



Finance Policy

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World Animal Protection is a global organisation which comprises affiliated entities working together in support of an agreed global strategy, and bound through collaboration agreements to adhere to a set of corporate policies which reflect our principles and values.

I. Scope

World Animal Protection is a registered charity and as such is responsible for the proper application of funds donated to it in support of its charitable purposes. This responsibility requires the organisation to manage funds with honesty and integrity and to ensure that it makes effective and efficient use of these resources. This policy is designed to enable World Animal Protection to achieve these aims and to be fully accountable to our donors and to all our other stakeholders.

This Finance policy applies to:

- a) All World Animal Protection staff, consultants, volunteers and board members.
- b) All World Animal Protection entities.

II. Financial control framework

The purpose of this control framework is to support the adoption and application of financial policies as they are translated into financial procedures. These are the six key controls we need to apply to ensure the robustness and application of these policies.

Control	Explanation
Segregation of duty	<ul style="list-style-type: none"> ▪ This is a key internal control to avoid one person controlling a process or transaction. As an example, different individuals should be involved at different stages of the transacting, authorisation and reconciliation process. ▪ Every individual should know their authority limits and act accordingly. ▪ A lack of segregation could leave the organisation vulnerable to fraud and misappropriation of funds. <p>Segregation or separation of duty is often the most difficult area to tackle when there is a small finance team. A pragmatic, considered view must be taken to ensure that this control operates; this could involve authorisation of banking transactions by International Finance and journal reviews.</p>
Authorisation of transactions	<ul style="list-style-type: none"> ▪ Delegated authority is given by the Board to individuals to authorise expenditure and make payments on behalf of the organisation. These individuals should take this responsibility seriously and be appropriately briefed.

Control	Explanation
	<ul style="list-style-type: none"> ▪ A detailed listing of authorised signatures should be kept within individual offices detailing financial limits, authority levels and per individual. This listing should show specimen signatures and be reviewed regularly.
Account reconciliation	<ul style="list-style-type: none"> ▪ Regular/monthly reconciliation of balance sheet accounts should take place to ensure that the management accounts and project reports are accurate. ▪ Reconciliations must be completed by a person removed from the processing of payments and receipts, and countersigned according to delegated authorities. ▪ A schedule should be kept by finance department of the status of reconciliation, showing which accounts are due to be reconciled, when they have been done, by whom and when they have been reviewed.
Audit trails and retention of records	<ul style="list-style-type: none"> ▪ Ensure good and complete information trails are made to substantiate transactions. ▪ Accounting records (invoices) must be kept for minimum periods; in the UK, this is generally six years, but donor and national requirements may differ, so finance teams must be aware of the individual requirements.
Physical safeguards	<ul style="list-style-type: none"> ▪ Ensure fixed assets, cash or stock are securely protected to prevent theft and misappropriation. ▪ There should be individuals responsible for certain assets e.g. petty cash and answerable for any deficits. ▪ Any missing assets must be disclosed to a senior manager as soon as the loss becomes apparent.
Communication	<ul style="list-style-type: none"> ▪ All new staff must be introduced to the Finance and Anti-Fraud policies as part of their induction process.

III. Finance policy

The financial policies can be grouped into:

- Income and expenditure
- Cash management
- Budgeting and financial reporting

Income and expenditure

1. Income

- 1.1. All income must be recorded appropriately on the finance system. Receipts should be banked in their entirety as soon as possible.
- 1.2. Income will be recorded as restricted or unrestricted as appropriate.
- 1.3. Incoming post will be opened by two people and any income recorded immediately.
- 1.4. Cash will be counted and recorded by two people.

2. Restricted and unrestricted funds

- 2.1. World Animal Protection aims to maximise our unrestricted funds and priority should be given to raising these.
- 2.2. Where funds have been raised for a specific purpose, income and expenditure will be accounted for in accordance with the terms of the grant, donation or appeal, to create a restricted fund.
- 2.3. The fund will be managed by the appropriate budget holder who is responsible for complying with the terms and conditions of the fund.
- 2.4. The full costs of an activity should be charged to the fund and funding bids should be made based on full cost recovery.
- 2.5. Any activities outside of approved budget require approval in accordance with World Animal Protection's delegated authorities.

