



# A Vulnerable Victim?

A report for North Somerset & Wiltshire Monthly Meeting

John Welton

Quaker Stewardship Committee







# **A Vulnerable Victim?**

**A report for North Somerset and Wiltshire Monthly Meeting of the Religious Society of Friends**

**by John Welton**

**East Devon Monthly Meeting**

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**Quaker Stewardship Committee**

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## Summary

This report was commissioned following a joint meeting of members of North Somerset and Wiltshire Monthly Meeting and members of the Quaker Stewardship Committee. The report outlines events leading to the theft of £148,151 by a Friend who had been serving as Treasurer of the Monthly Meeting and the steps taken by Friends following its discovery in June 2004.

The prime purpose of the report is to provide the Monthly Meeting with an independently written record of events and to draw the wider lessons that will be of value both for itself and to the wider Religious Society of Friends in Britain Yearly Meeting; it does not set out to identify responsibility for events or to apportion blame.

The history of events shows Friends trying to find the best way forward for the perpetrator and for the Monthly Meeting; balancing necessary legal processes with seeking to find ways to apply principles of Restorative Justice. The report also describes how Friends set about finding ways that enable them to fulfil the responsibilities of Trustees to protect the property of the Monthly Meeting and ensure that it is used properly.

Upon their discovery of the misappropriation, Friends sought legal advice and chose to accept a voluntary undertaking from the Former Treasurer to cooperate fully with the Monthly Meeting in explaining what had happened and maximising his reimbursement of stolen funds. Five routes were explored to recover the money which will lead to near recovery once all legal processes are completed.

The Trustees reported the misappropriation to the Charity Commission who conducted an Inquiry under Section 8 of the Charities Act 1993. The Commission found that the loss of funds was a result of deliberate fraud, and that adequate financial and administrative controls were not in place to prevent it from happening. The Commission closed the Inquiry on 5 October 2004 and then monitored the progress of Trustees. Being satisfied at the progress made, it closed the case file in April 2005.

This Report outlines the issues that had to be addressed by the Monthly Meeting which has put in place monitoring procedures and commissioned an independent professional 'Procedural Review' of their financial processes. In addition to examining the legal, financial and administrative processes, the Monthly Meeting had to address ways of dealing with the attentions of the media. Ways also had to be found to support Friends in dealing with shock at discovering the breakdown of trust. The Monthly Meeting has also set about examining issues of probity; including the extent to which checks should be made on Friends before being appointed to posts of responsibility. A key issue for Friends is how Quaker 'trust' relates to the implementation of routine checks and monitoring the work of members.

North Somerset and Wiltshire Monthly Meeting endorsed the findings in the report at the Meeting held at Clevedon on 13 May 2006 (Appendix One).

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## **Acknowledgements**

I would like to give particular thanks to Alan Rayner and Val Major, members of North Somerset and Wiltshire Monthly Meeting, for their personal and technical support at each stage in the process of writing this report. For both Friends this was a further part of their own service to the Monthly Meeting during the period of recovery and reconstruction. Thanks are also due to Janet Lynch (Cornwall MM) for providing an invaluable second 'external view', and to Elsa Dicks (Recording Clerk, Britain Yearly Meeting) for contributing a section on the support available to Quaker Meetings from Central Departments of Britain Yearly Meeting.

## **Abbreviations**

BYM	Britain Yearly Meeting of the Religious Society of Friends
CC	Charity Commission
F&PC	Finance and Property Committee of the Monthly Meeting
FT	Former Monthly Meeting Treasurer (who misappropriated funds)
FPRG	Financial Procedures Review Group
IVA	Individual Voluntary Agreement
MM	Monthly Meeting
NT	New Monthly Meeting Treasurer
NSWMM	North Somerset and Wiltshire Monthly Meeting
PM	Preparative Meeting
QSC	Quaker Stewardship Committee



## Introduction

In June 2004, a Friend, who had been the Monthly Meeting Treasurer from autumn 1999 to January 2004 but was then Assistant MM Treasurer, confessed to having stolen substantial funds (subsequently found to be £148,151 net) belonging to North Somerset and Wiltshire Monthly Meeting of the Religious Society of Friends (NSWMM). In the hours following discovery, Friends sought to support his family and each other as they faced very difficult decisions about the best way forward. Subsequently the Friend pleaded guilty to fifteen charges of theft with twenty three other similar offences taken into consideration. In November 2004 he was sentenced to a fourteen month term of imprisonment of which three and a half months were actually served. For two years the MM has worked determinedly and is continuing to work on the processes of recovery and reconstruction; recovery of the money that had been stolen and the reconstruction of understanding, trust, self confidence and ways of working that had been challenged in such an unexpected way.

During the Crown Court hearing when passing sentence, the Judge referred to the Religious Society of Friends as a 'vulnerable victim', implying that aspects of its organisational culture laid it open to potential abuse. The Judge might also have noted that the Society of Friends reflects the strengths and weaknesses of many voluntary organisations which are value based with high moral commitment and run almost entirely by volunteer effort. Such organisations try not to be overly bureaucratic in their procedures and value trust in their members. Trust and integrity are very strong core values for Friends, sometimes valued more highly than perceived bureaucratic controls. As a Friend noted later:

*... I am so aware that it is easy to imagine a Society that runs in a happy spontaneous way with no clutter of bureaucracy – and I know that in the real world it is the hard work of unselfish people behind the scenes that makes things happen.*

But, reflecting on what happened, a Friend also wrote:

*If someone with financial skills is determined to defraud then it is very difficult to prevent it when the atmosphere of trust, which Friends have been able to expect of Members throughout their long history, prevails. It is the violation of that trust, and the human damage and costs involved, which is more, or as disturbing than the actual loss of money. How do we maintain both trust and prudent oversight and responsibility?*

As they worked to find the right way forward for the MM, for the Friend and his family, Friends saw a need for an account to be written that would be helpful both for members of the MM and for Friends elsewhere so that all might learn from the experience. In preparation for this process, and to help Friends reflect on their experience, the MM Clerking team invited Friends who had been closely involved to write confidentially about what might be learned from the misappropriation of Monthly Meeting Funds. This report draws on this reflective writing<sup>1</sup> as well as from published reports and the minutes of meetings in an attempt to reflect the actual voices of Friends about what they have experienced and learned.

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<sup>1</sup> Throughout this report quotations are indented. Quotations that reflect the voices of individual Friends are typed in italics, quotations from Quaker Minutes and from published reports are non-italicised. Quotations from individual Friends are indicative of views among Friends and not attributed to a named Friend.

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The Friends whose experience contributed to this report presented accounts that are remarkable in their compassion, insight and constructive self criticism. The views expressed were very human and such as might be expected from any group recovering from shock, hurt, anger and disbelief at what had occurred. Recovery and reconstruction took its toll. Writing a year later, one Friend noted that:

*I still find it unbelievable that one Friend's actions could have had such extraordinary repercussions and I know I will never forget the rigours of these past twelve months. Without the support of my immediate family, I would not have managed to cope in the way that I have.*

The report takes heed of the words of another Friend:

*We cannot see any useful purpose for more breast beating. Rather, we need to move on, to support those who are sorting out the mess and forgive ourselves.*

Constructive self criticism is part of the process of coming to terms with what has happened and discerning the way forward.

*It is easy to criticise in retrospect, but retrospective criticism rarely helps in the existing situation. We can learn from criticism, however, for future unexpected events within our MM. In our final report we can, maybe, help other groups of Friends or even larger organisations (churches and charities, for example) to avoid or cope with crises.*

## **Brief from a Meeting of Friends from the NSWMM and the Quaker Stewardship Committee**

Friends from NSWMM and the QSC met at Sidcot Meeting House on 10 August 2005 to share experience and consider what help might be available from Britain Yearly Meeting. The Minutes of the Meeting noted that:

It is very important that the traumatic experience of this Monthly Meeting is not in vain, but offers useful lessons to the Yearly Meeting. It is also important that as some of the financial aspects of the situation come to a close, the ongoing personal, social and pastoral aspects are not forgotten as Friends will still be living with each other and the repercussions of these events for many years.

The Minute also noted:

It has been valuable to learn that the Monthly Meeting has found some of this experience positive and wishes to share this more widely with Friends throughout the Yearly Meeting. (Extracts from the Minute of a Meeting held between NSWMM and the QSC at Sidcot Meeting House on 10 August 2005)

The Minute recorded the need for reports focused on different aspects, including:

1. What happened/a short agreed history.
2. What we in other Monthly Meetings throughout Britain Yearly Meeting can learn from the experience of NSWMM.
3. What advice is available to our elders and overseers about how to handle the tensions emerging over, for example, differing interpretations of pastoral care and of forgiveness?
4. How meetings can handle Restorative Justice Processes when Friends are directly involved.
5. What processes we have within the Yearly Meeting to support Monthly Meetings when handling extreme or traumatic situations.

The NSWMM decided that it would be helpful if the first draft of the report were to be prepared by a Friend from outside the Monthly Meeting. Friends in NSWMM would then have an opportunity to comment on the draft and propose amendments as they felt appropriate, leading to a report that would be owned by the MM. The second purpose of the report was to share experience with Friends throughout BYM, experience that may enable others to reflect on the strengths and weakness of their own practices.

Eight months later, the Minute of North Somerset and Wiltshire Monthly Meeting held at Clevedon on 13 May 2006 (Appendix One), records its endorsement of the final report and acceptance of responsibility. While busy readers commonly omit to read the end matter of a report, **it is recommended that the Minute is read in full** as a record of an important stage in the process of recovery and reconstruction.

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### **Methods**

In this report the emphasis is on the lessons to be learned from this affair rather than on attempting to present a full history or to apportion any blame or responsibility; thus the use of individual names is being avoided. Although the name of the perpetrator is in the public domain it is not intended to publish it further.

The sources for this report are:

1. Quaker minutes, written reports and the written accounts by Friends
2. Meetings attended by the author with members of NSWMM.

It is unsurprising that a wide variety of views were evident, some contradictory, reflecting the interactions, contrasting personalities and learning processes within the Monthly Meeting. One view of the report is that it should provide a definitive account of what happened. The process of triangulating between different accounts enables construction of a view, but it is unlikely that any group could completely agree on every aspect of what happened. In being invited to take ownership of the report, Friends in NSWMM have had an opportunity to read a first draft and offer suggestions for amendments as may seem appropriate. It is often possible to learn more from our differences than from our agreements.

A key question that came up in planning the report is whether the main focus should be on the act of misappropriation or on the situation that enabled the misappropriation to take place. Taking the view that the purpose of the report is to enable Friends in NSWMM and elsewhere to decrease the likelihood of anything similar happening again, the report focuses on what can be learned rather than the actions of a single Friend. The actions of the FT led Friends to a difficult process of discerning the way forward both in terms of immediate actions and the need to reflect on the strengths and weaknesses of the MM, including ways in which they might be addressed through establishing new understandings, procedures and relationships.

# **The Experience of Friends in North Somerset and Wiltshire Monthly Meeting**

## **1. Looking for a new Treasurer: search and nomination.**

In 1999, NSWMM started the nominations process for the appointment of a new MM Treasurer. Their search identified a Friend who had recently transferred from Yorkshire to take up a job with an accountancy firm in Somerset. He had started attending Sidcot Preparative Meeting (PM). When considering the appointment of a recently 'transferred in' Friend as MM Treasurer, the MM Nominations Committee did not make contact with the nominee's previous MM and nor did they enquire as to his professional qualifications –an assumption was also made that he was qualified in view of his then current employment with an accountancy firm so his professional qualifications were not checked. It is reported that the new Treasurer expressed a reluctance to take on more voluntary work but said he would accept the position if no one else could be found.

