1. Managing conflict of interest in certification

10.1 Purpose

The purpose of this procedure is to establish, implement and maintain a documented process for identifying, analyzing, evaluating and determining control measures to manage the conflict of interest in the process of audit &/or certification to such an extent that is ALARP.

10.2 Scope

This SOP is applicable to:

- Community Policing and Police Science Institute management and staff
- Auditors and technical experts: both internal and external
- Community policing and Police Science Institute Associates and any other concerned.

10.3 The context

Conflict of interest occurs when a person or organization has two or more parallel interests which interact with or influence each other. In practice, there are a relatively limited number of causes of conflict of interest behind the wide range of actual situations encountered. These causes are found at either the individual or the organizational level and are discussed below.

10.3.1 The main causes of conflict of interests

Individual level

1) Personal benefit: one of the most widely encountered conflicts of interest is where individual can benefit personally from what he/she does professionally. This can be because he/she (or his/her close friend or relative):
   - Will receive a direct financial or other benefit.
   - May receive an indirect benefit such as the promise of future employment.
   - May receive an internal benefit such as a bonus or promotion.

   This type of conflict of interest is one of the most widely recognized, and almost all professions require that actual or potential conflicts are disclosed by the individual immediately to the CEO or its designee(s).

2) Personal loyalty: conflicts of interest can also arise when an

individual has, or begins to feel, a sense of personal loyalty which conflicts with their professional duty. Personal loyalty can exist for a number of reasons:

- A friend or family member is involved.
- The individual was previously an employee or sub-contractor and maintains a sense of loyalty.
- Working with an organization over a period of months or years, a relationship develops which involves some degree of loyalty.

Again, there is a strong presumption that this type of conflict exists and that it must be identified through personal declarations or limited contract terms and subsequently managed.

3) Assessing your own work: the third type of conflict which has been identified within the auditing professions is the issue of auditing one's own work. Since it is unrealistic to expect an individual to be objective about their own work, it is accepted that it is inappropriate for an individual to provide consultancy and then audit the results.

Organizational level

- Making money: most organizations involved in conformity assessment seek to make a profit in order to continue to function. This is a cause of many conflict of interest situations:
  - Direct conflicts: Where a major source of income is from clients for certification, then there may be a temptation to compromise quality by lowering requirements in order to attract and/or keep clients. For example, it is relatively widely accepted (though rarely discussed) within the ISO certification world that competition between certification bodies for ISO 9001 clients led to a lower interpretation of the standard because the process needed to be quick, cheap and reliable (i.e. end up with issuing a certificate) to get and keep the maximum number of clients.
  - Indirect conflicts: Where an organization makes a lot of its income from services other than certification, but also offers certification, there may be a reluctance to reduce the risk or losing the other income streams consequent upon an unfavorable certification decision, or there may be a hope that other services are more likely to be required if a successful certification decision is made.

- Being successful or delivering the mission: conflicts of interest can arise when there is a strong institutional desire to be successful – which may be for either commercial or mission-related reasons. In this case, policy or practices may be revised to make certification more attractive to encourage widespread uptake or to compete with other schemes or approaches.
- Certification decisions may be influenced by the need to maintain support from a particular interest group seen as key to on-going success.
- Short term success, even at the expense of lowering quality, may be perceived as being more important than providing a robust service to build credibility in the long term.
- Assessing your own work: it is not just individuals for whom it is difficult to be objective about one's own work. Company loyalty and professional pride can make it difficult to be objective in a situation where consultancy or other specific support has been provided by the same organization which is carrying out the certification. This also relates indirectly to income since a consultancy service which 'guarantees' certification is much more likely to be attractive and gain more business.

10.3.2 Technical guidance documents for certification bodies

ISO guidance for certification bodies is as per ISO 17021-1:2015.

Each of the guides sets out requirements both for certification bodies as institutions and for individual auditors. The main provisions are summarized below.

Certification body organizational structure

- Impartiality: there is both an overall requirement for impartiality and a requirement for a documented structure which safeguards impartiality. This structure must allow the participation of all parties significantly concerned in the development of policies and principles regarding the content and functioning of the certification system. Commercial pressures: The certification body must be free from any commercial, financial and other pressures which might influence the results of the certification process .

Committees: The certification body must ensure that any committees

involved in the certification process are free from any financial, commercial or other pressures which might influence decisions. A structure where members are chosen to provide a balance of interests where no single interest dominates is deemed to meet this requirement.

