

22 August 2013  
Via email

Andrea Brolly  
Senior Policy Advisor  
Charity Commission

Dear Andrea,

### **Charity Commission guidance: managing conflicts of interest**

I am pleased to submit the Institute's response to the above consultation and trust the comments are useful to your deliberations on the Commission's development of the final guidance for trustees relating to recognising and managing conflicts of interests.

#### **About ICOSA**

The Institute of Chartered Secretaries and Administrators (ICSA) is the professional body qualifying and supporting governance and compliance professionals in all sectors of the UK economy. Members are educated in a range of topics including finance, HR, company law, administration and governance, which enable them to add value to any organisation.

ICSA is a leading international voice on corporate governance and delivers a professional education that gains its strength in the breadth of the syllabus; designed to assist boards and work with senior managers to identify and maximise opportunities within relevant legal frameworks and established best practice.

The Institute has some 10% of UK Members directly employed in the not for profit sector, with many more involved on a voluntary basis in capacities such as trustees and school governors. In formulating the Institute's response to the above consultation document, Members covering large multi-million pound charities to small, local organisations were approached for their views given the depth of their knowledge of the sector, complying with relevant legislation and the importance of sound governance arrangements in effecting a change within the communities they operate.

#### **General comments**

ICSA welcomes the opportunity to comment on this draft guidance and in general finds the document to be thoughtful, considered and comprehensive. There are a number of specific observations we would like to offer for your final version of the guidance and these are detailed below.

Given the professional and personal relationships we all have as individuals, it is not unusual for trustees to have potential and real conflicts of interests, and any guidance should seek to reassure trustees that this is a normal situation that many will face themselves on one or more occasion. Equal emphasis should therefore, be placed on recognising, preventing and managing such conflicts.

Greater information relating to how the management of trustees' conflicts are reported may also be helpful in order to generate increased transparency and accountability in the decision-making of the charity. Where the organisation has a website, the register of interests including gifts and hospitality, could be made available. Otherwise, a charity should be well-disposed to providing that information where requested, and when proportionate.

Further thought might be given to the circulation of sensitive information where a conflict is being managed. For instance, a trustee that has a material conflict regarding a tender may withdraw from discussions and the final decision. What mechanisms ought to be in place to ensure that any sensitive information that may be of benefit to third parties is not used inappropriately? At the very least, it is suggested that the guidance advise that any policy should be cross-referenced with any trustee code of conduct that deals with the issue of sensitive and confidential information.

While a trustee may not dream of using their position to inappropriately pass on confidential information of interest to any third party, it is the perception that needs to be managed as vigorously as any actual conflict. For the protection of the charity, and its trustees, it would be worth considering addressing the potential concern in the guidance.

It is hoped that the above comments are useful to you in your deliberations relating to the development of the guidance. Should you wish to discuss any points in further detail, or how ICSA may be able to assist you in your endeavours on this topic, please do not hesitate to contact me.

Yours sincerely,

Louise Thomson  
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