

P19 Management of Impartiality Procedure



1. Purpose

This procedure conforms to ISO / IEC 17021-1 and ISO / IEC 17065. The purpose of this procedure is to identify the methods for ensuring *Quality Innovation Performance Certifications Pty Ltd* (QIP Certifications) Board, management, employees and contractors are impartial and remain so during all dealings with any clients, potential clients and at all times during the certification and evaluation process.

2. Scope

This procedure relates to all Board and Committee members, all management and staff, including contractors of QIP Certifications. This procedure relates to these members whilst directly working for QIP Certifications and during any dealings with actual or potential clients during and at all times outside business hours.

3. Referenced Documents

ISO/IEC 17065	Conformity Assessment–Requirements for bodies certifying products, processes and services
ISO/IEC 17021–1	Conformity Assessment-Requirements for bodies providing audit and certification of management systems-Part 1
HS Scheme Part 1	Common requirements for bodies certifying Human Services
HS Scheme Part 2	Additional requirements for bodies certifying human services in Queensland
PY03	Impartiality Policy
M01	Quality Manual
M02	Governance Manual
P03	Internal Audit
P12	Fit and Proper Person Procedure
F25	Fit and Proper Person Declaration Form
F49	Risk Register
F77	Risk Assessment

Table 1-Referenced Documents

4. Workplace Health & Safety

No identified workplace health and safety issues have been identified.

5. Terms and Definitions

AGPAL	Australian General Practice Accreditation Limited Group of Companies
Conflicts of Interest	A relationship between QIP Certifications, or a person working for QIP Certifications (paid or unpaid, staff or contractor), and a client, other organisation or person that threatens the impartiality of QIP Certifications.

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Consulting	Participating in designing, implementing or maintaining a client's policies, procedures or practices. Note: identifying opportunities for improvement is not consulting.
EM	Executive Manager
IC	Impartiality Committee
QIP	<i>Quality Innovation Performance Ltd</i> a subsidiary of AGPAL
QIP Certifications	<i>Quality Innovation Performance Certifications Pty Ltd</i>
QIP Consulting	<i>Quality Innovation Performance Consulting Pty Ltd</i> a subsidiary of AGPAL
QMR	Quality Management Representative
QMS	Quality Management System

Table 2-Terms and Definitions

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QIP Certifications Board Chair, Executive Manager (EM) and staff are fully committed to ensuring that all management system certification activities are impartial.

Any relationships between individuals employed by or contracted to QIP Certifications with other organisations or individuals will be declared, reviewed, documented and risk assessed.

Certification activities are undertaken impartially because QIP Certifications ensures:

- Its organisation structure, Policies and Procedures are documented to manage impartiality and to ensure that the certification activities are undertaken impartially;
- Its responsibility for the impartiality of its certification activities and does not allow commercial, financial or other pressures to compromise the impartiality of its personnel;
- It identifies risks to its impartiality on an ongoing basis. This includes those risks that arise from its activities, from its relationships, or from the relationships of its personnel. However, such relationships may not necessarily present a risk to impartiality.

A relationship presenting a risk to impartiality can be based on ownership, governance, management, personnel, shared resources, finances, contracts, marketing (including branding), and payment of a sales commission or other inducement for the referral of new clients, consultant, etc.

6.1. QIP Certifications Impartiality

QIP Certifications have a process to identify, analyse, evaluate, treat, monitor, and document the risks related conflict of interest arising from provision of certification including any conflict arising from its relationships on an ongoing basis. Where threats to impartiality are identified, QIP Certifications documents and demonstrates how the threat can be eliminated or minimised, documenting any residual risk. See F49 Risk Register and F77 Risk Assessment.

This demonstration will cover all potential threats that are identified, whether they arise from within or from the activities of other persons, bodies or organisations.

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QIP Certifications and part of the same legal entity and entities under its organisational control:

- Is not the:
 - Designer, manufacturer, installer, distributor or maintainer of the certified product;
 - Designer, implementer, operator or maintainer of the certified process;
 - Designer, implementer, provider or maintainer of the certified service.
- Will not offer or provide:
 - Consultancy to its audit clients, to whom QIP Certifications is going to certify;
 - Management system consultancy or internal auditing to its clients where the certification scheme requires the evaluation of the client's management system or services.