It is not the purpose of this Report to examine or comment upon the Treasurer's life or behaviour during his time as Treasurer beyond the facts that he had some difficulties in his employment leading to personal financial problems which may have made him vulnerable to the temptations that led to the eventual misappropriation of MM funds. It is reported that the amount of time that he spent on MM work led to difficulties with his employers and he found it necessary to resign from his job in autumn 2001. He then became self employed and took on office premises in a neighbouring town. This business did not take off as quickly as he had hoped and by early 2002 he was facing severe financial difficulties.

In this context it should be noted that the Treasurer asked to be relieved of his appointment before the end of his initial term of office, but difficulties in finding a replacement led to his appointment being extended on an ad hoc basis. An Assistant Treasurer was appointed (who had been intended to be the successor to the then MM Treasurer) but no viable way of joint working was reached. The Assistant Treasurer resigned after a few months.

## **2. The Bradford-on-Avon Meeting House Project**

In April 2002 MM started a major project to refurbish Bradford-on-Avon Meeting House at an estimated cost of £200,000. This involved using up the MM reserves and taking out both a grant and a loan from the BYM Meeting House Fund. A general appeal was mounted for further funds. The Bradford-on-Avon Meeting House project is reported to have been very well run by Friends and meticulous statements of income and payments related to the project were maintained by the small Project Management Group – which included the MM Treasurer.

## **3. Searching for a new Monthly Meeting Treasurer: first concerns about financial policy and procedures**

In summer 2003 the MM continued to look for a replacement Treasurer. A Friend who had a professional background in accountancy started discussions with the Treasurer about taking over the appointment for one year only.

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In November 2003 the MM in session considered the Friend as a nominee for appointment as MM Treasurer. The nominee raised concerns about the adequacy of the amount then held in MM reserves and proposed certain courses of action with which the then current Treasurer disagreed. A Meeting can sometimes find it difficult when criticism and questions are raised about technical financial issues that are not fully clear or understood. On this occasion it is reported that the Meeting found itself in difficulty responding to technical points raised by the nominee about the Annual Accounts and in considering the possibility of a problem with the way in which MM finances were being reported and the level of reserves in particular.

Some members of the Monthly Meeting were also concerned about making a short term appointment and it was decided not to appoint the nominee to replace the Treasurer. Two other Friends (with accounting qualifications) were appointed to undertake a Financial Policy Review.

It should be noted that no one at the Meeting expressed any indication of suspected malpractice. After the events, some Friends realised that documents existing at that time could have been pieced together to expose the misappropriation. Following reading the draft of this report, it was been reported that the nominee had supplied the F&PC with a simple summary from its own documents which could have led to exposure at that time.

The Minutes of the November Monthly Meeting indicate the difficult relationships that existed between some Friends closely concerned with all these matters. It was minuted that the Meeting asked those involved, together with:

...members of F&PC and the convenor of Nominations Committee to attempt to resolve the divergence of view between them and to report to us as soon as possible whether or not they are able to do so <sup>2</sup>.

The Meeting also accepted the resignation of the Clerk of the F&PC. A special Monthly Meeting was scheduled for December following an emergency meeting of F&PC.

### 4. Annual examination of accounts

Friends failed to spot the misappropriation from the documents provided with the Year 2002 accounts –despite the documents including fraudulent withdrawals of £69,844. The accounts were formally examined by the local branch of a national firm of Chartered Accountants following their preparation by the FT. However, as set out in the Guidance Document CC63

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2 That Minute was not implemented, the divergence of view still remains partly unresolved.

3 Extract from CC63 – Independent Examination of Charity Accounts: Directions and Guidance Notes 'Independent examination was introduced by Part VI of the 1993 Act. It is a less onerous form of scrutiny than an audit and provides less assurance both in terms of the depth of work which is to be carried out and the qualification necessary to undertake such work. An examination involves a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also involves a review of the accounts and consideration of any unusual items or disclosures identified. Verification and vouching procedures only become necessary where material concerns or doubts arise from procedures, and where satisfactory explanations cannot be obtained from the trustee body.

The examiner is not required to build up a body of evidence to support a positive opinion on the accounts as would be required with an audit. Nor is the examiner required to form an opinion as to whether the accounts show a "true and fair view".'

issued by the Charity Commission, the prescribed work and responsibilities of the Examiner is different from and more limited than the processes of Audit, and would not necessarily reveal fraud for that year.<sup>3</sup>

The nature of the fraud was that fraudulent withdrawals in 2002 were analysed in the Annual Accounts as payments on account for the Bradford-on-Avon project – a completely different set of figures to those presented to the project management group. There was no reconciliation between the two sets of figures and no-one involved with the project had any interest in the allocation of payments to different financial years. Several months later, the Trustees saw a sum of money in the 2002 Accounts for the costs of the Bradford-on-Avon project and had no reason to question their appearance there (i.e. in 2002) rather than being in 2003.

During 2003 the FT was continuing to make fraudulent withdrawals AND needed to make genuine payments for the Bradford-on-Avon project. With no continuing major project in hand, he was unable to shift expenditure into the previous year as he had done for the end of 2002 position. Indeed, part of his confession (and possibly a factor in its timing) was the impossibility of preparing a set of Accounts for 2003 that would pass even a cursory inspection.

Although the FT presented a 'draft' set of Accounts for 2003 to the Trustees in April 2004, they were later found not to accord with reality. It became clear in June 2004 that the 2002 Accounts contained 'hidden' errors and that 2003 would have to be compiled from scratch. However, a Friend with accounting qualifications checked the 2001 Accounts and advised the Trustees that they could legitimately be accepted as OK.

It took several months to investigate the situation. During that time a new Examiner, was appointed from a short list of three and after discussion it was agreed that a combined set of Accounts would be prepared for 2003 and 2004 and that a 'Prior Year Adjustment' would be included to correct the errors in the 2002 Accounts.

### **5. Appointment of two Friends to undertake a Financial Policy Review**

Returning to November 2003, as noted in section four above, Monthly Meeting decided not to appoint the nominee to replace the Treasurer but two other Friends (with accounting qualifications) were appointed to undertake a Financial Policy Review. The brief for the Review was to look at both the F&PC's financial management procedures and the financial position of the MM (Including its level of reserves). Those Friends did not receive full co-operation from the FT so concentrated on the first part of their brief. They were unable to carry out the second part of their brief before the subsequent revelations in June 2004.

### **6. Appointment of a new Monthly Meeting Treasurer**

In December 2003, the MM in session appointed another Friend as the new MM Treasurer (NT) from February 2004 with the FT as Assistant Treasurer. The NT agreed that his predecessor should continue with the book-keeping until the compilation of the 2003 accounts had been accomplished – expected by the end of March 2004 – and provide figures for the financial policy review. The practice of asking the former Treasurer to continue as an Assistant Treasurer was designed to enhance continuity between officers.



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### **7. Hand over between the old and the new Treasurer**

Although the official hand over date from the FT to the NT was 1st February 2004 there was no definitive arrangement made. Initially this was accepted as the FT had been appointed as Assistant Treasurer with the specific intention of completing the 2003 transactions and Accounts. In February 2004 the FT in his role as the new Assistant Treasurer, called in all the 2003 papers from the Preparative Meetings in preparation for consolidating the end of year accounts.

Hand over was by drip feed rather than quick and systematic. The NT made frequent appointments with his assistant who often failed to honour those appointments.

By the end of March 2004 some suspicions were raised as to why the Cash Book and other records had not been passed over to the NT and why several appointments to meet with the two Friends carrying out the Financial Review set in process by MM in November 2003 had not been honoured. However, the situation was perceived by some Friends as discourtesy, by others as due to competing demands on his time rather than purposeful delay.

### **8. Change of Bank Mandate**

In April 2004 bank 'Change of Mandate' documents were signed. There had been a delay in changing signatures to include the NT, but as Assistant Treasurer, the FT remained a signatory to various accounts. The practice within the MM was for payments up to a limit of £1000 to require only one authorised signature, while sums over £1000 required two signatures. The FT did not have formal responsibility related to the reserve account, but transfers to the current account were normally made routinely on his request and by early 2004 the Reserve Account held under £500.

In the same month the FT handed over "archive" records to the NT but retained the records for 2002, 2003 and 2004 in order to complete end of year accounts.

In May 2004 the newly signed Mandate was sent to the bank but the FT still continued to retain key documents. At the May session of Monthly Meeting, the two Friends appointed by MM in the previous November reported on proposed procedural improvements, but were unable to report on the financial position because the FT was late in producing the 2003 draft accounts.

In June 2004, the NT received his first bank statement under the new bank mandate and noticed that unexpected sums had been withdrawn. He asked the FT for an explanation about what had happened and was told that the FT would come to the NT's house on 11th June and explain everything then.

### **9. Missing payment to the BYM Meeting House Fund**

Back in April, a MM Friend (by chance, one of the two appointed by MM in November to look at financial matters), attended a meeting of the BYM Meeting House Fund Committee at Friends House. The agenda for the meeting on 27 April 2004 included an item about an outstanding repayment of £7500 which had been due from NSWMM in November 2003 (the first instalment of the loan repayment for the Bradford-on-Avon project). This non-payment surprised the Friend as the then Treasurer's cash flow statement indicated that the payment



had been made at the proper time and his bank reconciliation at 31 December 2003 (as presented to the MM F&PC) showed no outstanding, uncleared cheque to BYM . She checked with the secretary of the Meeting Houses Fund Committee and learned that the FT had been reminded several times. She discussed the implications of this with the other Friend appointed by MM and concluded that the FT had certainly presented a false bank reconciliation to F&PC. She spoke to him on the phone and obtained an admission that the money had not yet been sent.

At the time, this episode was taken as carelessness on the part of the FT, but subsequently it was revealed that the MM bank account had been insufficiently funded. In order to avoid detection the FT then took a personal loan and paid the proceeds into the MM account in order to avoid a 'bounced' cheque – which might well have led to his detection.

### 10. Confession and flight

On Thursday 10th of June, the FT confessed to one of the Friends who had been appointed to undertake the Financial Policy Review that he had misappropriated a six figure sum from the Monthly Meeting through making unauthorised payments into a personally owned company account. The confession included an admission to having forged second signatures on cheques over £1000 and the unauthorised issue (with him as sole signatory) of a number of cheques below that limit. The Friend advised the NT to contact her immediately after his appointment with the FT scheduled for the next morning but did not inform anyone else within the MM, honouring the express wish of the FT to be allowed to make his confession personally to each of those Friends most closely affected. She also phoned the Recording Clerk at Friends House who offered help about how the MM might handle the situation. The Recording Clerk advised that the Police and the Charity Commission must be informed of the theft. Further assistance, which could have included help with legal fees, and the re-scheduling of loans, was available if the MM needed it <sup>4</sup> The Recording Clerk also suggested the name of a Friend from a neighbouring MM who might be helpful to them and who was involved later.

