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| DOCUMENT NUMBER | CO001 |
| TYPE | Policy |
| SUBJECT | Conflict of Interest Policy |
| AUTHORISED BY | Diocesan Council |
| DATE AUTHORISED | To be presented 5 th November 2022 |

1. Purpose

The purpose of this policy is to help members of Diocesan Council (herein “DC”) to effectively identify, disclose and manage any actual, potential or perceived conflicts of interest in order to protect the integrity of the Diocese and manage risk.

2. Objective

DC aims to ensure that its members are aware of their obligation 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 the Diocese.

3. Scope

This policy applies to DC members.

4. Definition of conflicts of interests

A conflict of interest occurs when a person’s personal interests conflict with their responsibility to act in the best interests of the Diocese. Personal interests include direct interests, as well as those of family, friends, or other organisations a person may be involved with or have an interest in (for example, as a shareholder).

It also includes a conflict between a DC member’s duty to the Diocese and another duty that the DC member has (for example, to another organisation). A conflict of interest may be actual, potential or perceived and may be financial or non-financial.

These situations present the risk that a person will make a decision based on, or affected by, these influences, rather than in the best interests of the Diocese. Accordingly, these situations must be managed accordingly.

5. Policy

This policy has been developed to address potential conflicts of interest which might affect the Diocese. Conflict of interest are common, and they do not need to present a problem to an organisation as long as they are openly and effectively managed.

It is the policy of the DC that ethical, legal, financial or other conflicts of interest be avoided and that any such conflicts (where they do arise) do not conflict with the respective DC member’s obligations to the DC and the Diocese generally.

DC will manage conflicts of interest by requiring its members 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.

5.1. Responsibility of DC

DC is responsible for:

- a) establishing a system for identifying, disclosing and managing conflicts of interest across the Diocese
- b) monitoring compliance with this policy, and
- c) reviewing this policy on an annual basis to ensure that the policy is operating effectively.

DC must ensure that its members are aware of the ACNC governance standards, particularly ACNC Governance Standard 5, and that they disclose any actual or perceived material conflicts of interests as required by ACNC Governance Standard 5.

5.2. Identification and disclosure of conflicts of interest

Once an actual, potential or perceived conflict of interest is identified, it must be entered into DC's "Register of Actual, Potential or Perceived Conflicts of Interest" (herein "the Register") and/or "Register of Related Party Transactions", as well as being raised at and/or approved by DC. Only conflicts of interests which could be conceived as actual, potential or perceived by a reasonable person should be included in the register; that is, based on information that is available to DC members and/or the public at large.

Where every other board member shares a conflict, DC should refer to ACNC Governance Standard 5 to ensure that proper disclosure occurs.

The Register shall be maintained and when any DC member notifies the Registrar of such an interest (or cessation of such an interest) in the form prescribed by the Registrar or, in the absence of the Registrar, the members of DC. The Register shall record information related to a conflict of interest, including the nature and extent of the conflict of interest and any steps taken to address it.

5.3. Confidentiality of disclosures

The Register shall be available to all DC members and appended to meeting papers of DC. The Register shall also be available to staff reporting to the Registrar, all of whom are subject to a confidentiality agreement with the Diocese.

6. Action required to manage conflicts of interest

6.1. Conflicts of interest of DC members



Once a conflict of interest has been appropriately disclosed, DC (excluding the DC member who has made the disclosure, as well as any other conflicted DC member) must decide whether or not those conflicted DC 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 DC considering if it is appropriate for the person conflicted to resign from the DC.

6.2. What should be considered when deciding what action to take

In deciding what approach to take, DC will consider:

- 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 Diocese'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 Diocese.

The approval of any action requires the agreement of at least a majority of DC members (excluding any conflicted 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 and in the register of interests.

7. Compliance with this policy

If any person has a reason to believe that a person subject to this policy has failed to comply with it, it should be reported to the Registrar of the Diocese, who will arrange for the claim to be investigated by an independent person of good standing.

If it is found by the investigator that this person is more than likely to have failed to disclose a conflict of interest, the said person will be given the opportunity to rectify the failure to register that conflict of interest if, and only if, no discernible personal benefit has been derived by the said failure to disclose. Otherwise, the matter will be dealt with in accordance with SM006 Faithfulness in Service Investigations Protocol of the Diocese.

