

# Conflicts of Interest

ISSUES FOR REGIONAL ORGANISATIONS

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# All on the same page

- ▶ What is a conflict of interest?
- ▶ Is it illegal?
- ▶ Where is the danger?

# Can conflicts be avoided?

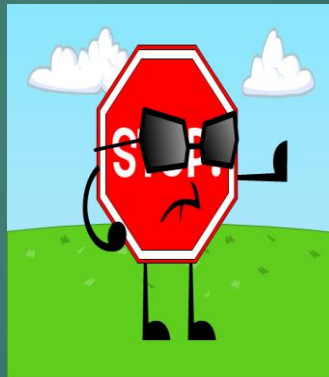
- ▶ If not, what then?



# The ACNC view

See: <https://www.acnc.gov.au/tools/guides/managing-conflicts-interest-guide>

- ▶ Identify
- ▶ Prevent
- ▶ Manage



# Identify

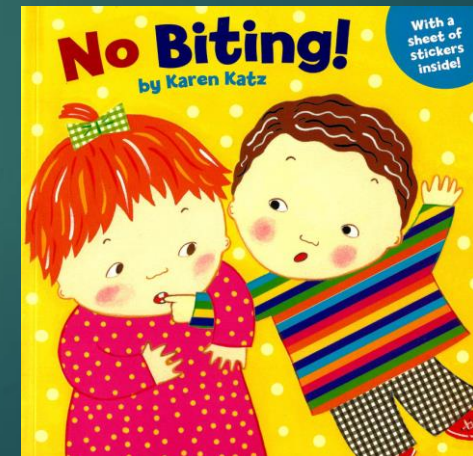
- ▶ 1. Identify **real, potential or perceived** conflicts of interest
  - ▶ Direct financial interests
  - ▶ Indirect financial interests
  - ▶ Non-financial or personal conflicts
  - ▶ Conflict of loyalties
  - ▶ Perceptions of conflict
- ▶ If in doubt, ask the key questions
  - in whose interests? - reasonable bystander



# Prevent



- ▶ Adopt a conflicts of interest policy
- ▶ Establish and maintain a register of interests
- ▶ Promote a culture of disclosure
- ▶ Keep disclosure confidential - as appropriate



# Manage

- ▶ Once a conflict has been identified.....
  - ▶ 1. the board member informs the board
  - ▶ 2. remaining board members determine the appropriate response
  - ▶ 3. conflicted board member is informed of decision
  - ▶ 4. the decision is recorded
  - ▶ 5. remedial action taken if required

What might that involve?

# Problems

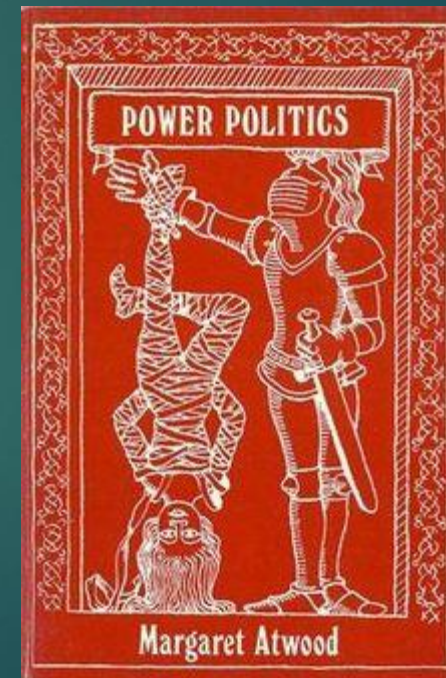
- ▶ When a conflict of interest does arise, it is the responsibility of the director in question to declare such a conflict to the board.
- ▶ What happens if they don't?





# Founders and friends

- ▶ Overlapping relationships
- ▶ Revered founding members
- ▶ The “family business”
- ▶ Succession issues
- ▶ Power, politics and perceptions

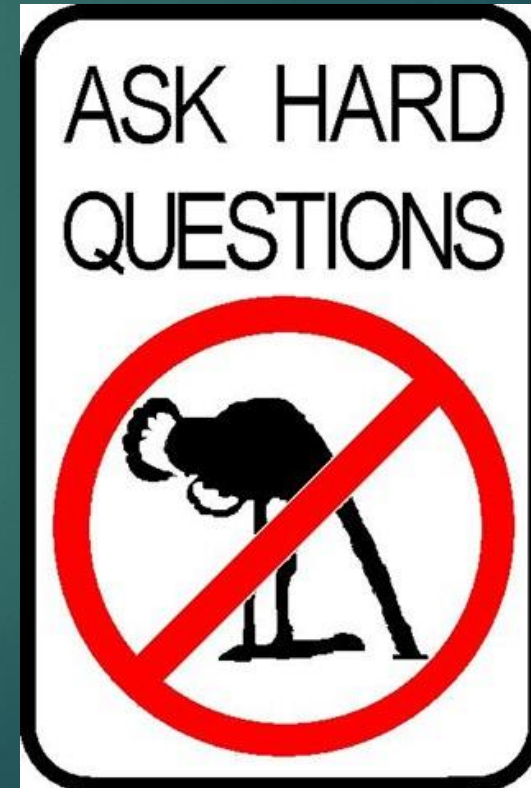


# Perceptions – “*there be dragons*”



# Courageous leadership

- ▶ Appoint a rude questioner at every meeting
- ▶ Rotate this position



# Six actions

- ▶ Try to define inappropriate behaviour before it begins.
- ▶ Keep learning - request conflict of interest policies from similar organizations.
- ▶ Gather relevant guidelines from professional associations
- ▶ Disclose and then disclose some more.
- ▶ Call out a conflict of interest when you suspect it.
- ▶ Show leadership - recuse yourself if required.

# Refresh the board - look outside the usual circles

- ▶ Get technical – not everyone has to be in the room
- ▶ Prioritise independence
- ▶ Connect with unusual networks
- ▶ Provide training to “possibles” - newcomers or young people
- ▶ Think about what you can offer

# Some follow up

- ▶ Expand your conflict of interest policy into a more developed Integrity framework – see

<https://betterboards.net/strategy-risk/keeping-reputation-integrity-risks-nfps/>

See also:

- ▶ <https://www.apsc.gov.au/what-conflict-interest>
- ▶ <https://ethics.org.au/initiatives/ethi-call/>
- ▶ <https://www.acnc.gov.au/tools>
- ▶ <https://betterboards.net/hr/measure-embed-trust-nfp/>
- ▶ <https://betterboards.net/governance/decoding-the-ethical-framework/>

# Keep focused on the best interests of your organisation