The next morning (Friday), the FT met with and confessed to his successor (the NT) who, somewhat stunned, contacted the other Friend as suggested and later the Recording Clerk's office for advice. During the afternoon the FT confessed also to the Clerk of F&PC (by telephone) after which the NT and Clerk of F&PC spoke and agreed that the planned agenda for the already scheduled Meeting of F&PC (for 13th June) should be replaced with consideration of the misappropriation issues. Any formal action would wait until after that Meeting. One of the MM Clerking team was informed.

Following the confession to the Clerk of F&PC, the FT went missing – leaving a message that he was going to be late home. When MM officers concerned for his welfare discovered that the FT had not returned home by late evening they consulted with his wife who was entirely unaware of the financial difficulties that her husband had been facing. The police were informed that the FT had gone missing and he was listed as a "distressed" Missing Person.

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<sup>4</sup> Other senior Friends House staff helped as well over the following months (from the Recording Clerk's Office, and the Finance and Property, Communications and Quaker Life Departments) either directly in discussion with members of the MM or indirectly through supporting one another and coordinating information about the events, as the MM worked its way through the issues.

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### **11. Finding a way forward**

Two days later, on Sunday 13th June, the F&PC met and decided to undertake its own investigation of the missing funds. The committee commissioned a Bristol firm of Solicitors to advise them on ways to proceed. The next day, Monday, the NT took emergency action to get the FT removed from the mandate and for all outstanding cheques not in the possession of the NT to be 'stopped'. Fortunately the local Bank very helpfully allowed the account to remain open, but it need not have done so.

The committee set up a small group of Friends with a remit to discover what had happened and where the money had gone. They were handicapped by the lack of any reliable cashbooks and the need to corroborate every piece of information that they subsequently received from the FT. Copies of the unauthorised cheques with forged signatures were obtained from the Bank and a Friend has written movingly about the shock felt at seeing her signature forged on them.

### **12. Seizure of records**

On Monday 14th June, the FT was still missing. Although this was still a missing person enquiry the police had been told informally that some money had gone missing and that this might be the reason for his disappearance. When they visited his office, the police found several boxes of financial papers which they took into 'safe' custody pending developments. An immediate consequence for the MM was that many of the papers needed for conducting current business and finalising end of year accounts were now in the hands of the police. Preparative Meeting papers had been collected by the FT and there had been no routine of keeping second copies.

As a PM Treasurer noted:

*I had not copied everything before handing it over, believing it would not be gone long. Of course 2004 accounts were not completed and I have not been able to report an approved set of accounts to my PM. It has been an inconvenience in other ways because I often need to look back over records, for instance to find out what we paid for a particular service last year, so that Premises Committee can make informed decisions.*

In the event the papers were not returned until August 2005 – over a year later. None of these was directly relevant to the subsequent prosecution because the only charges brought were those relating to issuing of cheques, some of which bore a forged signature. 'False Accounting' was never actively considered as a charge.

### **13. The former Treasurer returns**

On Wednesday 16th June, the FT made contact from the Irish Republic and then returned to the UK.

The Bristol Solicitors advised the F&PC that a good way forward would be to draw up an 'Undertaking to Cooperate' as a legal document. This would avoid the need for a High Court injunction (costing £10,000 plus) restraining the FT's assets. On 18th June, MM officers met with the FT who agreed to sign the undertaking to assist the MM in its enquiries. Friends found that the process of establishing an 'Undertaking to Cooperate' proved to be very helpful in subsequent procedures.

On 29th June Friends met the FT to discern what had happened and the prospects for recovering the stolen money. A Friend from outside the MM attended as a witness together with a supporting person chosen by the FT. The meeting was tape recorded. A significant reason for the meeting was that some Friends wanted to see if the FT could find a way to reimburse the MM. Faced with a totally new situation for them, Friends considered whether it would be possible and indeed better to try to keep matters in house rather than make formal charges to the police. Some Friends considered that a process of Restorative Justice should be explored as an alternative to pursuing the matter through the criminal justice system; this would never have been an option because the police had to be involved. It has been noted since by Friends that it should have been possible for a process of Restorative Justice to be pursued in parallel with the process of criminal justice.

On 3rd July, the F&PC held a long special meeting. After a good deal of soul searching, the committee concluded that the matter had to be reported formally to the police, who were in any case already aware of the matter. It was suggested that the best hope for the MM to recover the money was via a personal bankruptcy. Some MM Friends were deeply exercised by the decision to press charges. Feelings emerged which have taken time to address, both individual feelings and those between members.

On 4th July, the new Treasurer invited the police to his house and reported details of the case. The police called the FT for interview, he went voluntarily and made a statement admitting the offences. He was bailed to appear in court in August. The period on bail enabled him to engage with the Friends holding the investigation remit for the F&PC.

### **14. July Monthly Meeting in session**

On 10th July MM met in session. This was the first opportunity for a wider body of MM Friends to hear about what had happened and consider the actions taken. Formal procedures were agreed and minuted to remove the FT from his position as Assistant Treasurer. The NT asked for a system of monitoring to be put in place related to his own work and two Friends were appointed to undertake this.

The meeting was an important first opportunity for Friends collectively to share their feelings of hurt, anger and at times bewilderment at what had happened. The Meeting ratified all the decisions taken by the F&PC and left further actions to that committee. A further important decision related to how to handle communications, particularly with the press. It was decided to appoint a single Friend to handle all contact with the press and media.

In their later reflections on what happened, some Friends noted that the decision to leave all further actions to the F&PC rested on the urgency of dealing with the financial and legal processes faced by the MM and the FT. Without any precedent for guidance, Friends quite understandably took decisions step by step without being able to see all the consequences. These issues will be considered later in the report in order to see what lessons may be learned that would be useful to Friends if ever faced with a comparable situation. However a little more detail may be helpful at this stage of the report in order to understand how the situation had arisen, and the reasons why matters proceeded in the way that they did.

For some years, the F&PC is reported to have worked to the strength of its members which were largely related to the management of MM property. Not all members of the F&PC were

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MM Trustees<sup>5</sup> but Trustees formed the majority of those attending the bi-monthly meetings of the committee which maintained an overview of legal and financial issues as well as property matters. However a lot of the financial matters were left to the Treasurer who presented informal reports periodically and prepared a formal report annually. There was no separate meeting of Monthly Meeting Trustees.

MM's decision on July 10th to leave all further actions to the F&PC did not take account of the spiritual and emotional issues faced by the MM relating to the feelings of Friends about the decision to press charges. One of the learning points discerned subsequently by Friends was that there was no overall coordination of all these matters across the MM. F&PC was fully exercised with a very steep learning curve about the financial and legal decisions that they faced. The Friend who was charged with being the sole channel for contact with the press had difficulties when other Friends spoke independently to reporters. Friends felt grateful for the actions which were being undertaken, but slightly rudderless on the broader issues that needed to be tackled in order to start the process of recovery and reconstruction. Friends have subsequently reflected that there was a need for more communication and joint planning:

*Once (he had) 'confessed' I think we should have organised ourselves better, allocating tasks to a group of Friends so that no one was overloaded and everyone knew what everyone else in the group was planning..... not helped by changes in the group.... and Elders did not seem to know what was expected of them... The central group needed to communicate better – e-mails are so easy for copying information to everyone, but we all had our patterns of e-mail distribution – or didn't use the medium at all. Perhaps we should have met regularly to ensure we all had all the information and were not duplicating work or allowing misunderstandings to develop. This may seem critical – it is not intended that way, just to explain how I feel that confusion has arisen – and I am not sure who is included in 'this group'*

... and further...

*Looking back I think we, MM, should have set up a steering group to draw together all the aspects. We seem to have done very well on the financial side with the forensic investigations and setting up new procedures but that was only one aspect. There were many others.*

... and again...

*...If there had been a steering group some of those emergencies might have been anticipated or avoided...*

It is easy to be wise after an event, and the Friends who have discussed this matter did so in order that, faced with an equivalent problem, other Meetings might seek to set up a more coordinated approach than was possible at the time.

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<sup>5</sup> Friends appointed to F&PC are allowed to arrange for deputies to attend in their place. Trustees are legally recognised appointments with particular responsibilities and deputies are not allowed (see CC report attached).

### 15. Legal proceedings

25th August was the date fixed for the first of Hearing in the Magistrate's Court but the failure of lawyers to communicate fully led to delays in committal. In the meantime, the FT was on bail and co-operating with the Friends appointed to determine the details of his financial activities, seeking to find what unauthorised withdrawals had been made and where the money had gone.

On 7th October the FT entered a guilty plea at the final Magistrate's Court hearing – admitting to 38 incidents of theft, 15 charges with 23 other similar offences to be taken into consideration. All the charges related to issuing cheques on the Monthly Meeting current account without due authority and as such the paper trail was very simple to follow. Apart from things done in support of the misappropriation or to avoid early detection, the MM found no evidence of any other activity which could be construed as criminal.

On 8th October the FT entered into an Individual Voluntary Agreement with his creditors, who were the MM plus a number of financial institutions. In July the F&PC had been advised informally to press for the FT to apply for personal bankruptcy. The FT was professionally advised to apply for an IVA and the MM assented to this as being a much cheaper procedure and just as effective for practical purposes.

The Crown Court moved quickly to sentencing and Friends report that they did not have time to be fully prepared. The issue of approaching the matter through a process of Restorative Justice that had been put forward the previous July still seemed the right way forward for some Friends. Back in July it had been thought that the FT was in no fit state to cope with the processes and issues involved. The speed with which the legal process was now proceeding left little time for discernment about the right way forward both for the FT and for the MM. In a very short period of time some Friends prepared a Statement for the court asking for a non-custodial sentence. This Statement was tested and adopted by Sidcot PM as the Court Hearing was three days before the next scheduled MM session. However at the Crown Court Hearing on 10th November the FT was convicted and sentenced to fourteen months imprisonment. It is believed that the Statement<sup>6</sup> submitted to the Court by Friends (and treated by the Court as a formal 'Victim Statement') was instrumental in reducing the eventual sentence from an expected two to three years down to fourteen months. Compensation issues were deferred until a hearing on 10th February 2005.

This further delay led the Crown Prosecution Service to decline to authorise the release of the documents held by the police since June 2004. The compensation issues were resolved on 1st August 2005 with subsequent document release.

The FT was released after three and half months in prison. During his time in prison (mainly in South Wales) he was visited by a Quaker Prison Minister from South Wales MM after notification from NSWMM.

### 16. The Charity Commission

About a month after the confession, MM Trustees approached the Charity Commission (CC) explaining what had happened. The CC instituted a formal Inquiry under section 8 of 1993

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6. A copy of the statement is included at the end of the report, Appendix 6



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Charities Act. The MM Trustees met with the CC on 28th September. Friends described it as 'a good meeting', the CC staff were informally sympathetic, but set out the steps that Trustees would be required to take. The MM Trustees were given 2 – 6 months to take action on various matters.

The approach of the Charities Commission is based on the fact that it is

...the fundamental duty of all charity trustees to protect the property of their charity and to secure its application for the objects of the charity. In order to discharge this duty it is essential there are adequate internal financial and administrative controls over the charity's assets and their use.

As set out in the CC report, the MM Trustees were reminded that:

One of the prime internal financial controls is the separation of those responsibilities or duties which if combined would enable one person to record and process a complete transaction. If duties are segregated, this reduces significantly the scope for errors and oversights, as well as, deliberate manipulation or abuse and builds in additional checks.

In reviewing MM procedures, Friends found that this separation had not been practiced, so enabling the misappropriation to have occurred. New procedures were planned to ensure that this could not happen again.

