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Conflict of Interest Policy

DATE: **22-12-2017**

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Conflict of Interest Policy (Governance and Executive)

INTRODUCTION

According to the Australian Council for International Development (ACFID) a conflict of interest arises when:

A person participating in decision-making, gains or is perceived as gaining an advantage (or avoiding a disadvantage) for themselves or for another organisation or person in which they have an interest, due to access to privileged information or from the outcome of the decision.

Perceived or actual conflicts of interest pose a serious risk to the reputation of a Non-Governmental Organisation (NGO). NGOs such as Islamic Relief Australia (IRAUS) have a duty to carefully manage situations of perceived or actual conflicts of interest in order to protect the reputation and values of the organisation.

The Corporations Act 2001 has specific provisions governing declarations of interest and the ways in which conflicts of interest should be handled. Chapter 2D, Division 2 of that Act covers disclosure of and voting on matters involving material personal interests.

IRAUS' Constitution reflects these responsibilities.

POLICY STATEMENT

Islamic Relief Australia is committed to considering potential, perceived or actual conflicts of interest to ensure all operations are conducted equitably, transparently and in good faith, and are perceived to be so.

As 'officers' of the company, the Board of Trustees (BOT) of IRAUS, as well as IRAUS Executive and management staff, must comply with the standard legal and statutory duties of this office. These include:

- Acting in good faith and in the best interests of IRAUS
- Acting with due care and diligence
- Acting for a proper purpose and in keeping with the objects of the organisation as set out in the Constitution
- Avoid conflicts of interest or duty
- Refraining from making improper use of information gained through the office or taking improper advantage of the office.

SCOPE

This policy applies most specifically to Members of the Board of Trustees, Executive level staff, and management level staff. However all staff are expected to be alert to any relevant conflicts of interest, and to declare any that may arise.



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EXCLUSIONS

None

OBJECTIVES

This policy aims to:

- Define 'interest' and 'conflict of interest' with the purpose of identifying, clarifying and managing situations where they may arise.
- Embody our guiding values of 'sincerity' and 'excellence' by providing clear principles and procedures to manage perceived or actual conflict of interest.
- Guide BOT members, Executive and management staff in identifying and managing perceived or actual situations of conflict of interest, and create accountability to do so.
- Decrease and manage the organisational risk of reputational damage which may occur with an actual or perceived conflict of interest.

DEFINITIONS

Conflict of Interest (actual or real)

A situation in which a person such as a public official, an employee or a professional has a private and personal interest sufficient to appear to influence the objective exercise of his or her official duties, or where two differing interests may compete and it is not clear which interest will direct their behaviour. Categories and examples of conflicts of interest are detailed in Annex 1.

Conflict of Interest (potential)

A situation which may develop into an actual conflict of interest if the individual were to hold particular official responsibilities in the future.

Conflict of Interest (perceived)

A situation whereby a reasonable person would think an individual's judgment is likely to be compromised due to competing or conflicting interests, including if the individual does not themselves think their judgment is likely to be compromised.

Declaration of Interest

A documented statement made by a relevant party about their interests which may reasonably form a perceived, potential or actual conflict of interest with their duties of office within the organisation. Includes (but not limited to) the standard Declaration of Interests Form (Annex 1).

Interests

An individual's self-interest (e.g. to achieve financial profit or avoid loss, or to gain another special advantage or avoid a disadvantage), the interests of the individual's immediate family, friends, or business partners, or the interests of an organisation in which the individual holds a position.



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POLICY IN ACTION

Governance and Executive

All Members of the Board of Trustees and the Country Director are required to complete a Declarations of Interest Form on a periodic basis.

All Members of the Board of Director and the Country Director are required to declare any competing or conflicting interest in regards to any matter before the Board and remove themselves from any discussion or decision making,

In the case of a previous or ongoing conflict of interest situation which is real or perceived, the Member of the Board of Trustees who holds the office of Secretary for Strategy, Compliance and Governance and the Chair of the Board of Trustees must evaluate the situation and respond to it.

Responsible persons

- All BOT members and the Country Director
- The Chair of the BOT
- The Secretary for Strategy, Compliance and Governance

Managers

As officers of the company, all Managers are also obliged to declare any conflicts of interest and to remove themselves from discussion or decision making on the matter.

In the case of a previous or ongoing conflict of interest situation which is real or perceived, the Country Director and HR Manager or equivalent must evaluate the situation and respond to it.

