

Industry Compliance and Certification Authority of South Africa

Management of Impartiality and Conflict of Interest



Purpose

ICCASA accepts responsibility for and ensures that its conformity assessment activities are undertaken impartially. ICCASA does not allow commercial, financial or other pressures to compromise impartiality. ICCASA values impartiality as a principle of justice holding that certification decisions should be based on objective criteria, rather than on the basis of bias, prejudice, or preferring the benefit to one person over another for improper reasons.

Being impartial, and being perceived to be impartial, is necessary for ICCASA to deliver certification that provides confidence. To obtain and maintain confidence, it is essential that ICCASA certification decisions be based on objective evidence of conformity (or nonconformity) obtained by ICCASA, and that its decisions are not influenced by other interests or by other parties on the basis of bias, prejudice, or preferring the benefit of one party over another. In performing audits and certification activities, the top management and personnel of ICCASA are committed to acting impartially. Any potential conflict of interest is addressed in order to ensure objectivity of all certification activities.

The value of ICCASA certification is in the degree of confidence and trust that clients place in ICCASA. ICCASA strives to deliver impartial certification to clients that will promote confidence in certification. This is achieved by upholding the following principles in all our certification activities:

- Impartiality
- Competence
- Responsibility
- Openness
- Confidentiality
- Responsiveness to complaints
- Risk-based approach

ICCASA Personnel

All ICCASA personnel that are involved in certification activities and who can influence the ICCASA certification decisions, are required to act impartially and shall not allow commercial, financial or other pressures to compromise impartiality. ICCASA requires both internal and external personnel, to declare any situation known to them that can present them or ICCASA with a conflict of interest. All ICCASA personnel are required to sign the Confidentiality, Impartiality and Non- disclosure Agreement.

Board

The AACI Board is committed to impartiality in the ICCASA management system certification activities and has the overall responsibility for monitoring risk controls for managing conflict of interest and assuring impartiality and is responsible for the review of any residual risk in order to determine if it is within the level of acceptable risk. Members of the AACI Board are required to sign the Confidentiality, Impartiality and Non- disclosure Agreement.

Certification Manager

The ICCASA Certification Manager is responsible for ensuring that certification activities and personnel involved in certification activities, adhere to the impartiality policy and avoid all conflict of interest and/or partiality in the rendering of their job and delivery of certification services. The Certification Manager is responsible for the process of handling conflict of interests. The Certification Manager gathers information

and evidence, ensures that the documented information and evidence is submitted for a decision to the Impartiality Board (AACI Board), documents the proceedings and implements the decisions of the AACI Board. The Certification Manager is required to sign the Confidentiality, Impartiality and Non-disclosure Agreement.

Auditors

Auditors are responsible for conducting audits which must be objective, impartial, independent and competent. Auditors are required to sign the Confidentiality, Impartiality and Non-disclosure Agreement which requires auditors and subcontractors to disclose all situations of potential conflict of interests with the Client being audited, that could compromise impartiality.

All ICCASA personnel are informed on how to react and manage situations that may pose a threat of real and/or perceived challenges to impartiality. Before, during and after certification activities (audits), ICCASA auditors are required to avoid any fraternization with the audited company personnel and are not allowed at any time to receive bribes, whether monetary or not, from anyone associated with the audited facility or the client soliciting the audit.

ICCASA recognizes the following threats to impartiality and labors to mitigate them at all costs:

- Self-interest threats: arise from a person or ICCASA acting in their own interest. A known concern related to certification, as a threat to impartiality, is financial self-interest.
- Self-review threats: arise from a person or ICCASA reviewing their own work. Auditing the management systems of a client to whom ICCASA provided management systems consultancy would be a self-review threat.
- Familiarity (or trust) threats: arise from a person or ICCASA being too familiar with or trusting of another person instead of seeking audit evidence.
- Intimidation threats: arise from a person or ICCASA having a perception of being coerced openly or secretly, such as a threat to be replaced or reported to management.

Managing Impartiality

ICCASA is committed to and accepts responsibility for ensuring that all conformity assessment activities, including recommendations for certification, are undertaken in an impartial manner. Any existing relationships between ICCASA or individuals employed by ICCASA or subcontractors to ICCASA with other organizations or individuals will be declared, reviewed, documented and risk assessed.

ICCASA's top management is committed to impartiality in all certification activities. ICCASA has no relationship (formal or informal) with any other company or organization which may result in a conflict of interest arising from its auditing activities. ICCASA will further determine whether consultancy relating to the development of the management system to be certified has been provided and if so, ICCASA will not certify the management system for a minimum of two years following the end of the consultancy.

