



# Conflict of Interest Policy

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## INTRODUCTION

This policy has been developed because conflicts of interest commonly arise, and do not need to present a problem to the charity if they are openly and effectively managed.

A conflict of interest may occur when a person's personal interests conflict with their responsibility to act in the best interests of the charity. Personal interests may include direct interests as well as those of family, friends, or other organizations a person may be involved with or have an interest in (for example, as a shareholder). It also includes a conflict between a Board member's duty to Our Rainbow House and another duty that the Board member has (for example, to another charity).

A conflict of interest may occur if an interest or activity influences or appears to influence the ability of a Board Member to exercise objectivity and can be actual, potential or perceived and may be financial or non-financial.

These situations present the risk that a Board Member, members, staff members or volunteers may make a decision based on, or affected by, these influences, rather than in the best interests of the charity and must be managed accordingly.

## PURPOSE

The purpose of this policy is to provide Board members, members, volunteers and staff of Our Rainbow House a framework to effectively identify, disclose and manage any actual, potential or perceived conflicts of interest in order to protect the integrity of Our Rainbow House and manage risk.

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 Board Member, members, staff and volunteers concerned and documented as per the Conflict of Interest Procedure below.

## **POLICY**

It is the policy of Our Rainbow House that ethical, legal, financial or other conflicts of interest be avoided and that any such conflicts (where they do arise) do not conflict with obligations to the charity.

Our Rainbow House aims to ensure that its Board members, members, volunteers and staff are aware of their obligations to disclose any conflicts of interest that they may have, and to comply with this policy to ensure they effectively manage those conflicts of interest as representatives of Our Rainbow House.

Conflict of Interest is defined as:

1. In accordance with the statute, where a Board member stands to gain financially from any business dealings, programs or services of the organization, other than where:
  - a. The Board member falls into the class of people benefited by the organization and the financial gain is of a nature common to other beneficiaries, or
  - b. The person is an employee of the organization, and the financial gain is of a nature common to other employees.
2. Under the bylaws of the organization:
  - a. Where the immediate family or business connections of a Board member stands to gain financially from any business dealings, programs or services of the organization,
  - b. Where the person is an employee of the organization,
  - c. Where a Board member has a role on the governing body of another organization, where the activities of that other body may be in direct conflict or competition with the activities of Our Rainbow House.

Where a Board member has a conflict of interest, as defined by statute, the 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.

Where a Board member has an identified conflict of interest, as defined by statute, the Board member shall not vote on that matter. Board members are not barred from engaging in business dealings with Our Rainbow House, provided that these are negotiated at arm's length without the participation of the Board member concerned.

## PROCEDURE

1. Our Rainbow House will manage conflicts of interest by requiring Board members, members, volunteers and staff to:
  - a. avoid conflicts of interest where possible
  - b. identify and disclose any conflicts of interest
  - c. carefully manage any conflicts of interest, and
  - d. follow this policy and respond to any breaches.
2. Once an actual, potential or perceived conflict of interest is identified, it must be raised with the Board and recorded in the minutes of the next Business meeting.
3. Where any and/or all other Board members share a conflict, the Board should ensure that proper disclosure occurs and is documented in the minutes of a Business meeting, (including the nature and extent of the conflict of interest and any steps taken to address it).
4. All reported conflicts of interest will be handled in a timely manner by the Board, with no repercussions for the affected person.
5. Once the conflict of interest has been appropriately disclosed and documented, the Board (excluding the Board member disclosing and any other conflicted Board member) must decide (taking into account statutory considerations) whether or not those conflicted Board members should:
  - a. vote on the matter (this is a minimum),
  - b. participate in any debate, or
  - c. be present in the room during the debate and the voting.

In exceptional circumstances, such as where a conflict is very significant or likely to prevent a Board member from regularly participating in discussions, it may be worth the Board considering whether it is appropriate for the conflicted person to resign from the Board.

6. In deciding what approach to take, the Board will consider (foremost statutory considerations):
  - a. whether the conflict needs to be avoided or simply documented
  - b. whether the conflict will realistically impair the disclosing person's capacity to impartially participate in decision-making
  - c. alternative options to avoid the conflict
  - d. the charity's objects and resources, and
  - e. the possibility of creating an appearance of improper conduct that might impair confidence in, or the reputation of, the charity.

7. The approval of any action requires the agreement of at least a majority of the Board (excluding any conflicted Board member/s) who are present and voting at the meeting. The action and result of the voting will be recorded in the minutes of the meeting.
8. If the Board has a reason to believe that a person subject to the policy has failed to comply with it, it will investigate the circumstances.
9. If it is found that this person has failed to disclose a conflict of interest, the Board may take action against them. This may include seeking to terminate their relationship with the charity.
10. If a person suspects that a Board member has failed to disclose a conflict of interest, they must immediately notify the Director. If the Director is suspected, another Board member must be notified.

## RESPONSIBILITIES

The Board is responsible for the implementation and review of this policy.

All Board members, members, volunteers and staff are responsible for adhering to this policy.

The Board is responsible for:

- establishing a system for identifying, disclosing and managing conflicts of interest across the charity
- monitoring compliance with this policy, and
- reviewing this policy regularly to ensure that the policy is operating effectively.

## RELATED DOCUMENTS

- Financial Procedures Manual
- Fraud Risk Management Policy and Procedure
- Control of Funds and Resources Policy and Procedure
- Fundraising Policy and Procedure

## AUTHORISATION



Signature of Director: \_\_\_\_\_ Date: 25.07.2016

(Mrs Alison Ray)

