

## ULSTER SCOTS AGENCY

## CONFLICT OF INTEREST



### Document History

**Document Owner** The owner of this document is: David McCallum (Director of Corporate Services)

**Document Location** This document is only valid on the day it was APPROVED and the electronic version is located Z: Drive - USA Policies & Procedures.

**Document Status** The current status for this document is **FINAL**

**Revision History** Date of next revision: July 19

| Version number | Revision date | Previous revision date | Summary of changes | Changes marked |
|----------------|---------------|------------------------|--------------------|----------------|
| 1.0            | July 2017     | July 15                |                    |                |
|                |               |                        |                    |                |
|                |               |                        |                    |                |
|                |               |                        |                    |                |

**Approvals** This document requires approvals to be signed off and filed in

| Name              | Signature | Responsibility | Date of issue | Version |
|-------------------|-----------|----------------|---------------|---------|
| Audit & Risk Comm |           |                | 11/09/15      | 1.0     |
| Board             |           |                | 18/09/15      | 1.0     |
| Policy Committee  |           |                | 09/11/17      | 1.0     |
| Board             |           |                | 22/11/17      | 1.0     |

**Distribution** This document has been distributed as follows

| Name           | Responsibility | Date of issue | Method of Issue | Version |
|----------------|----------------|---------------|-----------------|---------|
| David McCallum | DOCS           | 05/10/15      | Email           | 1.0     |
| Lorna Blair    | HR/OM          | 10/11/17      | Email           | 1.0     |
| Lorna Elliott  | HROM           | 22/06/18      | Email           | 1.0     |
|                |                |               |                 |         |
|                |                |               |                 |         |

## **Contents**

|  | <b>Page</b> |
|--|-------------|
| <b>1.0 Definition of a conflict of interest</b>  | <b>2</b>    |
| <b>2.0 Interests that are not directly relatable to the Agency Staff /Board member</b> | <b>2</b>    |
| <b>3.0 Definition of close relatives &amp; friends</b>                                 | <b>2</b>    |
| <b>4.0 Is a Conflict of Interest a negative situation?</b>                             | <b>2</b>    |
| <b>5.0 Risks to the Agency</b>   | <b>3</b>    |
| <b>6.0 How do we recognise a conflict of interest?</b>                                 | <b>3</b>    |
| <b>7.0 Declaring a Conflict of Interest</b>  | <b>4</b>    |
| <b>8.0 Dealing with Conflicts of Interest when they arise</b>                          | <b>5</b>    |
| <b>9.0 Breaching the Policy</b>  | <b>6</b>    |

## **1.0 Definition of a conflict of interest**

A conflict of interest arises when an individual has two different interests that overlap. This policy is relevant to the Agency Staff and Board members alike:

*“A conflict of interest involves a conflict between the public duty and the private interest of a public official in which the official’s private-capacity interest could improperly influence the performance of his/her official duties and responsibilities.”*

1.1 A conflict of interest can also be perceived.

1.2 A perceived conflict of interest exists where it could be perceived, or appears, that private capacity interests could improperly influence the performance of an Agency staff member or Board member’s official duties and responsibilities. It may pose no actual risk to the conduct of public business, but it requires proper management in order to minimise the risk of reputational damage both to the organisation and the individual(s) concerned.

1.3 A perception of a conflict of interest can be just as significant as an actual conflict of interest. The key issue is whether there is a risk that a fair-minded outside observer, acting reasonably, would conclude that there is a real possibility of bias.

## **2.0 Interests that are not directly relatable to the Agency Staff /Board member**

2.1 The interest in question need not be that of the Agency Staff or Board member themselves. It can also include the interests of close relatives or friends and associates who may have the potential to influence the public official or Board member’s behaviour.

## **3.0 Definition of close relatives & friends**

3.1 A ‘close relative’ would usually refer to the individual’s spouse or partner, children (adult and minor) , parent, brother, sister, in-laws and the personal partners of any of these . For other relatives it is dependent upon the closeness of the relationship and degree to which the decisions or activity of the public entity could directly or significantly affect them. Where an individual has to declare interests of this nature they may wish to seek advice from a senior public official or the Board Chairman to ensure all potential conflicts are identified.

3.2 A ‘friend or associate’ should be considered as someone with whom the individual has a long standing and/or close relationship, socialises with regularly or has had dealings with which may create a conflict of interest.

## **4.0 Is a Conflict of Interest a negative situation?**

4.1 In many cases a conflict of interest will be neither wrong nor unethical. The main concern is that the conflict is identified early and any risks are managed appropriately. The best way of dealing with conflicts of interest is to prevent them from arising in the first place, but if they do occur it is important to declare them and then handle them suitably and efficiently.

## 5.0 Risks to the Agency

5.1 Actual, potential or perceived conflicts of interest can lead to doubt about the integrity of Agency Staff or Board member and can impact on the reputation of the organisation itself. A conflict of interest that is concealed, even if unintentionally through not knowing the proper procedure, or managed poorly, creates at best a risk of allegations or perceptions of misconduct. It could potentially result in more serious consequences, such as disciplinary action against the employee or litigation against the organisation. A high-profile conflict of interest could ultimately result in severe reputational damage to an organisation and could result in disciplinary actions.

5.2 A major conflict of interest violation can also breach other rules, for example appointment procedures and procurement policies. This can have major consequences for the organisation. The Nolan Principles which underpin public life are also at risk of being breached if a conflict of interest is not identified and managed correctly:

1. Selflessness
2. Integrity
3. Objectivity
4. Accountability
5. Openness
6. Honesty
7. Leadership

Further information on these principles can be found at

<https://www.gov.uk/government/publications/the-7-principles-of-public-life/the-7-principles-of-public-life--2>.

## 6.0 How do we recognise a conflict of interest?

6.1 The checklist below can be used to help in determining if an actual, potential or perceived conflict of interest exists.

### **Do you think you have an actual, perceived or potential conflict of interest?**

The following questions may help when assessing an issue being considered and the situation in which you are involved.

- Would I or anyone associated with me benefit from, or be detrimentally affected by, my proposed decision or action?
- Could there be benefits for me in the future that could cast doubt on my objectivity?
- Do I have a current or previous personal, professional or financial relationship or association of any significance with an interested party?

- Would my reputation or that of a relative, friend or associate stand to be enhanced or damaged because of the proposed decision or action?
- Do I or a relative, friend or associate stand to gain or lose financially in some covert or unexpected way?
- Do I hold any personal or professional views or biases that may lead others to reasonably conclude that I am not an appropriate person to deal with the matter?
- Have I contributed in a private capacity in any way to the matter my organisation is dealing with?
- Have I made any promises or commitments in relation to the matter?
- Have I received a substantial gift, benefit or hospitality from someone who stands to gain or lose from my proposed decision or action?
- Am I a member of an association, club or professional organisation or do I have particular ties and affiliations with organisations or individuals who stand to gain or lose by my proposed decision or action?
- Could this situation have an influence on any future employment opportunities outside my current official duties?
- Could there be any other benefits or factors that could cast doubt on my objectivity?

## **7.0 Declaring a Conflict of Interest**

Agency Staff and Board members should declare any personal or business interests which may conflict with their responsibilities in their roles. A register of interests held by the Agency will list indirect or direct pecuniary interests which members of the public might reasonably think could influence judgement. This may include members' non-pecuniary interests which closely relate to the person's activities, and interests of close family members and persons living in the same household as the Agency Staff /Board member

7.1 The register of interests is open for inspection by the public; details of how these can be accessed are given in the Agency's Annual Reports. Agency Staff and Board members should update the register as changes in their relevant circumstances occur. The Board Secretary shall circulate to each member every six months members' lists of interests to ensure that it is up-to-date and the HR/Office Administrator will circulate to the Agency Staff

7.2 Agency Staff and Board members should not attend or participate in the discussion or determination of matters by in which they have a direct pecuniary interest.

7.3 Where the interest is not of a direct pecuniary kind, Agency Staff and Board members should consider whether participation in the discussion or determination of a matter would suggest a real

danger of bias. This should be interpreted in the sense that members might unfairly regard with favour or disfavour, the case of a party to the matter under consideration.

7.4 In considering whether a real danger of bias exists in relation to a particular decision, Agency Staff and Board members should assess whether they, a close family member, a person living in the same household as the Agency Staff and Board members, or a firm, business or other organisation with which the Agency Staff and Board members are connected, are likely to be affected more than the generality of those affected by the decision in question. This would cover, for example, a decision to invite tenders for a contract where a firm, with which an Agency Staff and Board members was connected, was significantly better placed than others to win it.

7.5 Where, in accordance with the above, members do not participate in the discussion or determination of a matter, they should normally withdraw from the meeting as their continued presence might be thought likely to influence the judgement of other members present.

7.6 Whether or not Agency Staff and Board members are able in the light of the considerations above to participate in the discussion or determination of a matter they should declare as soon as practicable after the commencement of the meeting if they have an interest, pecuniary or otherwise, in a matter being considered. They should also disclose any interests, of which they are aware, on the part of close family members and persons living in the same household as the Agency Staff and Board members.

7.7 In addition, Agency Staff and Board members should consider whether they need to disclose relevant interests of other persons or organisations which members of the public might reasonably think could influence the member's judgement.

## **8.0 Dealing with Conflicts of Interest when they arise**

8.1 Conflicts of interest must be declared by public officials and Board members and managed effectively by the Agency to prevent them undermining the proper conduct of Agency business and adversely affecting the organisation's reputation.

8.2 Some conflicts of interest are relatively easy to identify and manage.

Officers of the Agency and Board members are prohibited from:

- involvement in any decision that could lead to financial gain or benefit to an individual, a relative or close friend;
- involvement in any decision that could lead to the appointment of a relative or friend;
- involvement in, or influencing, the award of a contract or grant where the Officers of the Agency and Board members are connected to any of the tenderers or applicants;
- carrying out business on behalf of the organisation with their own or a relative's company;
- owning shares in, or working for, organisations that have dealings with the public body; and
- accepting gifts and hospitality in connection with their official role.

## **9.0 Breaching the Policy**

A conflicts of interest policy must include details of the sanctions that will apply when a breach of the policy occurs. Sanctions should only be imposed when a full investigation has been completed which establishes that there has been a breach. The most severe sanctions should only be applied where there has been deliberate and repeated concealment or failure to disclose a conflict of interest.

9.1 When a breach occurs there are a range of consequences for both the individual concerned and their organisation:

### **Individual:**

- Embarrassment
- Disciplinary action
- Being subject to an internal or external inquiry
- Loss of employment
- Criminal prosecution.

### **Organisation:**

- Reputational damage
- Loss of public trust
- Being subject to an external inquiry
- Legal action.