The Commission clarified the issue of whether it would have been possible to avoid involving the police, by reminding Trustees that in the event of discovering any evidence of financial irregularity, it should always be reported.

The Commission noted that the Trustees must take immediate steps to seek to recover any losses and might be personally liable if the losses had resulted from their own negligence in the management and administration of the charity. The Trustees set up a 'Financial Procedures Review Group' (FPRG) to fulfil the requirements of the CC. This group met several times and developed some detailed procedures which were adopted by the Trustees on 19th February 2005 and are now in use. More recently the Trustees commissioned an independent overall review by a professional accountant and that report was received in April 2006.

In April 2005 an 'Evaluation Letter' was received from the CC, asking what the MM had done. On behalf of the Trustees the NT completed a CC checklist and supplied to them copies of Minutes and the reports of the FPRG.

The Trustees were heartened by a very quick response from the Commission, (three days), accepting that they had fulfilled their responsibilities and stating that no further action would be taken. These actions required of Trustees are set out in the full CC report that was published on its web site in January 2005, and is included as Appendix Two of this report.

## **17. Financial recovery**

The NT with active support from other Friends and with regular reports to F&PC had set out to recover losses even before the meeting with the Charities Commission although not all the pieces were then in place to get an overall picture. The gross take was £171,201 but this was offset by £23,050 which the FT paid into the MM account when there was a danger of the account going overdrawn. Thus the net loss was £148,151. Given the complexity of the

situation, different figures have needed to be used for different purposes but the figures here are the principal amounts.

The work of the MM had to continue despite the loss of its reserves. There were immediate large bills to be paid –to a builder for work on the Weston super Mare Meeting House and for the annual insurance premium – plus other liabilities. A loan from Bath PM and forbearance by the Insurers helped in the first month and then in July an £18,000 legacy from a deceased Friend arrived – thankfully after the revelations as the MM may not have seen the benefit had it arrived a few weeks earlier. The legacy enabled the MM to clear all its non-Quaker debts and the MM was grateful for the forbearance shown at Friends House until it was possible to clear the debts to BYM –early in 2005.

### **18. Five routes to recovery**

There were five routes to recovering the money.

#### **1. Individual Voluntary Agreement (IVA)**

An IVA is a cheaper alternative to personal bankruptcy. A debtor seeks to agree with her/his creditors that all personal assets will be declared and the proceeds of liquidating them are shared among the creditors proportionate to the amount that each claims to be owed to them by the debtor. It is statutorily managed by an accredited Insolvency Practitioner.

The funds recoverable through the FT's IVA are likely to amount to only about 30% of the total claim. It transpires that the FT had several other debts. The MM Claim was entered for the full amount of the net misappropriation and it amounts to some 68% of the total claims of all the Creditors. As a consequence, the MM has a controlling interest when it comes to such matters as confirming decisions to write off the debtor's "accounts receivable" as irrecoverable. Interaction with the other legal processes and the delay while the FT was in jail mean that the IVA is unlikely to be completed before November 2006.

#### **2. Court Order**

The Crown Court is able to make a 'Confiscation Order' requiring a defendant to pay a specified sum to the Court where it believes that the defendant still has assets or proceeds from the crime. The FT was ordered to pay by 31st July 2006 and if he fails to do so, he is liable to be sent back to jail. Any payment into court is paid over to the "victim" of the crime under a parallel 'Compensation Order'. In this case, NSWMM has already received payment of part of the sum ordered.

The Court took some time to reach a decision on compensation issues in view of the 'rival' claims under the IVA on whatever assets of the FT were realisable. In the event it was decided to exclude from the Confiscation Order anything already included in the IVA – leaving a relatively small amount due.

The overhanging threat of a return to jail is seen by some Friends as 'muddying the waters' for any attempt at Restorative Justice and so it is likely that this will not progress very far before August 2006.

#### **3. Involvements of MM Bankers**

Where the FT had drawn cheques for more than £1000 he had forged the second signature.

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The total of such cheques was just over £132,000. The Bank is liable to make a full reimbursement of this amount to the MM because they 'paid away' money other than in accordance with the Mandate. This is an absolute liability under the Banking Acts – because NSWMM was using a paper-based system. That liability cannot be avoided except where the Bank can prove the customer to have been reckless (not just careless). Thus there was no need (as was initially suspected) to call on expert evidence as to the credibility of the signature forgeries. Fact of forgery was enough. However the Banks are able to avoid any such liability if the customer chooses to use electronic banking. The liability of the Bank to MM means that the Bank is entitled to a proportion of any recoveries made. In practice the MM keeps all recovery receipts and reduces the amount eventually to be claimed from the Bank according to the Bank's entitlement to a share in that recovery.

The Bank is not liable for the approximately £18,000 stolen using cheques for less than £1000 which required only a single signature. After apportioning the £23,050 paid in by the FT, this leaves around £16,000 as a direct loss to the MM – although much of this will be recovered from the Court, the IVA or the insurers.

### **4. Claim for professional negligence**

The MM considered the possibility that the accountancy practice that had examined the MM accounts for 2002 without advising on any irregularity, could be considered to have been professionally negligent and potentially liable for any loss to the MM. However, professional advice to the MM was that any such claim would not succeed because of the very limited scope of an Examination as compared to a full audit.

### **5. Insurance Policy**

The Trustees have held for several years an insurance policy with the Methodist Insurance PLC. This policy covers up to £10,000 of monetary loss (including misappropriation). The final amount that can be claimed will be determined after all other recovery actions have been completed.

A Friend has noted that:

*Although the insurers will be meeting some of the loss under the cover for money, better cover would have been afforded by the Meeting taking out fidelity guarantee cover – most organisations have this for senior staff. It may be costly, but may be advisable.*

However there may be a need to consult the Charity Commission concerning this form of cover.

## **19. Predicted outcome of recovery**

The following report on Funds stolen from the MM was included in the Financial Report for the MM for the year ending 31st December 2004.

A net total of £148,151 was taken from MM's bank account over a two-year period which ended in May 2004. Trustees anticipate a near-complete recovery in due course although the exact amount cannot be ascertained until completion of certain legal actions. Over £146,000 of the total is expected from the bank, from our insurers, and possibly from action directly involving the culprit. In May 2005, a first instalment repayment of £80,000 was received. The Accounts therefore include the full amount



owed to MM of £148,151 as a debtor in the balance sheet as at 31 December 2004. Any minor shortfall will be written off when ascertainable.

The 2005 Accounts were not available at the time of writing but they are expected to include a reduction of this debtor figure to £32,729 and the NT is reasonably confident that a full recovery will be achieved –although how much from each source is currently unknowable.

### 20. Effect on the MM

As noted at the start of this report, NSWMM is a voluntary organisation, run by people who are already very busy. Integrity is taken for granted, part of the traditional Quaker Testimonies, and when that assumption was undermined Friends were challenged to examine taken-for-granted ways of working. The work of recovery and reconstruction was necessarily carried out by a small group of Friends. Some of them had the particular skills needed to unravel the financial issues. Others (some holding MM office) concentrated on much needed and valued pastoral support. An opportunity was found for Friends to come together for the purpose of exploring their feelings at a meeting held on Saturday 5 February, 2005, ably led by an experienced facilitator from a neighbouring Monthly Meeting. About forty Friends participated in a day that was held as a Meeting for Learning, with Friends speaking out of the silence and listening deeply. The starting point was a process of simply naming feelings without needing to say why they were felt or where they were directed. Many Friends spoke, whilst others supported them in the silence. Later in the day Friends expressed their hopes for the future. Notes were taken to remind Friends of what they wanted to achieve. The process was valued by most Friends and some have felt the need for further opportunities for sharing and healing beyond the framework of the normal business meeting or meeting for worship.

One Friend wrote about the process:

*Again it was very late that we had a meeting to look at feelings and hopes. A steering group could have looked at what all Friends needed. They could also have had more direct contact with (the FT) on non-financial matters. They could have been assessing at what time Restorative Justice processes could have been introduced. They could have looked for sources of assistance within and without Friends... Their watching brief could have prevented various officers being over stretched whilst at the same time supporting them. So often we were reacting rather than being proactive.*

As already noted it is easy to be wise after the event, but the purpose of this report is to provide a resource of experience that might help other Friends to learn from the experience of NSWMM Friends, who had to learn step by step. This took its toll on their health, families and social lives.

*I know that several Friends put in so many hours on dealing with this case that their family and social lives suffered, they were giving almost every moment spare from other commitments to dealing with this, and felt that their lives 'were on hold'. All this took its toll on everyone...*

Not unexpectedly following such trauma one Friend reported feeling a loss of confidence but thankful for the support received from other Friends:

*After the fraud was discovered I felt quite depressed at my competence as a trustee,*

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*probably I won't volunteer again...I am impressed by the loving maturity of all our MM.*

A Friend who had a very active role right through the whole affair wrote that:

*There have been several occasions when it has been necessary to listen to anger and distressed accusations that some Friends were vindictive in pursuing (the FT). We have not used legal representatives so our interests have had to be in the hands of Friends – sometimes the human face rather than 'the law' can be painful.... Liaising with and supporting (a particular Friend) ...took many hours as did discussion on how we dealt with what had happened.*

Seeing the experience as a steep learning curve, challenging for everyone, led one Friend to note the importance of just that for improving the life of our Meetings:

*Somehow we have to get a lot better at challenging each other, it might not seem 'polite' or 'nice' but it is necessary, loving and right. At times we seem in conflict with each other, but it is better to bring that out in the open and deal with it to reach some kind of unity rather than backing off because it is painful and difficult as happens now.*

Friends also reflected on their concern for the family. Support had been offered right from the time of the first confession, but it may have been difficult at times to know the best forms to give. Not everyone in the FT's family was a Quaker and there were mixed feelings reported about the whole history of the situation that had led him to commit the offence. There will probably never be a single view by all participants or a single reason why the offence occurred.

## **What can be learned from the experience of NSWMM**

Quaker Business Methods are distinct from those of other equivalent organisations and have been developed and tested over three centuries. When material was being gathered for this section of the Report, a Friend noted that it should be underpinned by the recognition of:

1. The importance of following our business method.
2. The importance of supporting our officers.

### **1. 'Tough Trust'**

Friends from outside NSWMM have been very impressed with the way in which MM Friends were able to respond speedily and effectively to the unexpected situation in which they found themselves. A Monthly Meeting consists of Friends from a widely spread geographical area who come together to conduct the business of local Quaker Meetings that have unique features. A key learning from the experience of NSWMM is the need to build knowledge and trust in our meetings and especially between local meetings within a Monthly Meeting.

Friends may be familiar with the term 'tough love', which is the sort of love which recognises that it is sometimes necessary to confront a child, Friend or colleague with difficult questions in order to deal with issues necessary to maintain and grow that love. A theme that has come up time and time again is the need for Friends to be open to each other, not afraid to ask questions. Quaker 'trust' is not an excuse for hesitating to ask questions. 'Tough trust' involves being prepared to question and also to be questioned. Being open with one another involves being ready to challenge and to be challenged.

A related issue that arises from the experience of NSWMM is how Friends listen to each other. In particular, how do we listen to those who are persistent critics... they may sometimes be right. It is important to listen carefully to all critics but be patient and tender to those who are persistent due to concern. Similarly, where it is necessary to ask difficult questions it is equally important to ask them in ways that can be heard.

