

CMA Standard Council's Policy For Excellence In Handling Conflicts of Interest

The governing body of every organisation must properly address conflicts of interest and related-party transactions.

A conflict of interest may be defined as a situation that has the potential to undermine the impartiality of a person because of a clash between the person's own interests (either for the person or a close relative or friend) and the interests of the organisation.

A related-party transaction may be defined as a transaction between the organisation and a person with a conflict of interest.

A member of the governing body must immediately disclose any conflict of interest he or she may have in connection with a proposed decision or related-party transaction, in which case the governing body must ensure that:

1. All parties with a conflict of interest (direct or indirect) are excluded from the discussion and vote related to approval of the decision or related-party transaction;
2. For a related-party transaction the organisation obtains reliable comparability information regarding the terms of the transaction from appropriate independent sources such as competitive bids, independent appraisals, or independent expert opinions;
3. The governing body affirmatively determines that entering into the decision or related-party transaction is in the best interests of the organisation; and
4. The organisation documents the elements described above, as well as the governing body's approval of the decision or related-party transaction.