

CONFLICT OF INTEREST POLICY & PROCEDURES

September 2021

TABLE OF CONTENTS	Page
1. PURPOSE, ROLE & OBJECTIVES OF THE CONFLICT OF INTEREST POLICY & PROCEDURES.....	3
2. SCOPE	3
3. DEFINITION & TYPES OF A CONFLICT OF INTEREST	3
4. DUTIES & RESPONSIBILITIES	4
5. WHAT TO DO IF A CONFLICT OF INTEREST ARISES?	4
6. HOW TO MANAGE THE RISK OF A CONFLICT OF INTEREST?	5
APPENDIX A: CONFLICT OF INTEREST UNDERTAKING & DISCLOSURE STATEMENT	6

HISTORY

Version	Date issued/last revised	Author	Approved by
Draft 1	September 2021	Mazen Al Masri Mohamad Bahja	
Version 1			

POLICY & PROCEDURES REVISION

When to review	<ul style="list-style-type: none"> The policy and procedures must be reviewed by the Governance Committee and validated by IIA-Lebanon Board of Governors at least on an annual basis. The policy and procedures must be reviewed whenever a change in the business process occur, or contact persons changed, or enforcement by law which affect the policy.
First issuance	September 2021
Regular Revision	September 2022

POLICY & PROCEDURES DIFFUSION/DISTRIBUTION/CIRCULATION

Position	Hardcopy	Softcopy	Date Last Updated
Board of Governors		x	28 April 2022
IIA-Lebanon Secretary		x	21 May 2022

1. Purpose, Roles & Objectives of the Conflict of Interest Policy & Procedures

- 1.1. IIA-Lebanon, being a Chapter of The Institute of Internal Auditors Global (The IIA), has a responsibility to the profession to conduct its business in accordance with the highest ethical standards; and is expected to assume part of that responsibility while representing The IIA.
- 1.2. The Conflict of Interest Policy & Procedures is designed to provide guidance in identifying, handling and managing potential and actual conflicts of interest involving IIA-Lebanon in order to foster a culture of trust.
- 1.3. IIA-Lebanon is committed to the highest level of integrity. The main objectives of this policy and procedures is to:
 - a. Ensure that IIA-Lebanon Board of Governors, staff, volunteers or service providers are held accountable for their actions.
 - b. Promote openness and transparency in order to encourage the deterrence and prevention of risks associated with conflicts of interest (e.g., fraud and corruption).

2. SCOPE

This policy and procedures applies to:

- IIA-Lebanon Board of Governors, volunteers and staff (Treasurer, Secretary, Administrative Assistant, Accountant, IT Officer, Committees' members, etc.); as well as affiliated persons;
- Other service providers dealing with IIA-Lebanon (Lawyer, Consultants, etc.).

3. DEFINITION & TYPES OF A CONFLICT OF INTEREST

- 3.1. A conflict arises whenever personal, social, financial, business, or other interests, activities, or relationships impair, may impair, or have the appearance of impairing the performance of one's duties and obligations towards IIA-Lebanon.
- 3.2. A conflict of interest is a situation in which an individual, who is in a position of trust, has competing interests or loyalties. It can exist even if no unethical or improper act took place. It can create an appearance of misconduct that can undermine confidence in the Internal Audit profession and IIA-Lebanon.
- 3.3. A conflict of interest can impair an individual's ability to perform his/her duties and responsibilities objectively and impartially. In carrying out their duties, Board of Governors, volunteers, staff and other stakeholders dealing with IIA-Lebanon must not allow themselves to be improperly influenced by family, personal, or business relationships and, unless they can be managed effectively, must not have an actual, perceived, or potential conflict of interest in relation to their duties.
- 3.4. Conflicts of interest can be:
 - Actual: A situation in which a reasonable person would think that professional judgment has been compromised;
 - Perceived: A situation in which a reasonable person would think that professional judgment is likely to be compromised; and
 - Potential: A situation that may develop into an actual conflict of interest.
- 3.5. A conflict of interest can arise in many different circumstances and situations, although and there is no exhaustive list of situations that conflict of interest may exist, the following are examples of conflict of interests that may arise and should be considered:

- Having an interest in a company from which IIA-Lebanon is considering procuring goods or services and tendering for contracts from;
- The use of one's position within IIA-Lebanon to promote or otherwise protect an outside activity (which may conflict with any of IIA-Lebanon's interests);
- Directing business to suppliers owned and managed by family members or close friends outside of standard procurement purchasing processes;
- Having personal relationships that may conflict with our responsibilities or compromise IIA-Lebanon interests;
- Making appointments (President, Vice-President, Treasurer, Governors, etc.); and
- Acceptance of gifts or benefits from a supplier or other service provider that is currently dealing or intends to deal with IIA-Lebanon.

3.6. A conflict of interest can be difficult to identify and may not always be obvious. IIA-Lebanon's governors, volunteers, staff and other concerned parties must always be aware of the possibility for a potential conflict of interest and confer with the following entities when they are unsure about whether there might be a conflict of interest or what their responsibilities are:

- Volunteers, staff and other stakeholders dealing with IIA-Lebanon should liaise with IIA-Lebanon Board of Governors through the President.
- IIA-Lebanon Board of Governors should liaise with IIA Global Board through the President.

