



Policy Subject/Title: Employee conflict of interest policy

Policy Number: C/037

Responsible Officer: Chief Executive Officer

Related Policies / Procedures: Code of Conduct

Authorised by: Somerset Regional Council

Authorised on: 10 February 2021 effective from 31 March 2021 [Doc Id 1266870]

Amendments:

1. OBJECTIVE

To assist employees of Somerset Regional Council (Council) manage instances where their personal interests may be contrary to those of the organisation or have the capacity to conflict with the employee's duty to act in the public interest.

This Policy defines how Council will respond to breaches of the conflict of interest policy, define how to identify a conflict of interest, including how to avoid conflicts of interest; and Council's commitment to assist employees to identify and manage conflicts of interest and to foster:

- a) integrity and impartiality;
- b) promoting the public good;
- c) commitment to the system of government; and
- d) accountability and transparency.

2. BACKGROUND

On 9 September 2020, Council's Audit Committee confirmed an internal audit program for 2020 that included an internal audit of conflict of interest matters.

Internal auditors, Crowe performed the internal audit between 25 November 2020 and 29 November 2020 and reported findings in January 2021 including recommendations.

This policy has been adopted in response to those internal audit recommendations.

3. PURPOSE

Council has developed this conflict of interest policy that includes:

- Defining how to identify a conflict of interest, including how to avoid conflicts of interest;
- Recording and reporting the identified conflicts of interest;
- Managing declared conflicts of interest, including communicating the conflict of interest to key stakeholders and action taken to mitigate the risk to council of the declared conflict of interest;
- Monitoring declared conflict of interest, including ensuring the conflict of interest register is up to date; and
- How Council will respond to breaches of the conflict of interest policy.

4. SCOPE

This policy applies to all employees as defined below.

5. POLICY

Definitions

Conflict of Interest - A conflict of interest involves a potential, perceived or actual conflict between an employee's official duties and responsibilities in serving the public interest and their private interests. A conflict of interest can arise from avoiding personal losses as well as gaining a personal advantage - whether financial or otherwise. This includes advantages to relatives, friends and business associates. A conflict of interest can occur when an employee has, or is seen to have, a private

interest, either pecuniary or non-pecuniary, which interferes, or may appear to interfere, with the discharge of the employee's duties.

Types of conflict of interest include:

- An actual conflict of interest exists where the actions of an employee, at the present time, could be influenced by the employee's private interests.
- A perceived conflict arises where it appears that decisions that an employee makes in the course of their employment may be influenced by the employee's private interests, whether or not this is in fact the case.
- If an employee is employed in a role where their future decision making may be influenced by their private interests, the employee has a potential conflict of interest.

Employee means all employees of Council, whether employed on a permanent, temporary, or part- time basis.

Interest means anything that can have an impact on an individual or group. It includes anything that can bring a benefit or disadvantage to an employee, or others an individual may wish to benefit or disadvantage.

Interests may be pecuniary or non-pecuniary:

Non-pecuniary interest - do not have a financial component but may arise from personal or family relationships or involvement in sporting, social, community or cultural activities. They include any tendency toward favour or prejudice resulting from friendship, animosity or other personal involvement that could bias an employee's judgment or decisions.

Pecuniary interest - involves an actual or potential financial gain or loss. It may result from the employee or related party owning property, holding shares or a position in a company bidding for government work, accepting gifts or hospitality, or receiving an income from a second job. Money does not have to change hands for an interest to be pecuniary.

Personal interests - personal, professional (other than Council) or business interests that can benefit or disadvantage employees, or others an individual may wish to benefit or disadvantage. They also include the personal, professional and business interests of individuals or groups with whom employees associate. Private interests include a wide range of external activities including financial and economic interests, family or private businesses and interest groups and involvement in other employment.

Public interest - the collective interest of the entire community, not the sum of individual interests nor the interest of a particular group.

Policy Statement

Council is committed to ensuring that the conduct of all employees is beyond reproach and that appropriate processes are in place to assist employees to act impartially and in accordance with the public interest at all times. This accords with Section 6 of the Public Sector Ethics Act 1994 which establishes that the primary obligation of a government employee is to always act in the public interest.

All employees must place the public interest above their private or personal interests when carrying out their official duties. Employees achieve this by, among other things:

- Carrying out official duties in accordance with the ethical and local government

legislative principles as outlined in the Somerset Regional Council Employee Code of Conduct;

- Assessing their private and personal interests as to whether they conflict, or have the potential to conflict, with their employment at Council;
- Proactively identifying and declaring any conflicts of interest;
- Avoiding, where possible, situations that may give rise to a conflict of interest;
- Managing conflicts of interest in accordance with any agreed resolution or management plan; and
- Notifying Council of any change in circumstances that may impact on a conflict of interest.

Directors, Managers and Supervisors must:

- Encourage a culture of disclosure;
- Model compliance and appropriate behaviour in relation to Council's conflict of interest policy;
- Educate employees about Council's conflict of interest policy and procedure;
- Regularly remind employees of the obligation to identify and declare any conflict of interest;
- Work together with employees to manage and resolve conflicts of interest;
- Monitor the work of employees and the risks to which they are exposed in order to develop adequate controls to minimise conflicts occurring;
- Monitor employees in adhering to agreed conditions in any agreed resolution or management plan;
- Keep conflict of interest declarations confidential with the exception of gifts received for which a viewable central register will be kept;
- Recording and reporting the identified conflicts of interest;
- Take appropriate action in circumstances where employees do not appear to have responded to the obligation of working in the public interest and where there are continuing unresolved conflicts of interest;
- Managing declared conflicts of interest, including communicating the conflict of interest to key stakeholders and action taken to mitigate the risk to council of the declared conflict of interest; and
- Monitoring declared conflict of interest, including ensuring the conflict of interest register is up to date.

Handling Conflicts of Interest

In the course of their duties, officers must not give preference to any person, organisation or interest, whether pecuniary, commercial, political, religious or other, as a result of any private association with that person, organisation or interest.

Immediately on becoming aware that a conflict between private interests and official duty has, or is likely to arise, officers must disclose such details in writing to the Chief Executive Officer on the prescribed form.

Such disclosures should automatically be made by officers engaged in regulatory, inspectorial or other discretionary functions when dealing with relatives, close friends or business acquaintances.

On receipt of a disclosure, the Chief Executive Officer will determine the extent of any conflict of interest and direct the action required to resolve the conflict. Failure to comply with the Chief Executive Officer's direction may make the officer liable to disciplinary action and/or dismissal.

At any time, an officer who is uncertain whether a conflict of interest exists should seek direction from the Chief Executive Officer.

The format of the conflict of interest register shall be determined by the Chief Executive Officer

6. DATE OF RESOLUTION

This policy was approved by the Chief Executive Office and adopted by the Somerset Regional Council at the Ordinary Meeting of 10 February 2021 with effect from 31 March 2021.

A handwritten signature in black ink, consisting of a stylized 'S' followed by a horizontal line.

Signed:

Date: 10 February 2021