Responsible Persons

- All Management level staff
- The Country Director
- The HR Manager

Staff

IRAUS confers on all staff responsibility to avoid and declare situations of actual, potential, or perceived conflict of interest. This is most likely to occur when on recruitment panels or in situations of procurement. Staff are required to declare their interest to their line manager or HR Manager, who will assist them in determining what, if any, action is required.

In the case of a previous or ongoing conflict of interest situation which is real or perceived, the Line Manager and HR Manager or equivalent must evaluate the situation and respond to it.

Responsible Persons

- All staff
- The relevant Line Manager
- The HR Manager



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POLICY ANNEXES

Annex 1: Examples of conflict of interest

Annex 2: ACNC 'Managing Conflicts of Interest: A guide for charity board members'



Annex 1

Categories and Examples of Conflicts of Interest

According to the Canadian Council for International Co-operation, examples of conflict of interest include:

Self-dealing

Definition

When a person uses their staff or Board position to make, or influence, a decision to provide funding to an organization in which they have an interest. Or, the person goes outside normal, objective hiring processes to give a job to a friend or family member.

Example

A staff member enables an organisation in which they have an interest to gain the opportunity to solicit or gain funding from the organisation of their employment, where other similar organisations may not have had or did not have the same opportunity.

Influence peddling

Definition

When a person solicits or accepts some form of benefit in return for influencing activities or promoting someone else's interests.

Example

An employee obtains a sponsorship from a travel agency for the soccer team she coaches, in return for the travel agency receiving business from the organization that employs her.

Misuse of information or property

Definition

When an individual uses information or property to which he has access because of his job or volunteer work, and to which others would not have had access, for some personal benefit.

Example

An individual may learn that a branch of his organisation plans to issue an important request for tenders, and tell a friend so the friend's consulting company has more time than its competitors to prepare to submit a bid.

Misuse of property could involve using one of your organisation's vehicles for personal purposes, or using the organization's photocopier to copy documents for your own small business, without first obtaining permission to do so.



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Employment or Activity Conflict

Definition

Taking some form of employment or other activity that one's employer could possibly see as conflicting with the employer's interests.

Example

If an employee works or volunteers for a political organisation, when the first organisation has a stated position of non-political activity.

Accepting undue benefits

Definition

Accepting significant gifts or benefits from a party with an interest.

Example

The person responsible for purchasing equipment in your organization accepts tickets to a sports game from a supplier.



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Annex 2

ACNC 'Managing Conflicts of Interest: A guide for charity board members'



Conflict of Interest Procedures (Conflict of Interest Policy)

PROCEDURE STATEMENT

PURPOSE

The purpose of these procedures are to manage situations of actual, potential or perceived conflicts of interest (as defined in the Conflict of Interest Policy).

SCOPE

These procedures apply to all BOT Members, Executive level staff, Management level staff, and all staff, to varying degrees as defined within the procedures.

These procedures are applicable to prior, ongoing or potential situations.

PROCEDURE STEPS AND ACTIONS

Interest Declaration and Management

1. Governance and Executive Level Procedures

All Members of the Board of Trustees and the Country Director are required to complete a Declarations of Interest Form that sets out any other interests they hold and any of their other partnerships, trusteeships, memberships, investments or benefits that may have a direct relationship to the operations of IRAUS.

This form is first completed upon their election to the Board and thereafter on an annual basis, with the returns filed in office. The BOT member who is elected Secretary for Strategy, Compliance and Governance is responsible for ensuring this process is followed. The form is held confidentially by the Secretary for Strategy, Compliance and Governance and is viewable only by that office-holder, the Chair of the BOT, and external parties upon request.

It is the responsibility of BOT Members and the Country Director to formally declare/disclose any conflict or interest that may arise at any point during their trusteeship/ directorship in relation to any matter before the Board and then to remove themselves from any discussion or decision making on the matter. This process must be minuted. If BOT Members or the Country Director are uncertain about their responsibilities or situation, they should discuss it with the internal legal counsel who will provide guidance.

2. Management Level Procedures

As officers of the company, all Managers are also obliged to declare any conflicts of interest and to remove themselves from discussion or decision making on the matter. If managers are uncertain about their responsibilities or situation, they should discuss the situation with the Country Director who will provide guidance.



3. Staff Level Procedures

IRAUS confers on all staff responsibility to avoid and declare situations of actual, potential, or perceived conflict of interest. This is most likely to occur when on recruitment panels or in situations of procurement. Staff are required to declare their interest to their line manager or HR Manager, who will assist them in determining what, if any, action is required.

