

Gay and Lesbian across Down

Conflicts of Interest Policy

This policy applies to Management Committee members of Gay and Lesbian across Down (GLAD)

Why we have a policy

Management Committee members have a legal obligation to act in the best interests of GLAD and in accordance with GLAD's Constitution.

Conflicts of interest may arise where an individual's personal or family interests and/or loyalties to some other individual or group conflicts with those of GLAD. Such conflicts may create problems. They can:

- inhibit free discussion;
- result in decisions or actions that are not in the interests of GLAD; and
- risk the impression that GLAD has acted improperly.

The purpose of this policy is to protect both GLAD and its Management Committee members from any appearance of impropriety.

What to do if you face a conflict of interest

All conflicts of interest, whether actual or potential, should be declared promptly at the earliest possible opportunity:

- Any Management Committee member who has a financial interest in a matter under discussion should declare the nature of their interest and withdraw from the room, unless they have dispensation to speak.
- If an Management Committee member has any interest in the matter under discussion, which creates a real danger of bias, that is, the interest affects the organisation which they represent, or a member of their household, more than the generality affected by the decision, they should declare the nature of the interest and withdraw from the room, unless they have dispensation to speak.

- If an Management Committee member has any other interest which does not create a real danger of bias, but which might reasonably cause others to think it could influence their decision, they should declare the nature of the interest, but may remain in the room, participate in the discussion, and vote if they wish.
- If an Management Committee member is in any doubt about the application of these rules, they should consult with the Conflict of Interests Policy guidance and or the Chairperson.
- If you fail to declare an interest that is known to another Management Committee member, the chairperson will declare that interest.

The declaration of interests

Accordingly Management Committee members should declare their interests, in connection with their role in GLAD.

A declaration of interests form is provided for this purpose, listing the types of interest you should declare. A copy of the form is included at the end of this document.

To be effective, the declaration of interests needs to be updated at least annually and also when any changes occur.

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 Chairperson for confidential guidance.

Interests will be recorded on GLAD's register of interests, which will be maintained by the secretary. The register will be accessible by Management Committee members and the secretary. It will also be published in each Annual Report.

Decisions taken where an Management Committee member has an interest

In the event of the Management Committee having to decide upon a question in which an Management Committee member has an interest, all decisions will be made by vote, with a simple majority required. A quorum must be present for the discussion and decision. Interested parties will not be counted when deciding whether the meeting is quorate. Interested Management Committee members may not vote on matters affecting their own interests.

All decisions under a conflict of interest will be recorded and reported in the minutes of the meeting. The report will record:

- the nature and extent of the conflict;
- an outline of the discussion;
- the actions taken to manage the conflict.

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

Gifts and Hospitality

All gifts and hospitality given to Management Committee members should be declared to the Secretary by the committee member by email or letter within one month of the gift or hospitality being received. The committee member should detail estimated value, the date on which it was received, who it was given by and the reason for the gift. The Secretary should record it in the register contained at the end of this document.

Gifts and hospitality should never be solicited.

Gifts and hospitality with nominal value (below £20) may be accepted but only if the gifts are not given or received with an expectation that there is an obligation owed as a result of the gift.

If a gift is received that exceeds the nominal value, the gift should be returned to the sender, the market price should be paid or the gift should be donated to the organisation directly or to another charitable organisation

Gifts and hospitality intended to influence organisational decision making should NEVER be accepted.

If you are not sure what to declare please err on the side of caution. If you would like to discuss this issue, please contact the Chairperson for confidential guidance.

Gifts and Hospitality received will be recorded on GLAD's Gifts and Hospitality register which will be maintained by the secretary. The register will be accessible by Management Committee members and the secretary. It will also be published in each Annual Report.

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Conflicts of Interest Policy Guidance

DEFINITION OF CONFLICTS OF INTEREST

A conflict of interest is any situation in which the personal interests of committee members seem to conflict with those of the organisation which they govern. This personal interest can be direct or indirect, and it can include the interests of parties connected to the committee member. A direct interest would arise in the following example:

ABC charity wants to contract for catering services and one of the members of the governing body owns a catering company. This member gets the contract.

*This is a **direct interest** as the benefit to the committee member is a direct financial benefit.*

An indirect interest in the above example would be if the member of the governing body did not own the company but had shares in it and stood to benefit indirectly from any profit made.

