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|  | Overview – The Insolvency Code of Ethics 2020 (the Code) |  | |  |
|  | Before agreeing to accept any insolvency appointment (including a joint appointment) the Code requires a determination about whether accepting the proposed appointment would create any threats to compliance with the five fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour [R2210.3]  In doing so, the conceptual framework approach should be applied which is a process that requires you to:   * **Identify threats** to compliance with the fundamental principles ***(Section A of this checklist)*** * **Evaluate and address any threats** identified ***(Section B of this checklist)*** and   Where threats are identified in Section B of this checklist, complete the separate record of matters considered in addressing whether those threats can be eliminated or reduced to an acceptable level before proceeding with the proposed appointment ***(see separate record - CVL105A)***  You may consider applying **safeguards** to eliminate or reduce any threat identified to an acceptable level, but where this is not possible, you should consider declining the appointment  You must demonstrate the steps taken & the conclusions reached in identifying, evaluating & responding to any threats both leading up to and during the insolvency appointment by reference to written contemporaneous records and the Code is prescriptive about record keeping.  You must address the following 6 points (a-f) as part of the record of your decision to accept the appointment – CVL105A. The facts of the case should be recorded in Section A of this checklist. Where threats are identified, the separate record of considerations should capture points (b) to (f):   1. The facts 2. Any communication with, and parties with whom the matters were discussed 3. The courses of action considered, the judgments made and the decisions that were taken 4. The safeguards applied to address the threats where applicable 5. How the matter was addressed and 6. Where relevant, why it was appropriate to accept (or continue with) the insolvency appointment   The records maintained, in relation to the steps taken and the conclusions reached, are expected to be sufficient to enable a reasonable and informed third party to reach a view on the appropriateness of the IPs actions.  Timing of assessment  This process must be completed (ie, signed off by the proposed appointee) before either of the following are done:   * The letter of engagement is issued * Consent to act as office holder in the assignment is given   Requirement for ongoing review  Additionally, once the appointment is accepted, IPs are required to remain alert to the level of threat with reference to the specific 6 points detailed above on an ongoing basis and it is recommended that you undertake a reassessment of ethical considerations periodically and that this is documented  Supporting information  A *Code of Ethics Support Document* (CVL105B) has been prepared to assist you in dealing with ethical issues concerning the appointment throughout the life of the assignment, and may be used for reference purposes when completing this checklist and the *Record of Pre-Appointment Ethical Considerations* (CVL105A) accordingly |  | |  |
|  | Section A – Identifying the threat |  | |  |
|  | Record the pertinent facts of the proposed insolvency appointment here (For example, the type of business, its geographical location, the number of employees, whether trading/non-trading, is there is to be a proposed sale of the business, whether there are any known contentious issues which may affect the appointment)  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |  | |  |
|  | Obtain and record the names and addresses of all directors (including shadow directors) and shareholders – this may be done as part of the Money Laundering Risk Assessment for example  Obtain details of any group or associated companies |  | |  |
|  | To help to identify any prior relationship between the firm and the entity and someone connected to the entity, request a conflict check search of the firm’s client database (where possible) and email relevant case staff to determine any known prior relationships. File the email and/or search result with this Checklist  Has a potential conflict been identified from the conflict check and/or email to case staff? | **YES / NO** | |  |
|  | Has any further potential conflict/other issue been identified from sending the Pre-Engagement Conflict Check letter to the directors (CVL101A – L)?  NB You should not issue your letter of engagement until you have received the directors’ confirmation of no conflict | **YES / NO** | |  |
|  | Has a prior relationship between the firm and the client/or its associates been identified which requires evaluation?  Consider the following:   * Have you previously acted, or are you still acting, in an insolvency process that involves the same shareholders or directors? * Have you or the firm acted in relation to any other matter involving the entity? * Have you undertaken any form of previous advisory work (irrespective of whether you were formally instructed and/or received payment)? | **YES / NO**  **YES / NO**  **YES / NO** | |  |
|  | Are you instructed by the company’s charge holders and if so, have you or anyone else in your firm previously carried out one or more assignments on their behalf?  If yes, is it considered that the extent of the prior relationship with the charge holder(s) will cause a concern regarding potential conflicts of interest? | **YES / NO**  **YES / NO** | |  |
|  | These are the categories of potential threats under the Code:   * Self-interest threat * Self-review threat * Advocacy threat * Familiarity threat * Intimidation threat   (See the *Code of Ethics Support Document* for further details)  Has a potential threat been identified in this case? | **YES / NO** | |  |
