both Staff and Committee members agree to adhere to the actions below. Through doing so, we aim to ensure that dishonesty, malpractice, incompetence, fraudulent claims and/or reporting, poor process controls, and theft are prevented or uncovered.

## Conflict of Interest

Committee members have a legal duty to act in the Pre-school’s best interests when making decisions as a trustee, if there is a decision to be made. Where a trustee/committee member has a personal or other interest, this is a conflict of interest. The trustee/committee member will not be able to comply with their duty unless they follow the steps identified below.

Failure to do so will result in the trustee being asked to step down. If the discrepancy has been identified as illegal or contravening to the guidelines set out by the charities commission, the appropriate authorities will be notified.

## Identify

A conflict would arise where the Pre-School is considering a decision that would mean:

- i) a group or individual could benefit financially or otherwise from the Pre-School, either directly or indirectly through someone they're connected to
- ii) a committee member's duty to the Pre-School competes with a duty or loyalty they have to another organisation or person

## Declare

There is a legal requirement for Trustees to declare a conflict of interest immediately that they are aware of any possibility that their personal, or wider interests, could influence their decision-making.

- 1) We have a standard agenda item at the beginning of each Committee meeting to allow Trustees to declare any actual, or potential, conflicts of interest.
- 2) We keep a register of interests and update this if a Trustees' circumstances change and when new Committee members are appointed.

## Decide

As a committee we will then decide the nature and extent of the conflict and agree on how best to prevent the conflict of interest from affecting the decision-making by either:

1. Taking appropriate steps to manage the conflict (if it's less serious), which will usually mean that the person affected doesn't take part in discussions about the issue. They should step outside of the room whilst the matter is being discussed.
2. Finding an alternative way forward which doesn't involve the conflict of interest (particularly if the issue is serious).
3. Where we must pursue a course of action that will benefit a Trustee, we will follow any instructions on managing conflicts of interest, as set out by the Charities Commission.

### **Payment to a Trustee in relation to services provided**

In some situations, we may also need to comply with legal restrictions. e.g., If we were to pay a Trustee for goods or services outside of expenses.

Before paying a Trustee, in this case, we would follow the Charity Commission's guidance on paying Trustees for services. We would agree to:

- I. produce a written agreement between the Pre-School and the Trustee (or connected person) being paid
- II. specify the exact or maximum amount to be paid
- III. make sure the Trustee does not take part in (including listening to any discussions) any decisions made by the Committee regarding any aspect of the agreement
- IV. agree the payment is in the Pre-School's best interests and reasonable for the service provided
- V. not allow payments or other benefits to half or more than half of the Committee – the number of Trustees receiving any payment or benefit must be in the minority
- VI. make sure the Pre-School's governing document doesn't prevent us from paying Trustees for services

When deciding to pay a Trustee for services or goods, we follow our duty of care as Trustees. In practice, this means we will:

- I. be clear that the payment can be justified in the charity's best interests
  - II. identify and record conflicts of interest and prevent them from affecting the decision
  - III. use reasonable care and skill when making your decision (take legal advice if you need it)
  - IV. decide what you will do if the services or goods aren't satisfactory
  - V. keep records of discussions at meetings and disclose the payment in your accounts
4. Where the conflict of interest is serious but there's no alternative way forward that will remove it, or most or all of your Trustees share the conflict of interest; then we will ask the Charity Commission to authorise a decision in advance.

## Document

We will keep a written record of the conflict of interest and how we dealt with it in the minutes of Committee meetings. These will explain:

- i) what sort of conflict of interest it was?
- ii) which Trustee or Trustees were affected?
- iii) if any conflicts of interest were declared in advance
- iv) an outline of the discussion
- v) if anyone withdrew from the discussion
- vi) how we and the other Trustees made the decision in the Pre-School's best interests

## Expenses

Expenses are purely for out-of-pocket payments that Committee Members / Trustees have to make in order to carry out their duties, for example:

- i) resources for fundraising
- ii) catering for Pre-School events
- iii) postage, telephone calls for administration

These must be agreed in advance and an expense form filled out and receipts produced. These must then be signed off by the Supervisor, Financial Officer, Chair or Treasurer. These must be able to act as un-interested parties with no conflicts of interest.

## Financial Procedures to avoid Fraud

**Committee Members and Staff agree to action the following procedures.**

- 1 The annual accruals accounts, must include details of payments and benefits to any Committee Members and people connected to them.  
We will state why the payments were necessary and the legal/authority we had to make them.
- 2 There are minutes of all meetings of the Committee that include decisions taken and by whom action is to be taken.
- 3 The roles and responsibilities of the Committee and Staff, for financial decision-making and administration, have been set out in writing.
- 4 Financial control is maintained in the absence of key personnel.
- 5 Two signatories are required for cheques, one of whom must be an officer (either the Chair, Treasurer or Secretary) or the Financial Officer. However, the signatories must not hold a conflict of interest and must be independent parties.
- 6 Financial passwords and bank details must only be made known to the Chair, Treasurer, Secretary and Supervisor.
- 7 Accounting records, including Gift Aid payments, are maintained and retained for six years in support of all income received and payments made.
- 8 All accounting records are retained securely and access is controlled.
- 9 An annual budget of planned income and expenditure is produced and is approved by the Committee. Actual income and expenditure is regularly monitored against the budget and presented to the Committee at least monthly.
- 10 There is a review of income received and expenditure incurred which is presented to the Committee.
- 11 Regular monthly reconciliation of the accounting records and bank statements is undertaken, and externally audited at the end of the year.
- 12 As a registered charity, returns and annual externally audited accounts are filed with the Charity Commission as required.
- 13 Commission as required.

