Conflict of Interest Policy

The Policy

ICA Audit are committed to conduct all business in an honest and ethical manner, which includes undertaking to behave responsibly in the personal and institutional management of conflicts of interest. Where a certification decision is being made and personnel involved in the decision have an interest from which they, or related third parties, could benefit, or where such an individual has loyalties that would, to a reasonable person, appear to exclude them from participating in the decision-making process, personnel must follow relevant conflict-of-interest procedures.

In this policy, third party means any individual or organisation ICA Audit come into contact with during the course of your work for us, and includes actual and potential clients, customers, suppliers, distributors, business contacts, agents, advisers, and government and public bodies, including their advisors, representatives and officials, politicians and political parties.

1. Introduction

A conflict of interest involves a situation in which the concerns or aims of ICA Audit’s conformity assessment body (CAB) is incompatible with the aims of a party (a legal person, entity, or group) who is in a position to adversely impact decisions involving certification, the correct implementation of policy, the operation of the organisation’s management system, or in any other way that acts to the detriment of its conformity to ISO 17021: 2015. Conflicts of interest may arise because of a situation in which a person is in a position where actions or decisions made in their official capacity working in their role for the CAB may be unduly influenced by interests external to their role with ICA Audit. Where such a situation arises, and is a matter involving an inducement that falls under the general description of bribery or corruption, persons who have a suspicion or have detected evidence of an actual misdemeanour taking place, must follow the requirements described in ICA Audit’s Anti-Bribery policy. The Conflict of Interest policy includes ICA Audit’s:

- approach to reducing potential threats to impartiality from conflicts of interest
- rules captured in the Impartiality policy relating to conflicts of interest
- rules captured in the Anti-Bribery policy relating to conflicts of interest
- guidance on how to conduct business in order to reduce risks arising from conflicts of interest
- rules on avoiding or stopping conflicts of interest.

The purpose of this policy is to:

i. set out our responsibilities, and of those working for ICA Audit, in observing and upholding our position on conflicts of interest, and

ii. provide information and guidance to those working for ICA Audit on how to recognise, manage and deal with, issues involving potential or actual conflicts of interest.

Organisation Structure

ICA Audit is part of ICA, which is a not-for-profit enterprise that provides assessment and membership services, across a range of compliance subject areas and modes of study, meeting QAA standards for UK higher education providers. ICA is the parent company of a wholly owned subsidiary, ICA Audit, which is a commercial enterprise that offers company certification solutions to clients wishing to enhance the credibility of their management systems. ICA has its head office in Sutton Coldfield, UK with a Wilmington Group office (the registered office) in London, UK. ICA’s
Executive Committee has overall responsibility for ensuring this policy complies with our legal and ethical obligations, and that all those under our control comply with it.

2. Our Business

ICA Audit’s business is company certification solutions, which is based upon conformity audits against ISO Standards.

3. Our supply chains

ICA Audit’s supply chain includes a network of introducers. The services provided by our other suppliers include managed IT services (including the provision of technology), design, HR, legal, venue hire, agency labour and contractors as well as support supply chains incorporating facilities management, cleaning, security, and office furniture.

4. Management of conflicts of interest

The CAB implements the following procedures:

- Risk assessment in relation to conflicts of interest including:
  - identification of potential conflicts from risk areas in our business affairs
  - analysis of the potential conflict in terms of likelihood and impact
  - evaluation of the consequences following the crystallisation of risk
  - treatment and mitigation.

- Monitoring for the presence of potential conflicts of interest.

- Recording and documentation of the risks of conflict of interest arising from the provision of certification.

To ensure a high level of understanding of the risks from conflicts of interest within our business, it is expected that the members of the risk committee will be required to attend appropriate training and receive relevant guidance.

5. Who is Covered by this Policy?

This policy applies to all individuals working at all levels, including partners, introducers, auditors, consultants, employees (whether permanent, fixed-term or temporary), other contractors, trainees, seconded staff, homeworkers, casual workers and agency staff, volunteers, or any other person associated with us, wherever located (collectively referred to as workers in this policy).

6. Actions to Limit Potential Conflicts

To ensure that there is no conflict of interests, personnel who have provided management system consultancy, including those acting in a managerial capacity, shall not be used by the certification body to take part in an audit or other certification activities if they have been involved in management system consultancy towards the client. A recognized mitigation of this threat is that personnel shall not be used for a minimum of two years following the end of the consultancy.

The CAB shall:

- require personnel, internal and external, to reveal any situation known to them that can present them or the certification body with a conflict of interests, and
• not use such personnel, internal or external, unless they can demonstrate that there is no relevant conflict of interest likely to endanger effective and impartial decision-making.

The CAB shall record and use information gathered concerning potential conflicts of interest as input to identifying threats to impartiality raised by the activities of such personnel or by the organizations that employ them. The CAB carries out appropriate due diligence and closely monitors internal and external personnel to ensure that all potential conflicts of interest are monitored and assessed. Where a conflict of interest is identified, appropriate mitigation of the risks assessed are carried out as part of ICA Audit’s conflict of interest policy. Conflicts of interest can derive from ownership, governance, management, personnel, shared resources, finances, contracts, training, marketing and payment of a sales commission or other inducement for the referral of new clients, etc.

Where a conflict of interest is identified, it will be reported both to the Executive Committee and to the Impartiality Committee. Conflicts of Interest will be managed according to this policy and any risks to impartiality that arise from conflicts of interest will be managed in accordance with the Impartiality Policy.

