



Accountancy & Actuarial Discipline Board

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GUIDANCE ON CONFLICTS OF INTEREST AND BIAS FOR AADB STAFF AND THE BOARD MEMBERS

The FRC has issued “guiding principles on independence, confidentiality and conflicts of interest”, which apply to all FRC staff.

This document sets out the detailed procedures which apply to AADB staff and board members in respect of conflicts of interest and other circumstances where there is a danger of a perception of bias. It provides some guidance as to situations in which a conflict of interest or perception of bias might exist, but is not prescriptive. Rather, staff and board members should be guided by the FRC’s guiding principles and the guidance set out in this document.

Conflicts of Interest

A conflict of interest may arise where a person’s financial, professional or personal interests conflict, or could potentially conflict, with the interests of the AADB. Such conflicts can arise, for example, in the following circumstances:

- Having a financial interest in an entity connected with a case; for example, a shareholding in a company the accounts or the audits of which may be subject to an investigation;
- Receiving or due to receive a pension from an entity which is connected with a case;
- Being a current or former partner, director or employee of a Member Firm or Predecessor Firm which is or may be subject to an investigation;
- Being a current or former director, officer or employee of an entity which is connected with a case;
- Acting or having acted in a professional capacity in relation to the subject matter of a case;
- Having a spouse, partner or immediate family member who has one of the interests outlined above.

Bias

It is also important that AADB staff and board members should act, and be seen to act, objectively and independently. They should not be biased or prejudiced and should not be involved in taking decisions where there is a real likelihood that they

may be perceived to be biased. In addition to conflicts of interests discussed above, a perception of bias may arise in various other circumstances, for example:

- where there is a close personal, business or family relationship with an individual or firm which is the subject of an investigation;
- previous involvement in a dispute with an individual or firm which is the subject of an investigation;
- involvement in other legal or disciplinary proceedings connected to an investigation;
- a past or continuing professional involvement with any individual, firm or matter connected to an investigation;
- publication of views or comments relating to any individual, firm or matter connected to an investigation

Disclosure

Should any AADB staff or board member become aware of any matters which might give rise to a conflict of interest or a perception of bias, they should disclose this to the Chairman or the Executive Counsel. Staff and Board members should err on the side of caution and should declare any matters which might reasonably be perceived to give rise to a conflict of interest or perception of bias.

The Chairman (or, in his absence or in the event of a conflict on his part, a legally qualified barrister/solicitor board member) will decide whether or not any matter notified should prevent the relevant person from becoming involved in a particular case or decision.

In the event that the Executive Counsel has a conflict or potential conflict of interest or where there might be a perception of bias in relation to a particular case, he should report this to the Chairman. The AADB board will decide whether or not to appoint an alternate executive counsel.

Hospitality and Gifts

This is also covered in the FRC guiding principles. Staff and board members should also be careful not to accept undue gifts or hospitality from Participants, Members or Member Firms. FRC guidelines require hospitality estimated to have cost more than £100 per person or a gift estimated to have cost more than £25 to be reported to the FRC Secretary for inclusion in a register, regardless of whether the hospitality or gift is accepted or refused.

Tribunal and Appeal Tribunal Members

Although similar issues will apply to Tribunal and Appeal Tribunal members, they have been briefed separately on conflicts of interest and bias at the induction day.

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