Friends in NSWMM are not different from the wider community in holding differing views about many social issues. The fact that at the start of the history that we have been considering, Friends differed in their knowledge and attitudes to issues of crime and punishment led to difficulties in discerning the way forward. If Friends can now reflect together on their learning then they may be able to lead others into a greater understanding and preparedness to deal with these matters in the future.

### **2. Nominations**

NSWMM is not alone in finding difficulty in searching for nominees to cover the various tasks adequately. The Quaker Stewardship Committee has noted that this is a national problem and advises MMs to engage professional help where they have difficulty in dealing with technical tasks, including the handling of accounts, if they do not have sufficient capacity within the members of a Monthly Meeting to undertake tasks adequately.

Following reading the first draft of this report, a Friend wrote to emphasise how:

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*...general difficulties in filling Monthly Meeting roles contributed to the problems. The general unwillingness to do jobs at MM level means there is rarely a choice of candidates and made the nominations committee and the meeting willing to accept anyone who offered.*

She continues with the observation that the problem of finding people to serve is just as severe a factor in making the MM a 'vulnerable victim' as a general culture of trust: a problem that was compounded by difficult group dynamics in a key committee. She reports that the MM is currently without a Clerk and has replaced its full Nominations Committee (which had a representative from each of the nine PMs) with a group of three Friends. Further, at one point during the events described in this Report, MM Elders were on the point of preparing to lay themselves down as they could not find a Clerk.

Another Friend reflected that the pattern of office holding in the Society is inherited from a time...

...in the eighteenth, nineteenth and early twentieth centuries [when] some Friends were more affluent than others. They had support staff both at home and in business which gave them the freedom to take on extra tasks for the Meeting. The Society still relies on finding officers to take on the tasks that these affluent Friends from the past did but the Society is different. Most people employed and under retirement age with families do not have the time or energy to fulfill these tasks so there is a heavy reliance on older and retired Friends. Older Friends become exhausted and younger Friends are marginalised, having little direct influence regardless of their quality.

The Friend concludes that the first thing that should be done is to redefine the necessary tasks, taking every opportunity to identify discrete, limited tasks. Jobs should be broken down into bite sized chunks so that busy people can do what they can, as part of a team but with limited personal responsibility. Such teams would need to be well managed and coordinated.

NSWMM has job descriptions for the Treasurer, Assistant Treasurer and Collector but it is important to keep them under review, to establish forms of accountability and be open to different ways of distributing and coordinating functions.

Nominations Committees are regularly faced with the problem of planning succession. NSWMM Friends have noted the need for training prospective as well as new trustees and treasurers. Training in the way in which Quaker business practice relates to good practice that is generic in other relevant organisations, might be a useful part of the induction of new members.

A further point that Friends have reflected on involves the actual point of time when a nomination comes to the Monthly Meeting in session. The tradition of 'trusting a Quaker committee', as well as recognising the hard work involved in searching for nominations may inhibit Friends from questioning a nomination. Friends need to value their tradition of 'plain speaking' in action as much as in theory, by stating sensitively and plainly their doubts about any nomination.

In July 2005 the MM considered a more rigorous appraisal of all appointments to those offices within the Monthly Meeting which involve stewardship (e.g. trustees, treasurers, collectors), particularly where a Friend has only been known within a Preparative or Monthly Meeting for a short time. Procedures considered include:

- Self certification to establish the eligibility of a Friend to act as a trustee according to CC regulations;
- Criminal Record Bureau Check where appropriate for an office;
- References, particularly if a Friend has not been in the MM for at least two years;
- Proof of membership of a professional body.

Friends are reported to have been reluctant to adopt the guidelines as they could discourage someone who was otherwise willing to serve. Further, the shortage of available people might make the use of the guidelines unaffordable. The MM deferred implementation of these procedures pending upcoming advice from QSC and consideration of this report. The full paper is attached as Appendix Three.

### 3. Systematic business practices

Peter Drucker writes on the management of 'not-for-profits organisation', including churches and charities. He notes that where the high personal commitment of members can be combined with well planned and implemented business practices, voluntary organisations can be very effective in achieving their goals.

In the introduction to this report, it was noted that organisations such as the Religious Society of Friends try not to be overly bureaucratic in their procedures and value trust in their members. Trust and integrity are very strong core values for Friends, sometimes valued more highly than perceived bureaucratic controls. Systematic business practices are designed to reduce the likelihood of mistakes happening and problems occurring. Their purpose is to protect officers and members by building in checks against inevitable human error as well as to protect members against deliberate misuse.

A Friend in NSWMM has written:

*Speaking as a past treasurer [in a different MM] the question of trust versus bureaucracy should not be an issue, rather, sound financial systems should protect the treasurer against any allegations – true or false. I would require this if I was ever to be treasurer again.*

NSWMM commissioned a professional 'Procedural Review' that reported to the F&PC in April 2006. Following receipt of that Review, the MM will examine its procedures; making decisions about any further changes that need to be made.

This Report should be complementary to the Procedural Review. The following sections arise out of the account of what has happened.

#### 3.1 Handover between appointments

One of the problems experienced by Friends in NSWMM arose from delays in handing over materials, delays that were later recognised as indicators of the serious problems that were taking place. Wherever possible Friends should establish plans for the handover of office, including debriefing, the review of job descriptions, briefing for new post holders, agreed timetables for handing on materials, and transferring responsibility for different parts of the job.

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### **3.2 Job descriptions and review**

Regular reviews of job descriptions are desirable and nominations committees have an important role in keeping them under consideration. Quaker Meetings like other voluntary organisations are for the most part reluctant to address problems of performance in an open manner. However, if an agreed way could be found for an office holder to regularly review their work with Friends appointed by the Meeting, mutual benefit may be found, and it may be possible to avoid pressures building up that would lead to difficulties.

### **3.3 Separation of responsibilities or duties**

Separation of responsibilities or duties is part of the remit for the Procedural Review. As the CC pointed out in its report, the Trustees have a responsibility to ensure the separation of those responsibilities or duties which if combined would enable one person to record and process a complete transaction. If duties are segregated, this reduces significantly the scope for errors and oversights, as well as, deliberate manipulation or abuse and builds in additional checks.

Bank statements should be checked regularly by more than one Friend, the Assistant Treasurer, or as is the current practice of NSWMM by a 'Scrutineer' appointed by the MM.

It is important that the post of Assistant Treasurer should be more than symbolic and that an effective working relationship should be established involving clear demarcation of work.

### **3.4 Bank mandates**

Bank mandates are being considered as part of the Procedural Review. When there are changes in appointments that affect bank mandates, the mandates need to be changed as soon as possible. In some organisations the process is managed at secretarial level or by an outgoing Treasurer. NSWMM is delaying updating bank mandates because of a view held that the processes have become complicated in order to comply with money laundering regulations. Commonly all signatories have to be contacted and have their mandate renewed each time there is a change. The physical distances between Friends and Meetings make it easier to make do with the old list of signatories until it is absolutely necessary.

The requirement for having a second signature on a cheque can also be a contentious issue. Again, physical distance can be a problem with counterfoil checking and should be taken into account when choosing signatories. In addition to enhancing security, the practice of requiring second signatures helps more Friends to understand and be involved in the work of the Meeting. Friends differ in their view on whether all cheques, or whether only cheques over an agreed limit should have two signatures.

In the current case, it has been argued in the MM that delays in the change of mandate were not a contributory factor in the diversion of MM funds to the FT's personal business account - but not all Friends agree. However, the £1000 agreed limit for cheques with a single signature did enable the FT to steal £18,000 without a second signature. It is clearly good systematic business practice that Bank Mandates should be kept up-to-date, and MMs may wish to give this task to the Clerk, Assistant Clerk, or an appointed Trustee in line with the principle of separation of responsibilities from those of Friends directly involved in conducting financial

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<sup>7</sup> NSWMM currently has a written procedure for authorisation of unplanned expenditure arising between meetings of FP&C.



transactions. Following consultation with other Friends involved in stewardship issues, it is suggested that the current £1000 limit for a single signature is reviewed to a sensible level that would allow small expense claims and payments to be made. Larger payments should require a second signature and authorisation – either by minute (of F&PC or MM) or the approval of the requisite trustees. This issue is being addressed in the Procedural Review.<sup>7</sup>

It is normal practice that invoices, receipts or other proof of purchase should be provided before payment or reimbursements are made.

As a Friend has written:

*Underlying all these procedures is the fact that we should be able to entrust tasks to individual Friends but also to agree procedures for the monitoring of the exercise of such trust.*

### **3.5 External professional examinations**

It is important to be clear about what should be covered by examiners in the external examination of accounts. When examination is contracted to a professional organisation, it is important to be clear about the professional qualifications of the examiners and to obtain written agreement about the scope of the task to be performed. Transparency is enhanced if, as is the current case with NSWMM, all written communications between the examiner and the treasurer are copied to another Friend.

### **3.6 Simple financial reporting for non specialists**

In a Quaker business meeting, all members are responsible for decisions. However, it is currently unusual to find many Friends who find it easy to understand financial reports. There is a double responsibility here. Examiners and treasurers have a responsibility to present financial reports in a way that is as easy as possible for non-specialists to understand. All Friends have a responsibility to seek to understand the materials on which they have to make decisions, and not to leave financial matters to the ‘experts’.

### **3.7 Projects**

It has been noted earlier that the Bradford-on-Avon Meeting House Project is reported to have been very well run by Friends. There was however difficulty for the MM in session related to the way in which the FT presented details of the Project Finances out of line with the reporting accounting year.

Meetings may find it helpful to maintain separate accounts for major projects, but Project Accounts must be reported through the year end accounts and reconciled on an accounting year basis. It has been noted that this might not have stopped the fraud at NSWMM but it could have prevented it from continuing as long as it did.

### **3.8 Back up copies of records and working documents.**

The difficulties experienced by Friends following Police seizure of the Preparative and Monthly Meeting papers reinforces the need for routine back-up of records. Records are of course equally vulnerable to fire, computer failure and so on.

## **A Vulnerable Victim?**

### **4. Trustees**

The CC Report<sup>8</sup> reminds us that it is the fundamental duty of all charity trustees to protect the property of their charity and to secure its application for the objects of the charity. During the period considered in this report, trusteeship functions were largely exercised through the meeting of the F&PC. There is a distinction between membership of a Trustee body and the F&PC in that a Trustee cannot delegate decision making and monitoring responsibility to a deputy.

Trustees need to be familiar with financial procedures and outcomes, to receive regular financial reports, to review trends and ensure that actual balances are checked against accounts. The Procedural Review is expected to report upon the adequacy of arrangements for oversight of finances between Trustees, Scrutineers and the MM Monitoring Team.

NSWMM decided in 2003 that the MM Clerk should no longer be a Trustee because of the potential conflict of interest. When presiding over MM in session, the Clerk needs to be the servant of the Meeting and to draft a minute in line with that rather than her/his own views as expressed in committee.

In line with the principle of separation of responsibilities, Trustees may wish to consider whether they should convene separately from F&PC on such occasions as may be necessary to perform their duties.

### **5. Value of an Individual Voluntary Agreement**

Friends in NSWMM have reported that in their particular circumstances obtaining an Individual Voluntary Agreement with the FT was very helpful to establishing the processes and relationships needed to take matters forward. They stress however that an IVA may not be appropriate in other circumstances.

