

Sample conflicts of interest policy

Guidance note

If you have any feedback on the content of these resources, or additional questions that you'd like to discuss, please contact the SGA:
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The following is an example of the considerations which may be covered in an organisation's conflicts of interest policy. The specifics will vary between organisations and there may be additional restrictions that apply.

Sample conflicts of interest policy

Why we have a conflicts of interest policy

Members of the board have a legal duty to act in the best interests of the organisation as a whole and to avoid conflicts of interest. Conflicts of interests may arise where an individual's personal or family interests and/or loyalties conflict with those of the organisation they serve. Such conflicts may create problems that:

- inhibit free discussion and risk poor decision making
- result in decisions or actions that are not in the interests of [*the organisation*]
- risk the impression that [*the organisation*] has acted improperly
- result in legal challenge, loss of trust, and reputational damage

The aim of this policy is to protect both [*the organisation*] and the individuals involved from any appearance of impropriety and to comply with the relevant requirements of the Code for Sports Governance.

Conflicts and potential conflicts of interest must be identified at as early a stage as possible so that appropriate action can be taken to resolve them.

Declarations and register of interests

[*Name of organisation*] maintains a register of interests of all board members [*and staff*]. The register is updated annually and when material changes occur to the interests of individuals.

Board members [*and staff*] are required to complete a declaration of interests form upon appointment, annually and whenever material changes occur in their circumstances. The form is to be returned to the company secretary/governance lead. If you are not sure what to declare, or whether/when your declaration needs to be updated, please err on the side of caution. If you would like to discuss this issue, please contact the company secretary/governance lead [*or.....*] for confidential guidance.

The register of interests shall be used to record all pertinent employment, appointments, holdings, financial or other interests held by board members [*and staff*],[*level of family connection*] and connected persons, as well as gifts of a value over [*£xx*] and hospitality over [*£xx*] received by board members and staff (including offers of such which have been declined).

For the purposes of this policy, a 'connected person' is understood to be defined under the Companies Act 2006 s. 252 and/or the Charities Act 2011 s.188.

The register of interests will be maintained by [*the company secretary/governance lead*]. The register will be accessible by [*level of access, noting any statutory requirements applicable*].

Data protection

The information provided for the register of interests will be processed in accordance with data protection principles as set out in the Data Protection Act 2018.

Data will be processed only to ensure that *[board members]**[board members and senior staff]**[board members and all staff]* act in the best interests of *[the organisation]*. The information provided will not be used for any other purpose.

Definitions

For the purposes of this policy, examples of interests are:

- Direct financial interests – a board member *[/staff member]* has the potential to gain direct financial benefit from a decision
- Indirect financial interests – where a family member, relative or connected person has the potential to benefit financially from a decision
- Non-financial interests – where a board member *[/staff member]* does not benefit financially from a decision but may be otherwise influenced by external factors
- Loyalties – where a board member *[/staff member]* may be deemed to have competing loyalties when considering their primary duty to *[the organisation]*

It may be appropriate, depending on the organisation, to restrict the declaration to interests of the board member themselves or their immediate family. However, organisations may consider, where proportionate, adopting the definitions under 'connected person'.

What to do if you face a conflict of interest

If you believe you have a real or perceived conflict of interest you should:

- err on the side of caution and seek advice in order to ascertain whether there is a conflict
- declare the interest at the earliest opportunity
- withdraw from discussions and decisions relating to the conflict

The Code for Sports Governance requires that 'no director may participate in the discussion of, or vote in respect of, a matter in which they have a material conflict of interest'.

Conflicts or potential conflicts are declared at the start of meetings and when the relevant agenda item is reached in a meeting.

Conflicted board members will not be counted in the quorum of that part of the meeting and must withdraw from the meeting during discussion or vote on the item presenting a conflict.

The company secretary/governance lead will take special care to ensure that minutes or other documents relating to an agenda item presenting a conflict are appropriately redacted for the person facing the conflict. A balance will be made to ensure that the person still receives sufficient information about the activities of the organisation generally without disclosing such sensitive information that could place the individual in an untenable position.

[For trustees of a charitable organisation – though potentially appropriate for board members using their organisation's services]

If you are a user of [the charity's] services, or the carer of someone who uses [the charity's] services, you should not be involved in decisions that directly affect the service that you, or the person you care for, receive(s). You should declare your interest at the earliest opportunity and withdraw from any subsequent discussion, unless expressly invited to remain in order to provide information. In this case you may not participate in, or influence, the decision or any vote on the matter. You will not be counted in the quorum for that part of the meeting and must withdraw from the meeting during any vote on the conflicted item.

There are situations where you may participate in discussions from which you could indirectly benefit, for example where the benefits are universal to all users, or where your benefit is minimal. This action will be agreed by the chair and minuted accordingly.¹

If you fail to declare an interest that is known to [the company secretary/governance lead] and/or [the chair of the board,] the [company secretary/governance lead] or [chair] will declare that interest and the appropriate action taken. You may challenge the declaration via the chair, whose decision will be final. The challenge and the outcome shall be recorded in the minutes.

Independent external moderation will be used where conflicts cannot be resolved through the usual procedures.

Payments or benefits in kind

All payments or benefits in kind to board members will be reported in the accounts and annual report, with amounts for each board member listed for the year in question.²

Where a member of [the organisation's] staff is connected to a party involved in the supply of a service or product to the organisation, this information will be fully disclosed in the annual report and accounts.

Managing contracts

If you have a conflict of interest, you must not be involved in managing or monitoring a contract in which you have an interest. Monitoring arrangements for such contracts will include provisions for an independent challenge of bills and invoices, and termination of the contract if the relationship is unsatisfactory.

Please understand that this policy is for the protection of both [the organisation] and of individuals. Its application does not imply any judgement on the integrity of those involved.

Your cooperation with the policy is appreciated.

Date of approval

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Date of next review

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¹ For charities, this option is only available where an express power to authorise situational conflicts is contained in the governing document.

² The Charities SORP requires the full disclosure of all 'related party' transactions with any third party that may inhibit the charity being able to pursue its separate interests. The Charity Commission strongly recommends that all trustee payments should be disclosed in an appropriate manner. See CC11 Trustee payments and expenses.