

CONFLICT OF INTEREST POLICY

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1. RATIONALE & GUIDING PRINCIPLES

As God's servants in the world, we are called to live with an honest heart and to act towards others in an honourable manner (Heb 13:18, Luke 8:15).

In alignment with Christian responsibilities for honesty, truthfulness, integrity and compassion, and acknowledging corporate codes of ethical behaviour, ALWS recognises that managing conflicts of interest appropriately is necessary so that we:

- provide the highest quality service to our supporters and those we serve overseas;
- promote professional standards of accountability and governance;
- minimise reputational risk;
- uphold the law and maintain our registration as a charity.

ALWS expects high standards of ethical behaviour and endeavours to create an organisational culture in which people are comfortable taking responsibility to disclose any conflicts of interest. ALWS recognises that it operates within the context of a relatively small Australian Lutheran community, and that the strong connections within this established network bring great value to realising its mandate, as well as present the potential for conflicts of interest.

ALWS acknowledges that 'conflicts of interest are often inevitable, but it is how [we] respond to them that defines their effect on [our organisation].'¹

2. GOAL

This policy aims to provide clear guidance to ALWS personnel to enable the identification and management of conflicts of interest, so that ALWS achieves the highest standards of governance, accountability and stewardship, protects the integrity and reputation of our organisation, and manages risk as effectively as possible.

3. COMMITMENT

In accordance with its values and Guiding Principles, ALWS is committed to the responsible stewardship of the resources we have available to achieve its vision and mission. ALWS takes all reasonable measures to enable its personnel to:

- avoid conflicts of interest where possible;
- identify and disclose any conflicts of interest;
- carefully manage any conflicts of interest; and
- follow this policy, responding to any breaches.

4. SCOPE

This Policy applies to the following personnel associated with ALWS:

- board members or advisors;
- employees (full-time, part-time, casual, permanent or temporary);
- volunteers;
- contractors; and

¹ ACNC *Managing Conflicts of Interest: A Guide for Board Members* (November 2015, p.6)

- consultants.

This Policy describes the ways ALWS identifies, obtains disclosure and manages conflicts of interest in accordance with the Australian Charities and Not-for-Profits Commission (ACNC) Governance Standard 5 and the Australian Council for International Development (ACFID) Code of Conduct Quality Principle 7, Commitment 7.4.

5. DEFINITIONS

A **conflict of interest** occurs when an individual's personal interests compete or conflict with the individual's responsibility to act in the best interests of ALWS. Personal interests include:

- Interests including current or previous paid or volunteer jobs, governance roles, memberships, or business relationships.
- Interests of the individual's family, friends or other organisations to which s/he may be connected, directly or indirectly.

A conflict of interest may be actual, potential or perceived and may be financial or non-financial.

Actual: an individual is in a situation where personal interests *directly influence* her/his current duties

Potential: an individual is in a situation where personal interests *could influence* her/his current duties.

Perceived: an individual is in a situation where her/his official duties *appear* to be influenced by her/his personal interests.

Situations in which a conflict of interest occur present the risk that a person will make a decision based on, or affected by, these influences, rather than in the best interests of ALWS, and must be managed accordingly.

Examples of conflicts of interest include situations where an ALWS personnel:

- becomes aware of information at ALWS that may be used for his/her personal gain, or for the gain of another party, business or organisation with whom s/he is connected;
- engages a friend, family member or close personal connection to provide goods or services to ALWS;
- is involved in an ALWS decision or selection process about a job vacancy, tender or bid, where a friend, relative or close associate may submit an application;
- is involved in a decision or process which directly affects his/her personal interests, or has an impact on another organisation to which s/he has a duty to;
- is involved in a sale of an ALWS asset without an open, transparent process, with potential benefits to the individual or to another party with whom s/he is connected;
- accepts undue benefits e.g. significant gifts.

Implementing Partners are those entities overseas with whom ALWS enters into a Project or Program Agreement which contains clauses related to the identification, disclosure and management of conflicts of interest.

6.0 IMPLEMENTATION

6.1 Responsibilities

The Board is responsible for:

- establishing a system for identifying, disclosing and managing conflicts of interest across ALWS;
- identifying, disclosing and managing board member conflicts of interest
- tabling a conflicts of interest agenda item in Board meetings, keeping a register and monitoring compliance;
- reviewing this policy to ensure that the policy is operating effectively.

The Executive Director is responsible for:

- ensuring the system for identifying, disclosing and managing conflicts of interest across ALWS is implemented in accordance with this policy;
- tabling a conflicts of interest agenda item in Management Team Meetings on a periodic basis to monitor compliance with this policy at the operational level;
- managing conflicts of interest disclosed by employees, volunteers, contractors and consultants.

All personnel associated with ALWS are responsible for:

- understanding this policy;
- avoiding conflicts of interest where possible;
- following the procedures required for identifying and disclosing conflicts of interest; and
- acting in accordance with decisions taken in response to any identification and disclosure.

The Programs Director is responsible for:

- monitoring adherence to the clauses related to conflicts of interest in Project/Program Agreements entered into with Implementing Partners;
- providing technical support as required to ensure Implementing Partners fully understand their obligations under the Agreements.

6.2 Identification and disclosure of conflicts of interest

Once an actual, potential or perceived conflict of interest is identified, it must be entered into the Register of Interests (see Appendix 1), maintained by the Office Manager.

When a new board member, employee, volunteer and contractor /consultant is recruited or engaged, they will be asked to identify and disclose in writing any actual, potential or perceived conflicts of interest that might exist; such disclosures will be filed on the individual's personal file and forwarded to the Office Manager to be recorded in the Register of Interests.