### **6. Commissioning legal advice: determining parameters and likely cost**

When the Trustees gave two Friends full authority to approach a firm of Solicitors they, entirely understandably, had little idea of where it might lead. There was no consideration of cost. Friends regarded the eventual bill for the work as excessive given the short period and that the signed Undertaking to Cooperate was the only tangible outcome. The Undertaking to Cooperate enabled the MM to avoid the costs of a High Court Injunction – the procedure initially advised by the Solicitors. Also, it was effective in paving the way to co-operation and the eventual Individual Voluntary Arrangement. The IVA would have been the principal route to recovery if the Bank had not been liable under the Banking Acts as described earlier. The eventual bill was £2993 – after a slight reduction. The lesson is that it is important to exercise caution even when there is an urgent matter to be dealt with. On the other hand, it is not advisable to avoid doing what is needed just because it will cost a lot.

### **7. Dealing with the media**

Publicity is inevitable and the early decision of NSWMM to appoint a single spokesperson

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8 Appendix Two.



proved valuable and is to be recommended to other Meetings that have an equivalent need. The Friend who was appointed has prepared a very useful set of guidelines that are reproduced in Appendix Four.

### **8. Role of Elders and Overseers: holding the reins**

Friends are often ambivalent about leadership but feel the loss when it is absent. The reported experience of Friends in NSWMM was of considerable and effective energies being applied to the urgent and immediate problems that were thrust so suddenly onto officers and members of the F&PC, but that there was still a need for an overview to be maintained. This overview included concern for the spiritual needs of Friends, some of whom experienced a challenge to the core of their understanding as Quakers. There was need also for leadership that held an overview between what was being achieved in discerning the right course of action in the legal and financial areas, and how to apply Quaker principles to meeting the needs of the FT and his family, and to support the Friends who were often very stressed by the sheer volume of work. In a 'loosely coupled system' such as a Monthly Meeting, there is also a need to ensure that there is very good communication between the office holders and members in different Meetings. MM Elders serve their individual Meetings for the Monthly Meeting and have a key role in maintaining the 'health' of the whole body.

If elders are unable to be pro-active then other Friends have to fulfill their function. As one Friend wrote:

*One cannot legislate for such situations but it is essential that some Elders are able to maintain the traditional role of 'holding' the spiritual well-being of the Meeting at the MM level.*

Advice and training are needed for elders and overseers about how to handle the tensions and strong emotions emerging over, for example, differing interpretations of pastoral care and of forgiveness.

### **9. Training needs**

Returning to Peter Drucker's work on effective not-for-profit organisations, training is as important for the effectiveness of volunteers as it is for employed staff. The need for training has been mentioned several times in this report. There are many training opportunities provided by Woodbrooke and by central service departments of the Society.

The training needs identified by Friends include:

- Opening training widely – to enlarge the pool of those available to take office and to give Friends a better insight into the running of our Meetings and how they as non-officers can help. New members need help to understand and practice our Business Method, Nominations Process, roles of Trustees, MMs and PMs etc. Seasoned Friends may need updating on how business methods have changed or need to change.
- More training for Elders and Overseers on how to respond to Friends at a time of stress.
- Training around the issue of confidentiality. As a Friend wrote:

## A Vulnerable Victim?

*... many Friends talked 'loosely' to those who did not need to, or even should not, know and in theory there could be instances when Friends fail to pass on information through unnecessary caution. I was told many things which I should not have been and this placed me in some very awkward positions and was at times a heavy burden – and it is still happening despite my efforts to check before I am told something whether I am excluded by confidentiality.*

- Training designed to ensure that the MM has a pool of Friends who have knowledge and experience of dealing with the media, and the principles and practices of Restorative Justice.
- Training to ensure that there will be a succession of Friends prepared to take their turns as clerks, treasurers and all the other forms of service.

### **10. How meetings can handle Restorative Justice processes when Friends are directly involved?**

The national Restorative Justice Consortium offers the following definition:

Restorative Justice seeks to balance the concerns of the victim and the community with the need to reintegrate the offender into society. It seeks to assist the recovery of the victim and enable all parties with a stake in the justice process to participate fruitfully in it.

A key learning from the experience of NSWMM is the importance of understanding Restorative Justice before it is needed – to have the fire engine on stand by and to know where to get expert help. A paper by Marian Liebmann (Bristol and Frenchay Monthly Meeting) outlining principles and practices of Restorative Justice is attached as Appendix Five to this report.

NSWMM is still in the process of discerning what it needs to do to progress its Restorative Justice initiatives. Their consideration of this report will contribute to that discernment and may reawaken tensions and emotions that still need to be addressed as part of the process of recovery and reconstruction.

Once the MM has agreed the 'facts' then it may feel the need to move on from this stage. At each stage, Friends may need to know that their personal feelings have been heard. Friends need to continue to listen to how each has been affected. The 'Meeting for Learning' in February 2005 with an experienced facilitator was very helpful but more may be needed.

As a Friend noted

*As I saw it some Friends were keen to implement Restorative Justice processes, mainly those who understood them: many were willing to try it, because they thought it a Friendly way to do things although not too sure of what it really involved: and though some were reticent I was not aware of any direct opposition.*

Initially the parts of the Restorative Justice process, other than dealing with financial issues, which would involve direct contact with [the FT] were delayed because of his perceived mental state and the number of Friends already 'tied up' with other aspects of the affair.

There was an intention to set up a small group to look at how the process might be

implemented. Some names were gathered but it was never clearly put to MM and did not happen.

When it became known that the sentence unexpectedly might be passed within a week some Friends wrote a statement to the court [see Appendix Six]. This mentioned the hope of MM to use Restorative Justice and the belief that lengthy imprisonment was unnecessary. The court took this into account and imposed a short term. I think this may have drawn [the FT's] attention to Restorative Justice.

The Friend continues with an account of the processes by which Friends attempted to engage while the FT was in prison and on his release. This experience would form the basis for valuable advice for Friends and others who seek positive ways to rebuild relationships, heal hurts and integrate all concerned into a changed society. Arising out of this experience an action list has been drawn up and is attached as Appendix Seven of this report.

A NSWMM Friend has suggested that expertise on how to respond to a situation requiring Restorative Justice needs to be held at Yearly Meeting level in order that it is available if needed in another MM.

### **11. Handling extreme or traumatic situations: how BYM committees and staff can help**

Elsa Dicks, Recording Clerk of Britain Yearly Meeting has contributed the following account of the resources available to Friends and Meetings.

*Providing expert help and supporting meetings is a major priority for the Yearly Meeting and its centrally managed work. Significant committee and staff resources are provided to help maintain the life of Meetings and sustain individual Friends.*

*The first point of contact however is usually a member of staff at Friends House. Staff in the Recording Clerk's Office, Friends House reception and in each of the departments can help identify the best contact or committee in their own or other areas of work. Their names and telephone numbers are also listed in the Book of Meetings. Once the contact is identified, it is helpful to write, e-mail or phone and to allow time for the right staff member to respond, especially as many of them work outside the office.*

*Experience shows that very often simply talking through issues with someone outside the Meeting helps to find the answers and the solution to problems lies with the Meetings themselves. The emphasis of the support we provide is therefore on encouraging Meetings to feel confident in Quaker processes and in identifying and using local expertise wherever possible.*

*Where the need goes beyond general information and guidance, or where there are serious problems, staff refer these to Friends known for their expertise, to specialist committees, or other staff colleagues. The Recording Clerk's Office, Quaker Life and Quaker Finance & Property and the Quaker Communications Media office have specific responsibilities and experience in helping to resolve problems. Serious problems should be raised directly with the Recording Clerk, the Assistant Recording Clerk or the general secretaries of the relevant department who will either respond directly or call on other specialists, committee or other wise Friends to help.*

## A Vulnerable Victim?

*The earlier a need is identified and shared, the easier it is for committees and staff to provide timely help, tailored advice and practical resources to deal with an issue before it becomes a problem. This will often be done on a personal, one to one basis, however long that might take, and always in confidence where required.*

*A wide range of practical resources is available. These include handbooks, newsletters and general guidance notes, on a range of topics, many of which are free of charge. Specialist conferences and training courses are provided by BYM committees, or by Woodbrooke. In some circumstances funds are available which, in extremis, can be used to solve problems or help Meetings obtain legal or other professional advice.*

*Quaker Faith & Practice gives a general account of the responsibilities and areas of expertise of committees. These include specialist committees like the Quaker Stewardship Committee, Quaker Finance & Property Central Committee, Friends Trusts Ltd and other committees of Quaker Life, e.g. on Eldership & Oversight, Wardenship and Children and Young People, as well as listed informal groups, e.g. Friends Fellowship of Healing and other Friends with specialist expertise. Central departments have staff with particular skills and experience or whose role is specifically to act as a point of contact for meetings and their enquiries.*

The *Book of Meetings* lists committee, informal Quaker groups and staff contacts. Details of the practical resources available are on the BYM website.

## 12. Conclusions

The theft of money from NSWMM was a major challenge to Friends, a challenge to their core understanding of what it means to be a Quaker and of Quaker business methods.

Seeking a way forward, Friends combined concern for recovery of funds with trying to discern what would be right for all the people who had been affected, including the FT, many of whom felt shocked and in a sense damaged by what had happened.

The strength of an organisation is tested when something goes wrong, forcing it to examine aspects of itself that have become taken for granted. In its courteously correct dealings with the Trustees, the Charity Commission noted that the MM did not have sufficient administrative controls in place to prevent the fraud. The language of 'financial control' and the 'separation of responsibilities and duties', may appear alien to some Friends. The Quaker testimonies to truth and integrity underpin the trust that Friends give to their officers and committees. The strength of the Quaker approach can also be its weakness. It is likely that what happened in NSWMM could have happened in a number of other Quaker Meetings and organisations; potential 'vulnerable victims'. Routine systems of financial control are not 'un-Quakerly' but help to protect Quaker Treasurers and others by minimising the effects of understandable human error, as well as the, thankfully rare, occurrence of deliberate fraud.

The Procedural Review commissioned by the Monthly Meeting is a wide ranging enquiry by a professional accountant into current practices – including authorisation, making and recording of payments, processing of income (general receipts and contributions from Friends) and the reporting to the Trustees as well as recording and control of assets and the use of basic internal financial controls. Following receipt of that Review, the MM will examine its financial procedures; making decisions about any further changes that need to be made.

## What can be learned?

NSWMM has endured two very painful years but its experience may prove very helpful to Friends elsewhere as they reflect on whether their own business practices follow Quaker principles and include sufficient safeguards for their work. A key lesson from its experience may be found in the reflections of some Friends about the need for greater coordination and the important role that Elders should play in maintaining an overview of the needs of different parts of a Monthly Meeting. The absence of a steering group may have been one reason why the Monthly Meeting was unable to take full advantage of the help offered by Friends House Staff, who in their turn did not want to appear to interfere once initial offers of help had been made. Friends found strength in the close informal contacts made between themselves – contacts that were vital for those Friends to cope with the challenges and traumas – but these may have had the side effect of excluding some sources of outside support.

Much of this report has focused on the processes of financial recovery, but NSWMM has also had to support Friends and others who have been under considerable stress. Friends are no less human than other people and at times they have found it difficult to hear each other or to express concerns in ways that others find it easy to take on board. It is to be hoped that NSWMM will emerge stronger from its difficult experience. The Meeting for Learning that was held in February 2005 provided an opportunity for Friends to name their feelings and to express their hopes for the future.