4. DUTIES & RESPONSIBILITIES

IIA-Lebanon governors, volunteers, staff and all other stakeholders dealing with IIA-Lebanon should always:

- a. Perform their general duties to the best of their ability and act honestly in the performance of their functions;
- b. Avoid any activity that creates or appears to create a conflict between their personal interests and the interests of IIA-Lebanon;
- c. Not abuse their position by improperly using IIA-Lebanon's membership information, services, equipment, resources, property or events for their personal or third party interest or gain;
- d. Be alert to any potential conflict of interest;
- e. Disclose a conflict of interest or potential conflict of interest as soon as they became aware that a conflict of interest has arisen or may arise so it can be managed on a timely basis.

5. WHAT TO DO IF A CONFLICT OF INTEREST ARISES?

5.1 Who is responsible?

The possibility that a conflict of interest may occur can be addressed and resolved before any actual damage is done. Therefore, when anyone suspects that a conflict of interest exists, they should disclose this matter to the attention of the IIA-Lebanon President so corrective actions are taken.

5.2 What to do?

5.2.1 Duty to disclose

If a conflict of interest arises, or we think a conflict of interest may arise, we must make reasonable endeavors to disclose it as follows:

- Declare the conflict or potential conflict of interest to IIA Lebanon Board through its President. Conflicts of interest should always be declared in writing. This avoids disputed accounts of what was said and whether the full extent of the conflict was properly declared. In the event where the conflict of interest involves the President of IIA-Lebanon, the disclosure shall be made to any Governor who has in turn the obligation to bring the matter up to the Board;

- Declare the conflict of interest to other stakeholders who may have a legitimate interest in knowing the conflict of interest has arisen; and
- Cease the relevant activity causing a conflict of interest or act as directed by the IIA-Lebanon President.

IIA-Lebanon's governors, staff, volunteers and all other service providers (lawyer, consultant, etc.) must declare any obligation, relationship or interest that could conflict or may be perceived to conflict with their duties and responsibilities. They are requested to submit once a year an undertaking and disclosure statement (Appendix A) listing all organizations with which they are affiliated and describing the nature of the affiliation. Material changes to the disclosure statement should be duly communicated in writing to the IIA-Lebanon President

5.2.2 Addressing conflicts of interest

When an actual and undisclosed conflict of interest is found, any transactions that may have been affected will be reviewed retroactively. Affected parties will be notified of the conflict.

Breaches of this policy & procedures will result in the latter being properly investigated and where appropriate, disciplinary action being taken. IIA-Lebanon Board, through its President, may take action to address it including suspending the membership of any governor, volunteer, staff or service provider that is involved until such time a final action is decided.

6. HOW TO MANAGE THE RISK OF A CONFLICT OF INTEREST?

6.1 Maintain a register of interests

To ensure that the risk of conflicts of interest is contained, a register of interests shall be maintained and kept updated by the Board secretary of IIA-Lebanon. This register will show the reporting date of the conflict, the names of the parties involved, a brief description of the conflict, the date, resolution taken and any measure taken with regard to the conflict.

Conflict of Interest Undertaking & Disclosure Statement

A conflict of interest, or an appearance of a conflict, can arise whenever an action of IIA-Lebanon conflicts with the personal, financial interests or otherwise, of that of a board member, volunteer, staff or service provider - and affiliated persons.

- a. Each governor, volunteer, staff or service provider hereby agrees and undertakes to:
 - Engage in and promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 - Avoid conflicts of interest and disclose to IIA-Lebanon President who will liaise with the Board of Governors or IIA Global on any material transaction or relationship that reasonably could be expected to give rise to a conflict;
 - Take all reasonable measures to protect the confidentiality of non-public information about IIA-Lebanon / IIA Global and its members obtained or created in connection with its activities and to prevent the unauthorized disclosure of this information unless required by applicable law or regulation or legal or regulatory process;
 - Produce full, fair, accurate, timely and understandable disclosure in IIA-Lebanon financial statements and related financial reports or communications submitted to IIA-Global or to the public;
 - Comply with this Conflict of Interest Policy & Procedures and promptly report any possible violation.
- b. Each governor, volunteer, staff or service provider failure to observe the terms of this Conflict of Interest Policy & Procedures may result in severe disciplinary action or termination of the business relationship between IIA-Lebanon and the concerned party.
- c. Anyone who have any questions regarding the best course of action in a particular situation, IIA-Lebanon's President should be promptly contacted. Any individual reporting any possible violation of this policy & procedures will remain protected and anonymous.

Please describe below any relationships, commitments, obligations, positions, etc. you hold (volunteer or otherwise), or circumstances that you believe could create a conflict of interest between IIA-Lebanon and your interests:

I hereby acknowledge that I have received, read and understood the Conflict of Interest Policy & Procedures of IIA-Lebanon and I hereby declare that I am fully aware of all my obligations and undertake to strictly comply and abide with all the clauses of this Conflict of Interest Policy & Procedures, bearing any responsibility that might result in case of non-compliance. Moreover, I hereby declare that all the information provided in this Statement are correct to the best of my knowledge and I am aware of my responsibilities to take reasonable steps to avoid any real or potential conflict of interest in connection with my relation to IIA-Lebanon and to advise IIA-Lebanon Board of any relevant changes in circumstances.

Name

Signature

Date