

# **Financial Crime and Abuse Policy for Ipswich & Diss Area Quaker Meeting and its Linked Local Quaker Meetings and Charities.**

(Charity Commission Number: 1134526)

## **1. Introduction**

Ipswich & Diss Area Quaker Meeting (1134526) includes three linked charities as well as six Local Quaker Meetings (LMs): Bury St. Edmunds, Diss, Felixstowe, Ipswich, Leiston and Woodbridge. The linked charities are the Ipswich & Diss Area Meeting Property Charity (1134526-1), the Richard Waynforth Trust (1134526-3) and the Agnes Moss Bequest Trust (1134526-4). Ipswich & Diss Area Quaker Meeting (AM), including its LMs and associated charities, currently operates under Schemes adopted on 29 May 2012 and 7 October 2014 and was registered with the Charity Commission on 26 February 2010.

This financial crime and abuse policy covers the AM, the six LMs and the three linked charities. The policy is reviewed biennially, although a review can be precipitated when there is a change in legislation or Charity Commission requirements or when required by such circumstances as a change in the AM's structure, activities and area of operation or in the types of threat that the AM may face. The policy is based on guidance from Chapter 3, Fraud and Financial Crime, of the Charity Commission's *Compliance Toolkit: Protecting Charities from Harm*.

## **2. Types of Financial Crime**

Financial crime and abuse can occur within any charity, carried out by someone involved in or connected to it, or a charity may be the victim of crime committed by entirely external individuals or entities. The five main financial crimes to be aware of are defined as follows:

- Fraud—making false representations; failing to disclose information; abusing a position; obtaining services dishonestly with intent to avoid payment; possessing, making and supplying articles for use in frauds and participating in a fraudulent business carried on by a sole trader.

Fraud is a criminal offence as set out in the Fraud Act 2006. In practice, there are many types of fraud that charities can experience, including fraud connected with charity fundraising, income and expenditure, property and investments, procurement and invoicing, charities' identities, banking fraud, Gift Aid and grant applications. In addition, there is e-crime, boiler room fraud, mass market fraud and '419' frauds.

- Theft--falsifying accounting records for personal gain or gain for another or with intent to cause loss to another by destroying, defacing, concealing or falsifying any account or any record or document made or required for any accounting purpose; or in furnishing information for any purpose to produce or make use of any account, or any such record or document as aforesaid, which is or may be misleading, false or deceptive in a material particular.
- Money Laundering--turning the proceeds of crime into property or money that can be accessed legitimately without arousing suspicion.
- Terrorist Financing--raising, moving, storing and using of financial resources for the purposes of terrorism.
- Bribery and Corruption--offering, promising or giving someone a financial or other advantage to encourage them to perform their functions or activities improperly, including where it is known or believed that the acceptance of the advantage constitutes improper performance, and asking for or agreeing to accept a bribe. The Bribery Act 2010 created four criminal offences: bribing another person, accepting a bribe, bribing a foreign official and failing to prevent bribery.

Examples of the types of financial crime to which the AM may be susceptible include:

- banking system theft and fraud
- misuse of the AM's and LMs' bank accounts
- interception of postal donations and cheques that are paid into personal accounts
- stealing or 'skimming-off' money from cash collections
- use of the AM's databases or inventories for personal profit or unauthorised private commercial use
- creation of false invoices or purchase orders
- impersonation of the AM to redirect income to a fraudulent or bogus body
- fraudulent Gift Aid claims
- false accounting
- claims for non-existent, over-inflated or inappropriate expenses
- withdrawal of cash directly from the AM's and LMs' bank accounts for personal gain, using cheques that have been obtained without authorisation or by issuing false direct debit/standing order instructions
- misuse of debit cards or internet banking for personal expenditure
- creation of false invoices, purchase orders and supplier identities in order to obtain payment from the AM and/or LMs for goods and services that have not been supplied
- submission, or conspiring to submit, false applications from real or fictional individuals for grants or other charitable benefit
- submission of grant applications on behalf of AM with the intention to intercept the funds for personal use
- use of receipts and records for a completed project to support a further application for funding from another grant-maker
- fraudulent use of AM's property
- stealing personal details of trustees, employees or Friends to commit identity fraud
- theft of furniture, computers, plant and other equipment
- creation of fraudulent cash receipts or the alteration of existing receipts

### **3 Risk Assessment and Preventive Measures**

The AM trustees administer the AM, six LMs and three linked charities on behalf of the AM and in accordance with its governing documents, charity law, financial crime laws and all other applicable laws and regulations. The AM trustees also work at all times within the framework of Quaker governance.