What is Not Acceptable

It is not acceptable for personnel (or someone on their behalf) to:

i. undertake an audit on a client where the auditor has acted in a consultancy role within the past two years on the same client.

ii. undertake a role with ICA Audit’s certification committee that involves a client where a pre-existing relationship would prohibit the individual from undertaking such a role.

iii. accept an incentive from a third party, such as a client undergoing a certification audit, that is offered, or is suspected has been offered, with the expectation that it will obtain a business advantage will be provided in return.

iv. threaten or retaliate against personnel who have raised concerns under this policy either by identifying a potential conflict of interest or discovering one that has had an actual effect.

v. to outsource audit functions, or arrange or organise a certification audit, through a third party or

vi. engage in any activity that might lead to a breach of this policy.

7. Types of Threat to Auditors/Audits that May Result from a Conflict of Interest

• Self-interest threats — threats that arise from auditors acting in their own interest. Self-interests include auditors’ emotional, financial, or other personal interests. Auditors may favour, consciously or subconsciously, those self-interests over their interest in performing a management system audit. For example, CAB relationships with clients create a financial self-interest because the clients pay the CAB’s fees. Auditors also have a financial self-interest if they own shares in an auditee and may have an emotional or financial self-interest if an employment relationship exists between auditor’s family members and an auditee.

• Self-review threats — threats that arise from auditors reviewing the work done by themselves or by their colleagues. It may be more difficult to evaluate without bias the work of one’s own organisation than the work of someone else or of some other organisation. Therefore, a self-review threat may arise when auditors review judgments and decisions they, or others in their organisation, have made.
• **Familiarity (or trust) threats** — threats that arise from auditors being influenced by a close relationship with an auditee. Such a threat is present if auditors are not sufficiently sceptical of an auditee’s assertions and, as a result, too readily accepts an auditee’s viewpoint because of their familiarity with or trust in the auditee. For example, a familiarity threat may arise when an auditor has a particularly close or long-standing personal or professional relationship with an auditee.

• **Intimidation threats** — threats that arise from auditors being, or believing that they are being, openly or secretly coerced by auditees or by other interested parties. Such a threat may arise, for example, if an auditor is threatened with replacement over a disagreement with an auditee’s application of a specific requirement of the normative document being used as the reference for the audit.

• **Advocacy threats** (e.g. a body or its personnel acting in support of, or in opposition to, a given auditee, which is at the same time its customer, in the resolution of a dispute or litigation); - Competition threats (e.g. between assessed auditee and a contracted technical assessor).

8. **Individual Responsibilities**

Personnel must ensure that they read, understand and comply with this policy: the prevention, detection and reporting of conflicts of interest are the responsibility of all those working for ICA Audit or under the organisation’s control. Individuals are encouraged to raise concerns about any issue or suspicion of a conflict of interest at the earliest possible stage.

ICA Audit will support anyone who raises genuine concerns in good faith under this policy, even if they turn out to be mistaken. We are committed to ensuring no one suffers any detrimental treatment as a result of reporting in good faith their suspicion that an actual or potential conflict of interest has taken place or may take place in the future.

It is important that relevant members of top management or of the Impartiality Committee are informed of any changes to this policy. All workers are required to avoid any activity that might lead to, or suggest, a breach of this policy. You must notify the relevant senior manager as soon as possible if you believe or suspect that a breach of this policy has occurred or may occur in the future.

All personnel are responsible for the success of this policy and should ensure they use it to disclose any suspected conflict of interest. Any employee who breaches this policy will face disciplinary action, which could result in dismissal for gross misconduct. We reserve our right to terminate our contractual relationship with other parties or workers if they breach this policy.

9. **Record Keeping and Monitoring**

ICA Audit has appropriate internal controls in place which will evidence the management and control of conflicts of interests. Personnel and third parties must declare and keep a written record of all potential conflicts of interest, which will be subject to managerial review. These records operate in conjunction with ICA Audit’s Anti-Bribery policy and Impartiality policy.

Management at all levels are responsible for ensuring those reporting to them are made aware of and understand this policy and are given adequate and regular training on it. Senior managers have day-to-day responsibility for implementing this policy, and for monitoring its use and effectiveness and dealing with any queries on its interpretation.

The relevant senior manager will monitor the effectiveness and review the implementation of this policy, regularly considering its suitability, adequacy and effectiveness. Any improvements identified
will be made as soon as possible. Internal control systems and procedures will be subject to regular audits to provide assurance that they are effective in identifying, assessing and managing risks associated with conflicts of interest.

10. Training and Communication

Appropriate training on conflict of interest forms part of the on-going training activities of all personnel. All existing ICA Audit staff will receive regular, relevant training on how to ensure adherence to this policy. Personnel, including ICA Audit staff, are invited to comment on this policy and suggest ways in which it might be improved. Comments, suggestions and queries should be addressed to the CAB’s senior manager. This policy does not form part of any employee contract and it may be amended at any time.

11. Supplier Adherence to our Values

To ensure all those in our supply chain and contractors, including introducers, comply with our values, our terms and conditions for the supply of goods and services require individuals and entities to disclose any conflicts of interest.

ICA Audit’s staff have raised awareness of the content of this policy through email distributions asking suppliers, contractors and introducers to review our terms and conditions. Where the business has outsourced services, there are individual staff members responsible for the effective management and control of the outsourcing relationships. This activity is further supported by the risk management committee, which reviews and evaluates risks that arise from third-party relationships.

Approved by: [Signature]

Date of Approval: August 16, 2019 | 10:56 BST