Commitment towards impartiality is supported by the Constitution of *Quality Innovations Performance Certification Pty Ltd*.

QIP Certifications:

- Will not certify another certification body for its management system certification;
- Does not:
 - Offer or provide management system consultancy;
 - State or imply that certification would be simpler, easier, faster or less expensive if a specified consultancy organisation were used.
 - Outsource audits to a management consultancy organisation. Audits (and the use of Technical Experts) are only outsourced (contracted) to individuals;
- Are not marketed or offered as linked with the activities of an organisation that provides consultancy;
- Will not use personnel to review or make a certification decision for a product for which they have provided consultancy.
- Has top management commitment to impartiality in the management of certification activities;
- Does not offer consultancy to any client or potential client;
- Has identified and analysed (risk assessed) all relationships (formal or informal) with other organisations or individuals which may result in a conflict of interest arising from its certification activities.

In addition to a publicly accessible statement (Organisation Policy Statement—displayed at QIP Certifications Brisbane, Queensland and its website), QIP Certifications ensures the safeguarding of independence and impartiality by:

- An independent Impartiality Committee (IC);
- Ensuring that the Board of Director(s), employees and contractors declare conflicts and competing interests;
- Maintaining a Quality Management System (QMS) with monitored and reviewed internal processes;
- A supportive, ethical and encouraged reporting culture;
- A commitment to compliance against our Scope of Services.

6.1.1. Impartiality and QIP Consulting

Impartiality has been established to ensure that QIP Consulting remains independent with the formation of, QIP Certifications.

Additional safeguards include:

- Separation of QIP Certifications documentation to that of Australian General Practice Accreditation Limited Group of Companies (AGPAL), *Quality Innovation Performance Ltd (QIP)*, *Quality Innovation Performance Consulting Pty Ltd (QIP Consulting)*;
- Dedicated full-time salaried employment of QIP Certifications staff;
- Independent impartiality audits;
- QIP Consulting has marketed its scope of services as not including any service associated with QIP Certifications.
- Should QIP Consulting provide any consultancy products (this does not include gap assessment) to a potential client of QIP Certifications, we will not engage with the client for a minimum of two years following the end date of the consultancy period;
- If an existing audit client engages QIP Consulting for any consultancy product, then QIP Certifications will notify that audit client that it is unable to certify the client for a minimum of two years following the end date of the consultancy period;
- QIP Certifications does not, in its marketing, publications, website or correspondence etc., state or imply that certification would be simpler, easier, faster or less expensive if a specified consultancy organisation or group were engaged.

6.2. Outsourcing

6.2.1. Impartiality and Outsourcing

QIP Certifications will manage, through a risk-based and transparent process, any outsourced activities could result in a direct or perceived risk to the impartiality of the audit process. (PY03 Impartiality Policy, P19 Management of Impartiality, F01 Fit and Proper Person, Confidentiality and Impartiality Declaration).

6.2.2. Outsourcing process

The outsourcing process will include:

- Identification of the need for outsourcing by the QMR;
- A review of each application for outsourcing on a project by the EM;
- An approved list of suppliers indicating the type of outsourcing offered and maintained by the QMR;
- A written justification to the EM to approve any outsourcing;
- Written approval from the EM of all assessed outsourcing requirements on case-to-case basis after considering all project requirements;
- Authorisation to engage any approved outsource made in writing by the EM.

6.2.3. Criteria for Outsourcing

Criteria for selecting an outsource body shall consider the:

- The supplier's reputation and history;
- The quality of services investigated through feedback channels;
- The number and assessed competence of staff and managers;
- The financial stability of the supplier and its commercial record;
- Known retention rates of the supplier's employees;
- Any Quality assurance marks, certifications or verifications as audited by an independent body;
- The s assessed competency – knowledge, skills and qualifications of outsourced auditors;
- The availability of the outsourced component to fit within any QIP Certifications specified timeframes;
- The assessed risk of any formal involvement, directly or otherwise, with an audit client to be evaluated.

6.2.4. Approval and Implementation

If there is an approved requirement for QIP Certifications to engage services outside of those within the approved Supplier Matrix; the following shall occur:

- Quotes will be requested from a minimum of two and a maximum of three suppliers (if possible);
- A risk assessment shall be established against the identified criteria including any risk to reputation or conflict of interest risks,
- Upon review and approval, the concerned suppliers are selected and a contract (Service Level Agreement) is drafted and signed by both parties on agreement;
- An F01 Fit and Proper Person, Confidentiality and Impartiality Declaration is to be signed and a copy kept in the designated supplier file;
- Addition of the new supplier delivering outsourced services is to be added to F50 Supplier Matrix;
- Each new supplier is provided with the relevant policies and procedures for the outsourced function or activity;
- A signed original of the contract for approval is kept as a record;
- After contract finalisation, the suppliers are provided a signed copy;
- All suppliers are bound to follow the documents (policies and procedures) provided to them as stipulated in the contract;
- The QMR as per the period stated within F04 Audit Schedule shall carry out supplier (second party) audits.

Should any outsourced supplier be found to be in breach of contract, QIP Certifications may terminate the contract in accordance with the signed Individual Service Agreements (or other agreement).

As illustrated within the F50 Supplier Matrix, QIP Certifications outsources services to the AGPAL Group of Companies. A formal, signed Intercompany Service Agreement (ISA) is in place to protect both parties.

6.2.5. Review

An annual review of all outsourced services shall be carried out by the QMR against the criteria set out above and as per P03 Internal Audit. Any variation from the criteria listed above will be assessed under the risk management framework for risk level and result in the potential or immediate termination of the contract should the variance be found to be in breach of that contract or pose an unacceptable risk to the organisation (a major or extreme risk).

6.3. Auditor Impartiality

Any conflict of interest arising from existing or past relationships between employees or contractors and QIP Certifications clients (including potential clients), is required to be declared. All staff and contractors are made aware of the need to declare any such conflict of interest and sign to acknowledge the obligation (contract of employment and contractor's agreement). Periodically the IC will review the activities of the company to ensure that impartiality continues to be demonstrated.

Conflicts of interest could refer to past, present or future involvement and/ or relationships and include:

- Having worked with, or been a consumer of, or consulted to the client in the last two years, or reasonable prospects of such work in the next two years;
- Any financial interest in the client or relatives or friends with a financial interest in the client
- Being in competition with the client
- Any other commercial or voluntary arrangement or directorship with the client
- Having immediate family members employed by the client, or in any of the above situations
- Any personal bias, obligation, loyalty or inclination which would affect decisions in relation to the client.

QIP Certifications as a company does not and has not provided a consultancy or internal audit service to its customers or potential customers, therefore, no risk to the impartiality of the certification process is posed.

Where a possible or potential conflict of interest is declared e.g. an auditor has worked in the past as a consultant or employee of the client, the auditor will not be asked to undertake an audit at that client nor will he/she be asked to undertake any work concerning that client until a minimum period of time has elapsed (two years). Even if the two-year period has passed the relationship between the company and the individual auditor will be determined and a decision made as to the suitability of that auditor to undertake the work.

Where the conflict of interest is not clear it is still a requirement of the individual to declare that interest, however, the EM will establish the nature of that possible conflict of interest and decides based upon the individual circumstance and will refer the matter to the IC if required

Any such relationships or conflicts of interest will be recorded within the personnel records of the individual or contractor and the responsibility to declare any such conflicts stated in contracts of employment and contractor agreements.

All staff including contractors is required to reveal any situation known to them that may present them or QIP Certifications with a conflict of interest. This requirement will be established during the recruitment process and will also be an ongoing requirement of the individuals to declare such conflict of interest. In case of any conflict of interest declared by staff or contractors, a review shall be carried out by the EM and if necessary, actions will be initiated to mitigate the conflicting issues.

6.4. Audit and Decision-Making Impartiality

The following list provides examples of the types of threats that may create pressures and other factors that can lead to biased audit and decision-making behaviour.