### **Income Controls**

- 1 There are procedures in place for identifying fees and income due.
- 2 Invoices are issued within 14 days.
- 3 Rudgwick Pre-School requests all cheques are made payable to Rudgwick Pre-School.
- 4 All income received is recorded, receipted, and banked promptly, in accordance with good practice.
- 5 Only officially approved documents are used for recording income (e.g., cheques, remittance advices).
- 6 All received cash and cheques, cheque books, bank cards and all associated financial documentation are held securely in a safe. Access to the safe is restricted to the Financial Officer and Treasurer.
- 7 Cash held is within the insurance limits.
- 8 The Financial Officer does a monthly reconciliation with the bank statement of the income received and income banked.

### **Expenditure Controls**

- 1 We follow a tender process for supply of goods or services with a value over £250, with a minimum of three quotes; in order to ensure good value for money.
- 2 Where the tender process has not been followed, or the lowest price not accepted, the governing body is always informed of the reason for the decision, and this is included in the minutes of the relevant meeting.
- 3 Inventories are updated when required – and note is made when assets above £250 are purchased.
- 4 Before purchasing goods (other than from petty cash and other than rent) a purchase order should be completed and authorised the Supervisor. The person authorising the payment of the invoice should independently validate that the goods or services have been received in accordance with the initial order (which should be checked both for specification and to check not already paid) and should not be the person authorising the purchase.
- 5 All expenditure paid is recorded and receipted in accordance with good practice. On a monthly basis there is a reconciliation with the bank statement of payments made and expenditure incurred.
- 6 Purchase orders are used only for goods and services provided to the Pre-School and not for private use by staff or the Committee.
- 7 Payment of invoices are within supplier terms or 30 days whichever is sooner, and all paid invoices and purchase orders are clearly marked as “PAID” to prevent duplicate processing.
- 8 All expenditure should be supported by a VAT invoice/receipt.

### **Petty Cash (on site)**

- 9 There is an agreed documented procedure for the administration of petty cash and the responsibility for the administration of petty cash has been assigned appropriately.
- 10 The level of the petty cash float held is appropriate to the needs of the Pre-School, is approved by the Committee, and does not exceed insurance levels.
- 11 Payments from petty cash (within the Pre-School) are limited to single items below £50.
- 12 Petty cash receipts regarding proof of purchase are retained for reconciliation on a monthly basis. An independent reconciliation of petty cash is undertaken on a monthly basis.

### **Assets**

- 1 An up-to-date inventory is maintained of all assets a) above £250, and b) those that are deemed portable/desirable.
- 2 All property taken off the school site is recorded, signed for and its return recorded.
- 3 Write-offs and the disposal of surplus stocks and equipment are undertaken in accordance with health and safety guidance and authorised by the Supervisor and Chair.
- 4 There is a documented procedure for the security of premises, it is adequate and reviewed.
- 5 The number of keys in existence to buildings, safes, etc., is limited to the minimum practical and access to them is controlled.

### **Further controls:**

- 1 Adherence to the Governing Document
- 2 There is a formal recruitment procedure in place which is reviewed and updated regularly that includes processes to:
  - i) follow up of gaps and inconsistencies in applications forms
  - ii) follow up of references and DBS checks
  - iii) administer the duties associated with new appointments, termination of employment and variations to staff contracts and pay.
- 3 There is a written code of conduct that has been issued to all Staff and Committee members. This can be found in the Employment Handbook and the Trustee Handbook
- 4 Only authorised staff have access to personnel files.

**Wages:**

- 5 All BACS payments to staff are paid through the payroll system via payslips and are authorised by one authorised signatory. The payroll calculation and authorisation of staff payroll payments are not carried out by the same person.
- 6 Timesheets are completed by the Supervisor  
Payslips are then set up by the Financial Officer and checked by the Treasurer and Chair.  
These are then signed off by the Chair /Treasurer as uninterested parties.
- 7 Expense reimbursement claims are submitted promptly and paid by cheque or BACS.

This policy was adopted at a meeting of	Rudgwick Pre-school
Held on	19 <sup>th</sup> June 2025
Date to be reviewed	19 <sup>th</sup> June 2027
Signed on behalf of the management Committee	
Name of signatory	Laura Thornber
Role of signatory	Chairperson

**Legal framework**

- General Data Protection Regulations (GDPR) (2018)
- Freedom of Information Act 2000
- Human Rights Act 1998
- Children Act 1989 Further guidance
- What to do if you are Worried a Child is Being Abused (HMG 2006)
- Information Sharing: Guidance for Practitioners and Managers (DCSF 2008)