3. Procurement

- 3.1. Purchases of goods and services must demonstrate value for money and be authorised by approved staff only.
- 3.2. Capital expenditure requires a business case to be made.
- 3.3. High value requirements will be subject to competitive tendering.
- 3.4. Only staff with an approved authorisation limit may enter financial commitments on behalf of World Animal Protection, up to their approved level and within their area of budgetary responsibility.
- 3.5. A second member of staff is required to be involved in all orders and purchases (excluding staff business expenses) over the prevailing limit as determined locally.
- 3.6. For each purchase, staff must use the most appropriate procurement process.
- 3.7. World Animal Protection aims to pay suppliers in line with the agreed credit terms, which should generally be agreed at 30 days.

4. Grant-making

- 4.1. Grants will only be made available to appropriate organisations in support of World Animal Protection's charitable objectives.
- 4.2. Grants will only be offered to organisations and they must have successfully passed an appropriate due diligence process.
- 4.3. Grants will be appropriately authorised by budget holders up to their approved financial authorisation limit – this includes all years of a multi-year grant (limited to a maximum of five years).
- 4.4. Grants will be subject to World Animal Protection's standard contract terms and conditions including appropriate monitoring and reporting arrangements.
- 4.5. World Animal Protection requires progress reports from all grantees at appropriate stages of the grant. In the case of grant commitments of greater than one year, receipt of satisfactory reports will be a condition of confirmation of the following year's funding.

5. Contracts

- 5.1. Provisions in this section relate to contracts covering both income and expenditure.
- 5.2. Contracts will only be signed by authorised signatories and will be appropriately authorised by budget holders up to their approved financial authorisation limit.
- 5.3. Offices will establish their own limits of authority for the signing of contracts.
- 5.4. Budget holders must ensure that they understand the obligations and risks of a contract prior to entering into a binding commitment, and must undertake to ensure compliance with the contract terms.
- 5.5. In cases of doubt, legal advice must be sought from World Animal Protection's approved legal advisers.

6. Business expenses

- 6.1. World Animal Protection will reimburse reasonable and appropriately authorised expenditure incurred by staff wholly, exclusively and necessarily in the performance of their duties of employment.
- 6.2. Staff will provide evidence in support of claims and must be able to demonstrate value for money in purchasing decisions.
- 6.3. All expenses claims should be approved in arrears by the relevant line manager.
- 6.4. Cash advances are available for essential business purposes, eg, overseas travel, but must be accounted for within 14 days of completion of the purpose for which they were made.

7. Corporate credit cards

- 7.1. World Animal Protection issues corporate credit cards to individual members of staff as a flexible, convenient, cost-effective and secure method of payment for business expenditure.
- 7.2. All new cards must be approved and appropriate individual credit limits must be put in place to limit World Animal Protection's exposure.
- 7.3. Corporate cards are provided for two main purposes:
 - 7.3.1. for meeting the actual outgoings required for an employee's job in accordance with the Business Expenses Policy, and
 - 7.3.2. for departments and offices to make low value purchases where cash or invoicing are not options.
- 7.4. Corporate cardholders will comply with the issuing bank's terms and conditions.
- 7.5. Corporate card returns must be made monthly if any expenditure has been incurred, must be accompanied by appropriate receipts and must be authorised by a more senior member of staff, usually the line manager.
- 7.6. World Animal Protection credit cards are not to be used for personal expenditure.

8. Disaster management

- 8.1. World Animal Protection will provide appropriate financial solutions to meet the Disaster Response Team's needs in a disaster and where necessary may accept a higher level of financial risk for this work.

9. Insurance provision

- 9.1. World Animal Protection will maintain comprehensive insurance cover to protect against significant financial loss.
- 9.2. This will cover all statutory requirements and any additional appropriate risks identified.
- 9.3. Professional advice will be sought to ensure that appropriate insurance is purchased.
- 9.4. For lower level risks where it is considered uneconomic to purchase insurance, appropriate provision will be made in the budget.