- <u>Related bodies</u>: The certification body must ensure that the activities of related bodies do not affect impartiality.
- <u>Consultancy</u>: The certification body should not undertake those services it certifies others to perform nor provide consultancy related to achieving certification.
- <u>Subcontractors</u>: The impartiality of subcontractors must be ensured .
- <u>Documentation and records</u>: Additionally, all the guides have requirements for thorough documentation and record-keeping which should be adequate to allow processes and decisions to be checked.

Certification body personnel

- <u>Individual conflict of interest:</u> auditors/team members or their organizations must not have provided consultancy services to the auditee. There must be a formal requirement of disclosing any existing or envisaged link to the auditee that could be a conflict of interest .
- The requirements overall represent a mixture of rules which aim to control conflict of interest (e.g. certification bodies may not undertake consultancy, auditors must declare any link to an auditee) with outcomes which have to be achieved (e.g. the certification body must be free of any commercial or financial pressures which might affect the outcome). Only in one case – that of ensuring that committees are balanced, is explicit guidance given on how this should be achieved.
- Managing individual conflict of interest: All personnel and committees should be free from any undue commercial, financial and other pressures that compromise impartiality .
- <u>Managing institutional conflict of interest</u>: The certification body may not provide any service that affects impartiality such as consultancy (including any links to consultancy such as recommendation of a particular company).
- The certification body must also ensure that the activities of related bodies do not compromise impartiality .

10.3.3 Mechanisms for managing conflict of interest

Based on the above review, five potential mechanisms for managing or mitigating conflicts of interest are identified, each of which is discussed below. These are:

- Removing the potential conflict
- Mission or reputation
- Rules and systems
- Checks and oversight
- Transparency and balance.

Removing the potential conflict: In some situations, the best way to deal with conflict of interest is to remove it. For example, complete separation of different functions or a prohibition on certain activities. This can be a useful approach and in some situations might be the only way to manage conflicts. However, in many cases it is not feasible or not desirable to entirely remove conflicts and so these have to be managed.

Mission or reputation: One of the claims often made by certification bodies is that their reputation is so important to them that this provides protection from conflict of interest – at least at the institutional level. Community Policing and Police Science Institute feel the same way about the importance of their mission in dictating their institutional behavior.

However, in reality, although reputation or mission may be very important for some parts of an organization some of the time (or even most parts most of the time) it is inevitable, particularly as an organization grows, that conflicts will arise.

Even for an organization which is smaller and which is strongly driven by mission, a particular individual may be influenced by, for example, the urgent need to generate income simply to ensure that the organization survives for the next few months even where this poses a conflict with the proper performance of conformity assessment functions.

Therefore, mission and reputation should not normally be relied on as a means of managing conflict of interest in the long term.

Rules and systems: There are useful rules and systems for managing some conflicts of interest. These are sensible and proven mechanisms for reducing, eliminating or managing some conflicts of interest. However, they do not necessarily address all potential conflicts, particularly in the

more complex field of social and environmental standards, nor do they necessarily set out the only, or even the most appropriate approach for a particular sector.

Checks and oversight: Another very important way of managing conflict of interest is through the use of checks and oversight. This approach in conformity assessment includes certification committees and separation of auditing and decision-making. This mechanism forms an important part of approach to management of conflicts of interest and is also seen as important in other sectors such as financial auditing where it is increasingly recognized that there is considerable scope for using independent oversight as a mechanism for counterbalancing the need for greater flexibility.

Transparency and balance: Transparency can be an important way of managing conflict of interest because if discussions, processes and decisions are open to public scrutiny, conflicts of interest are likely to become apparent and therefore there is a much stronger incentive to ensure that they do not have an improper influence.

The use of balanced representation, for example on committees, is also a powerful way of overcoming potential conflicts related to particular interest groups. There is a growing recognition particularly in the social and environmental sector, that greater transparency and balance is not only a good way of managing many conflicts of interest, but also of building credibility by improving the perception of the way in which conflicts are managed.

10.3.4 Managing conflict of interest

Sources of income and commercial pressures: This is a ubiquitous conflict and there are a number of ways in which different organizations, have attempted to address it. These include:

- Independent oversight of processes or decisions which might be affected by the need for income.
- Separation of the entities which receive income and those which make conformity decisions.
- Seeking to ensure that no single source of funding is too important and that there are a variety of sources.
- Transparency with relation to sources of income.
- Providing services free or at a discounted rate where conflicts might

otherwise arise.

