

## Financial Policy

**Version 2 – January 2022**

## **GENERAL**

The Institute of Animal Technology (IAT) Policies cover those areas of financial management that play a key part in helping the IAT to meet its overall responsibility for ensuring that the IAT remains solvent, safeguards its assets and achieves its financial strategy.

As such, the IAT's Financial Policies take the form of high-level statements that should be taken into account by the IAT Board in the conduct of the IAT's activities in general and its financial affairs in particular.

The IAT's Financial Rules ensure that these policies are observed in practice by setting out in more detail the responsibilities and limits of authority of officers, employees and contractors by specifying certain procedures to be followed in the day-to-day financial transactions of the IAT.

### **Purpose Of This Financial Policy**

The purpose of this policy is to ensure that the IAT has effective arrangements in place to:

Prevent the occurrence of fraud, irregularity and corruption; Detect cases where fraud, irregularity and corruption may have occurred; Ensure that, in the event of suspected or actual cases of fraud, irregularity and corruption, appropriate action is taken.

No precise legal definition of "fraud" exists. For the purpose of this Financial Policy, the terms "fraud", "irregularity" and "corruption" encompass both the use of deception to obtain an unjust or illegal financial advantage at the IAT's expense and intentional misrepresentations affecting the IAT's financial statements or records by one or more individuals amongst Board members, employees or third parties. Although not intended to be a complete list, fraud, irregularity and corruption may involve any of the following:

Falsification or alteration of the IAT's accounting records or other documents; Misappropriation or theft of the IAT's assets or resources; Suppression or omission of the effects of transactions from the IAT's accounting records or documents; Recording of transactions without substance within the IAT's financial systems; Intentional misapplication of the IAT's accounting policies; Wilful misrepresentations of transactions or of the IAT's state of affairs.

### **Scope**

This policy applies to all members of the IAT, whether wholly or partly owned, trading or non-trading, incorporated or unincorporated.

Effective financial and management controls, including the segregation of duties, should be in place throughout the IAT in order to ensure that, as far as reasonably possible, occurrences of fraud, irregularity and corruption are prevented.

Because no system of financial and management controls can guarantee that fraud, irregularity and corruption will be prevented, arrangements should also be put in place to ensure that, as far as reasonably possible, any actual or suspected cases are detected at an early stage. (For example, controls which would assist in the detection of fraud, irregularity and corruption include segregation of duties, reconciliation procedures, spot checking of transactions and the review of management accounting information, including exception reports).

It is incumbent upon board members and other budget holders to ensure that controls are sufficient and are implemented and operated effectively within their areas of delegated responsibility. It is also the responsibility of board members and other budget holders to ensure that agreed audit recommendations relating to their area of responsibility are implemented by the due date. The work of the internal and external auditors should be informed by an analysis of the risks to which the IAT is exposed, including that of fraud, irregularity, and corruption.

### **Action to be taken in suspected or actual cases of Fraud, Irregularity and Corruption.**

#### **Investigation**

All cases of suspected or actual fraud, irregularity and corruption should be investigated in order to ascertain the nature, cause and materiality of the occurrence. Depending on the seriousness of the case in question, the involvement of a range of individuals or agencies in carrying out further investigation may be appropriate, including members of the IAT board, internal and external audit, specialist consultants or the police. Investigations into cases of suspected or actual cases of fraud, irregularity and corruption should normally be carried out independently of the IAT management and of the individual who first alerts the IAT management to the case. Where appropriate, the requirements of the Code of Practice on Whistleblowing must be complied with. It is important that care is exercised in order to ensure that such investigations do not compromise any possible subsequent prosecution by the police.

#### **Reporting to the Chair of the IAT board**

The IAT's auditors (internal and external), other budget holders must inform, without delay, the Chair or in their absence or alleged involvement, any other member of the Board of any suspected or actual instance of fraud, irregularity or corruption of which they become aware.

#### **Reporting**

The IAT must inform, without delay, any significant instance of fraud, irregularity, corruption or major accounting breakdown. The current definition encompasses attempted, suspected or actual cases of fraud, irregularity or corruption where one or more of the following apply:

- The sums of money involved are, or potentially are, in excess of £1,000; The particulars of the fraud are novel, unusual or complex.
- Any incident of fraud, irregularity or corruption affecting any member of the IAT that has resulted in action being taken under this policy should be reported to the IAT board.

## **Reporting to the police and to Internal Audit**

In view of the public interest, the Chair of the IAT or a member of the Board or employee nominated by them, should normally notify the police and Internal Audit of all suspected or actual cases of fraud, irregularity or corruption. Where the police or Internal Audit are not notified, the Audit Committee (or board member responsible) should be advised of the reason.

## **Responsibilities**

The IAT's Board is responsible for approving this policy and any subsequent amendments to it, and for oversight of the application of its provisions.