Cash management

10. Bank accounts

- 10.1. World Animal Protection funds will be held in bank accounts in the name of World Animal Protection and will always be under the direct control of World Animal Protection staff.
- 10.2. World Animal Protection will ensure that accounts are only held at banks which are considered reliable and safe.
- 10.3. A proposal to open new bank accounts must be discussed and agreed with International Finance.
- 10.4. Bank signatories will be approved by the relevant board in accordance with local legislation and the bank's requirements, and agreed in advance with International Finance. Offices will each keep an up-to-date register of bank signatories.
- 10.5. When a bank signatory leaves the organisation, their name will be deleted immediately with the relevant bank from the list of signatories and the International Finance banking database will be updated immediately with the change.
- 10.6. All banking transactions over an appropriate amount will be carried out by two members of staff.
- 10.7. All bank accounts will be reconciled to the finance records monthly and any reconciling items investigated.
- 10.8. All bank reconciliations must be reviewed by another staff member to ensure segregation of duty.

11. Cash flow management

- 11.1. Organisational cash flows and exchange will be managed with the aim of providing the right amount of the right currency at the right time to meet budgeted expenditure requirements.
- 11.2. Currency exchange transfers will be managed with the aim of achieving the budgeted exchange rate in the fewest possible transactions to manage costs.
- 11.3. No currency speculation will be engaged in but appropriate financial tools such as forward purchasing may be used to hedge currency rates.

12. Investments

- 12.1. Reserves and other surplus funds will be invested in a suitable manner which balances risks against potential returns, does not contradict World Animal Protection's animal welfare objectives or our Corporate Social Responsibility policy, and which complements our wider aims.
- 12.2. Investment decisions will be made after advice has been taken from a suitably qualified adviser.

13. Loans to staff

- 13.1. Loans or similar facilities may be made available to staff for travel purposes, eg, to enable purchase of an annual season ticket. These will be subject to clear written terms and conditions.
- 13.2. World Animal Protection will require full repayment of any advance or loan made to staff before their last day of employment with the organisation.

14. Petty cash

- 14.1. Petty cash floats of a reasonable and appropriate value will be maintained in a secure manner and may be held in multiple currencies.
- 14.2. Petty cash can be claimed in arrears for minor items of expenditure, including staff expenses.
- 14.3. Staff will not hold any unauthorised cash balances.

Budgeting and financial reporting

15. Budgets and budgetary control

- 15.1. The global budgeting process and timetable will be set by the International Board and adhered to by all World Animal Protection entities.
- 15.2. World Animal Protection's financial year is from January to December.
- 15.3. Budgets will be compiled, phased and managed by designated budget holders and the global budget approved by the International Board. Where appropriate, affiliated entity budgets will also be approved by local boards.
- 15.4. Budgets are prepared annually in local currency and consolidated into World Animal Protection's reporting currency (US dollars) using budgeted exchange rates.
- 15.5. The global budget will be set in line with the reserves policy.
- 15.6. Project budgets must pass through an authorisation and review process carried out by the Programmes Steering Group.
- 15.7. Budget holders will manage activities against the plan and monitor income and expenditure against budget monthly.
- 15.8. Budget holders will provide explanations for variances against budget and must reflect any variances from the approved budget in the quarterly forecast process.

- 15.9. Any activities out of approved budget require approval in accordance with World Animal Protection's delegated authorities prior to commencement.

16. Internal financial reporting

- 16.1. Internal financial reports will be produced at country and global levels. These reports will include information at cost centre and project level to allow transparency.
- 16.2. Internal financial reporting will be carried out on an accruals basis in a full, timely and transparent manner.
- 16.3. Internal reporting at all levels will be carried out against agreed key performance indicators.

17. Statutory compliance and external reporting

- 17.1. World Animal Protection offices will have in place appropriate financial and administrative systems and maintain orderly financial records in a manner which enables us to meet in full our obligations to national fiscal and regulatory authorities.
- 17.2. World Animal Protection will submit all statutory reports to our regulators and other institutions in an accurate and timely manner.

18. Audit

- 18.1. All World Animal Protection entities will undertake an annual external audit.
- 18.2. All World Animal Protection entities will actively participate in regular internal audit reviews and exercises designed to provide assurance to the International Board and to other internal and external stakeholders.
- 18.3. All offices will contribute to the consolidated audit process and provide information as required.
- 18.4. All offices will send their Audit Findings Report to International Finance so that any global or local issues are acted upon.

19. Reserves

- 19.1. World Animal Protection will maintain global liquid reserves to support our global activities, based on an assessment of risk and the levels of working capital required.
- 19.2. World Animal Protection entities will maintain local liquid reserves levels appropriate to the identified needs, considering risk, working capital requirements, availability of global liquid reserves and local legislative requirements.