In line with our Quaker values, the AM is committed to protecting its assets, to promoting honesty and integrity in all of its activities and to ensuring that its assets are properly used in the furtherance of its charitable objectives. Funders, donors, supporters and beneficiaries are entitled to expect proper standards of management and financial control. The AM trustees recognise that financial crimes could result not only in the loss of AM funds but could also damage the public's trust and confidence in Ipswich & Diss AM and in Quakers more generally.

The trustees acknowledge that the risk of financial crime can exist at every stage of the AM's activity, from the point at which income is generated and received, through the internal management and decision making and eventually to the end use of the funds. The trustees ensure that they are aware of the risks that the AM faces, assess these risks objectively and take appropriate steps to manage them.

#### **3.1 Fraud and Theft**

The AM trustees have assessed that the AM is at risk from fraud and theft, with specific risk examples shown in section 2.

In order to discharge their legal duties and to safeguard the AM's assets from fraud and theft, the trustees have implemented financial controls, as outlined in the AM's *Internal Financial Controls* document. These controls are based on guidance from the Charity Commission's *Internal Financial Controls for Charities (CC8)*; from Britain Yearly Meeting, the Yearly Meeting of the Religious Society of Friends (Quakers) in Great Britain, and from the Association of Church Accountants and Treasurers.

The operation of the AM's internal financial controls is a priority for the trustees at all times. The trustees ensure that the AM's employees, self-employed staff, members and attenders understand how its financial controls are to be properly implemented and that the controls reflect what happens in practice in the AM.

The trustees review the application of the internal financial controls at least annually to ensure that they remain fit for purpose and to identify new financial controls for new risks. The trustees are supported by the AM's internal auditor, who determines the effectiveness of the AM's financial controls, helps the trustees identify, assess, manage and monitor risks to the AM and advises on the completeness of its risk register, which includes financial crime and abuse. The AM's accountant serves as its external auditor with his focus primarily on the identification and assessment of the risk of a material error or misstatement in the published accounts as well as any weaknesses in the AM's internal financial controls.

### **3.2 Money Laundering**

The AM trustees have assessed that the AM is at minimal risk of money laundering, as donations to the AM and LMs are from known individuals and loans are not accepted.

Donations, however, will not be accepted when they are deemed not to be in the best interests of the AM, because the terms of the donation are unduly restrictive or are intended to exercise undue influence over the trustees or where accepting the donation could be detrimental to the AM's reputation. Decisions to refuse or accept donations will be recorded in writing.

In order to discharge their legal duties, if the trustees do suspect that the AM might be exposed to the risk of money laundering, they will consult the Charity Commission's *Compliance Toolkit: Protecting Charities from Harm* and seek other advice as necessary in order to take preventative action accordingly.

### **3.3 Terrorist Financing**

The AM trustees have assessed that the AM is at minimal risk of knowingly or unknowingly raising, moving, storing and using financial resources for the purposes of terrorism.

The AM's LMs raise only small amounts of donations for other registered charities and charitable causes, many of which are Quaker or Quaker-related and none of which are suspected of using these funds for terrorist purposes. The AM and LMs confirm the identities and legitimacy of any new organisations that they work with.

In order to discharge their legal duties, if the trustees do suspect that the AM might be exposed to the risk of terrorist financing, they will consult the Charity Commission's *Compliance Toolkit: Protecting Charities from Harm* and seek other advice as necessary in order to take preventative action accordingly.

### **3.4 Bribery and Corruption**

The AM trustees have assessed that the AM is at minimal risk from bribery and corruption as there are no real situations within the AM where there could be an expectation that a gift or payment made or received will result in an advantage of any kind.

No hospitality is accepted or given, except of a trivial nature (e.g., buying someone a cup of coffee or a sandwich for lunch on a social occasion or event). No gifts are given or received, except of a promotional nature (e.g., tee shirts, pens or mugs). The AM does not work in areas where facilitation payments are the norm in the local culture. Tradesmen are contracted from an LM's list of preferred suppliers. A register of interests is maintained for trustees.

In order to discharge their legal duties, if the trustees do suspect that the AM might be exposed to a risk from bribery and corruption, they will consult the Charity Commission's *Compliance Toolkit: Protecting Charities from Harm* and seek other advice as necessary in order to take preventative action accordingly.

