

# **ARARAT BAPTIST CHURCH**

## **Conflict of Interest Policy**

**Created: October 15 2024**

**Approved by the Diaconate: October 24 2024**

**Reviewed: xxxxxxxx**

**Xxxxxxxx**

**xxxxxxx**

## ARARAT BAPTIST CHURCH

### Conflict of Interests Policy

**[For the purposes of this Policy the term 'Deacon' and 'Trustee' may be used interchangeably]**

#### **What is a conflict of interest?**

Deacons have a duty under common law to act in the best interests of the charity they serve. Deacons, generally, should not benefit from the charity and should not be influenced by their wider interests when making decisions affecting the charity.

#### **A conflict of interest can be defined as:**

'...any situation in which a deacon's personal interests or responsibilities they owe to another body, may, or may appear to influence the deacon's decision making. Conflicts of interest arise when the interests of deacons, or 'connected persons', are incompatible or in competition with the interests of the charity. Such situations present a risk that deacons will make decisions based on these external influences, rather than the best interests of the charity.

The most common types of conflict include:

- direct financial interest – when a deacon obtains a direct financial benefit via:
  - the payment of a salary to a deacon by the charity;
  - the award of a contract to a company with which a deacon is involved; or
  - the sale of property at below market value to a deacon
- indirect financial interest – this arises when a close relative of a deacon benefits from the charity. For example:
  - the awarding of an employment contract to a person connected to the deacon; or
  - making a grant to a person connected to the deacon.
- non-financial or personal conflicts – occur where trustees receive no financial benefit, but are influenced by external factors:
  - influencing board decisions on service provision to their own advantage, perhaps because they use the charity's service themselves or care for someone who does;
  - to gain some other intangible benefit or kudos; or
  - awarding contracts to friends.
- conflicts of loyalties –

This is when another appointment or employment or association (of the Trustee or of a close relative or friend) may potentially influence the decisions of the Deacon in directions which may not be in the best interest of Ararat. It is expected that other charity roles, particularly as Deacon or employee, should be declared.

Ultimately, it is not possible to define all the circumstances which may lead to a potential conflict of interest. It is the responsibility of each individual Deacon to declare any matters which he or she feels may present actual or potential conflicts, or the perception of such conflicts. If in doubt, it is better to make a declaration so that any potential conflict can be managed appropriately

It is, therefore, essential that all deacons are fully aware of their duties and responsibilities and that when acting as a deacon they must act in the best interests of the charity alone. The interests of the beneficiaries and those of the charity will – for the most part – be consistent or complementary, but on the occasions where a conflict does arise, the responsibility of all the deacons is to the charity. This includes any access that all deacons may gain to confidential or privileged information by virtue of their trusteeship. All deacons should remain alert to the fact that whatever information they acquire in their role should remain confidential and not be used to the advantage of themselves, an external individual, or entity.

Occasionally there may be cases where an apparent conflict is actually in the organisation's best interests. While the trustees may well act with integrity, the mere appearance of a conflict can be damaging to both the charity and the trustees, so conflicts need to be managed effectively. When considering how a situation may be perceived, a simple rule of thumb might be to ask: how could this be portrayed in the media?

### **Identifying potential conflicts of interest**

By asking deacons to declare their interests and keeping a register of such interests, organisations can monitor potential conflicts of interests on a continuous basis. A policy on the management of conflicts of interest will inform deacons how any conflict will be dealt with and provide a framework for them when conflicts arise.

A key means of preventing conflicts of interest from affecting decision making is to identify potential conflicts in advance. This gives deacons time to consider the implications and to respond appropriately. To ensure that deacons remain in an optimal position to manage any real or perceived conflict, it should be standard practice to ask for any such declarations at the start of each trustee meeting.

### **Handling conflicts of interests**

The majority of deacons have a multiplicity of interests, personal, domestic and professional that may, on occasion, compete with those of the charity. It is almost impossible to avoid conflicts altogether, particularly in the context of charities seeking to appoint deacons with

skills and experience gained in the wider economic community. If conflicts cannot be avoided, they need to be managed effectively.

