



Conflict of Interest and Related Party Transactions Policy

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DOCUMENT VERSION

Date	Comments
12 August 2017	Conflict of Interest Policy approved by MC.
15 February 2020	Conflict of Interest Policy approved by Board
21 August 2021	Related Transactions additions approved by Board
26 February 2022	Conflict of Interest Policy separated between Friends of Femili PNG and Femili PNG
25 February 2023	Conflict of interest sections from HR Manual incorporated into this Policy

POLICY AMENDMENTS

This is a working document and subject to amendment. This Policy will be available in English only.

Any suggestions about this Policy should be directed to the Chief Executive Officer/Senior Social Worker (CEO/SSW) or any member of Femili PNG's Executive Management Committee (EMC) so changes can be considered. When suggestions are made, the matter will be raised with the EMC for consideration. Any amendments or changes to the Policy will be submitted to the Board for endorsement.

The Admin HR and/or Development Adviser are responsible for maintaining this document; including updating confirmed changes, informing staff of the changes, and disseminating the latest version across the organisation.

Any changes or amendments involve the following steps:

- Updating the Document Version table at the top of this page;
- Updating the relevant provision in this manual;
- Replacing the updated version of the manual eg. shared drives, website;
- Printing a hard copy of the updated manual for the office;
- Communicating the changes to all staff; and
- Archiving the old version of manual.

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1. Purpose

Femili PNG is committed to high standards of ethical conduct and accordingly places great importance on making clear any existing or potential conflicts of interest and related party transactions. The purpose of this policy is to help Board members, staff, volunteers and contractors effectively identify, disclose and manage any actual, potential or perceived conflicts of interest in order to protect the integrity of Femili PNG and manage risks. This policy also outlines procedures to ensure that related party transactions are disclosed and managed, and any conflicts of interest that may arise are appropriately managed.

Femili PNG aims to ensure that Board members, staff, volunteers and contractors are aware of their obligations to disclose any conflicts of interest that they may have, and to comply with this policy to ensure they effectively manage those conflicts of interest as representatives of Femili PNG.

2. Scope

This policy applies to all Femili PNG Board members, staff, volunteers and contractors but, for simplicity, will refer to Board and staff members.

3. Definition of conflicts of interest

A conflict of interest occurs when a person's personal interests conflict with their responsibility to act in the best interests of the organisation. Personal interests include direct interests as well as those of family, friends, or other organisations a person may be involved with or have an interest in (for example, as a business owner or investor). It also includes a conflict between a Board or staff member's duty to Femili PNG and another duty that the Board or staff member has (for example, to another organisation). A conflict of interest may be actual, potential or perceived and may be financial or non-financial.

These situations present the risk that a person will make a decision based on, or affected by, these influences, rather than in the best interests of the organisation, and must be managed accordingly.

4. Definition of related party transactions

Related parties and related party transactions are defined under *Australian Accounting Standard Board (AASB) 124 Related Party Disclosures*. Femili PNG and Friends of Femili PNG are related parties under AASB 124.

Related party transactions is a transfer of resources, services or obligation between a reporting entity and a related party.

5. Policy

Conflicts of interests may occur if an interest or activity influences, or appears to influence, the ability of a Board or staff member to exercise objectivity. This policy has been developed because conflicts of interest commonly arise, and do not need to present a problem to the organisation if they are openly and effectively managed.

It is the policy of Femili PNG, and the responsibility of the Board and staff, to make clear any ethical, legal, financial or other conflicts of interest. All such conflicts of interest shall be declared by the Board or staff member concerned and documented in the Register of Interests in Annex A.

Femili PNG will manage conflicts of interests by requiring Board and staff members to:

- Avoid conflicts of interests where possible;
- Identify and disclose any conflicts of interest;
- Carefully manage any conflicts of interests;
- Respond to any breaches;
- Not initiate or take part in Board discussions or staff meetings on topics where conflicts of interest exist unless invited to do so by unanimous agreement by other members present; and
- Not vote on matters where there are conflicts of interest.

Conflict of interest may arise in related party transactions. Femili PNG will manage any related party transactions according to clear procedures with an emphasis on disclosure, and in a transparent and accountable manner. Femili PNG will undertake responsible financial management.

5.1 Responsibility of the Board and Executive Management Committee (EMC)

The Board and EMC is responsible for:

- establishing a system for identifying, disclosing and managing conflicts of interest and related party transactions across the organisation;
- acting honestly and fairly in the best interests of Femili PNG and not misusing their positions;
- monitoring compliance with this policy; and
- periodically reviewing this policy to ensure that the policy is operating effectively.

5.2 Identification and disclosure of conflicts of interests and related party transactions

Board members shall declare any conflicts of interest of which they become aware either at the start of the Board meeting concerned or when a relevant issue arises. The nature of this conflict of interest should be entered into the meeting minutes. The interest should also be documented in the Register of Interests.

The Board Register of Interests will be maintained by the Femili PNG CEO/SSW. The Register of Interests records information related to a conflict of interest including the nature and extent of the conflict of interest and any steps taken to address it.