## **4 Whistle-Blowing Procedures**

The AM is committed to the highest possible standards of openness, probity and accountability and therefore asks all who have contact with the AM and its LMs, and who have serious concerns about any aspect of its work, to come forward and voice those concerns within the AM, rather than overlooking a problem or airing their concerns outside the AM.

The AM's whistle-blowing procedures enable trustees, employees, self-employed staff, contractors, members, attenders and the general public to raise a concern at any time about an incident that happened in the past, is happening now or could occur in the near future.

The primary purpose of the whistle-blowing procedures is to deal with financial crime and abuse. However, the procedures should also be used for any concerns that are in the public interest and may, at least initially, be investigated separately but then might lead to the invocation of other procedures (e.g., disciplinary). Such concerns may include:

- failure to comply with a legal obligation or statutes
- dangers to health and safety or the environment
- conduct that is a breach of the law
- improper or unethical behaviour
- failure to comply with any AM policies
- attempts to conceal any of the above

Further details are in the AM's *Health and Safety Policy, Disciplinary and Capability Procedure, Equality Policy and Data Protection Policy*.

Please note that the reporting of safeguarding concerns is covered by the AM's *Safeguarding Policy*, not these whistle-blowing procedures. In addition, these whistle-blowing procedures do not cover personal grievances (e.g., bullying, harassment, discrimination), unless the grievance is in the public interest. Personal grievances should be reported using the AM's *Grievance and Discipline Procedures*.

### **4.1. Safeguards**

An individual disclosing a concern is protected by law, and all informants can be assured that they may report any concern to the AM without fear of harassment, victimisation (including informal pressures), subsequent discrimination or disadvantage. It is recognised that most cases will have to proceed on a confidential basis.

The Public Interest Disclosure Act 1998 specifically protects employees from victimisation, discipline or dismissal where they raise genuine concerns of misconduct or malpractice. It is important to note that no protection from the AM's internal disciplinary procedures is offered to those who choose not to use the procedure. Any investigation into allegations of potential malpractice will not influence or be influenced by any disciplinary or redundancy procedures that may already affect an employee.

## **4.2 Confidentiality**

The AM will treat all disclosures in a confidential and sensitive manner. The identity of the individual making the allegation may be kept confidential so long as it does not hinder or frustrate any investigation. Please note, however, that the investigation process may reveal the source of the information and the individual making the disclosure may need to provide a statement as part of the evidence required.

## **4.3 Anonymous Allegations**

Individuals are encouraged to put their name to any whistle-blowing disclosures they make. Any concerns expressed anonymously are much less credible and will only be considered at the discretion of the AM trustees. In exercising this discretion, the factors to be taken into account will include the:

- seriousness of the issues raised
- credibility of the concerns and of the evidence offered to support those concerns
- likelihood of confirming the whistle-blowing allegation is from attributable sources

## **4.4 Untrue Allegations**

The AM asks anyone who discloses concerns to ensure that the disclosure is made:

- in good faith
- in the reasonable belief of the individual making the disclosure that it tends to show conduct that falls within the concerns listed above
- to the appropriate person, as specified in section 4.5 below.

In making any whistle-blowing disclosure, an individual needs to exercise due care to ensure the accuracy of the information. If an individual makes an allegation in good faith, which is not confirmed by subsequent investigation, then no action will be taken against that individual. If, however, an individual makes any frivolous, malicious or vexatious allegations (and even more so if he or she persists in making them), the AM may take disciplinary or other actions against that individual. Examples of other actions that the AM could consider taking include no longer using a specific contractor or offering the individual pastoral care.

## **4.5 How to Report Concerns**

Employees (i.e., wardens and cleaners), self-employed staff and contractors should report any whistle-blowing concerns that they have to the convenor of the Local Meeting's premises committee or another member of the LM's premises committee, if the allegation involves the convenor. The premises committee will then forward the concern to the clerk to the AM trustees or another trustee, if the allegation involves the clerk to the AM trustees. The AM's members and attenders should report any concerns directly to the clerk to the AM trustees or another trustee, if the allegation involves the clerk to the AM trustees.