Under company law a connected person includes the following:

- Family members (including spouse or civil partner, anyone with whom the director lives as a partner in 'an enduring family relationship', children and step children (both the director's own and his partner's) and the director's parents).
- Corporate bodies to which the director is connected; committee members of a trust of which the director (or a family member or a body corporate with which he is connected) is a beneficiary.
- A director's business partner.

It is unlikely that conflicts of interest can be completely avoided but the conflict should be managed to avoid any adverse effect on the organisation and to promote maximum accountability and transparency in the organisation's affairs. Possible conflicts or perceived conflicts should be considered as well as actual conflicts as an organisation's name and reputation are very important.

THE LEGAL BACKGROUND TO CONFLICTS OF INTEREST

Members of the governing body of a charity are under a legal obligation to act in the best interests of the charity. It does not matter how the committee member is appointed, while they are on the governing body they have a duty to the organisation and this must take precedence. If this is unachievable or if the conflicts are so regular that the committee member's value to the organisation is significantly reduced, then they must resign from the post or cease the conflicting activity.

HOW SHOULD ORGANISATIONS DEAL WITH CONFLICTS OF INTEREST?

1. Identify the conflict

The first step is to identify a conflict of interest. This can be difficult as the issues can be quite complex. Some common instances of conflicts of interest are the following:

- **Direct payment of committee members** – most governing documents explicitly prohibit the payment of committee members although there may be circumstances in which HM Revenue and Customs may permit the inclusion of a clause into the governing document allowing payments to be made to a charity trustee for services rendered to his or her charity, other than trusteeship. HM Revenue and Customs must be satisfied that the payment is in the best interests of the charity and the governing document should contain checks and balances to ensure that this power is limited to prevent abuse.

Where a committee member or a person connected to the committee member receives payment, that committee member must declare a conflict of interest and not participate in any discussion around the payment. This should not stop the payment of legitimate out of pocket expenses to committee members to reimburse them for expenses they incur while carrying out their duties for the organisation. In addition, if a member of the committee is paid for any reason, best practice would suggest that this should be fully disclosed in the annual accounts and annual report.

- **Indirect benefit** – as mentioned above, a conflict can occur where there is no direct benefit to the committee member, for example where the organisation employs the spouse of a committee member. In this case, particularly if both parties have joint finances, it is clear that there may be a benefit to the committee member.

- **Potential employment opportunities** – a common issue that arises in the voluntary and community sector is when a committee member, or a person connected to the committee member, becomes interested in applying for a job within the organisation.

In this case the person must declare an interest immediately; they should not take part in any discussion around the position, such as setting rates of pay, holidays, job description, etc, otherwise the organisation may leave itself open to accusations of unfairness within the recruitment process as one candidate could be deemed to have an unfair advantage.

- **Personal interests** – this is a common issue that is highlighted in the following example.

ABC charity provides grants to older people to help them pay heating bills. A committee member of the charity is struggling to pay her heating bill and applies for a grant from the charity.

In this example it is clear that the organisation's reputation could be damaged if it is felt that the committee member is benefiting from their place on the committee.

2. Manage the conflict

When a conflict of interest is identified, committee members should try to manage the conflict in the following ways:

- a. Declare a conflict – once identified, a conflict of interest should be declared at the earliest opportunity.
- b. Leave the meeting – the committee member who declares a conflict should leave the meeting and the other committee members should decide whether their absence is appropriate or necessary.
- c. Decide on next steps – this depends on the conflict, if the committee decides that there is no conflict, the individual committee member can go into the meeting. However, if the conflict is of such a low level that it can be tolerated, then the organisation should determine how to best protect its interests. The committee member may for example absent themselves from parts of the meeting where the conflicting activity is discussed. On the other hand, if the conflicts are so frequent or serious that the committee member's usefulness is considerably lessened, they should resign from their post as committee member or cease the conflicting activity.
- d. Record the process – the process above should be clearly minuted and a register of interests should be held where committee members can record their interests.

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Declaration of Interests Form

Committee Member Name:

Date:

Description of Interest	Does the interest affect the Committee member or a person connected to the Committee member?	Is the interest current?

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Gifts and Hospitality Register

Member name	Date notified	Date on which it was received	Estimated value	Who it was given by	Reason for the gift