



# CONFLICT OF INTEREST POLICY

## THIS POLICY APPLIES TO ALL TRUSTEES

### WHY WE HAVE A POLICY

Trustees have a legal obligation to act in the best interests of the organisation, and in accordance with its governing document, and to avoid situations where there may be a potential conflict of interest. Staff and volunteers have similar obligations.

Conflicts of interests may arise where an individual's personal or family interests and/or loyalties conflict with those of the charity. Such conflicts may create problems. They can:

- inhibit free discussion
- result in decisions or actions that are not in the interests of the charity
- risk the impression that the charity has acted improperly

The aim of this policy is to protect both the charity and the individuals involved from any appearance of impropriety.

### EXAMPLES OF CONFLICTS OF INTEREST

Conflicts of interest may come in a number of different forms:

1. direct financial gain or benefit to the trustee, such as:
  - payment to a trustee for services provided to the charity
  - the award of a contract to another organisation in which a trustee has an interest and from which a trustee will receive a financial benefit or
  - the employment of a trustee in a separate post within the charity, even when the trustee has resigned in order to take up the employment
2. indirect financial gain, such as:
  - employment by the charity of a spouse or partner of a trustee, where their finances are interdependent
  - non-financial gain, such as when a user of the charity's services is also a trustee and
  - conflict of loyalties, such as where a trustee is appointed by the local authority or by one of the charity's funders, or where a friend of a trustee is employed by the charity

### THE DECLARATION OF INTERESTS

Accordingly, we are asking trustees and all staff to declare their interests, and any gifts or hospitality received in connection with their role in the charity. This declaration should be in writing to the Executive Director or Chair (see Appendix 1).

To be effective, the declaration of interests needs to be updated at least annually and also when any changes occur.

If you are not sure what to declare, or when your declaration needs to be updated, please err on the side of caution. If you would like to discuss this issue, please contact the company secretary for confidential guidance.

This register of interests shall also be used to record all gifts of a value over £10 received by the trustees and staff. Interests and gifts will be recorded on the charity's register of interests, which will be maintained by the company secretary. The register will be accessible on request to all staff, trustees, funders and contractual partners and to the Charity Commission.

## DATA PROTECTION

The information provided will be processed in accordance with data protection principles as set out in the Data Protection Act 1998. Data will be processed only to ensure that trustees and staff act in the best interests of the charity. The information provided will not be used for any other purpose.

## WHAT TO DO IF YOU FACE A CONFLICT OF INTEREST

If you or a Connected Person (see Appendix 3) are a user of the charity's services, you should not be involved in decisions that directly affect the service that you or the Connected Person receives. You should declare your interest at the earliest opportunity and withdraw from any subsequent discussion. The same applies if you face a conflict for any other reason.

You may, however, participate in discussions from which you may indirectly benefit, for example where the benefits are universal to all users, or where your benefit is minimal.

Those trustees who are users of the charity's services should not receive any added benefit over and above that received by any other user or beneficiary of the charity.

If you fail to declare an interest that is known to the Company Secretary or the Chair of the Board, it will be their duty to declare that interest.

## DECISIONS TAKEN WHERE A TRUSTEE OR MEMBER OF STAFF HAS AN INTEREST

In the event of the Board having to decide upon a question in which a trustee or member of staff has an interest, all decisions will be made by vote, with a simple majority required. A quorum must be present for the discussion and decision; interested parties will not be counted when deciding whether the meeting is quorate. Interested board members may not vote on matters affecting their own interests.

All decisions under a conflict of interest will be recorded by the Minutes Secretary and reported in the minutes of the meeting. The report will record:

- the nature and extent of the conflict
- the actions taken to manage the conflict

Where a trustee benefits from the decision, this will be reported in the annual report and accounts in accordance with the current Charities SORP.

All payments or benefits in kind to trustees will be reported in the charity's accounts and annual report, with amounts for each trustee listed for the year in question.

Where a member of staff is connected to a party involved in the supply of a service or product to the charity, this information will also be fully disclosed in the annual report and accounts.

Independent external moderation will be used where conflicts cannot be resolved through the usual procedures.

## MANAGING CONTRACTS

If you have a conflict of interest, you must not be involved in managing or monitoring a contract in which you have an interest. Monitoring arrangements for such contracts will include provisions for an independent challenge of bills and invoices, and termination of the contract if the relationship is unsatisfactory.



## APPENDIX 1: CHECKLIST FOR TRUSTEES

1. If you have identified that a conflict of interest exists, are you, or is the trustee concerned, receiving a material benefit as a result of that conflict of interest? (Details of benefits which need to be authorised can be found in section 3 of the Charity Commission guide).  
If no, have you, or has the trustee, declared the interest in the register of interests and not taken part in any discussions/voting on that issue?  
If yes, has the benefit been authorised?
2. Does the governing document contain authority for the benefit arising from the conflict of interest?  
If yes, have the charity's trustees complied strictly with the terms of the authority contained in the governing document?  
If no, have the charity's trustees applied to the Commission for authority (see section 6 of the guide)?
3. Once the charity's trustees have the necessary authority, are there procedures in place to manage the conflict of interest effectively (see section 7 of the guide)?  
If no, have the charity's trustees ensured that procedures are put in place for managing conflicts of interest?
4. Have the charity's trustees ensured that any benefit received by the trustees is disclosed in the annual report and accounts (see section 7 of the guide)?

## APPENDIX 2: NOTIFICATION OF CONFLICTS OF INTEREST

Where a trustee or staff member identifies a possible conflict of interest, they should submit a brief written memo to the company secretary, setting out:

- name and role
- date
- nature of possible conflict of interest
- value of any material benefit involved

The company secretary will request additional information if necessary.

## APPENDIX 3: DEFINITION OF A CONNECTED PERSON

1. A trustee, their child, stepchild, parent, grandchild, grandparent, brother or sister
2. The spouse or civil partner of any of the above, including a person living with another as that person's husband or wife or a person living with another as if they were civil partners
3. A person carrying on business in partnership with any of the persons mentioned above
4. Any institution which is controlled either individually or by two or more people mentioned above. By this we mean they are able to secure that the affairs of the institution are conducted in accordance with their wishes
5. A body corporate in which any of the people mentioned above has a substantial interest, either solely, or between two or more people. By this we mean someone who: (a) has shares that have a nominal value of more than one-fifth of the share capital; or (b) can control the exercise of more than one-fifth of the voting power at any general meeting

LAST REVIEWED

DATE:

07/05/19

SIGNED:

*Dewell S*

POSITION:

*Chair*

SIGNED:

*Neil Black*

POSITION:

*Trustee*

on behalf of Tir Coed Board of Trustees