|  | Do you consider that there are any matters that would create a threat (including a *perceived* threat) to compliance with any of the five fundamental principles of the Code? | **YES / NO** | |  |
|  | If the answer is *No* to all questions, no threat to the fundamental principles has been identified and Section B does not need to be completed. Complete Section C (Conclusion) only, plus the Bribery Act considerations at the end of this checklist |  | |  |
|  | If the answer is *Yes* to any of the above questions, complete Section B below and prepare a *Record of Pre-Appointment Ethical Considerations* (CVL105A) before completing Section C (Conclusion) and the Bribery Act considerations at the end of this checklist |  | |  |
|  | Section B – Evaluating and addressing any threats identified |  | |  |
|  | Evaluate the nature of any threat which has been identified and address it by deciding whether *safeguards* can be put in place to reduce it to an acceptable level and if not, consider whether you should decline the appointment  In practice, where potential threats arise, they tend to arise because of the following circumstances:   * A potential conflict of interest arising from a professional and personal relationship (which potentially affect the fundamental principle of Objectivity) * Whether the individual IP has the relevant expertise for the assignment (which concerns the fundamental principle of Professional Competence and Due Care)   Remember that the Code specifies that threats arising from a *significant* *professional* *or personal relationship* cannot be reduced or eliminated by applying safeguards and an appointment should not be accepted where such a relationship exists  Each of these matters is considered in more detail below & further detail is also included in *Code of Ethics Support Document* on the Code |  | |  |
|  | Threats to the fundamental principle of Objectivity may arise from circumstances that create a conflict of interest and such circumstances include the following:   * Where a **significant relationship existed** with the entityor * Where a **significant relationship existed with****someone connected to the entity**   Where such circumstances exist, the Code stipulates it will not be possible to reduce the threat to an acceptable level and in such circumstances, you should not accept the appointment  However, there may be circumstances where there is some form of relationship with the entity/someone connected to it which may not be significant, in which case it may be possible to address the potential threat to the fundamental principle of objectivity by applying an appropriate safeguard – see further below  Where a relationship exists, you should therefore consider whether it is significant – see further below |  | |  |
|  | The following **range of relationships** should be considered as creating a potential conflict:   * The company or individual over which we may be appointed (the entity) * Senior management or any director or shadow director or former director or shadow directors * Shareholders or Persons of Significant Control of the entity * Any principal or employee of the entity * Business partners of the entity * Companies or entities controlled by the entity * Companies which are under common control * Potential purchasers * Creditors * Funders, including shareholders, private equity houses and debenture holders of the entity * Debtors of the entity * Close or immediate family of the entity with the firm or personal relationships within the firm   This list is not exhaustive - consider the substance of any relationships  Has a relationship within the range described above been identified as creating a potential conflict of interest? | **YES / NO** | |  |
|  | Assessing whether the professional/other relationship is significant  If the answer is *Yes* to the above question, you must evaluate the impact of the relationship in the context of the appointment being sought or considered and whether it creates a threat to the principle of objectivity considering the following issues:   * The nature of any personal relationship and your proximity to the individual with whom the relationship exists * Additionally, what exactly is the proximity of that individual to the insolvent entity? * Whether a reporting obligation arise will arise in respect of the relevant individual with whom the relationship exists? (eg, an obligation to report on the conduct of directors & shadow directors of a company of the insolvent entity) * The nature of any previous duties undertaken by you/an individual within the firm during any earlier relationship with the insolvent entity * The extent of the insolvency team’s familiarity with the individuals connected with the insolvent entity   Do you consider the relationship to be significant?  *Nb, remember that in forming your opinion, you must consider the perception of others*  Do you consider that a reasonable and informed third party (who need not be an IP), who weighs all the relevant facts and circumstances that you know, or ought reasonably be expected to know at the time the conclusions are made, would consider the relationship to be significant?  If you have answered *Yes* to any of the above questions, it will not be possible to take action to reduce the threat to an acceptable level or eliminate that threat and you should not accept the appointment  If you have answered *No*, consider the section Applying Safeguards below | **YES / NO**  **YES / NO** | |  |