- Self Interest

These are threats that arise from auditors acting in their own interest. Self-interests include auditors' or decision makers emotional, financial, or other personal interests. Auditors and decision makers may favour, consciously or subconsciously, those self-interests when performing an audit or making a certification decision. For example, QIP Certifications relationships with clients create a financial self-interest because the clients pay the company fees. Auditors or decision makers could also have a financial self-interest if they own shares in an auditee's organisation. Similarly, they may have an emotional or financial self-interest if an employment relationship exists between auditors' or decision maker's family members and an auditee.

- Self-Review Threats

These are threats that arise from auditors or decision makers reviewing the work done by themselves or by their close colleagues. It may be more difficult to evaluate without bias the output of one's own work than the work of someone else or of some other organisation. Therefore, a self-review threat may arise when auditors or decision makers review judgments and decisions they, or others in their organisation, have made.

- Familiarity (Trust) Threats

These are threats that arise from auditors or decision makers being influenced by a close relationship with an auditee. Such a threat is present if auditors or decision makers are not sufficiently sceptical of an auditee's assertions and, as a result, too readily accepts an auditee's viewpoint because of their familiarity with or trust in the auditee. For example, a familiarity threat may arise when an auditor or decision maker has a particularly close or long-standing personal or professional relationship with an auditee.

- Intimidation Threats

These are threats that arise from auditors or decision makers being, or believing that they are being, openly or secretly coerced by auditees or by other interested parties. Such a threat may arise, for example, if an auditor or the organisation is threatened with replacement over a disagreement with an

auditee's application of a specific requirement of the standards / scheme used as the reference for the audit.

- Advocacy Threats

These are threats that occur when the organisation or its personnel is acting in support of, or in opposition to, a given auditee, which is at the same time its customer, in the resolution of a complaint, appeal, dispute or litigation.

- Competition Threats

These are threats that may happen, for example, when a contracted auditor or decision maker or technical assessor is also employed by a direct competitor of the auditee organisation.

6.5. Mitigation of Threats to Impartiality

QIP Certifications will have safeguards in place that mitigate or eliminate threats to auditor impartiality. These safeguards will include prohibitions, restrictions, disclosures, policies, procedures, practices, standards, rules, institutional arrangements, and environmental conditions. These safeguards will be regularly reviewed in management and risk reviews to ensure their continuing applicability.

The environmental safeguards will include:

- The value QIP Certifications and its contractors place on their reputations;
- Accreditation programmes for the organisation that assess organisation-wide compliance with professional standards and regulatory requirements regarding impartiality;
- General oversight strategies by QIP Certifications committees and governance structures (for example, boards of directors, advisory and compliance committees) concerning compliance with impartiality criteria;
- Other aspects of corporate governance, including the QIP Certifications' culture that supports the certification process and auditor impartiality;
- Standards, ethics and codes of professional conduct governing auditors' and decision maker behaviour;
- Contractual agreements with employees and contractors and partners determining duties, rights and responsibilities;
- The raising of sanctions, and the possibility of such actions, by JAS ANZ/IAF and others; and
- The legal liability faced by QIP Certifications when impartiality is compromised.
- Impartiality safeguards will exist in the QIP Certifications management system and include:
 - Maintaining a culture that stresses the expectation that auditors and decision makers will act in the wider interest and the importance of good audits and auditor impartiality;
 - Maintaining a professional learning environment that supports behaviour of all personnel that is consistent with auditor and decision maker impartiality;
 - Requiring auditing and decision-making personnel to sign and adhere to a code of ethics and code of conduct including rules relating to impartiality;
 - Management systems that include policies, procedures, and practices directly related to maintaining auditor and decision maker impartiality;

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- Dialogue with relevant interested parties on the perception of impartiality and any feedback they may give;
- Maintaining other policies, procedures, and practices, such as those concerning the rotation of staff, internal audit, and requirements for internal consultation on technical issues;
- Employee and contractor hiring, training, promotion, retention, and reward policies, procedures, and practices that emphasize the importance of auditor and decision maker impartiality, the potential threats posed by various circumstances that auditors working for QIP Certification may face, and the need for auditors and decision makers to evaluate their impartiality with respect to a specific client after considering all safeguards in place to mitigate or eliminate those threats;
- Auditor and decision maker impartiality will be further protected by placing it within a structure for declaration of any pecuniary interest to guarantee that the safeguards required are implemented. This part of the organisation's structure will ensure that the organisation can demonstrate its impartiality to informed and disinterested third parties.

