

Example of how trusts disclosed how they managed conflicts of interest in their 2021/22 accounts

Example 1

Conflicts of Interest are managed through the Finance Policy and the Financial Probity Policy.

The Trust ensures that anyone involved in spending public money that they do not benefit personally from any decisions they make. To avoid any misunderstanding that might arise all Trust directors, senior staff or staff with financial responsibility are required to declare any financial interests they have in companies or individuals from which the Trust may purchase goods or services. The register is open to public inspection and this is set out in detail in the Financial Probity Policy. The Trust holds this register and it is publicly available on the Trust's website.

The register should include all business interests such as directorships, shareholdings or other appointments of influence within a business or organisation which may have dealings with the Trust. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a director or a member of staff by that person. The Trust register holds these details.

The existence of a register of business interests does not detract from the duties of directors and staff to declare interests whenever they are relevant to matters being discussed by the board or a committee. Those who are considered to have a conflict of interest in the business proposed must absent themselves from any such discussion or vote. Those who had a conflict of interest in the business proposed absent themselves from any such discussion or vote on this matter.

The Members, Trustees, Governors and members of staff have a responsibility to avoid any conflict between their business and personal interests and affairs and the interests of the Trust.

The Trust and its academies maintain a register of business and pecuniary interests that lists for Members, Trustees, Governors and members of staff, any business interests that they, or any member of their immediate family have. The register is available for inspection by staff, parents, auditors and the Education and Skills Funding Agency (ESFA). The maintenance of the register helps Members, Trustees, Governors and members of staff to meet requirements for withdrawal from meetings due to a conflict of personal interest as stated in the DfE Governance Handbook and with reference to the Academies Trust Handbook.

The register includes:

- Business Interest declarations including directorships, shareholdings and other appointments of influence within a business or other organisation that may have dealings with the academy / Trust. The disclosures should also include business interests of related persons such as parent, spouse, child, cohabite and business partner where influence could be exerted by that person over a Member, Trustee, Governor or a member of staff.
- Pecuniary Interests (monetary) such as providing supplies or services to the academy for staff other than their contracted job or within their role as member, trustee or governor.

Where a Member, Trustee, Governor or member of staff or related person has any interest, either pecuniary or non-pecuniary, in a matter to be discussed at a Members', Trust Board or Local Governing Body meeting the Member, Trustee, Governor or member of staff must declare their interest and withdraw from that part of the meeting.

Where a Member, Trustee, Governor, member of staff, or related person, has a pecuniary interest in a business, and that interest exceeds limits that may be specified in the Trust's Memorandum of Understanding or Articles of Association, the academy must not enter into any contract or arrangement (such as the purchase of goods and service) with that business. For example, an academy would not generally be permitted to trade with a company in whom a Member, Trustee, Governor or member of staff holds more than 1 % of the share capital.

It is the responsibility of Members, Trustees, Governors and members of staff to ensure their declarations of business interests are kept up to date at all times, and to amend or update them as necessary.

All Members, Trustees and Governors meetings' agendas contain a standing item for attendees to declare any changes to their declarations of interests.

At the beginning of each academic year every Member, Trustee, Governor and member of staff is required to complete the appropriate form and ensure that it is updated throughout the year as and when any Business or Pecuniary interest may arise. Nil returns will also be required where a Member, Trustee, Governor or member of staff has no such interest. This is communicated to Trustees on a regular basis and at the start of every year.

Example 2

Along with all Key Personnel, Trustees make an annual declaration about their interests in businesses or other charities, and this is carefully reviewed by the finance team. Any business interests that involve key personnel are highlighted to all those involved in procurement work, so that notification is made to the ESFA, and where necessary, permission sought before any transaction is made. There is an item on every agenda to highlight any potential conflicts of interest relating to the agenda, and also for Trustees to declare any new interests. This approach is replicated within Local Governing Bodies.

The format and content of information provided to the Board is continually under review to ensure that it is both relevant and easy to understand. There has been a particular focus on the way data is being presented to the Committees with developments being made to ensure information is appropriate, concise and easy to understand. The Trustees remain satisfied that they are getting the information they need in a timely and appropriate manner.

Example 3

The Trust maintains a Conflicts of Interest Policy which is reviewed annually by the Audit and Risk committee of the Trust Board. The Trust manages conflicts of interest by ensuring that:

- there is systematic capturing of annual Declarations of Interests and maintaining an up-to-date register of interests;
- conflicted individuals/organisations are removed from the decision-making process. This will include, but is not limited to, the original decision to enter into a contract with a related party, periodic contract performance reviews and/or contract renegotiation/renewal;
- competitive procurement procedures are followed in line with the Trust's procurement policy; and
- decision making is based on a value for money assessment.

Example 4

Conflict of interests are managed through the following controls:

- All trustees, members and governors complete an annual declaration of interests.
- Any related party transaction with trustees are reported, tracked and submitted to the ESFA by the Chief Financial Officer. Trustees with a declared conflict of interest are not involved in any procurement or decision making process.
- Any related party transaction between the parent company and the two subsidiary companies is also declared and submitted to the ESFA. In order to maintain a separation of duties the Head of Operations oversees the procurement and decision making process.
- For any related party transaction the Trust will not enter into any transaction which exceeds £20,000.

Example 5

The Trust manages its Conflicts of Interest policy by publishing a Register of Interests for all directors on its website, reviewing its Conflicts of Interest policy on an annual basis and Declarations of Interests being a standing item on the agenda of each Board and Committee meeting. The Risk and Audit Committee also reviews and approves any Related Party Transactions in relation to other entities related to the Trust.

Example 6

An up-to-date and complete register of interests is maintained at Trust level for Board Directors and senior Trust staff and at a school level for governance committee members and school based staff. This requirement is re-enforced at each meeting. Decision making is then referenced against this register with activities reported to the DfE as necessary. Directors, governance committee members or staff having conflicts of interest are not permitted to take part in decision making where the conflict is relevant.

Example 7

Each year, all staff, governors and Trustees undertake an affirmation of the Code of Conduct, which includes declaring any conflicts of interest. In addition, at each meeting throughout the year Trustees and governors declare any new conflicts of interest. The register of interest for Trustees is published on the Trust's main website and those of local governors are published on each school's website.

Example 8

Conflicts of interest

The Trust has a policy which details how conflicts of interest are managed, ensuring that decisions undertaken are free from personal bias and do not unfairly favour any individual or company connected with the Trust.

Registers of interests are completed by all Trustees, local governors and senior staff who manage a budget. These registers of interests are updated at least annually, but are included as a standing agenda item at all Board of Trustee and local governing body meetings (including all committee meetings). These registers of interests are held in school with finance staff able to refer to them when purchasing decisions are being committed.

Example 9

The Board ensure the regular completion and maintenance of a register of interest in order to reduce the Trust's exposure to conflicts of interest. During the first half of Autumn term a live, online form is distributed to the appropriate personnel, data is submitted and compiled to create the live register which is updated as changes happen throughout the year.

New suppliers are tested for any related party connections and financial ledger accounts for suppliers who are related parties are flagged for reference and reported regularly.

Example 10

An up-to-date register of interests is completed on an annual basis by trustees, governors, executives, SLT and budget holders. Any changes throughout the year, would be updated in the register of interests. Individuals who are involved in procurement tenders also complete a conflict of interest form as part of this process. This information is shared with the finance team to ensure that any potential conflicts of interest are managed carefully.

The next step

If you have any question regarding this article, please contact Allan Hickie.

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