|  | Have you received confirmation from the directors that they are not aware of any significant professional or significant personal relationships which would prevent acceptance of the appointment and that no conflict exists?  Nb, this confirmation is contained in CVL101A – L which should be issued prior to the conclusion of this checklist and the issuing of the letter of engagement | **YES / NO** | |  |
|  | Other circumstances which potentially create a conflict of interest – consider the following:   * Have you had to deal with conflicting or competing interests between entities over whom you, or another IP in your firm is appointed? * Have you or another IP in your firm previously acted as an insolvency office holder to a company with a common director(s)?   Nb, there will be an increased risk of a conflict of interest arising where the IP has been appointed office holder to a number of insolvent companies with the same director(s)   * Have you or others in your firm previously carried out one or more assignments for an entity’s charge holders or stakeholders and you are appointed as an insolvency office holder to the entity or its connected entities? * Have you been appointed as Administrator by a floating charge holder under a recent charge where the assets were sold to a purchaser which is connected to the floating charge holder [ADM only] | **YES / NO   YES / NO**  **YES / NO**  **YES / NO** | |  |
|  | If the answer to any of the above questions is *Yes*, evaluate the impact of the relationship in the context of the appointment being sought or considered and whether it creates a threat to the principle of objectivity  Have you considered the following issues?   * The nature of the previous duties undertaken by your firm during an earlier relationship with the entity * The impact of the work conducted by the firm on the financial status and/or the financial stability of the entity in respect of which the appointment is being considered? * The significance of the fees for the work or the costs incurred significant to you/your department/your firm * Were the fees received or the cost of the work previously undertaken substantial? * Was the professional work carried out recently? * Does the appointment being considered involves consideration of any work previously undertaken by your firm for that entity?   *Nb, work carried out within the previous three years will potentially raise the threat level, although there may be instances where non-audit work means that any threat is at an acceptable level. Conversely there may be situations where the nature of work carried out is such that a considerably longer period will need to have elapsed before any threat can be reduced to an acceptable level*  Having considered the above factors, can the threat to the principle of Objectivity be eliminated or reduced to an acceptable level?  If ***Yes***, consider the section below on ***Applying Safeguards*** | **YES / NO**  **YES / NO**  **YES / NO**  **YES / NO**  **YES / NO**  **YES / NO**  **YES / NO** | |  |
|  | Applying safeguards  Safeguards are measures that you take to *reduce* or *eliminate* the threat that you have identified to one of the fundamental principles to an acceptable level  This means that, despite the existence of the threat, you have taken steps to remove or mitigate the effect of it, which in turn makes acceptance of the appointment acceptable  Safeguards may be appropriate in circumstances where:   * You have identified a relationship, but it is not considered to be significant * Other circumstances give rise to a potential conflict of interest which you believe can be reduced or eliminated to an acceptable level   *Safeguards* can include:   * Terminating (where possible) the financial or business relationship giving rise to the threat * Disclosure of the relationship and any financial benefit received by the firm (directly/indirectly) to the entity or those on whose behalf you would be appointed to act * Where the threat is created by another’s professional or personal relationship (eg, a member of staff) consider whether that threat can be reduced to an acceptable level or eliminated by withdrawing that individual from the insolvency team   Do you consider that any of these ***safeguards*** are appropriate?  Where you consider ***disclosure*** of the relationship is an appropriate safeguard, have you considered how and to whom such disclosure ought to be given?  Disclosure of circumstances may be made to:   * Creditors or other interested parties * Court on the making of an administration or any other order * A committee * A secured lender   Do you consider that it is necessary to seek the express consent of a third party? | **YES / NO**  **YES / NO**    **YES / NO** | |  |
|  | The Code is prescriptive about **record-keeping**.You must demonstrate the steps taken & the conclusions reached in identifying, evaluating & responding to any threats both leading up to and during the insolvency appointment in the format set out at the outset of this document (see the list of 6 prescriptive elements (a) to (f) of the record)  Complete the **Record of Pre-Appointment Ethical Considerations** [CVL105A] and attach a copy to this checklist where threats have been identified to record your considerations and evaluation of the threats relating to this assignment and what safeguards have been considered appropriate |  | |  |
|  | **Section C – Conclusion** |  | |  |
