Board Conflict of Interest Policy

*Last updated January 2018*

|  |  |  |  |
| --- | --- | --- | --- |
| Policy number | [insert number] | Version | [insert number] |
| Drafted by | [insert name] | Approved by Board on | [insert date] |
| Responsible person | [insert name] | Scheduled review date | [insert date] |

### Introduction

* 1. The Board of [Organisation] is committed to high standards of ethical conduct and accordingly places great importance on making clear any existing or potential conflict of interest.

### Purpose

* 1. This policy has been developed to provide a framework for:
* all Board Members in declaring conflicts of interest; and
* the Board, when determining how to deal with situations of conflict.

### Policy

* 1. A conflict of interest may occur if a financial interest or a relationship influences or appears to influence the ability of a Board Member to exercise objectivity.
	2. The Board places great importance on making clear any existing or potential conflicts of interest. All such conflicts of interest shall be declared by the member concerned. All financial conflicts of interest, as defined by statute, shall be documented in the Board’s Conflicts of Interest Register.
	3. Where a Board member has an actual or perceived financial conflict of interest, as defined by statute, that Board member shall not initiate or take part in any Board discussion on that topic (either in the meeting or with other Board members before or after the Board meetings), unless expressly invited to do so by unanimous agreement by all other members present.
	4. Where a Board member has an actual or perceived financial conflict of interest, as defined by statute, that Board member shall not vote on that matter.
	5. Where a Board member has an actual or perceived conflict of interest related to their relationship with an employee or volunteer of the organisation, or any other person having dealings with the organisation, that Board member shall not initiate or take part in any Board discussion on that topic (either in the meeting or with other Board members before or after the Board meetings), unless expressly authorised to do so by the Board.
	6. Where a Board member has an actual or perceived conflict of interest related to their relationship with an employee or volunteer of the organisation, or any other person having dealings with the organisation, that Board member shall not vote on that matter, unless expressly authorised to do so by the Board.
	7. The Board may further supplement the definition of conflict of interest from time to time if it so wishes, and may specify the procedures to apply in such cases.
	8. Board members are not barred from engaging in business dealings with the organisation, provided that these are negotiated at arm’s length without the participation of the Board member concerned.
	9. A Board member who believes another Board member has an undeclared conflict of interest should specify in writing to the Secretary the basis of this potential conflict.

## Board Conflict of Interest Procedures

|  |  |  |  |
| --- | --- | --- | --- |
| Procedure number | [insert number] | Version | [insert number] |
| Drafted by | [insert name] | Approved on | [insert date] |
| Authorised person | [insert name] | Scheduled review date | [insert date] |

### Responsibilities

* 1. The Chair is responsible for bringing this policy to the attention of prospective Board members.
	2. All Board members are responsible for respecting this policy.

### Processes

* 1. Before a Board Member begins his or her service with the organisation, they shall file with the Secretary a list of their principal business activities, as well as involvement with other charitable and business organisations, vendors or business interests, or with any other associations that might produce a conflict of interest. This information should be documented in the Conflict of Interest Checklist.
	2. Board members shall also file with the Secretary notification of any relationships between themselves and any employee or volunteer of the organisation, or any other person having dealings with the organisation that might reasonably give rise to the perception of a conflict of interest.
	3. Further, Members shall declare any conflicts of interest of which they become aware either at the start of the Board meeting concerned or when a relevant issue arises. The nature of this conflict of interest should be entered in the meeting minutes. The nature of the conflict of interest should also be documented in the Conflict of Interest Checklist.
	4. Where a conflict of interest or potential conflict of interest, as defined below, is identified and/or registered, the Board member concerned shall leave the room as soon as that item comes up for discussion. The concerned Board member shall not vote on that issue, nor initiate or take part in any Board discussion on that topic (either in the meeting or with other Board members before or after the Board meetings), unless expressly invited to do so by unanimous agreement by all other members present. The Board Member’s abstinence should be recorded in the meeting minutes.
	5. If a person declares themself to have an existing or potential conflict of interest, confidentiality will be respected. If a person alleges that another person has a conflict of interest, whether existing or potential, and that person does not agree, and if the Board cannot resolve this allegation to the satisfaction of both parties, the matter shall be referred to the Ethics Sub-Committee. This committee will make a recommendation to the Board as to what action shall be taken.
	6. ‘Conflict of interest’ is defined as applying in accordance with the statute, where a Board member stands to gain financially from any business dealings, programs or services of the organisation, other than where:
		1. the Board member falls into the class of people benefited by the organisation and the financial gain is of a nature common to other beneficiaries, or
		2. the person is an employee of the organisation, and the financial gain is of a nature common to other employees.
	7. If the organisation has by-laws, ‘conflict of interest’ is defined under the by-laws where:
	8. the immediate family or business connections of a Board member, or any person with whom the Board member is in a close relationship, stands to gain financially from any business dealings, programs or services of the organisation,
	9. the person is an employee of the organisation,
	10. a Board member or the ex-officio member of the Board has a role on the governing body of another organisation, where the activities of that other body may be in direct conflict or competition with the activities of [Organisation].
	11. ‘Close relationship’ is defined as any relationship that might reasonably give rise to an apprehension that the Board member might place the interests of the other party above the interests of the organisation.