Conflict of Interest Management

In the case of a previous or ongoing conflict of interest situation which is real or perceived, the appropriate person must evaluate the situation using the Conflict of Interest Report. (Annex 3 of the Conflict of Interest Policy)

Based on the 'level' and status of the conflict, the responsible persons must recommend one of the following actions:

- Restrict the involvement of the individual: This is possible if the conflict is not going to arise frequently, and the person can be effectively separated from parts of the activity or process. An example is non-involvement in criteria-setting or decision-making for the process that is affected by the conflict (e.g. a Board member recusing herself). This option would not be appropriate if the conflict of interest arises frequently and the individual is constantly being restricted from performing a number of duties.
- Recruit a third party to assist: When the possible effects of a conflict of interest are more significant, an option is to have a disinterested party oversee part or all of the process that relates to the conflict (e.g. asking an independent third party to make a decision). Note: this third party must be qualified to properly handle the situation, and there may be situations where no appropriate third party is available.
- Remove the individual from affected duties: When restriction and recruitment are not suitable options, the individual with the conflict of interest may be removed from duties related to the conflict for as long as the conflict exists. For example, an individual could choose to transfer to other duties (as long as her new duties did not include supervising the person now dealing with the affected duties).
- Relinquish the private interest: The individual with the conflict of interest may choose to relinquish the private interest (e.g. by resigning from the Board of another organization when their participation in that Board is causing a conflict of interest).
- Resign: In cases of serious conflict of interest where other solutions are not possible, the most extreme option may be for the individual to resign from the position whose duties are conflicting with her personal interests.

The recommended plan of action must be discussed with the relevant individual, who may choose to agree to it, propose another acceptable plan of action, or disagree with any plan of action.

In the case that the relevant individual disagrees with the plan of action and does not propose another acceptable plan of action, the responsible person must enforce a plan of action which is in the best interest of the organisation, and the relevant individual must abide by it.



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Responsible Persons

1. Governance and Executive Level Responsible Persons

All BOT members and the Country Director are responsible for self-declaring interests.

The Chair of the BOT is responsible for evaluating situations and making a decision as to whether or not they constitute actual, potential or perceived conflicts of interest, and for deciding on a plan of management.

The Secretary for Strategy, Compliance and Governance is responsible for maintaining up-to-date records of Declaration of Interest forms, and for assisting the Chair of the BOT in managing actual, potential or perceived conflict of interest situations.

2. Management Level Responsible Persons

All Management level staff are responsible for self-declaring interests.

The Country Director is responsible for evaluating situations and making a decision as to whether or not they constitute actual, potential or perceived conflicts of interest, and for deciding on a plan of management.

The HR Manager is responsible for maintaining up-to-date records of any actual, potential or perceived conflict of interest involving Management level staff, and for assisting the Country Director in managing actual, potential or perceived conflict of interest situations.

3. Staff Level Responsible Persons

All staff are responsible for self-declaring interests.

The relevant Line Manager is responsible for evaluating situations and making a decision as to whether or not they constitute actual, potential or perceived conflicts of interest, and for deciding on a plan of management.

The HR Manager is responsible for maintaining up-to-date records of any actual, potential or perceived conflict of interest involving Management level staff, and for assisting the Line Manager in managing actual, potential or perceived conflict of interest situations.