- ISO guidance explicitly requires this issue to be managed but does not provide any specific guidance on how other than transparency with relation to sources of income.

Technical assistance and auditing: For an organization to provide individual or directed technical advice or consultancy to applicants and then undertake conformity assessment, exposes the organization to potential conflict of interest.

Community Policing and Police Science Institute has determined that by the nature of its business, there are several risks to the impartiality of certification. There may be conflicts that may rise from its relationships, activities and persons responsibly connected to the certification process. To prevent risks from arising that cause conflict with objectivity, Community Policing and Police Science Institute has preventive systems in place to safeguard impartiality.

Preventive control measures to control the risks from type(s) of service(s) & scope(s) offered by Community Policing and Police Science Institute:
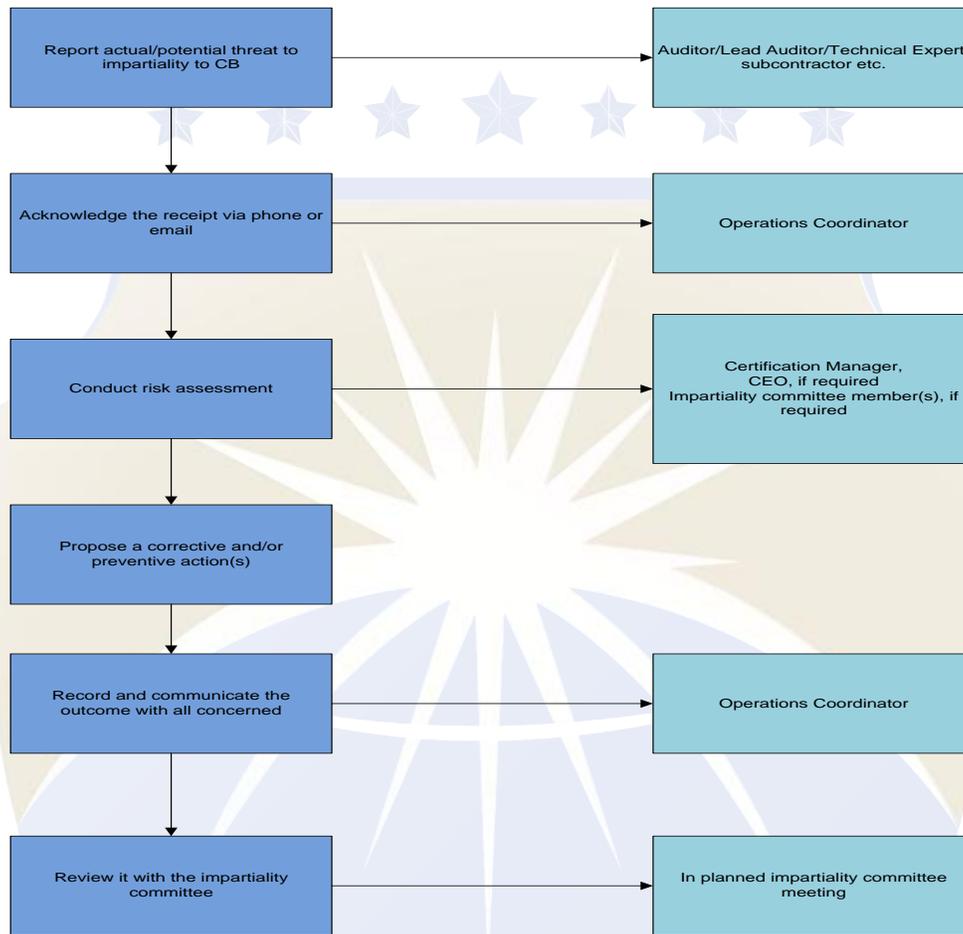
- Community Policing and Police Science Institute provides only those services as outlined in section 03 (Scope of Certification).
- Community Policing and Police Science Institute doesn't engage itself in designing, producing, operating, installing, supplying, distributing products, process and provide services of the type(s), it certifies.
- Community Policing and Police Science Institute does not provide products or services that could compromise the confidentiality, objectivity or impartiality of its certification processes.
- Community Policing and Police Science Institute undertakes to remain free from commercial, financial, or other pressures that may influence the results of the certification process.
- As such, Community Policing and Police Science Institute does not provide consultancy services to its applicants or certified clients, pertaining to matters dealing with barriers to overcoming certification; nor does Community Policing and Police Science Institute imply that certification would be simpler, easier, faster or less expensive if a specified consultancy organization were used.

