

CONFLICT OF INTEREST POLICY



ORGANISATION:	Kokoda Track Foundation (KTF)
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POLICY TITLE:	Conflict of Interest
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ALLIED POLICIES / PROCEDURES:	Code of Conduct Counter Terrorism Policy Financial Management Policy Financial Controls Policy
OWNER:	Board
APPROVED BY:	Board
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PURPOSE:

This policy outlines Kokoda Track Foundation (KTF)'s position on conflict of interest issues with a view to generating increased awareness and understanding of conflict of interest, and to provide protection for both KTF, individuals associated with KTF, and partner organisations. To ensure we achieve and maintain the highest levels of integrity and public trust in the work of KTF, conflicts of interest should be avoided. Where this is not possible, conflicts of interest must be identified, declared and actively managed, to ensure that all decision-makers are free of any actual, potential or perceived conflict.

This policy provides standard procedures for declaring and managing conflicts of interest for use where no other formal procedures exist. This policy should be read in conjunction with other policies, procedures and guidelines including KTF's Code of Conduct.

SCOPE:

This policy applies to Directors, staff, contractors, partners, volunteers and all other representatives of KTF. It applies to all areas of work including on-site, off-site, or after hours work and work related social functions.

DEFINITIONS:

For the purpose of this policy:

- a) **Conflict of interest** – refers to conflict between official workplace duties and private interests and personal relationships, where private interest or personal relationships could improperly influence the way in which a person carries out their official duties. Conflicts may be actual, potential or perceived:
- b) **Actual** conflict of interest: there is a real conflict between a person's duties to KTF and their private interests and/or personal relationships.
- c) **Potential** conflict of interest: a person has interests that *could* conflict with their duties to KTF. This refers to circumstances where it is foreseeable that a conflict may arise in future.
- d) **Perceived** conflict of interest: the public or a third party could form the view that a person's interests could improperly influence their decisions or actions, now or in the future.
- e) **Personal relationships** – relationship with individuals or people that extend outside of work or work duties, or a relationship where a reasonable person might perceive that there could be some bias, either positive or negative,

resulting from that relationship. These include relationships with:

- Immediate family e.g. spouse/partner, parents, children, etc;
- Close relatives e.g., aunts, uncles, nephews, nieces etc;
- Friends where the friendship extends outside the workplace;
- Sexual or intimate partners;
- Rivals e.g., competitors etc;
- The relatives of any of the above.

f) **Private interests** – refers to any interests that involve potential gain or loss (financial- non-financial) for an individual or for any other person or organisation that individual may wish to benefit (e.g., family, friends) or disadvantage (e.g., competitors, rivals)

POLICY STATEMENT:

KTF is committed to an environment that is values-based, founded on the principles of honesty, responsibility, fairness and accountability, in order to maintain the integrity of its governance and decision-making processes. Our personnel are required to conduct themselves in an ethical manner and to act in accordance with our core values and Code of Conduct. This means they should exercise objectivity and good judgement in decision-making to act in the best interests of KTF.

Even the appearance of impropriety can be damaging to KTF's work. This means that every effort must be made to avoid conflicts, whether actual, perceived or potential, between the interests of the organisation and the person's own interests. Conflicts of interest may affect or have the appearance to affect sound and professional judgment adversely.

All KTF personnel, including board members and employees, must take all reasonable steps to identify any conflict of interest with their duties at KTF and where possible eliminate or otherwise avoid the conflict.

Conflicts of interest or perceived conflicts of interest that may exist **must be declared and managed** to ensure integrity and transparency.

Conflicts of interest are to be managed according to the following:

- Those with the conflict should be absent from discussions relating to their interest unless there is an exceptional circumstance such that their manager or the Board decides that it is in KTF's interests to have that person present during some part of the discussion
- Anyone with a conflict of interest may be excluded as deemed appropriate from negotiations
- All decision makers must be free from the conflict of interest
- Any decision must be made in the absence of a person with the conflict of interest.