These hopes included that:

- The MM will get an explanation of what happened
- Our business practices will be more 'in this world'
- We will give more energy to building community...
- We will be professional in making appointments...
- We understand that someone in great turmoil was unable to confide or seek help.
- We accept the challenge to find that of God in everyone.

...and finally the hope that what has happened, the experience.....can be used as a 'positive opportunity'

## Postscript

While planning and writing I have been very conscious of the words of a Friend who was quoted in the final paragraph of the Report of the Meeting for Learning held on 5th February 2005:

*[I hope that we will]...be aware of others' feelings which have not been heard. We can never seal all loopholes. We need confidence in our ability to listen, and hear what needs to be done. We need to listen in all areas, which are linked, and not just 'things eternal'.*

It has been clear at each stage of writing the report that Friends differ in their views and memories of what happened. The first full draft was made available to as many members of the Monthly Meeting as wished to have a copy. Some 60 copies were distributed and 14 responses were received. Some of the responses were very detailed, others more general, reflecting on issues arising out of painful experience. All the responses were reviewed and appropriate changes made to the draft, some of the responses reflected continuing hurt and argument between Friends.

Following reading the first draft, a Friend wrote to share her experience of having been in two MMs where:

*...something dramatic has happened and raised strong feelings. Both times, the initial response of the Meeting has been to say that it's essential that the emotions be aired and worked through rather than left to fester, but that this shouldn't be done immediately because people need time to calm down. Then after a suitable calming down period, it's been argued that people should be over it by now and there's nothing to be gained by raking up the conflict again..... I'm glad that the report raises the possibility of more work on these issues, but if I'm ever again in a Meeting which experiences a serious conflict, I will encourage the Meeting to start dealing with their feelings straight away, or accept that they are never likely to.*

It is clear that the learning and mending involved in the events described in this report is incomplete. The report will have its own effect on Friends and the MM should actively consider ways of meeting their needs. The Minute of North Somerset and Wiltshire Monthly Meeting held at Clevedon on 13 May 2006, that follows in Appendix One, should be read as a record of its endorsement of this final report and as one further step in the direction of recovery and reconstruction.

**John Welton**

**May 2006**

**johnwelton@onetel.com**



## **Appendix One:**

### **Minute 7 of North Somerset and Wiltshire Monthly Meeting, held at Clevedon on 13 May 2006**

#### **Minute 7**

##### **A Vulnerable Victim? – Report on the theft of funds from our Monthly Meeting**

We thank our Friend John Welton of East Devon MM for compiling and presenting his report on the events leading to the theft of funds by a Friend who had been serving as Treasurer and on the steps taken by Friends following its discovery in June 2004. We also thank our Friends Val Major and Alan Rayner for their work in assisting John Welton in the preparation and distribution of this report for today's meeting.

John Welton pointed out that this could have happened in other Monthly Meetings. Voluntary organisations can be vulnerable. The theft was the action of one individual. The issue is that we did not have the systems for it to be detected.

We see the report as a balanced and fair representation of the events, based on the available evidence, including personal accounts by Friends. It is a helpful record of what has been a very painful experience. We have found the summary of what can be learned from these events helpful. The pointers relating to the principle of 'tough trust' and issues of trusteeship, regarding practices for nominations and systematic business methods (both our Quaker business methods and established practices of financial scrutiny) are now being taken on board by this Monthly Meeting and its Finance & Property Committee.

As an organisation, we acknowledge corporate failure of adequate oversight and appropriate support for our officers. The responsibility rests with all of us as members of MM. We know that our practices need to change. We thank those Friends in our Monthly Meeting and beyond who have devoted much time and effort to help with the financial recovery process and the pastoral care of those closely affected by events. Our energy now has to be channelled into moving on to creative problem solving.

We endorse the findings of the report and we agree that it should be made available ... as felt appropriate by Quaker Stewardship Committee

## **Appendix Two:**

### **Charity Commission Inquiry Report**

**11 January 2005**

#### **Religious Society of Friends North Somerset & Wiltshire Monthly Meeting Excepted Charity**

##### **Introduction**

1. This is a statement of the results of an Inquiry under Section 8 of the Charities Act 1993.
2. The Religious Society of Friends ('the Charity') is an excepted charity and therefore not required to register with the Commission. Those charities which are excepted from the requirement to register are nevertheless subject to the other requirements of the Charities Act 1993 (except in relation to the submission of Accounts, the preparation and transmission of Annual Reports and the completion of Annual Returns).
3. Quakers (members of the Religious Society of Friends) try to lead lives in which worship, reflection, integrity and service, expressed in both word and deed, enable them to seek that of God in everyone.

##### **Issues**

4. The Charity's trustees reported to the Commission the misappropriation of £170,000 of the Charity's funds by the former Treasurer.
5. An Inquiry was opened on 11 August 2004 to look into this matter.

##### **Findings**

6. The trustees had sought legal advice upon their discovery of the misappropriated funds. The trustees were advised to take out an injunction to freeze assets with a view to recovery, but chose to accept a voluntary undertaking from the individual to fully cooperate and return the misappropriated funds.
7. The trustees reported the misappropriation to the police.
8. The trustees appointed an independent panel to investigate how the misappropriation occurred.
9. Although the loss to Charity funds was a result of deliberate fraud, adequate financial and administrative controls were not in place at the Charity to prevent the fraud.

##### **Outcome of the Inquiry**

10. The trustees have enhanced internal financial controls and a full review of procedures is also being undertaken.



11. The Commission advised the trustees to seek legal advice on the recovery of the Charity's funds.
12. The Commission will monitor the Charity's progress with regard to the recovery of funds in order to consider whether any further action is required.
13. The former Treasurer pleaded guilty to 15 charges of theft and asked for 23 similar offences to be taken into consideration. The former Treasurer was jailed for 14 months.
14. The Inquiry was closed on 5 October 2004.

### **Wider Lessons**

15. It is the fundamental duty of all charity trustees to protect the property of their charity and to secure its application for the objects of the charity. In order to discharge this duty it is essential there are adequate internal financial and administrative controls over the charity's assets and their use.
16. One of the prime internal financial controls is the separation of those responsibilities or duties which if combined would enable one person to record and process a complete transaction. If duties are segregated, this reduces significantly the scope for errors and oversights, as well as, deliberate manipulation or abuse and builds in additional checks.
17. Where charity trustees discover evidence of financial irregularity involving criminal activity they should always report the matter to the police.
18. Charity trustees should take immediate steps to seek to recover any losses and may be personally liable if the losses have resulted from their own negligence in the management and administration of the charity.

<http://www.charity-commission.gov.uk/investigations/inquiryreports/religious.asp>

## **Appendix Three**

### **Paper on the appointment of trustees and others within the MM presented to North Somerset and Wiltshire Monthly Meeting, July 2005**

#### **Agenda item 5 – Appointments of Trustees and others within the MM**

The probity of Friends – whether financial or otherwise – has in the past been accepted as part of membership of the Religious Society of Friends. Some Monthly Meetings have charitable status in their own right. North Somerset and Wilts Monthly Meeting acts as a charitable unit (in effect a separate charity) under the umbrella of the excepted status charity – The Religious Society of Friends. Nevertheless it is subject to the requirements of the Charities Act 1993. This means we are obliged to follow the rules of the Charity Commission including those on the appointment of Trustees. It has been suggested that, with the new Charity Act, each Monthly Meeting will have to register with The Charity Commission. This being said, most of the appointees to jobs within this Monthly Meeting – whether at Monthly Meeting or Preparative level – are not Trustees, so we have tried to identify those where some checks would be prudent.

The workload to complete these checks on all concerned may seem onerous, but after we have caught up with the backlog, the number per year will actually be manageable.

#### **Trustees of Finance and Property Committee (and members of their delegated sub-committees) of the Monthly Meeting.**

Friends need to be reminded that this is an appointment with legal implications. Some people will be disqualified by law and it is a criminal offence for such a person to act as Trustee. If existing Trustees appoint a disqualified person as a trustee, this is likely to be a breach of trust. It should be noted that if any financial irregularity is found, Trustees may be personally liable if the losses have resulted from their own negligence in the management and administration of the affairs of the Committee. Some thought might be given to the taking out of indemnity insurance to cover this possibility.

Bearing this in mind, it is of paramount importance that procedures are agreed and adhered to. Friends' names will be brought to Nominations Committee by each Preparative Meeting and perhaps it is at this point that checking procedures can be started.

**But it is up to the Trustees to satisfy themselves that adequate checks have been made and found to be satisfactory.**

Membership of the Religious Society of Friends

Self certification form to establish eligibility of Friend to act as Trustee according to Charity Commission regulations (see page 4 for disqualification categories)

Criminal Record Bureau check. This should be mandatory for all Friends, regardless

of the same check having been made for another organisation, and regardless of any professional status.

References – If a Friend has not been in the Monthly Meeting for at least 2 years, two references should be taken up:

1. From a Quaker – normally an Elder, Overseer or Clerk of the previous Monthly Meeting who has known the Friend for at least 3 years.
2. From a Non-Quaker – a person who has known the Friend on a personal level for at least 4 years.

For a Friend in the Monthly Meeting for over 2 years, one reference should be taken up.

Treasurer – In addition, if the Friend claims to have expertise, say, as an accountant, the membership of the appropriate body should be checked.

## **Non-Trustee appointments of Monthly Meeting**

### **Deputies on Finance and Property**

Membership of the Religious Society of Friends might be seen to be appropriate.

Self certification – not convicted of any offence involving deception or dishonesty, unless the conviction is spent, nor an undischarged bankrupt.

References – see under Trustees.

### **Assistant Treasurer and Collector**

Membership of the Religious Society of Friends for the Assistant Treasurership, and preferably, also for the Collector.

Self-certification – not convicted of any offence involving deception or dishonesty, unless the conviction is spent, nor an undischarged bankrupt.

Criminal Record Bureau check – see under Trustees

References – see under Trustees.

Proof of Membership of professional accountancy body – if appropriate.

### **Wardenship**

**(appointment made by Finance and Property Committee on behalf of MM)**

Criminal Record Bureau check that will include Safeguarding our Children check.

References:

## **A Vulnerable Victim?**

Personal – from a person who has known the applicant for at least 4 years.

Employers – from employers within the previous 2 years.

Business contact – in the case of a non-employed applicant, who has known the Friend for at least 2 years.

In the case of Friends applying from other Monthly Meetings, either a formal reference or an informal enquiry of the Preparative Meeting might be seen to be advisable.

All employment appointments are made by F&P, who are responsible for checking and completing all the formalities, after which a report is made to MM.

Apart from the employment appointments, which are the sole responsibility of F&P, it is envisaged that the checks for other offices are undertaken by Nominations Committee, in conjunction with the Trustees, before a name is brought forward to Monthly Meeting.

Other posts have been considered including those of the Internal Auditors, whose responsibility is to check periodically the accounts of the MM Treasurers And Collectors. It was felt it would be difficult for any irregularities to be perpetrated, except by collusion, and so there was little to be gained.

Representative appointments by Monthly Meeting to boards of, say, Quaker Housing Associations etc. should be made in conjunction with the organisation concerned. This is because their rules may preclude certain persons, and so would need to be checked.

## **Non-Trustee appointments of Preparative Meetings**

There are appointments made within the Preparative Meetings where probity, personal, with sometimes financial is needed. Certain checks by the PM would be prudent, as would the detailed minuting of any decisions. Appointees should be well known to the Meeting, and consideration might be given as to whether only someone in membership would be acceptable for some posts. Documentation should be stored with regard to the Data Protection Act.

