

## **Policy on Related Party Interests, Conflicts of Interest and Fit and Proper status**

### **Introduction**

The National Osteoporosis Society's policy on Related Party Interests, Conflicts of Interest and Fit and Proper Status is in place to ensure transparency, good governance and sensible, responsible behaviour, especially when acting on behalf of the charity. This will help to protect the reputation of the charity and will also help to ensure that the Trustees and Senior Management Team make sure that charity funds and tax reliefs are used only for charitable purposes.

### **Who do we require disclosure from and how often?**

Trustees and the Senior Management Team are required to complete a disclosure initially on appointment and subsequently annually. They are also required to notify the Finance Director of any material changes during the year in question.

### **Requirements for Disclosure**

#### **1. Related Parties**

Related parties is a term used by the SORP that combines the requirements of charity law, company law and the Financial Reporting Standard applicable in the UK and the Republic of Ireland. The term is used to identify those persons or entities that are closely connected to the reporting charity or its trustees. The following 'natural persons' are classed as related parties:

- a. any charity trustee and custodian trustee of the charity;
- b. a person who is the donor of any land to the charity (whether the gift was made on or after the establishment of the charity); and
- c. any person who is:
  - 1) a child, parent, grandchild, grandparent, brother or sister of any such trustee
    - a) or donor
    - b) of land;
  - 2) an officer, agent or a member of the key management personnel of the charity;
  - 3) the spouse or civil partner of any of the above persons (a, b, c1 and c2);
  - 4) carrying on business in partnership with any of the above persons (a b, c1, c2 and c3);
  - 5) a person, or a close member of that person's family, who has control or joint control over the reporting charity;
  - 6) a person, or a close member of that person's family, who has significant influence over the reporting charity.

'Close member of a person's family' refers to:

- a. that person's children or spouse;
- b. the children, stepchildren or illegitimate children of that person's spouse or domestic partner;
- c. dependents of that person; and

- d. that person's domestic partner who lives with them as husband or wife or in an equivalent same-sex relationship.

A charity is not necessarily related to another charity simply because a particular person happens to be a trustee of both. It will only be 'related' if the relationship means that one charity, in furthering its charitable aims, is under the direction or control of the trustees of another charity.

The following entities, which are not 'natural persons', are classed as related parties of a reporting entity (including a reporting charity) if any of the following conditions apply:

- the entity and the reporting charity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- one entity is an associate or joint venture of the other entity (or a member of the group in which the other entity is the parent or a member);
- both entities are joint ventures of the same third entity;
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity;
- an entity that is controlled or jointly controlled by a person, or two or more persons, identified in a, b or c;
- an entity in which a person, or two or more such persons, identified in a, b or c, taken together, have a substantial interest or significant influence over the entity;

Control is presumed to exist when one or more persons identified in a, b or c, taken alone or together, hold directly or indirectly, more than half the voting power of an entity. However, control can also exist when they, directly or indirectly, control half or less than half of the voting power of an entity, if they have:

- power over more than half of the voting rights by virtue of agreement with other investors;
- the power to govern the financial and operating policies of the entity under a statute or an agreement;
- the power to appoint or remove the majority of the members of the board of directors or equivalent governing body, and control of the entity is by that board or body; or
- the power to cast the majority of votes at the meetings of the board of directors or equivalent governing body, and control of the entity is by that board or body.

An individual has a substantial interest or significant influence in an entity where that person, or two or more persons identified in a, b or c, taken together, have an interest in the equity share capital of that entity of a nominal value of more than one-fifth of that share capital, or is entitled to exercise, or control the exercise of, more than one-fifth of the voting power at any general meeting of that entity.

The attached form therefore requests a list of close family members even if there have been no transactions. Please also provide details of any other related party interests, if relevant.

Donations made to the National Osteoporosis Society qualify as related party transactions, and any donations made by a Trustee or member of the Senior Management Team or their related parties (that they are aware of) to the National Osteoporosis Society should be declared in this section of the declaration.