Individuals who are considered to have breached the management of conflicts of interest, as set out in this policy, other workplace policies or procedures, may be subjected to disciplinary action.

PROCEDURES:

All individuals are responsible for identifying, declaring and managing conflicts of interest that apply to them.

The CEO, leadership team, and Board of Directors are accountable for ensuring that declared conflicts of interest, real or

perceived, are evaluated and managed appropriately.

Conflicts of interest must be assessed for and declared at all board meetings. Declared conflicts of interest must be logged in a Conflict of Interest register that is reviewed annually by the Board.

Declarations of conflict of interest should be made by individuals in writing to the relevant manager, Board Member or other relevant person as soon as the conflict is identified. Where circumstances prevent an immediate written declaration (e.g. conflict arises during a meeting), a verbal declaration should be lodged and, if possible, formally noted (e.g. in minutes of the meeting).

Where a manager or other relevant person becomes aware of a conflict of interest (or perceived conflict of interest) that has not been declared they should discuss the matter with the individual and escalate and manage as required.

Where circumstances affecting a declared conflict of interest change, any declarations should be amended accordingly, as appropriate.

Where a conflict of interest is related to an ongoing matter, the strategy used for its management must be reviewed at regular intervals to ensure it remains appropriate.

Identifying a Conflict of Interest

Conflicts of interest are often obvious but where there is uncertainty on whether a conflict of interest exists, parties should:

- a. Consider whether the action or activity is consistent with KTF's values;
- b. Seek opinions from supervisors or managers;
- c. Seek independent external advice;
- d. Consider whether the action or activity is consistent with community values, standards and behaviours;
- e. Consider how the action or activity might look to other people who care about the decision or outcome, or to other people who come to know about it;
- f. Consider whether the relationship or interest might compromise an individual's ability to exercise sound judgment; and
- g. Refer to other information available from other sources such as the Australian Charities and Not-for-profit Commission, the Office of Audit and Risk Assessment, the NSW Ombudsman or ICAC.

At times, a conflict of interest may not be recognised because it is a relatively minor matter. A minor matter that occurs frequently, however, may become substantial. Regardless of how minor a conflict of interest may seem, it is important to maintain an ethical approach in all circumstances.

See Appendix A for a summary of types of Conflicts of Interest.

Reporting a Conflict of Interest

Where a Board Member or employee becomes aware of any breach or possible breach of this Policy by a Board Member, that person must advise the Board Chair or, if the breach involves the Board Chair, a Committee Chair so the Chairs (excluding any conflicted Chair) can review and refer to the Board with recommended action, which may include appointing an independent investigator. Alternatively, an employee may advise the Company Secretary to pass on to the relevant Chair.

Where a Board Member or employee becomes aware of any breach or possible breach of this Policy by an employee, contractor, volunteer or partner, that person should report the matter to their line manager, or the CEO, who will determine what, if any, action needs to occur which may include assigning a delegate to investigate or review the matter.

Managing a Conflict of Interest

Just because a conflict of interest exists it does not mean that something improper will automatically occur. Conflicts of interest can be properly managed without detriment to the integrity of the process or for those involved. Issues can arise when a conflict of interest is not openly acknowledged or managed appropriately.

The best way in which to handle a conflict of interest is to avoid it. Where it is not possible to avoid a conflict of interest, a risk management strategy should be adopted. Depending on the circumstances, a range of risk management strategies can be implemented, including:

- a. Appointing an independent third party to review or oversee the activity or action;
- b. Appointing another person or persons to the team;
- c. Asking the individual to relinquish or quarantine the personal interest;
- d. Removing the individuals from the decision making process or duties in regard to the matters to which the conflict of interest relates; or
- e. Individuals absenting themselves from or not taking part in debate and/or voting in committees/boards on matters relating to the conflict of interest.

Consequences for Undeclared Conflicts of Interest

Board Members - Under the KTF constitution, a Board Member's office is vacated if the Board Member fails to comply with the Corporations Act regarding disclosure of and voting on matters involving material personal interests. Also, a Board Member may be removed for failure to comply with Australian Charities and Not-for-profit Commission governance standards. In the case of other breaches by a Board Member, the Board will decide what action should be taken, up to and including calling a meeting of Members to vote on removing the Board Member from the Board.