|  | Conflict & Ethical Review  I am satisfied that all necessary checks have been carried out in relation to the acceptance of this assignment and have considered matters under the Insolvency Code of Ethics as appropriate and consider that no threats to the Fundamental Principles exist  *OR*  I am satisfied that all necessary checks have been carried out in relation to the acceptance of this assignment and have considered matters under the Insolvency Code of Ethics as appropriate and consider that threats to the Fundamental Principles exist, however acceptable safeguards have been put in place to eliminate or reduce the threats to an acceptable level – ensure the Record of Pre-Appointment Ethical Considerations (CVL105A) is appended to this checklist before signing off  *OR*  I am satisfied that all necessary checks have been carried out in relation to the acceptance of this assignment and have considered matters under the Insolvency Code of Ethics as appropriate and consider that threats to the Fundamental Principles exist. It has not been possible to put acceptable safeguards in place to either eliminate or reduce the threats identified to an acceptable level and consequently the assignment has not been accepted - ensure the Record of Pre-Appointment Ethical Considerations (CVL105A) is appended to this checklist before signing off | **YES / NO**  **YES / NO / N/A**  **YES / NO / N/A** | |  |
|  | Has a copy of the internal conflict search result been attached to this checklist? | **YES / NO** | |  |
|  | Finally, do you consider that you/ the firm have adequate skills and resources to undertake the assignment?  Refer to the **Code of Ethics Support Document** for relevant considerations in applying the conceptual framework to acting with sufficient expertise (Professional Competence & Due Care) | **YES / NO** | |  |
|  | **Next steps and ongoing review** |  | |  |
|  | Satisfactory completion of this ethical and conflict review means that you can now proceed to issue your letter of engagement and consent to act as office holder in the assignment |  | |  |
|  | Remember that the Code requires you to remain alert to the level of threat with reference to the specific 6 points detailed at the start of this checklist on an ongoing basis and it is recommended that you undertake a reassessment of ethical considerations periodically. If future threats are identified, a record of these threats and the action taken should be completed for this purpose and signed off by the office holder(s)  The periodic review could form part of the regular case review process |  | |  |
|  | Bribery Act 2010 Review – complete in all cases |  | |  |
|  | Refer to your firm’s policy and liaise with the engagement partner as appropriate when completing this section of the checklist |  | |  |
|  | Is the source of the introduction of the proposed appointment a regular contact of the firm? | **YES / NO** | |  |
|  | Has this source received or provided (to any director, partner or employee) any gifts or hospitality which would be inappropriate to the business relationship with this referral source or been paid or rewarded for anything other than work done? | **YES / NO** | |  |
|  | If the answer to 28 above is yes, has the reward been recorded and authorised as appropriate to the relationship with the referral source and to the nature of the relationship and work done, in accordance with any provisions in the firm’s policy on the Bribery Act? | **YES / NO** | |  |
|  | Are any individuals associated with the appointment being paid or rewarded for anything other than work done and if so, has the payment, gift or hospitality been recorded and authorised as reasonable and proportionate to the relationship with the individual and the nature of the business relationship? | **YES / NO** | |  |
|  | Are any of the individuals involved in the appointment (inc beneficial owners) overseas persons or entities based in an area where there is a known risk of corruption? | **YES / NO** | |  |
|  | Are any known prospective purchasers of the company (or its assets) being paid or rewarded for anything other than for work done? | **YES / NO** | |  |
|  | Has any director, partner or employee of this firm received any reward, hospitality or gift from any individual involved in the appointment or any known prospective purchaser of the company or its assets? | **YES / NO** | |  |
|  | If the answer to either 32 or 33 above is yes, has this been recorded and authorised as being appropriate to the relationship with the prospective purchaser and the nature of the business relationship? | **YES / NO** | |  |
|  | Are there any unusual factors known about the company we are to be appointed over (eg, the sector in which the business operates or the value and nature of its contracts) which could give rise to a higher risk of bribery? | **YES / NO** | |  |
|  | If any of the answers to questions 27 – 35 above are yes and the payment, reward or gift or similar has not been duly authorised, the appointment will be ‘High Risk’  If the risk is High, then Partner/Director level authority is required to accept the appointment. If the appointment is accepted, the rationale for this should be documented and filed with this checklist. Where a payment, reward or gift has yet to be made in respect of this appointment, the details should also be documented and attached to this checklist  Note: If the proposed appointees are the likely recipients, you should refer the case to the firm’s MLRO or senior partner before proceeding  Where all payments, rewards or gifts have been disclosed and authorised and are reasonable and proportionate, the risk will be ‘Normal’ |  | |  |
|  | Conclusions |  | |  |
|  | Bribery Act considerations  As Engagement Partner, I confirm that I have considered and taken into account the implications of the Bribery Act 2010 and consider in relation to bribery and this appointment, there to be a  *\*delete as applicable* | **High Risk\*** | **Normal Risk\*** |  |

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| Proposed office holder(s) review of checklist *(if proposed joint appointment, both proposed appointees should sign this checklist)* | | | |
| Name |  | Name |  |
| Signature |  | Signature |  |
| Date |  | Date |  |
| Additional comment by the proposed office holder(s) (where relevant): | | | |