## **2. Conflicts of Interest**

The Charity Commission indicates that declaration and management of potential conflicts of interest is one of the key items of best practice for charities in relation to Governance and Management.

The National Osteoporosis Society enjoys the privilege of working with experts on osteoporosis and related conditions, through its Trustees, Scientific Fora and Committees. It is accepted that by the nature of their position and work, these experts will be involved, to varying degrees, with commercial or statutory bodies in the field of Osteoporosis.

It is of great importance that all policy decisions and statements made by the National Osteoporosis Society are based on impartial advice, which is given in the best interests of the charity.

The attached form therefore lists possible interests which require disclosure.

## **3. Fit and Proper Status**

The 'fit and proper persons' test exists to ensure that charities and other organisations entitled to charity tax reliefs are not managed or controlled by individuals who might misuse the valuable tax reliefs the organisation receives. Unfortunately fraudsters have been known to exploit charity tax reliefs so the fit and proper persons test exists to help prevent that.

An individual is 'fit and proper' if they ensure that charity funds and tax reliefs are used only for charitable purposes.

The attached form therefore lists possible reasons why the fit and proper test may not be met.

## **Confidentiality of disclosure statements**

The disclosure statements will be assessed in the strictest confidence by the Chairman of the National Osteoporosis Society Board of Trustees with the Chief Executive and Finance Director. If necessary, legal advice will be sought. The documentation will be kept securely by the Finance Director with the statutory books of the Charity although they are not open to public inspection or other disclosure.

## **Management of potential issues resulting from disclosure**

Action taken to deal with conflicts of interest will depend on the degree of potential conflict. For specific subjects / areas it is likely that the person(s) concerned will not participate in or be present at that part of any meeting relating to a decision on the subject / area. It is expected that the person(s) concerned will declare their conflict of interest to the Chair of a meeting as and when the agenda is received or as discussions during a meeting become evident. If the person is the Chair of the Meeting, arrangements will need to be made to cover that role for the duration of the issue. Due attention will be given to the quorate regulations of any meeting where a participant has to withdraw for conflict of interest reasons.

Any related party transactions will be disclosed to the auditors, who will then advise on the action required.

Any items disclosed under The Fit and Proper test will be discussed by the Board of Trustees, who will then advise on the action required.

### **Allocation of research grants**

Where the National Osteoporosis Society is considering allocation of research grants, applicants are expected to declare an interest if the research is commercially linked. The charity adheres to the policy regarding allocation of research grants as set down by the Association of Medical Research Charities (AMRC). The committee allocating research grants and the Board of Trustees keeps this policy under regular review.

### **Updating of this Policy**

The National Osteoporosis Society Board of Trustees determines the policy on Related Party Interests, Conflicts of Interest and Fit and Proper status and management of them. The responsibility for ensuring the process is maintained is that of the Finance Director and Chief Executive.

The National Osteoporosis Society Finance, General Purposes and Audit Committee reviews the application and content of this Policy each year and recommends any changes to the Board of Trustees.

### **Further Advice**

All Trustees are further asked to read the Charities Commission Document – “A Guide to Conflict of Interest for Charity Trustees” in relation to completing the documentation. This is available from The Charity Commission Website.

## Annual Declaration of Related Party Interests, Conflicts of Interest and Fit and Proper status

Please complete the attached sheets and return them to the Finance Director at the National Osteoporosis Society Registered Office as soon as possible.

For the Period: **January 2016 to December 2016**

**Name:** \_\_\_\_\_

Main Role in National Osteoporosis Society: \_\_\_\_\_

### 1. Declaration of Related Party Interests

#### Please tick which statement applies

- a) I list below the names of my related parties [in accordance with the definition given above] and I wish to confirm that to the best of my knowledge I and my close family had no business dealings or other significant financial transactions with the National Osteoporosis Society (state "None" below); **or**
- b) I list below the names of my close family and I wish to declare the following business dealings or other significant financial transactions with the National Osteoporosis Society (give details below); **or**
- c) I list below the names of my close family and I wish to declare interests with significant influence within the following named organisations which have had the following business dealings or other significant financial transactions with the National Osteoporosis Society during the year (give details below).

Name	Organisation	Nature of relationship	Transactions

## Declaration of Conflicts of Interest

The following are judged to be material interests for declaration during the above period. Please tick all sections as they apply to you. Where you have ticked yes in any section, please give further details using additional sheets as necessary.

	<b>Interest</b>	<b>Yes</b>	<b>No</b>
a)	Work as paid adviser to relevant pharmaceutical company or other relevant company(ies).		
b)	In receipt of lecture fees in excess of £150 in the last twelve months from relevant pharmaceutical or other relevant company(ies).		
c)	In receipt of equipment or support staff from relevant pharmaceutical or other relevant company(ies).		
d)	Shareholder in relevant pharmaceutical or other relevant company(ies).		
e)	Have taken part in relevant drug trial(s).		
f)	In receipt of an educational/research grant for self or department from relevant pharmaceutical or other relevant company(ies).		
g)	Any other interest (other than personal or family medical conditions) which could be seen as influencing advice given.		
h)	Have a material interest in a pharmaceutical or other company(ies) with a product(s) which is (are) in direct competition with the subject of advice given.		
i)	In receipt of foreign travel payments from pharmaceutical or other relevant company(ies).		
j)	Any financial interest > £5,000 p. a. from a commercial organisation which benefits financially through the prevention, detection and management of osteoporosis and related conditions. This includes shares, annual consultancy fees and dividends. Please state name of organisation or source of funding (not amount). State if the reported item is for yourself or first degree relative.		
k)	Any significant annual financial interest (as defined above) or benefit that first degree relatives (parents, spouse/partner, children) have in a commercial organisation which benefits financially through the prevention, detection and management of osteoporosis and related issues. Please state name of organisation or source of funding (not amount). State if the reported item is for yourself or first degree relative.		
l)	Any advisory positions whether paid or unpaid in relation to osteoporosis and related disorders e.g. directorships, membership of advisory boards		
m)	Any other roles for which fees are payable other than primary employment		
n)	Any funding for personal and departmental research activities > £10,000 p.a.: , from a single commercial organisation, which benefits financially through the prevention, detection and management of osteoporosis and related issues		
o)	Any possible conflicts of interest if related to advice given, or research grants applied for on behalf of the charity or evaluated on behalf of the charity.		

## Declaration of Fit and Proper status

In addition to the above disclosures, I also confirm, for the purposes of my annual declaration, that I am a fit and proper person to act as Director/Trustee/Senior Team Member of the National Osteoporosis Society under the Finance Act 2010. In this respect I confirm that:

- I am not disqualified from acting as a charity trustee;
- I have not been convicted of an offence involving deception or dishonesty (or any such conviction is legally regarded as spent);
- I have not been involved in tax fraud;
- I am not an undischarged bankrupt;
- I have not made compositions or arrangements with my creditors from which I have not been discharged;
- I have not been removed from serving as a charity trustee, or been stopped from acting in a management position within a charity;
- I have not been disqualified from serving as a Company Director;
- I will at all times seek to ensure the charity's funds, and charity tax reliefs received by this organisation, are used only from charitable purposes

*I confirm that I have read the National Osteoporosis Society Policy on Related Party Interests, Conflicts of Interest and Fit and Proper status and have declared the above information correctly. I will notify the National Osteoporosis Society Finance Director in writing of any changes to the above during the year.*

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

This form is to be completed annually and filed in the Register of Business Interests.

Please attach additional sheets if necessary.

Number of sheets (including this sheet) \_\_\_\_\_ returned to National Osteoporosis Society Finance Director