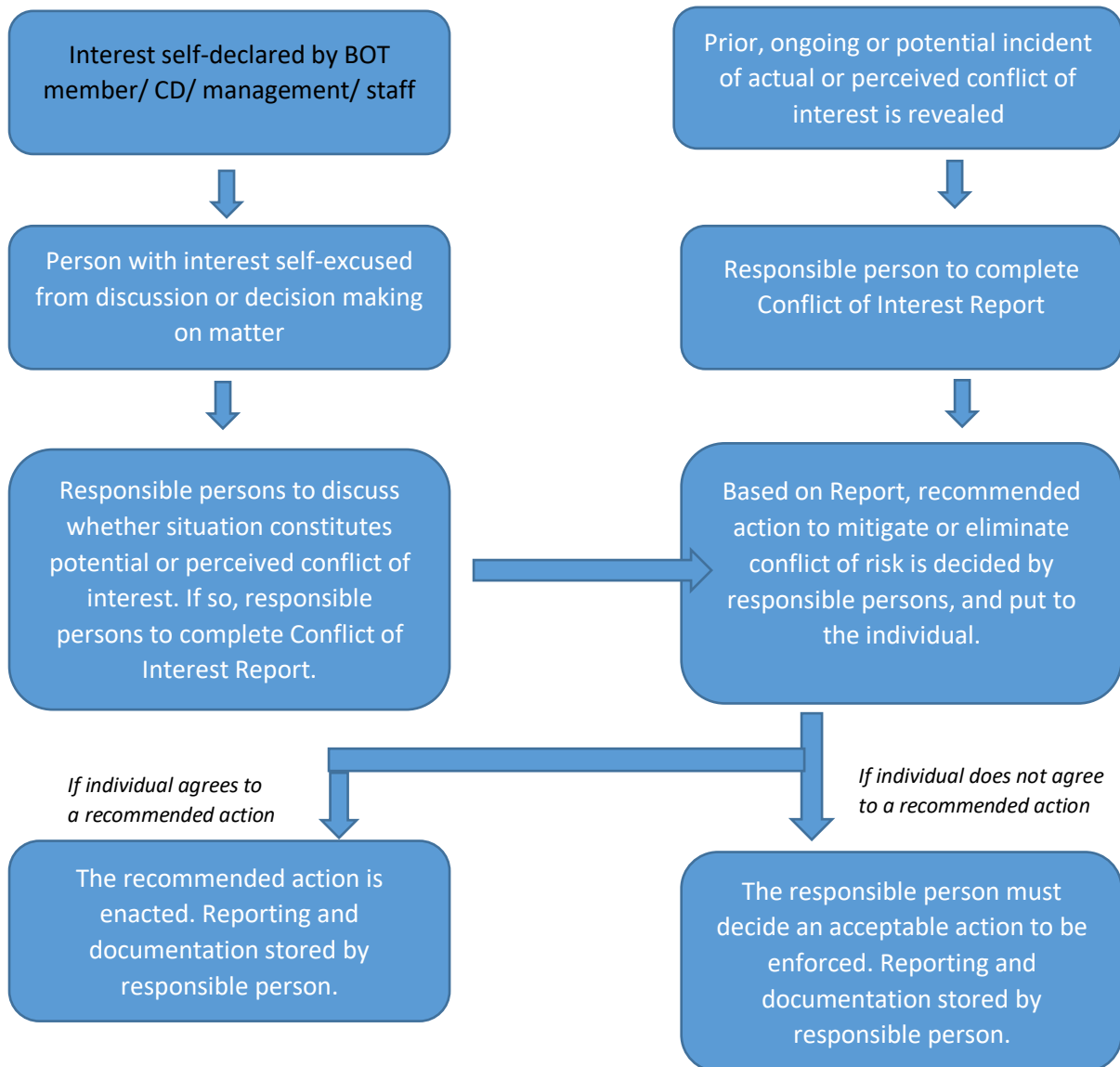
Review of Policy and Procedures

The Conflict of Interest Policy and Procedures are subject to review every 3 years by the Policy Owner and the Compliance Committee, as per the process outlined in the Policy Regulating the Formation, Review and Implementation of Policies and Procedures.

The Policy Owner for the Conflict of Interest Policy and Procedures is the Secretary for Strategy, Compliance and Governance.



CONFLICT OF INTEREST PROCEDURE FLOWCHART





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Conflict of Interest Procedures (Conflict of Interest Policy): Annex 1

Conflict of Interest Report

Section One: Situation Report

Part One:

Name of Relevant Individual	
Position of Relevant Individual	
Name of Responsible Person	
Position of Responsible Person	

Part Two:

Date conflict of interest was declared or reported	
Describe the conflict of interest:	

Part Three (Circle the correct option):

Was the conflict of interest	Self-reported by the relevant individual	Not self-reported by the relevant individual
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Part Four: Conflict of Interest Level

Is the conflict of interest	Actual	Perceived	None of these
Justify the previous answer			



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Part Five: Conflict of Interest Status

Is the conflict of interest	Prior	Ongoing	Potential	None of these
Justify the previous answer				

If the answer to either Part Four or Part Five “none of these” then no conflict of interest exists. The responsible person should file this report and attach it to future documents should the situation change.

Section Two: Risk Level Assessment

Based on the answers to the prior two questions, evaluate the risk of the conflict of interest to the reputation of the organisation, based on the following risk level assessment:

		Conflict Status			
		Potential	Ongoing	Prior	None of These
Conflict Level	Perceived	Medium Risk	High Risk	High Risk	No risk
	Actual	Medium risk	High Risk	High Risk	No risk
	None of these	No risk	No risk	No risk	No risk

What is the Risk Level of this conflict of interest situation?	No Risk	Medium Risk	High Risk
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Section Three: Action Plan

Part One: With regard to the Risk Level, propose a plan of action from one of the five categories:

Action Category: (see Procedure for full explanation)	Restrict	Recruit	Remove	Relinquish	Resign
Action Steps:					
Action Deadline:					



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Part Two: Discussion with Relevant Person

Is the plan agreed to by the individual?	Yes	No	
<i>If the answer to the above question is 'yes', the plan outlined in Part One of Section Three will be the formal Action Plan to be implemented</i>			
If no: Is an acceptable plan proposed by the individual?	Yes	No	N/A based on previous answer

If the answer to the above question is 'yes', outline the plan:

Action Category: (see Procedure for full explanation)	Restrict	Recruit	Remove	Relinquish	Resign
Action Steps:					
Action Deadline:					



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If no acceptable plan is proposed by the relevant person, outline the plan of action to be enforced:

This plan must be agreed to by the relevant individual.