- Not marketing or offering as linked with the activities of an organization that provides consultancy.
- Community Policing and Police Science Institute takes full responsibility for the granting, maintaining, extending, suspending or withdrawing of certification, particularly regarding decisions on certification, considering appeals, and handling complaints and disputes.
- Community Policing and Police Science Institute's main method for preventing a conflict of interest from occurring is requiring all persons responsibly connected to the certification services of Community Policing and Police Science Institute; including: CEO, committee members, personnel, associates, to complete a conflict of interest disclosure in the beginning and then on annual basis. The Conflict of Interest Agreement describes the commitment to objectivity and by which persons disclose any perceived conflicts that could directly affect the objectivity of an operation'(s) certification (i.e. commercial, financial, family or relationship, or other pressures that could be perceived to compromise impartiality; including any consultancy provided within the last 24 months to an operation. Also, any bias that could indirectly create conflict to arise (i.e. over-familiarity, pressures, advocacy, intimidation, competition).
- Community Policing and Police Science Institute reviews all declarations and identify any risk(s) to the impartiality of its evaluation, review and certification decisions.
- Employees, Associates and other personnel including Auditors and Technical Experts are not permitted to accept payment, gifts or favors of any kind, other than mutually agreed fees.
- The Administrative Manager then reviews these disclosures and reports them to the certification Manager so as not to assign conflicting files.
- Auditors are obligated to refuse work beyond their realm of competence.
- Auditors may not audit anyone with whom they have a declared conflict of interest
- Auditors are assigned by the Audit Manager usually based on scope of the audit, qualification of the auditor, proximity to operation and/or

availability, cost and assessing any potential conflict of interest In the event a conflict of interest is identified, the committee member immediately notify(s) the Chief Operating Officer and excuse(s) him/herself from the file review. The Chief Operating Officer appoints a temporary alternative qualified auditor.

▪ When Community Policing and Police Science Institute reconsiders a certified operation's or applicant's application for certification and if necessary perform a new on-site inspection if it is determined within 24 months of certifying the operation that any person participating in the certification process has or had a conflict of interest involving the applicant. All costs associated with a reconsideration of application, including on-site inspection costs shall be borne by Community Policing and Police Science Institute. Community Policing and Police Science Institute may refer a certified operation or applicant to a different accredited certifying agent for recertification and reimburse the operation for the cost for the recertification when it is determined that any responsibly connected person involved in the certification decision had a conflict of interest involving the applicant at the time of certification.

▪ Community Policing and Police Science Institute does not allow Auditors to audit anyone with whom they have a declared a conflict of interest(s);

▪ Community Policing and Police Science Institute generally rotates auditors every 3-4 years to prevent over-familiarity with the operator and/or operation;

▪ Community Policing and Police Science Institute ensures that persons who make certification decisions are different from those who carried out the evaluation of the operation (i.e. inspection, closing noncompliance(s).

10.3.5 PFD and responsibilities

Report actual/potential threat to impartiality to CB	Auditor/Lead Auditor/Technical Expert/ subcontractor etc.
Acknowledge the receipt via phone or email	Operations Coordinator
Conduct risk assessment	Certification Manager, CEO, if required Impartiality committee member(s), if required
Propose a corrective and/or preventive action(s)	
Record and communicate the outcome with all concerned	Operations Coordinator
Review it with the impartiality committee	In planned impartiality committee meeting

Notes:
- Everyone concerned especially auditor &/or technical expert who comes across a situation in which there is threat to impartiality or potential threat that can result in a compromise on the quality of services in respect of provision of audit and certification, has the responsibility to bring this situation into the notice of certification manager both verbally and in writing as well via an email as soon as possible.
- The Certification Manager reviews the situation and proposes an appropriate preventive and /or corrective action to preferably eliminate the risk or otherwise mitigate it to a level that is ALARP. If required, he will involve the CEO in this process and in a much critical situation, may invite an input from impartiality committee member(s), as well.
- The results of the outcome of the review of reported risks shall be documented including the risks, their impact on the certification process, the proposed corrective &/or preventive actions, the residual risks.
- These recorded risk assessments shall be discussed in a the impartiality committee meetings at the defined timings and records maintained.