Concerns may be raised verbally or in writing. In either case, the following should be provided:

- the background and history of the concern (giving relevant dates)
- the reason for the concerns
- a brief outline of the evidence offered to support the concerns

If the AM is alerted to concerns via a 'tip off' from a member of the general public, then the person receiving the 'tip off' should try to obtain the following information from the informant:

- name, address and telephone number
- names of individual and/or bodies involved
- a brief outline of the concerns
- how the informant became aware of the concerns
- whether the informant is willing and able to submit evidence

This information should then be passed to the clerk to the AM trustees or another trustee, if the allegation involves the clerk to the AM trustees.

Anyone reporting a whistle-blowing concern should do so at the earliest opportunity so that appropriate action can be taken. Although the individual reporting the concern is not expected to prove beyond doubt the truth of an allegation, he or she will need to demonstrate to the person contacted that there are reasonable grounds for concern. The individual should not attempt to deal with any allegation or suspicion themselves; nor mention the concern to anyone else outside of the reporting line set out in this policy.

## 5. Fraud Response Plan

The AM is committed to investigating all disclosures fully, fairly, quickly and confidentially, as circumstances permit. The clerk to the AM trustees or another trustee, if the allegation involves the clerk to the AM trustees, will lead the investigation, which will usually follow these steps:

1. The clerk to the AM trustees will acknowledge, in writing, to the individual who reported the concern that the allegation has been received.
2. In order to protect individuals and those accused of misdeeds or possible malpractice, only the clerk to the AM trustees and the AM's internal auditor will make initial enquiries and decide whether an investigation is appropriate.

If a full investigation of the allegation is warranted, the clerk to the AM trustees will then inform and consult with the other AM trustees at a specially convened trustees meeting. The trustees will agree what form the investigation should take (e.g., the timetable and framework for carrying out interviews and collecting evidence such as accounting information and emails) and will set a clear communications plan (see section 8). During the investigation, no information will be shared outside of the AM trustees and those confidentially assisting the trustees.

In addition to the AM's internal auditor, the trustees may call on the assistance of other individuals and bodies when planning the investigation. For example, it may be necessary to consider involving the AM's accountant and/or solicitor as well as Quaker Stewardship Committee and/or the Police. The AM trustees will ensure that any internal investigation does not hinder a formal police investigation. Guidance will also be sought from the Charity Commission's *Compliance Toolkit: Protecting Charities from Harm*.

The trustees will specifically seek legal advice before interviewing anyone and prior to collecting and preserving evidence, especially since accessing the computer of an individual suspected of fraud could compromise any action that the AM trustees decide to take. The trustees must comply with employment law, an employee's contractual rights, the AM's *Grievance and Discipline Procedures*, the Human Rights Act, the Data Protection Act and the AM's governing document.

3. The clerk to the AM trustees will provide written notice, within legal constraints, to the individual who reported the concern on how the AM trustees plan to deal with the allegation and specify whether further investigation will take place, and if not, the reason for not doing so.
4. The clerk to the AM trustees will inform the individual, against whom the allegation is made, as soon as is practically possible, and the individual will be relieved of his or her duties during the investigation.
5. Evidence will be reviewed and interviews will be carried out in the presence of witnesses and the individual against whom the allegation is made. An employee will be informed of their right to be accompanied by a trade union or other representative at the interview. Self-employed contractors, members and attenders will be informed of their right to be accompanied by a Friend or friend, other than a family member.

A detailed record of the investigation will be maintained by the clerk to the AM trustees. This will include a chronological file recording details of telephone conversations, discussions, meetings and interviews, details of documents reviewed and details of any tests and analyses undertaken.

6. Once the investigation is complete, the AM trustees will make a judgement concerning the validity, or otherwise, of the allegation. This judgement will be detailed in a written report containing the findings of the investigation and reasons for the judgement. If the allegation has proved to be true, the report will include a description of the incident, including the value of any loss, the people involved; the means of perpetrating the fraud; the measures that will be taken to prevent a recurrence; and any action needed to strengthen future responses to fraud, with a follow-up report on whether the actions have been taken.
7. The AM trustees will decide what actions to take in light of the investigation's findings. If the allegation has been shown to be unfounded, the trustees will offer the individual pastoral care. If the allegation has been shown to be justified, then the trustees will invoke the AM's disciplinary procedures (please see *Grievance and Discipline Procedures*) for employees. Other actions that could be taken include no longer using a specific contractor, relieving the individual of his or her role within the AM, pursuing prosecution and, of course, also offering the individual pastoral care.