The declaration of conflicts of interest will be a standing item on the agenda of deacons and Operations Team meetings, encouraging Deacons to consider whether any items on the agenda where there may be a conflict between the organisations' best interests and the Deacon's best interests or a conflict between the best interests of two organisations with which the Deacon is involved.

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

- Any Deacon who has a financial interest in a matter under discussion must declare the nature of their interest and withdraw from the discussion.
- If a Deacon 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 discussion.
- If a Deacon 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, if this is acceptable to the chair of the meeting, remain in the room, participate in the discussion, and vote if they wish.

If in doubt, the potential conflict must be declared anyway and clarification sought. Records will be kept of all such discussions.

When the employment of staff members is being considered, the Deacons must ensure that all those involved in the appointments process, and any discussions or decision-making pertaining to that appointment, are without any conflict of loyalty or appearance of bias. Similarly anyone with a conflict of loyalty or appearance of bias must not be involved in any appraisal, investigation of performance issues, or disciplinary action in connection with that staff member.

### **Declaration of interests**

Potential and new trustees should be informed that they will be expected to declare their interests on appointment and subsequently, when they arise. They should also be provided with a copy of this policy, preferably before appointment. If the potential trustee is concerned about a possible conflict of interest, they should view the policy and discuss the matter with the charity secretary/governance professional before agreeing to take up the position.

On appointment, trustees should be asked to complete a declaration of interests. New trustees may be uncertain as to what comes under this heading (in which case they should consult the church secretary(s), but as they gain more experience on the diaconate, their understanding of exactly what constitutes a potential conflict will develop. The declaration

of interests needs to be updated when material changes occur, and reviewed on a regular basis – at least annually.

When asking trustees to complete a declaration of interests, the following areas should be considered:

- employment;
- any previous employment in which the trustee still has a financial, or other, interest;
- any other appointments (voluntary or otherwise) e.g. trusteeships, directorships, local authority membership, tribunals;
- professional and organisational membership;
- membership of any special interest groups;
- investments in unlisted companies, partnerships and other forms of business;
- major shareholdings
- gifts or hospitality offered to the trustee by external bodies and whether these were declined or accepted;
- family connections where relevant, such as the trustee's spouse/partner working for a similar organisation or a funder;
- using, or caring for a user of, the organisation's services; and
- any contractual relationship between the trustee or a connected person and the charity or its subsidiary.

The level of detail required in the register may depend on:

- the size and culture of the organisation;
- the likelihood of a conflict arising; and
- the potential damage that could be caused by a conflict.

All charities and not-for-profit organisations are accountable to a range of stakeholders and should consider conflicts of interest carefully. Those working in sensitive areas, involved with large sums of money, or subject to a high level of scrutiny, may need to be extra vigilant. Organisations will need to find a balance between accountability and unwarranted intrusion into the affairs of their trustees.

### **Register of interests**

The completed declarations should be returned to the church secretary (s), who will be responsible for keeping the register of interests up to date. Ararat will ensure that the register of interests is kept as a confidential document, to be maintained and monitored by the church secretary(s)

When a conflict of interest does arise, it is the responsibility of the trustee in question to declare such a conflict to the board. If he or she fails to do so, the chair of the trustees should declare the conflict. It is advisable at the start of committee meetings to request the declaration of any interests in relation to any item covered on the meeting agenda, ensuring that appropriate action can be taken and formal records made.

## **Dangers of conflicts of interest**

If trustees allow factors such as other external interests to influence their decision making, they may make decisions that are not in the charity's best interest. This could be costly to them and damage the work and reputation of the charity. The most common dangers arising out of a conflict of interest are:

- poor decision making;
- legal challenge;
- loss of trust within the Charity; and
- reputational damage, including a reduction in donations, volunteers and public support.

Trustees acting outside the terms of their governing document, without permission from the courts or the Charity Commission, will be in breach of trust. Relief from such breaches, however, may be available to those where the breach occurs even though the trustees have acted as reasonable and 'prudent people of business', seeking and following appropriate professional advice.

A breach of trust will occur if a trustee knowingly accepts a benefit from the charity without proper authority. Such authority may come from legislation, the Charity Commission, the courts, or the charity's governing document. If the transaction is challenged (e.g. by the Charity Commission or another interested party) and found to be invalid, the trustee could be required to pay back any benefit received, or become liable for any loss incurred by the charity

## **Governance**

Within the Diaconate itself, poorly managed conflicts of interest will harm working relationships, adversely affecting free discussion. Where a trustee is known to have an interest in a decision, the remaining trustees may feel under pressure, whether express, implied or simply imagined, to decide in the interests of their fellow trustee. Alternatively, they may resent the interest of the other trustee and vote against it, even when following the trustee's interest may be the best course of action for the charity. In both cases, the trustees' primary consideration has been a trustee's interest, not that of the charity. Developing and applying a conflicts of interest policy is therefore key to managing such conflicts in an open and transparent manner.

Even where the diaconate is able to make decisions free of these emotional influences, they may feel uncomfortable speaking against the trustee's interests in a trustee meeting, or lose confidence in the ability of the trustee in question to make decisions free of external influence. Such problems may undermine the diaconate's ability to function effectively as a decision-making group.

Where the diaconate is presented with a conflict of interest, the interest should be declared and the trustee(s) involved should remove themselves from the discussion of the issue on which they are conflicted. The chair needs to be mindful of the effect which trustees recusing themselves from the discussion will have on the quorum. The conflict and

action taken to manage it should be recorded in the minutes. Where the trustee has withdrawn from the meeting, steps should be taken to ensure that any details of the discussion relating to the conflict of interest are not divulged.

### **Adverse publicity**

Even where trustees have acted in the best interests of the charity, those outside the diaconate may gain an impression, or mere suspicion, that the trustees acted in their own interest. Accurate or otherwise, such an impression could damage the reputation of the charity and trustees.

Such publicity may be so adverse that it demands a response from the charity, for example because of interest from the media, a funder or regulator. The charity will then need to invest time and energy in justifying its actions and defending its reputation, deflecting resources and attention from its objectives.

### **Data protection**

The information held on a voluntary register of interests is subject to the provisions of the Data Protection Act 2018, which incorporates the EU General Data Protection Regulation (GDPR).

October 2024

## ARARAT BAPTIST CHURCH

### Trustee Declaration of Interests Form

I, \_\_\_\_\_ as a Trustee of Ararat Baptist Church, Plas Treoda, Whitchurch Cardiff, CF14 1PT (Charity number 1132808) have set out below my interests in accordance with the organisations conflicts of interests’ policy

**[Please give details of the interest and whether it applies to yourself or, where appropriate, a member of your immediate family, connected persons or some other close personal connection Current employment and any previous employment in which you continue to have a financial interest. Appointments (voluntary or otherwise) e.g. trusteeships, directorships, local authority membership, tribunals etc. Membership of any professional bodies, special interest groups or mutual support organisations. Investments in unlisted companies, partnerships and other forms of business, major shareholdings [charities may set a figure here, e.g. more than 1% or 5% of issued capital] and beneficial interests. Gifts or hospitality offered to you by external bodies and whether these were declined or accepted in the last 12 months. Do you use, or care for a user of the organisation’s services? Any contractual relationship with the charity or its subsidiary. Any other conflicts that are not covered by the above.]**

<b>Category</b>	<b>Please give details of the interest and whether it applies to yourself, or, where appropriate, a member of your immediate family, connected persons or some other close personal connection</b>
<b>Current employment or any previous employment in which you have a financial interest</b>	
<b>Appointments (voluntary or otherwise) e.g. trusteeships, directorships, local authority membership, tribunals etc.</b>	
<b>Membership of any professional bodies, special interest groups, mutual support organisations, or fraternal organisations</b>	
<b>Investments in any unlisted companies, partnerships and other forms of business, major shareholdings in designated companies and beneficial interests</b>	

<b>Gifts and hospitality offered to you by external bodies and whether these were accepted or declined in the last 12 months</b>	
<b>Do you use, or care for a user of the organisation's services?</b>	
<b>Any contractual relationship with the organisation?</b>	
<b>Any other conflicts of appearances of bias not covered by the above</b>	

To the best of my knowledge, the above information is complete and correct. I undertake to update as necessary the information provided, and to review the accuracy of the information on an annual basis. I give my consent for it to be used for the purposes described in the conflicts of interest policy and for no other purpose.

Signed:

Position:

Date: