

# Institute of Materials, Minerals and Mining Anti-Fraud Policy

## Policy summary

The Institute of Materials, Minerals and Mining (“IOM3” or “the Institute”) has a zero-tolerance stance towards fraud. It will always seek to take disciplinary and/or legal action against those found to have perpetrated fraud.

IOM3 is committed to developing an anti-fraud culture and to keeping the opportunities for fraud to the absolute minimum.

IOM3 will assess the risks of fraud, establish processes and controls to minimise these risks, and it will regularly review the effectiveness of its control systems.

IOM3 requires all Trustees, team members, and volunteers to report immediately any incidents or suspicions of fraud to an appropriate manager, the Finance Director or the CEO. The Institute will not penalise anyone for raising a concern in good faith.

IOM3 will take all reports of fraud seriously and investigate them proportionately and appropriately.

IOM3 requires all those receiving Institute funds or representing the Institute, including its suppliers, grant recipients, partners, contractors, volunteers, and agents, to act in accordance with this policy. This includes reporting to IOM3 any suspected or actual instances of fraud involving Institute assets, its Trustees, team members or volunteers.

## Introduction

This document sets out the policy and procedures of the Institute of Materials, Minerals and Mining (IOM3) against fraud and other forms of dishonesty, together with the steps that must be taken where any of these practices is suspected or discovered.

It applies to Trustees, team members and volunteers. Anybody associated with IOM3 who commits fraud, theft, or any other dishonesty, or who becomes aware of it and does not report it, will be subject to appropriate action.

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## **Statement of intent**

IOM3 has a zero-tolerance stance towards fraud. It will always seek to take disciplinary and/or legal action against those found to have perpetrated fraud.

IOM3 will continually strive to ensure that all its financial and administrative processes are carried out and reported honestly, accurately, transparently, and accountably and that all decisions are taken objectively and free of personal interest. We will not condone any behaviour that falls short of these principles.

## **Definitions**

### *Fraud:*

A deliberate intent to acquire money or goods dishonestly through the falsification of records or documents. The deliberate changing of financial statements or other records by a member of the public, someone who works for IOM3 or is a volunteer. The criminal act is the attempt to deceive and attempted fraud is therefore treated as seriously as accomplished fraud.

### *Theft:*

Dishonestly acquiring, using, or disposing of physical or intellectual property belonging IOM3 or to individual members, supporters or clients of IOM3.

### *Misuse of Equipment:*

Deliberately misusing materials or equipment belonging to IOM3.

### *Abuse of Position:*

Exploiting a position of trust within the Institute.

## **Culture**

IOM3 is committed to developing an anti-fraud culture and keeping the opportunities for fraud to the absolute minimum. All Trustees, team members and volunteers have a responsibility for putting these principles into practice and for reporting any breach or concern they discover, however small or immaterial it may seem.

All members of the Institute are also bound by the provisions of the Code for Professional Conduct, which in its duty to behave ethically encompasses both a requirement to not attempt to commit fraud and to not fail to report attempted or actual fraud when discovered. Nothing in this Anti-Fraud Policy should be taken to contradict the Code.

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Trustees, team members and volunteers are expected to lead by example in adhering to policies, procedures, and practices. Equally, our members, partners, and external organisations (such as suppliers and contractors) are expected to act with integrity and without intent to commit fraud against the Institute in any dealings they may have with the Institute.

As part of the culture, the Institute will provide clear routes by which concerns can be raised by Trustees, team members and volunteers and by those outside of the Institute. A copy of the Institute's whistleblowing policy is available to Trustees, team members, volunteers, service users, suppliers and other third parties.

Senior management will deal promptly, firmly and fairly with suspicions and allegations of fraud or corrupt practice.

### **Responsibilities**

In relation to the prevention of fraud, theft, misuse of equipment and abuse of position, specific responsibilities are as follows:

#### *Trustees:*

The Trustees are responsible for establishing and maintaining a sound system of internal control that supports the achievement of the Institute's policies, aims and objectives.

The system of internal control is designed to respond to and manage the whole range of risks that the Institute faces.

The system of internal control is based on an on-going process designed to identify the principal risks, to evaluate the nature and extent of those risks and to manage them effectively. Managing fraud risk is seen in the context of the management of this wider range of risks.

Trustees are also responsible for appointing an appropriate external auditor to help give them assurance that matters are run properly.

#### *The Chief Executive Officer (CEO):*

Overall responsibility for managing the risk of fraud has been delegated to the CEO. The responsibilities include:

- Undertaking a regular review of the fraud risks associated with each of the key organisational activities

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- Establishing effective anti-fraud measures, in proportion to the level of fraud risk identified
- The design of an effective control environment to prevent fraud
- Establishing appropriate mechanisms for:
  - reporting fraud risk issues
  - reporting significant incidents of fraud or attempted fraud to the Executive Board and, under the authority of the Trustees, to the authorities
  - Liaising with the Honorary Treasurer and if appropriate Auditors.
  - Making sure that all team members are aware of the Institute's Anti-Fraud Policy and know what their responsibilities are in relation to combating fraud
  - Ensuring that appropriate anti-fraud training is made available to Trustees, team members and volunteers as required and
  - Ensuring that appropriate action is taken to minimise the risk of previous frauds occurring in future.

Any such mechanisms should allow for the situation in which an individual or group that would normally be part of the escalation process is potentially involved in the suspected or actual fraud and should therefore not be engaged.

### *Senior Team:*

The Senior Team is responsible for:

- Ensuring that an adequate system of internal control exists within their areas of responsibility and that controls operate effectively
- Preventing and detecting fraud as far as possible
- Assessing the types of risk involved in the operations for which they are responsible
- Reviewing the control systems for which they are responsible regularly
- Ensuring that controls are being complied with and their systems continue to operate effectively and
- Implementing new controls to reduce the risk of similar fraud occurring where frauds have taken place.

### *Team and Volunteers:*

Every member of the team or volunteer is responsible for:

- Acting with propriety in the use of Institute's resources and the handling and use of funds whether they are involved with cash, receipts, payments or dealing with suppliers

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- Conducting themselves in accordance with the expectations of the Institute
- Being alert to the possibility that unusual events or transactions could be indicators of fraud
- Alerting their manager when they believe the opportunity for fraud exists e.g. because of poor procedures or lack of effective oversight
- Reporting details immediately if they suspect that a fraud has been committed or see any suspicious acts or events. This should be done to an appropriate manager, the Finance Director or the CEO; and
- Cooperating fully with whoever is conducting internal checks or reviews or fraud investigations.

### **Detection and Investigation**

Whilst having regard to the requirements of data protection legislation, the Institute actively participates in an exchange of information with external agencies on fraud and corruption. It is often the alertness of Trustees, team members or volunteers and the general public to the possibility of fraud and corruption that leads to detection of financial irregularity.

Unless they may be implicated, the Chair of the Executive Board and the Honorary Treasurer must be notified immediately of all financial or accounting irregularities or suspected irregularities or of any circumstances which may suggest the possibility of irregularities including those affecting cash, stores, property, remuneration or allowances.

Reporting of suspected irregularities is essential as it facilitates a proper investigation by experienced team members and ensures the consistent treatment of information regarding fraud and corruption.

When so notified, the Chair/Treasurer may instigate an investigation by appointing a designated officer, auditor or other adviser. The designated officer, auditor or other adviser will:

- deal promptly with the matter
- record evidence received
- ensure the security and confidentiality of evidence
- work closely with senior managers of the Institute and other agencies, such as the Police and Courts to ensure that all issues are properly investigated and reported upon
- ensure maximum recoveries are made on behalf of the Institute and assist the senior managers to implement the Institute's disciplinary

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procedures where considered appropriate (referral to the police will not necessarily prohibit or restrict action under the disciplinary procedure).

In cases of suspected payroll irregularities where a fraud investigation may be possible, discussion will occur between the Chair and the CEO if it is thought a disciplinary investigation is more appropriate

Malicious accusations may be the subject of disciplinary action.

### **Awareness/Training**

An important contribution to the continuing success of an anti-fraud strategy, and its general credibility, lies in the effectiveness of programmed awareness/training, of Trustees, team members and volunteers throughout the organisation.

This will be achieved through the development of both induction and awareness training for all personnel involved in internal control systems to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced.

### **Review**

This policy will be reviewed on an annual basis.

This policy was adopted in October 2020.