Action Category: (see Procedure for full explanation)	Restrict	Recruit	Remove	Relinquish	Resign
Action Steps:					
Action Deadline:					



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Part Three: Follow Up

Complete this section following the action plan deadline.

Was the plan enforced?	
Is the situation resolved?	
What is the current risk level of this situation to the organisation?	
Are any follow-up steps required?	
Who is the responsible person with whom this report will be filed?	



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Conflict of Interest Procedures (Conflict of Interest Policy): Annex 2

Declaration of Interests Form: Annual Return of Private Interests of Board and Executive Members

CONFIDENTIAL BOARD DOCUMENT

Please note completion of this form does not replace your duty as a director of a public company to disclose any actual, perceived or potential conflicts of interest as soon as you become aware of them. You must disclose the details of the nature and extent of the interest and its relation to the affairs of Islamic Relief Australia.

Trustee's/ Executive's Name: _____

1. Directorships in Companies (public/private) and Government Entities

In regards to directorships, whether remunerative or not, please state:

Name of Company/ Government Entity	Principal Activity of Company/ Government Entity	Do you perceive there to be any actual, perceived or potential conflict of interest between your role in other Companies/ Government Entities and IRAUS? If you do, please describe it and its relation to the affairs of IRAUS.

2. Trusts

If you or your immediate family hold any beneficial interest that is held in a family or business trust and you wish to disclose it on the basis that it gives rise to an actual, perceived or potential direct or indirect conflict of interest between your role at IRAUS and the beneficial interest, please state:

Trust	Nature of Interest (your or your family's beneficial interest)	Principal Area of Operation of the trust (for example, property development, investment in shares)	Please describe the actual, perceived or potential conflict of interest and its relation to the affairs of IRAUS.



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3. Trustee/ Nominee Company

If you are a trustee or director of a family or business trust or of a nominee company and you wish to disclose it on the basis that it gives rise to an actual, perceived or potential direct or indirect conflict of interest between your role at IRAUS and the role, please state:

Trust	Name of Trustee (your name or the company name if a corporate trustee)	Beneficiaries of the Trust (you or your family members or any related entities)	Principal Area of Operation of the trustee	Please describe the actual, perceived or potential conflict of interest and its relation to the affairs of IRAUS.

4. Partnerships Interests

In relation to any partnerships, please state:

Partnership Interest	Name of Partnership	Nature of Operation of Partnership	Do you perceive there to be any actual, perceived or potential conflict of interest between your Partnership Interest/ Operations and your role at IRAUS? If you do, please describe it and its relation to the affairs of IRAUS.



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5. Membership of Association

In regard to any memberships of associations, please state:

Name of association	Nature of Operations of Association	Status of Association (profit, incorp, etc)	Do you perceive there to be any actual, perceived or potential conflict of interest between your Membership of the Association and your role at IRAUS? If you do, please describe it and its relation to the affairs of IRAUS.

6. Investments

Please describe any investments over \$5,000 or significant benefits you or your immediate family (for example, shareholding in a supplier to IRAUS) receive that might give rise to an actual, perceived or potential conflict between your role as a Trustee or Executive of IRAUS and that investment or interest.

Person holding	Type of investment/ benefit	Body in which investment is held/ Conditions on which benefit is granted	Please describe the actual, perceived or potential conflict of interest and its relation to the affairs of IRAUS.



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7. Other

Please describe any other benefits you or your immediate family receive that might give rise to an actual, perceived or potential conflict.

Person receiving benefit	Nature of Benefit	Entity offering Benefit	Please describe the actual, perceived or potential conflict of interest and its relation to the affairs of IRAUS.

RETURN OF INTERESTS STATEMENT

Particulars of my private interests of which I am currently aware are set out above.

I, (name),, confirm that I shall inform Islamic Relief Australia, should a situation arise where an interest of mine, whether pecuniary or otherwise, conflicts or may reasonably be thought to conflict (perceived or potential) with my duty as a Trustee or Executive of Islamic Relief Australia.

Signature: Date: