

MIT GROUP FOUNDATION LTD

Conflict of Interest Policy

Definition

A 'conflict of interest' arises when the best interests of an individual Member are, or could be, different from the best interests of the charity itself. This may be something that affects the Member directly, or indirectly, through a family member or friend or business partner.

Statement of Intent

MIT GROUP FOUNDATION LTD is committed to ensuring its decisions and decision-making processes are, and are seen to be, free from personal bias and do not unfairly favour any individual connected with the charity.

Policy

It is the policy of MIT GROUP FOUNDATION LTD to:

- Ensure every Member understands what constitutes a conflict of interest and that they have a responsibility to recognise and declare any conflicts that might arise for them.
- Document the conflict and the action(s) taken to ensure that the conflict does not affect the decision making of the organisation

Procedure

When a Member identifies that they have a potential conflict of interest they must:

- Declare it as soon as they become aware of it
- Ensure it is entered in the conflict of interest register (ongoing conflicts), and/or minuted in the appropriate board papers (one-off conflicts)
- Not take part in any board discussions relating to the matter unless allowed by the Board
- Not take part in any decision making related to the matter unless allowed by the Board

In the interests of frank and open discussion, a Member affected by a conflict of interest must leave the room while related discussion / decision making is taking place, unless allowed by the Board.

The minutes should state:

- The declared conflict
- That the Member left the room, or was allowed to stay by the Board
- That the Member took no part in discussion or decision making on the matter unless allowed by the Board
- Any other actions taken to manage the conflict

If a Member is unsure what to declare, they should err on the side of caution and discuss the matter with the Secretary of MIT GROUP FOUNDATION LTD for confidential guidance.

MIT GROUP FOUNDATION LTD
Conflict of Interest Policy – General Guidance for Members

What is a Conflict of Interest?

A 'conflict of interest' arises when the best interests of an individual Member are, or could be, different from the best interests of the charity itself.

This may be something that affects the Member directly, for example:

A Member owns a building company which is currently a little short on work, and the charity needs some building work done.

As an individual, the Member would like the work to be given to her company, but as a Member she has a responsibility to choose the best company for the job – which might or might not be her own company.

Or it may be something that affects the Member indirectly, through a family member or friend or business partner, for example:

The charity is offering a new play scheme for children with disabilities, but the number of places available is very limited. One of the Members has a disabled nephew who would very much like to take part in the new scheme.

As an individual, the Member would like his nephew to be given a place on the scheme, but as a Member he has a responsibility to make sure the places are offered on a fair basis to those that need them most – which might or might not include his nephew.

Conflicts of interest may be ongoing, for example a Member who is related to a service user or who is also a Member for another local organisation or grant-maker; or they may be one-off, for example awarding a one-off contract.

A 'conflict of loyalty' is a particular kind of conflict of interest where the duties the Member owes to another body or organisation are, or could be, in conflict with the duties the Member owes to the charity.

For example:

A Member sits on two different Member boards and both organisations are planning to apply for the same funding opportunity which is competitive and which only one organisation can win.

In some cases, an ongoing conflict may affect a Member's ability to participate in decisions so often or so much, that it is impractical for the Member to continue in post (or to accept the post of Member in the first place).

What is a Member's Duty?

Members must put the best interests of the charity first and to safeguard the assets and reputation of the charity.

Members in a charity which is also a Company, additionally have a duty to avoid conflicts of interest.

By law, Members must not receive any benefit from their charity, either directly for themselves, or indirectly for friends and family, in return for any service they provide to the charity unless they have express legal authority to do so. Express legal authority may be contained in the charity's governing document or on rare occasions come from the ACNC or Courts.

'Benefit' does not only mean financial benefit, but favourable treatment of any kind which could be said to have a financial value. This includes biased access to services or employment opportunities.

In practice, whilst this almost always means that Members cannot receive benefit for their work as a Member, in many instances they can be paid for *additional* services which are *not* part of their Membership, such as the example of the building work given above, *provided it is in the best interests of the charity*. It is important to check what your particular governing document allows you to do.

However this doesn't mean a Member cannot be reimbursed for expenses – on the contrary, making sure that expenses can be reimbursed is good practice.

Any costs that are necessary to allow a Member to carry out his or her duties as a Member are legitimate expenses and can be paid back by the charity (against receipts) or met directly by the charity. This can include, for example, travel costs or the cost of providing care for a dependent whilst attending a Member meeting or when undertaking Member business, or training costs.

The 'no benefit' requirement also doesn't mean that a Member or their friends and family cannot receive services from the charity provided that they receive them on exactly the same basis as anyone else.

Of course there are intangible benefits to Membership – ones that the Member does not receive at the expense of anyone else and which are a corollary of carrying out their Member role, for example, increased skills and knowledge, a wider circle of colleagues and friends, and a sense of fulfilment and achievement. In general, these do not give rise to conflicts of interest.

What Problems Can Arise?

Conflicts of interest can give rise to a number of problems. They may:

- result in decisions or actions that are not in the best interests of the charity
- risk the impression that the charity has acted improperly
- prevent frank, open discussion

Even the appearance of a conflict of interest can damage the charity's reputation, so conflicts need to be managed carefully and with transparency.

Acknowledgement:

- *Adapted from Governance Code: A Code for the Voluntary and Community Sector, Principle-5-Resource-3-Model-Conflict-of-Interest-Policy, 2010.*