Staff can declare a conflict of interest at any time, by raising it with their supervisor, their Operations Director, any EMC members, or the CEO/SSW. The conflict is reported to the EMC, and a separate Register of Interests is maintained for staff, contractors and volunteers, also noting the nature and extent of the conflict of interest and any steps taken to address it.

Practical examples of real, potential or perceived staff conflicts of interest could include (but not limited to):

- a situation where a Femili PNG staff member is in a position to gain personally from a transaction in which Femili PNG is entering. For example, if Femili PNG is considering entering into a contract with a supplier and a relative of Femili PNG staff member works for that supplier, or if Femili PNG is considering renting a property from a person who is a relative of Femili PNG member

- in the context of dealing with a particular client. The staff member's first responsibility is the wellbeing of the client through case management and the reputation of Femili PNG, and any potential conflict of interest must be discussed with the SSW/CEO.
- if staff members find themselves in a position of influence in a matter directly related to the management of a partnership between Femili PNG and another party, eg, by becoming a Board member of a partner organisation. Staff should declare this conflict of interest to the SSW/CEO so that an appropriate approach can be arrived at for managing the conflict.
- personnel should not seek to receive any personal or "indirect" benefit from the case management activities or business dealings Femili PNG is involved in as representatives of Femili PNG.

Related party transactions are registered by the Friends of Femili PNG Finance and Administration Officer on the Related Party Register. These transactions include transfers between Friends of Femili PNG and Femili PNG.

5.3 Confidentially of disclosures

Only the following people will have access to the information relating to conflicts of interest disclosed by Board and staff members:

- Board members and Board observers; and
- the Femili PNG Executive Management Committee.

6. Action required for management of conflicts of interest

6.1 Conflicts of interests of Board members

Once the conflict of interest has been appropriately disclosed, the Board (excluding the Board member disclosing and any other conflicted Board member) must decide whether or not those conflicted Board members should:

- vote on the matter (this is a minimum);
- participate in any debate; and
- be present in the room during the debate and the voting.

In exceptional circumstances, such as where a conflict is very significant or likely to prevent a Board member from regularly participating in discussions, it may be worth the Board considering whether it is appropriate for the conflicted person to resign from the Board.

6.2 Conflicts of interests of staff

It is the responsibility of all staff to disclose any real, potential or perceived conflicts of interest to their supervisor, a member of EMC or the CEO. If a staff member is not sure whether they are in a situation of conflict, they should discuss the matter with their supervisor, and EMC member or the CEO/SSW.

It is expected that Femili PNG personnel will, in carrying out their duties:

- Prioritise the financial interest of Femili PNG which, is to deliver an effective and efficient services to the survivors of the family and sexual violence.

- Put the needs of Femili PNG clients ahead of their own when engaged in their daily work.
- Put the overall interests of Femili PNG ahead of their own personal interests when making any decisions, exercising judgment, or taking action in their daily work.
- Be honest, faithful and exhibit integrity when dealing with amounts of money on behalf of Femili PNG.
- Not intentionally take any action that would harm the reputation, functioning, or success of any Femili PNG program. Each member is a representative of Femili PNG and as such must display and continue to develop appropriate, professional behaviour during official working hours and also after working hours.
- Not benefit directly or indirectly from the business dealings they are involved in as representatives of Femili PNG.

There is no assumed guilt with the disclosure of information regarding actual or potential conflicts of interest. The disclosure is meant as a means of protecting the individual from being accused in the future regarding their conduct and/or any breach of the Code of Conduct.

6.2 What should be considered when deciding what action to take

In deciding what approach to take, the Board and EMC will consider:

- whether the conflict needs to be avoided or simply documented;
- whether the conflict will realistically impair the disclosing person's capacity to impartially participate in decision-making;
- alternative options to avoid the conflict;
- the organisation's objects and resources; and
- the possibility of creating an appearance of improper conduct that might impair confidence in, or the reputation of, the organisation.

The approval of any action requires the agreement of at least a majority of the Board (excluding any conflicted Board member/s) or EMC who are present and voting at the meeting. The action and result of the voting will be recorded in the minutes of the meeting and in the Register of Interests.

7. Related Party Transaction Procedures

Related party transactions details are recorded appropriately to ensure the transparency and integrity of its financial reporting. Board Members, staff, volunteers and their family members will declare any related party transactions.

The following procedures will apply to related party transactions:

- EMC to approve and fully document any transfers between Femili PNG and Friends of Femili PNG.
- Related parties to act in accordance with the conflict of interest provisions.

8. Compliance with policy

If the Board or EMC has a reason to believe that a person subject to the policy has failed to comply with it, they will investigate the circumstances.

If it is found that this person has failed to disclose a conflict of interest, the Board or EMC may take action against them, ensuring due process is followed. This may include seeking to terminate their relationship with the organisation.

If a person suspects that a Board or staff member has failed to disclose a conflict of interest, they must discuss with the person in question and notify the other Board members, their supervisor, any EMC members or the CEO in the case of staff.

- Board