At the beginning of each meeting and whenever necessary, the Board Chair will remind the Board of their obligation to actively consider whether an actual, potential or perceived conflict of interest exists and to disclose it promptly so that it can be managed effectively. Responses provided by members during this agenda item will be captured in minutes and evidence provided when conflict of interest cases arise.

Should a conflict of interest issue arise between board meetings, members should contact the Chair to raise the issue, who will communicate with the Executive Director to ensure the register is updated. If the Chair is not available, members can communicate directly with the Vice-Chair or Executive Director.

Should an ALWS employee or other personnel identify a conflict of interest, s/he should bring the matter to the attention of his/her manager or the Executive Director. ALWS Managers will remind their staff and volunteers of their obligation to actively consider whether an actual, potential or perceived conflict of interest exists and to disclose it promptly so that it can be managed effectively. Identifying and disclosing conflicts of interest at the earliest point possible is encouraged, as this enables more effective management of the situation.

A key test for identifying a conflict of interest is to ask *'Would an independent observer think I was acting in the best interests of my charity or in my own interest?'* If there is any doubt, it is best to declare a conflict of interest.²

Information disclosed will be accessible by the Board members, the Executive Director and Office Manager, who will maintain confidentiality.

6.3 Management of conflicts of interest

Procedures to ensure open and fair procurement of goods and services are contained in the *Procurement Policy*.

² <https://www.acnc.gov.au/tools/factsheets/conflict-interest>

In the case of conflicts of interest of Board members, once a conflict of interest has been appropriately disclosed, the board (excluding the board member disclosing and any other conflicted board member) must decide whether or not the conflicted board member should:

- vote on the matter;
- participate in any discussion on the matter; or
- be present in the room during the discussion and voting.

In exceptional circumstances, such as where a conflict is very significant or likely to prevent a board member from regularly participating in discussions, the Board should consider whether it would be best for the person conflicted to resign from the Board.

In deciding what action to take, the Board will consider:

- whether the conflict needs to be avoided or simply documented;
- whether the conflict will realistically impair the disclosing person's capacity to impartially participate in decision-making;
- alternative options to avoid the conflict;
- ALWS's objects, mission and resources;
- confidentiality;
- the possibility of creating an appearance of improper conduct that might impair confidence in, or the reputation of ALWS.

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 and in the Register of Interests.

In the case where no clear majority is achieved, the Board Chair will consult further and recommend a way forward to the Board.

If the Board Chair discloses a conflict of interest, then the Vice Chair will manage the process around that specific conflict.

In the case of conflicts of interest of employees/ volunteers/ contractors/ consultants, once a conflict of interest has been appropriately disclosed, the Executive Director will decide on the most effective method of managing the conflict of interest (unless it is a conflict of interest of the Executive Director, in which case the Board chair deals with the matter). Due consideration should be given to whether the conflict needs to be avoided or simply documented; and whether the individual(s) involved should step out of relevant discussions, criteria-setting or decision making on the matter. Other aspects listed above for the Board should also be considered.

The action taken will be recorded in the Register of Interests.

In the case of Implementing Partners, the Project/Program Agreement clause 37 under Other Considerations, and clause 9 under DFAT/ANCP Specific Requirements/Agreements state what must be done to manage any conflict of interest.

6.4 Response to breaches of this Policy

If the Board (or Executive Director in the case of employees, volunteers or contractors/ consultants), has reason to believe that a person subject to the policy has failed to comply with it, the Board (or the Executive Director) will investigate the circumstances.

If it is found that the person has failed to disclose a conflict of interest, the Board or Executive Director may take action against them, commensurate with the seriousness of the breach. Disciplinary procedures may be taken in the case of an employee. In the case of a Board member or a volunteer, they may be required to step down or resign. In the case of a contractor/ consultant, their contract may be terminated.

6.5 Training on conflicts of interest

Understanding conflict of interest situations is included in the induction process for new Board members, employees and volunteers. Contractors/ consultants are also provided with a copy of this Policy and briefed accordingly.

ALWS also arranges periodic refreshers for Board members, staff and volunteers to ensure they are up to date on best practice in identifying and managing conflict of interest situations.

This should include how to avoid being placed in a situation of perceived obligation, indebtedness or undue benefit through the receiving of a gift. ALWS works in cultures where reciprocity is a key feature, and while gifts of a nominal or symbolic value may be appropriate to some circumstances, giving or accepting meals, entertainment, discounts or presents which are out-of-proportion and create a feeling of obligation may be considered a conflict of interest.

7.0 RELATED DOCUMENTS

Internal

Governance Policy
ALWS Value for Money Statement
Procurement Policy
Code of Conduct
People and Culture Policy
Program Agreements
Register of Interests

External

ACFID Code of Conduct (revised 1 January 2019), available at
<<https://acfid.asn.au/sites/site.acfid/files/ACFID%20Code%20of%20Conduct%20-%20Revised%201JAN19.pdf>>

ACNC Governance Standards Guidance (August 2013), available at
<https://www.nfplaw.org.au/sites/default/files/ACNC_governance_standards_guidance_PDF_554KB_0_0.pdf>

ACNC Managing Conflicts of Interest: A Guide for Board Members (November 2015), available at
<<https://www.acnc.gov.au/tools/guides/managing-conflicts-interest-guide>>

Lutheran Church of Australia Conflict of Interests Policy, available at
<<https://www.lca.org.au/services-resources-training/policies/>>

8.0 REVIEW

This policy is subject to review every three years.

8.1 Record of Policy Review and Version History

Version No.	Date Approved	Approved By	Description of Changes
1	24 April 2019	Board	New policy introduced.