### Related Documents

* [Code of Ethics](https://communitydirectors.com.au/policies/code-of-ethics)

About this document

This policy sample has been developed by the [Institute of Community Directors Australia](https://www.communitydirectors.com.au?utm_campaign=policybank&utm_medium=doc&utm_source=website&utm_content=template) (ICDA) and is free for any not-for-profit organisation to download and use, so long as it is for a non-commercial purpose and that the organisation is not paying a consultant to carry out this work. [Click here](http://www.ourcommunity.com.au/general/general_article.jsp?articleId=2153#16) for our full copyright guidelines.

### Important notes

* You can't (or shouldn't) rely on these sample policies and procedures alone. They’re a starting point, but you will have to adapt them to suit your own language and requirements.
* Most samples include both policies and procedures (the policies provide guidance on standards, while procedures give instructions on implementing standards). We recommend adopting policies at a board level, while procedures can be developed/signed off by the organisation's CEO.
* We use the term ‘board’ to cover boards, committees of management, or anybody that has final authority in your organisation. And the term ‘CEO’ extends to executive directors, or your chief administrator. You should change the terms in these policies to match those used in your organisation.

### Other policies

There are numerous policies available on the [Community Directors website](https://communitydirectors.com.au/tools-resources/policy-bank). You can hunt for what you need with our site search function.

### Make a deposit

If you have some great policies that your organisation thinks would be of use to other groups, email them to service@ourcommunity.com.au. We'll review them, amend them so that they're applicable to the greatest number of not-for-profits possible, push them into our format, and load them up.

### Join us!

ICDA is a best-practice governance network for the directors serving on Australia’s 600,000 not-for-profit boards, committees and councils, and the senior Workers who support them.

ICDA members get access to a range of educational, capacity building and networking opportunities that build knowledge, connections and credentials.

If you appreciated this free policy, we would appreciate your ongoing support by joining ICDA from only $65 p.a

### The benefits of membership

1. Receive ‘responsible person’ status – ICDA members are recognised by the ATO under ‘responsible person’ rules
2. Recognition – three membership post-nominal options, providing community and professional recognition for educated and engaged not-for-profit members
3. Capacity building publications – current trends, issues and emerging areas of risk via member-only newsletters governance help sheets
4. Policy alerts – receive notification when changes are made to governance, human resources, financial management, values and communications policies you’ve downloaded through the Policy Bank
5. Preferential member pricing – members receive discounts for the Festival of Community Directors events and online Compact Courses
6. Alumni events – access to deep connections and a vibrant network of believers and doers. There’s an online forum, as well as regular invitations to events like Communities in Control Conference
7. Access to forums, networks, information and opportunities – boost your confidence (and competence) and open career doors
8. Budget-friendly – for as little as $65 a year you get all the benefits outlined above and so much more.

### Legal advice at a pre-agreed price

Please note that this is a template policy for guidance only. For assistance in tailoring this policy to suit your organisation, or for legal advice at a pre-agreed price or training in this area, please do not hesitate to contact Our Community’s preferred legal supplier [Maddocks](https://maddocks.com.au).

E: NFPHelp@maddocks.com.au | W: <https://maddocks.com.au>