The IC, Director(s), and Managers of QIP Certifications will ensure that all staff, contractors and committees act impartially and shall not allow commercial, financial or other pressures to compromise impartiality. Appropriate action will be taken by the IC or EM, where any such pressures are identified.

Note: Certification decisions are made and signed for by competent personnel who were not responsible for the audit and were not a member of the audit team.

6.6. Mechanism for Impartiality

An Impartiality Committee (IC) is established for safeguarding the independence of the certification process as detailed in and required by Section 6 Normative References. The IC is responsible for ensuring that QIP Certifications Impartiality Policy is fully implemented and adhered to. The IC shall ensure that all the risks to the impartiality of the certification process have been identified and appropriate measures implemented to mitigate any such identified risks.

The IC is the committee established to safeguard the impartiality of the company and its certification process.

The IC is to:

- Assist in developing the policies relating to impartiality of its certification activities;
- Advise on matters affecting confidence in certification, including openness and public perception;
- Counteract any tendency on the part of a certification body to allow commercial or other considerations to prevent the consistent objective provision;
- Conduct a review, at least annually of the impartiality of the audit, certification and decision-making process.

The composition, terms of reference, duties, authorities, the competence of members and responsibilities of the IC are fully documented and authorised by the Executive Manager to ensure that:

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- The committee represents a balance of interest such that no single interest predominates. The composition of the IC is non-QIP Certifications employees;
- The IC consists of three external members of the health and human services business community, and these members have been formally documented on QIP Certification internal hard drive;
- The IC will be supplied with all information necessary in order to fulfil its remit and has the authority to ask for any additional information it deems necessary;
- The EM and the QMR are not members of the IC but may from time to time attend the annual meeting to take minutes as required.

Should QIP Certifications not respect the advice of the IC, then it has the right to take independent action (e.g. informing authorities, accreditation bodies etc.) whilst respecting its obligation to confidentiality. QIP Certifications will make every effort to ensure that the IC represents key interests. IC members will typically be drawn from clients, customers, industry trade associations, regulatory bodies or other governmental services or representatives of non-governmental organisations, including consumer organisations.

Prospective members of this group are selected by the EM and QMR.

IC members are consulted on an as-needed basis and meet once every 12 months. The EM acts as a convener of the IC. The voting group consists of external industry specialists, client representatives, and other experts selected on the basis of their capability to represent the industries in which they are employed, through trade associations or similar organisations.

The IC will nominate the Chairman. The Chairman will be reappointed based on the committee decision every third IC Meeting. The Chairman will be responsible to ensure smooth functioning of the IC and the certification services provided by QIP Certifications, appropriateness of actions based on the Appeals Committee decision (if any).

Should any input from the IC conflict with the operating procedures of QIP Certifications or any other mandatory requirements, these should not be followed and management will document the reasoning behind the decision not to follow the input and maintain this documentation for review.

6.6.1. Composition, Duties, Terms of Reference, Authority and Competence of the Committee

The IC will consist of a minimum of three independent members a minimum of two members being required to form a quorum.

- Criteria (competence requirements) for membership of the committee:
 - Not a current employee of QIP Certifications;
 - Working knowledge of QMS;
 - Working knowledge of the Normative References as set out in M01 Quality Manual–Section 6;
 - Working knowledge of QIP Certifications certification processes;
 - Working or retired from a position at senior management level in areas of commerce, industry or government agencies for a minimum of five years.