Any conflict of interest arising from existing or past relationships between employees or subcontractors and ICCASA clients (including potential clients), must be declared. All staff and subcontractors are made aware of the need to declare any such conflict of interest.

The AACI Board may convene a meeting of the Impartiality Committee to review the activities of the company to ensure that impartiality continues to be maintained and demonstrated. ICCASA will record and use this information as input to identifying threats to impartiality.

Where a possible or potential conflict of interest is declared - e.g. an Auditor has worked in the past as a consultant or employee of the client - the Auditor will be instructed not to undertake the audit at that client nor will he/she be tasked to undertake any work concerning that client until a minimum of 2 years has elapsed. Even if the 2-year period has passed the relationship between the company and the individual auditor will be evaluated and a decision made as to the suitability of that auditor to undertake the work.

Where the conflict of interest is not clear, it is still a requirement of the individual to declare the potential conflict. The Certification Manager will evaluate the nature of that potential conflict of interest and make a decision based upon the individual circumstance and if required, will refer the matter to the AACI Board which functions as the Impartiality Committee.

ICCASA has a process to identify, analyze, evaluate, treat, monitor, and document the risks related to impartiality and conflict of interest arising from provisions of certification. Where any threats to impartiality are identified, ICCASA documents the event and identifies a mitigation process which includes documenting and monitoring any residual risk in the risk register. Identification of a mitigating action will cover all potential threats that are identified, whether they arise from within the ICCASA or from the activities of other persons, bodies or organizations. The AACI Board in its function as the Impartiality Committee, reviews any residual risk out of these exercises to determine if it is within the level of acceptable risk.

ICCASA shall not outsource audits to a management system consultancy organization, as this poses an unacceptable threat to the impartiality of ICCASA. This does not apply to individuals contracted by ICCASA as auditors. ICCASA does not in its marketing, publications; website, correspondence etc. state or imply that certification would be simpler, easier, faster or less expensive if a specified consultancy organization were used. ICCASA will take action to correct inappropriate links or statements by any consultancy organization stating or implying that certification would be simpler, easier, faster or less expensive if ICCASA were used. ICCASA will not use such personnel, either internal or external, that cannot demonstrate that there is no conflict of interests. ICCASA shall take action to respond to any threats to its impartiality arising from the actions of other persons, bodies or organizations.

Conflict of Interest

A conflict of interest is a situation that has the potential to undermine the impartiality of a person because of the possibility of a clash between the person's self-interest and professional interest or public interest. It is a situation in which a party's responsibility to a second party limits its ability to discharge its responsibility to a third party. This could then refer to circumstances where the interest of ICCASA differs from those of an individual acting on behalf of ICCASA. This may be in the form of performing auditing and /or certification activities for a client they have close business or personal relationships with. This kind of scenario must be avoided to eradicate any influence of the auditor's judgment and lack of impartiality.

Scenarios of Conflicts of Interest

Scenarios of conflict of interest may include but are not limited to the following:

- Auditing a management system, where you have been involved with the implementation/ consulting in the past two years.
- Accepting directly or indirectly any kind of bribe (personal advantage offered) by the client to be audited.
- When there is a direct or indirect financial interest in a client being audited.

Identification of Potential Conflicts of Interest

ICCASA and certification personnel are committed to avoiding any situation that could cause a conflict of interest. This effort covers all potential sources of conflict of interests that are identified, whether they arise from ICCASA or from the activities of any other person/s, such as sub-contractors, bodies or organization/s. Threats to impartiality can be based on ownership, governance, management, personnel, shared resources, finances, contracts, marketing and payment of a sales commission or other incentive for the referral of new clients.

Measures to Eliminate or Minimize Potential Threats

Where there are any threats to impartiality, ICCASA shall document such in the risk register and implement measures to eliminate or minimize these threats and document any residual risk.

This shall include all potential threats that are identified whether they arise from within ICCASA or from the activities of other persons, bodies or organizations. Measures taken by ICCASA in preventing situations concerning conflict of interest include:

- Define measures in certification procedures.
- Obtain commitment to maintaining impartiality through signing non-disclosure agreements.
- Ensure that no conflict of interest exists during the selection of the Lead auditor and the audit team.
- Immediately investigate the details of any situation that may be perceived as a potential risk to conflict of interest or threat to impartiality.
- Performs a Risk Analysis of its certification process at least once annually during its management review or whenever it may be required.