Contacts

For questions about this policy, contact the Registrar of the Diocese on (08) 8941 7440.



Appendix – Standard Responses to Conflicts of Interest

| Diocesan Council of The Synod of the Diocese of the Northern Territory Incorporated | | | | | |
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| Standard Responses to Actual, Potential and Perceived Conflicts of Interest | | | | | |
| Acknowledgment: This is synthesised from "Managing Conflicts of Interest: a guide for charity board members", prepared by ACNC November 2015 | | | | | |
| | | Direct Financial Interest (DFI) | Direct Financial Interest (via Related Entity) (DFI(R)) | Indirect/Non-Financial Interest (INI/NFI) | Conflict of Loyalties (CL) |
| Steps taken by the board | Board member actions in response to steps taken by Board | | | | |
| Automatic exclusion from voting | Member refrains from voting | Y | Y | N | N |
| Vote* as to whether member is excluded from voting on matters pertaining to said interest | Member refrains from voting | N/A | N/A | Y | Y |
| Vote* among remaining eligible members as to whether members should be excluded from discussions relating to said interest | Member refrains from discussion and voting | Y | Y | Y | Y |
| Vote* among remaining eligible members as to whether members should be physically excluded from proceedings relating to said interest | Member excludes themselves from proceedings and is invited to rejoin (NB Member may be informed of outcome) | Y | Y | Y | Y |
| Vote* among remaining eligible members as to whether matters of member remuneration be referred to a non-executive committee | Decision and rationale thereto are delegated to non-executive committee | Y | N | N | N |
| Use of objective measures in the process of decision making (e.g. valuation determined by independent valuer) | Conflicted member may support use of objective measures | N/A | N/A | N/A | Y |
| *A vote may be undertaken at the petition of any member with leave of the Chair | | | | | |

Definitions

| Type | Description of standard types of interest |
|--------|--|
| DFI | Direct financial interest (i.e. member stands to benefit personally from a specific decision of Diocesan Council <i>or</i> has the capacity to benefit from such a decision in the foreseeable future) |
| DFI(R) | Direct financial interest in related entity (e.g. member stands to benefit personally through a related entity, with which the Diocese has dealings <i>or</i> has the capacity to benefit from such a decision in the foreseeable future through a related entity) |
| IFI | Indirect financial interest (e.g. spouse/relative/friend employed by a specific related entity, with which the Diocese has dealings, to the exclusion of decisions generally relating to all parishes/ministry units) |
| CL | Conflict of loyalties (e.g. member personally represents both the Diocese and the other entity, with which the Diocese has dealings) |

Quotes from “Managing Conflicts of Interest: a guide for charity board members”:

Direct Financial Interest: “You may receive a direct financial benefit as a result of a decision or action by the board of your charity. An example may include the payment of fees to you by the charity in exchange for a service you provide to the charity.” (p. 12)

Indirect Financial Interest: “Your family or close friend, or another organisation in which you are involved, may stand to benefit financially as a result of a decision made by your board.” (p. 12)



Non-financial or personal conflicts: “Not all conflicts of interest are about money. In some cases, your personal or religious opinions, values or beliefs may be in conflict with a proposed action or decision of your board. In some situations, the conflict may arise simply because you want to do a favour for a friend. Alternately, a proposed decision of your board may result in your family or friends receiving a non-financial benefit they would otherwise not be entitled to receive.” (p. 13)

Conflict of loyalties: “Many people who volunteer on the boards of charities are members of more than one charity’s board at a time, often in the same field or industry. If this applies to you, you will need to be able to identify situations where being involved in a decision on one board may impact upon another organisation of which you are a board member. It is important that, in addition to disclosing the relevant conflict, you are careful to always act in the best interests of the organisation when making a decision for that organisation. When you make any disclosure, be careful that you do not provide any confidential information.” (p. 13)

For completion when document supersedes and existing policy, procedure or protocol.

| VERSION NUMBER OF THIS DOCUMENT | DATE OF PREVIOUS DOCUMENT | SUMMARY OF CHANGE | REASON FOR CHANGE |
|---------------------------------|-------------------------------|--|--|
| 2 | 6 th November 2020 | Addition of appendix for standardized treatment of conflicts | Lack of consistency in the way conflicts were managed |
| 3 | 7 th August 2021 | Addition of requirement for register of related party transactions | Change in reporting requirements for medium-to-large charities |