In the case of a serious financial crime, the AM trustees will begin seeking repayment of lost assets (see section 6) and, in conjunction with the AM's internal auditor and accountant, will report the incident to relevant organisations (see section 7).

8. The clerk to the AM trustees will write to the individual who reported the concern to inform him or her of the final outcome of the investigations and what subsequent actions will be taken.

If the individual who reported the concern is not satisfied that the concern has been properly dealt with by the AM trustees, then the individual has the right to raise this, in confidence, with Quaker Stewardship Committee.

It is hoped that it will not be necessary for the individual to alert external organisations. However, in very serious circumstances (or if all internal AM procedures have been exhausted, but the individual considers that the outcome of the investigations has not satisfactorily address the concerns), then the AM recognises that it may be appropriate for the individual to report his or her concerns to an external body, such as the Charity Commission, the Police, HM Revenue & Customs and the Health & Safety Executive. A full list (and an advice line) is available from an independent charity called Public Concern at Work, who can be contacted by telephone on 020 7404 6609 and by email at [whistle@pcaw.org.uk](mailto:whistle@pcaw.org.uk).

9. This policy and the AM's *Internal Financial Controls* will be updated to reflect the actions implemented to prevent any recurrence of the crime. Both updated documents will be re-distributed to their original recipients. Friends will be briefed on the updates at an AM, and the revised documents will also be uploaded to the AM's web site.

## **6. Recovering Lost Assets**

Repayment of lost assets will be sought, when the loss is substantial. If appropriate, the trustees will liaise with the AM's insurance broker to process a claim. If the fraud relates to the use of bank accounts, the trustees will try to recover the funds through the AM's banks. In other cases, the trustees might consider taking civil or other action. However, the trustees recognise that pursuing an action through the civil courts can be expensive, may not be cost effective and could require consent from the Charity Commission.

## 7. Reporting Financial Crime

To ensure that they are fulfilling their duties, the AM trustees, in conjunction with the AM's internal auditor and accountant, will report serious incidents of financial crime to:

- Action Fraud, the UK's national fraud reporting centre and central point of contact for information about fraud.
- Suffolk Constabulary, although the police cannot investigate every crime report received from Action Fraud, it is important that they are informed as the information provided could help to fight fraud and gain an understanding of the true nature and scale of the threat to the AM and other organisations. Please note that charity trustees, employees and volunteers have a legal duty to report their suspicions of terrorist financing and money laundering offences to the Police.
- The AM's relevant financial institutions (i.e., the Co-op Bank, Triodos Bank, Ecology Building Society, CCLA, Eastern Savings & Loan and Rathbone Greenbank), if fraudulent activity is suspected on any of the AM's bank or investment accounts or the crime relates to online banking, cheques or use of a debit card.
- The Charity Commission under the Reporting Serious Incidents process. Since the AM has an income over £25,000, the trustees are required by law, as part of the annual return, to sign a declaration that there are no serious incidents or any other matters relating to the AM over the previous financial year that should have been raised with the Charity Commission but have not. Please note that charity trustees, employees and volunteers have a legal duty to report their suspicions of money laundering offences to the Charity Commission.
- HM Revenue & Customs, if the fraud relates to tax issues, such as Gift Aid.
- Quaker Stewardship Committee, if trustees need further guidance.

## 8. Dealing with a Damaged Reputation

To reduce any negative impact on the AM's reputation should it experience financial crime or abuse, a clear communications plan will be developed to ensure that the AM is being open, transparent and accountable and to show that robust action has been taken.

Designated Friends will take responsibility for speaking to stakeholders and, if necessary, to the press or media but not during an investigation, as this could jeopardise the investigation, result in compensation claims should the allegation prove to be unfounded and generate disproportionately negative publicity for the AM.

After the incident has been settled, a statement concerning the crime and the measures taken to prevent a recurrence will be included in the AM's annual reports and accounts.

## 9. Conclusion

This policy is provided to all trustees, LM treasurers, LM clerks, premises committees, wardens, AM's self-employed accountant and PAYE and payroll administrator and the AM clerk to ensure that they know what actions to take if they suspect criminal financial abuse. Friends are briefed annually at an AM on how to report their concerns about criminal financial abuse, including concerns about the conduct of trustees. The policy is also available to all Friends and the general public from the AM's web site.

Signed: \_\_\_\_\_

Christina van Melzen, Trustee/Clerk of Ipswich & Diss Area Quaker Meeting Trustees

Date: \_\_\_\_\_

11th July 2016