Employees, Contractors, Volunteers & Partners - a breach of this policy by an employee, contractor, volunteer or partner will be dealt with in accordance with KTF's disciplinary procedures. Any breach of this policy could have consequences for an employee which include termination of employment. Where a breach of this policy also has the potential to be a breach of law, KTF may refer the matter to be dealt with by any relevant external bodies including the police.

Confidentiality

Reports or disclosure made in accordance with this policy and any plans or actions taken as a result will be treated confidentially and in accordance with KTF's relevant privacy requirements. Information will only be shared with those persons who need access to the information for the purpose of performing their duties with KTF (i.e., on a need to know basis) or complying with the relevant laws and policies.

Training

All employees and Board Members must undertake regular training on this policy and any related procedures to support their understanding of the requirements of the policy and to assist them to comply.

END

APPENDIX A: TYPES OF CONFLICTS OF INTERESTS

The following is a guide to the types of interests which may need to be disclosed. Interests can arise from a wide range of personal, professional, or business-related sources.

Interests may be **direct** interests, such as personal, family, professional or business interests. They also include **indirect interests**, such as the personal, family, professional or business interests of individuals, groups or organisations with whom the person is, has been, or expects to be closely associated.

Interests may be **financial** which includes any actual, potential or perceived financial gain or loss.

They may also be **non-financial**, which includes any actual, potential or perceived obligation to another organisation (for example, as a Board member of another organisation), and any tendency toward favour or prejudice resulting from current, former or expected personal or family relationships, such as consensual personal relationships, friendships, enemies; previous or anticipated receipt of non-token gifts, benefits or hospitality; and any current, former or expected involvements including with other sporting, cultural or social activities, not-for-profit or other organisations.

Types of interests which must be considered as potential conflicts include where a person:

- owns real estate;
- owns shares or other types of securities, whether directly or through a company or trust (including a self-managed superannuation fund or a family trust);
- has investments or other business interests or partnerships;
- is a beneficiary or trustee of a trust;
- receives income including as an employee, contractor or consultant, including receipt of such income any time in the last three years;
- holds a position in an organisation tendering for a business opportunity or providing goods or services to KTF;
- owes or is owed significant liabilities;
- has received or is expected to receive gifts, benefits or hospitality of non-token value
- has any other relevant financial interest, for example income derived from a contract;
- Is a Board member, officer, trustee, partner or has another significant role in an organisation.

Interests include past, present or expected future relationships, affiliations or involvements.

APPENDIX B: GUIDELINES FOR ENGAGEMENT OF RELATED PERSONNEL ON LEADERSHIP TEAM

During the course of the establishment and growth of KTF, the Board engaged the sibling, Mike Nelson, of the co-founder and inaugural CEO of the organization, Dr Genevieve Nelson, to the COO role within KTF. The following processes have been put in place to manage the conflict and they are reviewed on an annual basis by the board.

Initial Recruitment

The initial recruitment of Mike Nelson was undertaken in accordance with KTF's recruitment policy and procedures including open advertisement for the role, shortlisting of multiple candidates, and selection panel of multiple board members. The CEO abstained from the decision to recruit Mike into the role and a final decision was made on the basis of skills and qualifications, experience, and value for money.

Bank Signatories

Whilst the CEO and COO are signatories to the BSP and ANZ General accounts, they are not authorized to co-authorise payments.

Annual Performance Reviews and Salary Adjustments, Rises & Bonuses

The CEO reports to the board of directors who collectively review her performance and salary (including bonuses, CPI rises and adjustments) on an annual basis. Mike reports to Elizabeth Carr (Deputy Chair of KTF, Chair of the Nominations & Evaluation Committee, and Member of the FARM Committee). Elizabeth, in consultation with the board, undertakes Mike's performance review and associated salary (including bonuses, CPI rises and adjustments) on an annual basis.