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- The committee will determine the agenda, meeting format, method of recording minutes, actions and the general conduct of the meeting;
- Members may be drawn from trade associations, clients of QIP Certifications, government or non-government organisation, consumer organisation etc.;
- Only independent members of the committee will make decisions. The EM or other members of QIP Certifications staff will attend the meetings at the invitation of IC members but will have no authority to determine a course of action. Nor will they have a vote;
- Once appointed the members of the committee may not be removed by the EM but may be removed should the majority of the other members require it;
- New members of the IC will be approved by the existing members of the committee, although the EM or staff of QIP Certifications may, under instruction from the committee, source potential new members;
- Members of the committee will not be remunerated for attending meetings but may be reimbursed reasonable expenses;
- The committee will have access to all relevant information;
- No single interest shall predominate; the committee will represent a balanced view;
- The committee has the right to take independent action if top management does not respect their decision. This action may include contacting authorities, accreditation bodies, stakeholders etc.; the committee's verdict is final;
- The committee will evaluate, review and ensure that all possible impartiality threats to the certification process have been covered including any financial threats;
- The committee will agree and authorise all of the impartiality policies, relating to auditors, contractors and experts;
- The committee will require a senior member of QIP Certifications management to undertake a risk assessment of threats to the Impartiality of the Certification Process and will also direct a member of QIP Certifications senior management to undertake investigations into any aspect of the Company where a perceived threat to impartiality exists;
- The committee will have the authority to require the EM to instigate measures to reduce or remove any threats to impartiality;
- Decisions will be by majority, however, if a difference of opinion should occur at a meeting where only two members are present, the third member of the committee will be consulted or the matter deferred until a meeting can be convened where all three members are present;
- IC will provide recommendations on QIP Certifications policy issues to the EM;
- IC will be provided with copies of Management Review meeting minutes including the results of internal audits, client complaints and suggestions, and such other information as is deemed necessary to establish the credibility of the practice;
- As needed, members of the IC may participate in internal audits;
- After approval by the EM, IC recommendations will be implemented by QIP Certifications. Implementation will be monitored by the IC.

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6.6.2. Responsibilities of Impartiality Committee Members

- EM will communicate with IC members periodically. There will be at least one formal meeting of the IC each year. Additional meetings may be called by the EM on an as-needed basis;
- The EM will manage and maintain all documents and records with relation to the impartiality committee;
- Members must be available for consultation with the EM and other members of QIP Certifications;
- Members must inform the EM of any information which may impact QIP Certifications operations, including any issues concerning how QIP Certifications services are being conducted with respect to the industry sector the member is associated with;
- Members must be familiar with QIP Certifications documented QMS and Normative References contained within the Quality Manual–Section 6;
- As the quality management landscape evolves, the EM will keep IC members abreast of these changes; and
- Members will fill the annual confidentiality, impartiality and competency at the time of appointment and on an annual basis during the meeting (for member’s presents).

6.6.3. Sample Agenda

Each meeting follows an agenda drawn according to the members’ submitted subjects for discussion, together with the following suggested items which may be considered for use:

Opening address	Welcome to the members; Executive Manager report; Review of open action items from the last meeting.
IC Changes	Membership; Roles and responsibilities.
Organisational review	Structural; Personnel; New branches and offices.
Operations	Scheduling capabilities (resource capacity); Training status and requirements; Internal / external complaints / suggestions / appeals.
New business	Business risk assessment and mitigation; Addition of new sectors.
Quality system review	Changes to documentation; Accreditation body audit / surveillance reports and findings; Internal audit findings; Management review reports; Performance improvement.

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Open discussion	Any topic by the permission of the chair.
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Table 3-Impartiality Committee Agenda

6.6.4. Rejection of Executive Manager Decisions

In the event that the committee considers decisions made by the EM to be against the interests of the Certification process, a veto is issued to the EM, suspending implementation. The IC has a right to give unsolicited advice to the EM and the authority to determine if such advice is binding.

In the case of advice which is considered to be binding, the EM has the option to:

- Adopt the advice integrally;
- Not to adopt the advice and give up any (further) certification activities concerning the subject of advice;
- Modify the advice and present it to the IC.

The decisive action may not be reinstated until the veto is lifted by a majority vote of the members following an agreement with the EM.

7. Revision History

Revision	Effective Date	Section	Change Description
1	17/12/2018	All	Initial document release.
2	31/01/2019	6	Incorporation of the Outsourcing process into the Management of Impartiality procedure
3	21/06/2019	All	Changes made to whole document to updated to ISO 17065 and 17021 parts 1 and 3
4	7/08/2019	All	Additional wording added in response to JAS-ANZ Document review