## **Treasurers and Collectors, including Assistants**

Self certification – not convicted of any offence involving deception or dishonesty, unless the conviction is spent, nor an undischarged bankrupt.

Criminal Record Bureau check – for larger PMs, where perhaps lettings are involved along with relatively large amounts of cash.

References – If a Friend has *not* been in the PM for at least 2 years, two references should be taken up:

1. From a Quaker – normally an elder, Overseer or clerk of the previous PM, who has known the Friend for at least 4 years.
2. From a Non-Quaker – a person who has known the Friend on a personal level for at least 4 years.

If the Friend has been in the PM for over 2 years one reference should be taken up:

From a Non- Quaker – a person who has known the Friend on a personal level for at least 4 years.

For an Attender who has *not* been in the PM for at least 2 years:

1. From a Non-Quaker – an employer or business contact who has known the Friend for at least 4 years.
2. From a Non-Quaker – a person who has known the Friend on a personal level for at least 4 years.

For an Attender who has been in the PM for at least 2 years, one reference should be taken up:

From a Non-Quaker – a person who has known the Attender on a personal level for at least 4 years.

Expertise – If a Friend claims to have professional membership of an appropriate body, this should be checked.

### **Safeguarding our children**

It is to be expected that any PM with a Children's class has already a protocol to follow. This should include AT LEAST a Criminal Record Bureau check and references. Referees should include both personal and Quaker and/or business persons who have known the Friend for some years. If a Friend has recently come from another PM, either a formal reference or an informal enquiry of the last PM should be sought.

In some Preparative Meetings money is handled on a regular basis, for example lettings. These are not necessarily collected by the Treasurer or Collector. Also collections of monies such as Charity giving are often undertaken by numerous Friends. PMs must check on their procedures and enhance them to protect all parties.

### **Charity Commission – Ineligibility to act as Trustee**

No one under the age of 18 can be appointed either as charity trustee or as a nominee.

### **Disqualification under 1993 Act: section 72(1)**

Anyone who has been convicted of an offence involving deception or dishonesty, unless the conviction is spent.

Anyone who is an undischarged bankrupt

Anyone who has previously been removed from trusteeship of a charity by the court or the Commissioners for misconduct or mismanagement; and

Anyone who is under a disqualification order under the Company Directors Disqualification Act 1986.

## **A Vulnerable Victim?**

### **Disqualification under Criminal Justice and Court Services Act 2000.**

This ban covers, for example, anyone who commits one of a number of serious offences against children and who is subject to a disqualification order made by the Court under that Act.

Judy Harman and Ann Warren

May 2005

## Appendix Four

### Guidelines for dealing with the media in a crisis

Acknowledge the fact that there will be publicity and that the timing will be outside your control.

Clarify aims. Eg restrict publicity, maintain good media relations, convey something of Quaker principles.

Recognise that this is not the time to try to publicise Quaker events or interests.

Limit contact with the media by choosing one contact person who will be responsible for issuing any statements and engaging with the press.

The designated media contact should liaise with the media relations officer at Friends House\* as soon as possible to explain the situation. The MRO will be able to advise on how to proceed with the press, what to say and what not to say, whether or not a formal press statement is necessary, and on the wording of any such statement, according to the particular situation.

All Friends should beware of talking 'off the record' and not allow themselves to be drawn into chats with reporters.

All Friends should refer all media to the designated media contact, and inform the contact of any media enquiry.

Discuss your position with regard to Quaker publications and newsletters, bearing in mind that they will be in the public domain and therefore may be seen, monitored and quoted from by members of the media.

Ask Friends to monitor the media and notify the contact of any reports, sending cuttings (with page number and date), and details of any radio or TV coverage. The media contact to keep a file of these for the Meeting's records.

Prepare a skeleton press statement as soon as possible. This will be a template that may need to be adapted according to the questions you are asked. Only use the statement in response to an enquiry by the press. Don't release a statement unless you are asked.

The media contact should be courteous to the media, return calls, be sympathetic regarding reporters' deadlines and be practised in responding with "no comment".

The media contact should log details of contacts made by the media, including date, time, name and contact details of the reporter, name of publication/station, information requested, when the item will go out and any points of particular interest. You may need this information at some future point.

Don't give out phone numbers of other Friends (except for the media contact). If asked, say: "I'm sorry I can't give you their telephone number, but X (media contact) would be



## **A Vulnerable Victim?**

willing to talk to you.”

Revise and update the press statement as necessary.

Be prepared for increased interest once the plea is taken, when the case reaches crown court and again when the sentence is passed.

### **Difficulties**

Despite all your planning, there will be the unexpected

A Friend may knowingly or inadvertently talk to the media

A Friend may decide that writing for a minor Quaker newsletter doesn't count. (Remind the friend of the decision to have one contact and that the Quaker publications are themselves media.)

Knowing when to challenge any inaccuracies that have been published. (Whether it is important enough to do so; whether anything will be gained or correction achieved – weighing up the time and persistence required and that it might serve to stir up more negative publicity.)

The defendant may give an interview to the media, including details or names the media might try to pursue.

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## Appendix Five:

### Restorative Justice – an overview

**Marian Liebmann**

#### Introduction

This is such a new and exciting field that we need to be clear about some of the basic concepts. So I will start with some definitions and then outline the benefits for different groups in more detail. Then I will give a brief overview of new legislation in the UK encouraging the use of restorative approaches.

#### What is Restorative Justice?

Here is the definition put together by the Restorative Justice Consortium, a national charity whose members are national organisations interested in promoting Restorative Justice:

Restorative Justice seeks to balance the concerns of the victim and the community with the need to reintegrate the offender into society. It seeks to assist the recovery of the victim and enable all parties with a stake in the justice process to participate fruitfully in it.

#### Principles of Restorative Justice

These are the hallmarks of a restorative approach:

- Victim support and healing is a priority
- Offenders take responsibility for what they have done
- There is dialogue to achieve understanding
- There is an attempt to put right the harm done
- Offenders look at how to avoid future offending
- The community helps to reintegrate both victim and offender

Now we will look more closely at some of the processes which are identified with Restorative Justice. The most well-known is victim/offender mediation. It can often lead to reparation.

#### Victim/Offender Mediation

This is the process in which an impartial third party helps the victim(s) and offender(s) to communicate, either directly or indirectly.

The mediation process can lead to greater understanding for both parties and sometimes to tangible reparation.

## **Reparation**

This is the action taken by the offender(s) to put right the harm done, whether directly to the victim or indirectly to the community.

## **Victim/Offender Conferencing**

This is similar in principle to victim/offender mediation but involves families of victims and offenders, and other relevant members of the community.

## **Family Group Conferencing**

Similar to victim/offender conferencing but the offender's family has some private time to come up with a viable plan for reparation and for the future.

## **Victim/Offender Groups**

These are groups in which victims of crime and offenders meet, usually for a set number of sessions, where the victims have suffered similar crimes (but not the actual crimes) to those perpetrated by the offenders.

Next we will look at the benefits of mediation for victims, for offenders and for courts and communities.

## **Benefits of Mediation – for Victims**

Victims have the opportunity to

- learn about the offender and put a face to the crime
- ask questions of the offender
- express their feelings and needs after the crime
- receive an apology and/or appropriate reparation
- educate offenders about the effects of their offences
- sort out any existing conflict
- be part of the criminal justice process
- put the crime behind them

## **Benefits of Mediation – for Offenders**

Offenders have the opportunity to

- own the responsibility for their crime

find out the effect of their crime

apologise and/or offer appropriate reparation

reassess their future behaviour in the light of this knowledge

### **Benefits of Mediation – for Courts and Community**

Courts have the opportunity to

learn about victims' needs

make more realistic sentences

Communities have the opportunity to

accept apologies and reparation from offenders

help reintegrate victims and offenders

### **Mediation in the Criminal Justice System**

Mediation can take place in the criminal justice system at all stages (provided the offender acknowledges responsibility):

Diversion to community or school mediation

Diversion at arrest by police

Between conviction and sentencing

Post-sentence, in the community or in prison

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## **A Vulnerable Victim?**

### **Appendix Six:**

#### **Statement submitted to the Crown Court in the case of the Former Treasurer**

As members of the Religious Society of Friends (Quakers) we seek to identify and develop 'that of God' in each person. One area in which that manifests is with our concern for 'Restorative Justice.' We believe that ALL parties involved with a crime are best served by coming together to work out how best to move forward in a way that engenders true respect for each party involved. We believe that Restorative Justice can help heal those affected by criminal activity. Such healing needs to address the whole person – emotionally, physically, and even financially.

In the present case, our Friend xxx has betrayed our trust, and that aspect, for us, is without doubt the saddest part of any in the case.

xxx has attempted to make restitution but clearly does not have sufficient assets to pay us back fully. What is important, we believe, is that xxx should have an opportunity to repay his debt to society. However, of greater importance is to support xxx back onto a life path in which he can regain his self-respect.

We recognise that there is a public duty to impose such sentences as will deter others from criminal activity but we believe that these should be such as will both assist the offender to reach a state of true remorse and also contribute to the full rehabilitation of him as a responsible citizen, thus preventing any further offence and enabling him to make restitution.

We believe that it would be counterproductive for him to be incarcerated, as this would benefit neither him nor society in general. This man is not a physical danger to society. We have worked with him and we understand that if he were to receive a custodial sentence it would be extremely difficult for him to regain employment, and thus to support his family and possibly repay some of his debts. A period of some sort of Community Service may give him the opportunity to remain usefully in society and begin to make reparation.

In this case we are the 'principal victims.' We do not seek revenge. What we do hope is that the court impose such sentence as is most likely to assist xxx on his path back to responsible citizenship.

This has been written by a small group of officers within the Monthly Meeting. It will be put before the members of North Somerset and Wiltshire Monthly Meeting on 13th November, 2004.

This statement has been read to Sidcot Quaker Meeting on 7th November 2004 and has received the support of that Meeting. xxx attends this Meeting and is known there

## **Appendix Seven**

### **Action List for Restorative Justice arising from the experience of NSWMM**

Prepared by Val Major, NSWMM

#### **1 Planning**

- Access experienced Friends quickly
- Set up a small group to oversee and co-ordinate the process, and support those involved in it
- Inform all Friends about the process
- Include all those affected ( e.g. in our case this would have meant some BYM staff members)
- Remember the importance of honest communication both ways.
- Make use of outside experienced mediators and others so all Friends can participate (none are facilitating) and to gain expertise.

#### **2 Before Face to Face meeting of parties**

- Find experienced outside mediators to facilitate a Meeting for Learning
- Explore personal feelings (not moralising) – (to clear the air and have feelings heard)
- Clarify what outcomes are hoped for (e.g. everyone understanding the effects the crime has had, remorse, restitution, re-integration into the group)

#### **3 Face to face meetings**

- Find experienced outside mediators to facilitate
- Have clear objectives in mind but also leave space for the unexpected
- Probably best to start with a small group and not entire MM.
- Go gently and do not expect rapid progress (several meetings are likely to be needed)
- If/when there is a whole MM involved then make it a special meeting with no other business.

#### **4 Planned Outcomes**

- Agreement on steps to be undertaken by each side
- A 'ritual' meeting to put things to bed

- Finally, hopefully the result will be re-integration, putting it behind us and if possible forgiveness





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