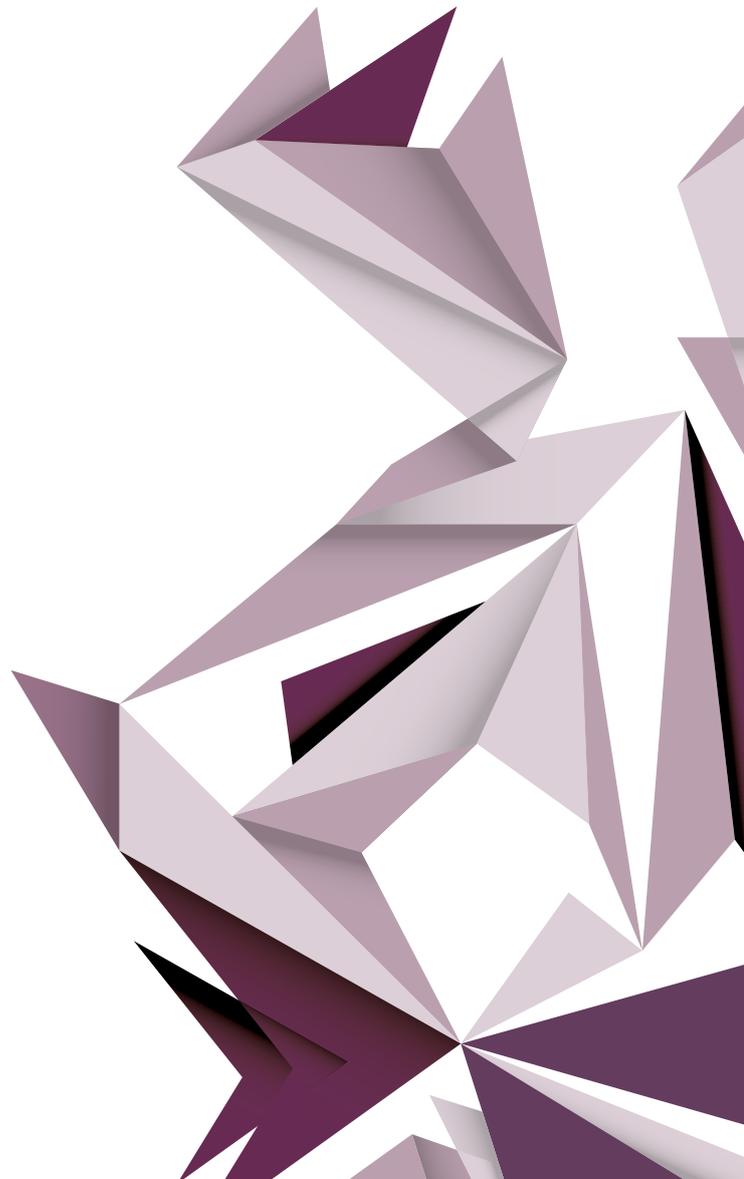


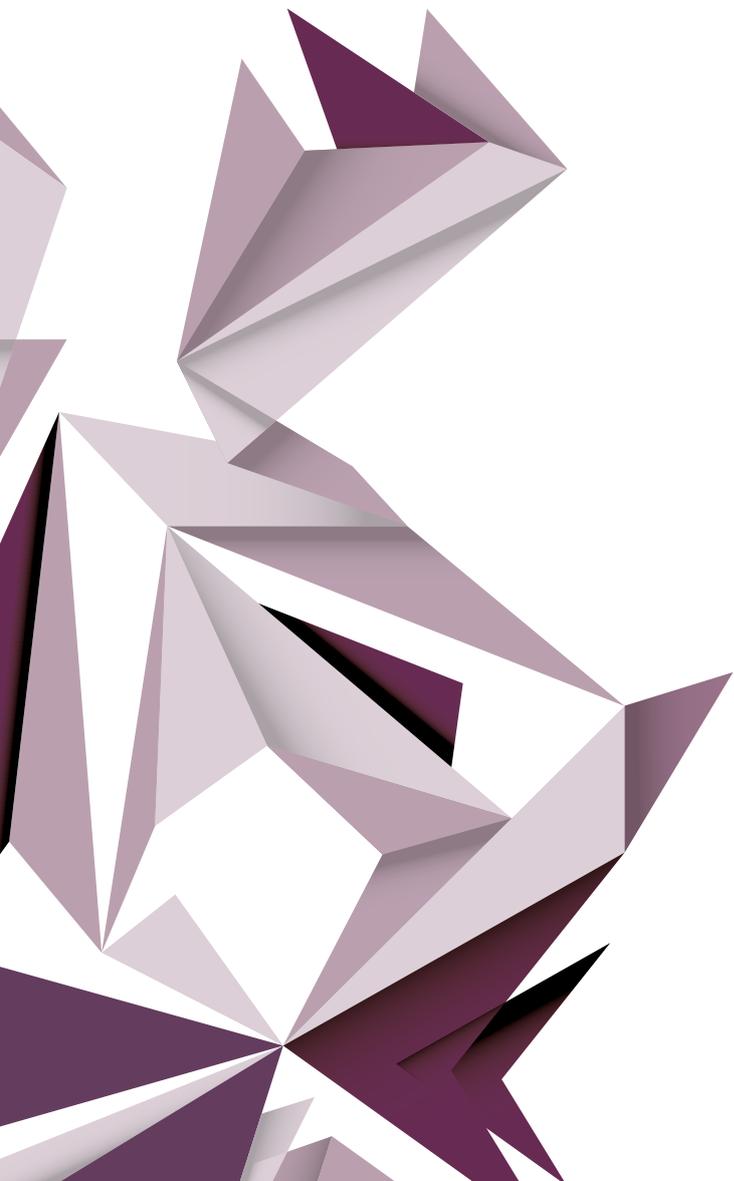


Northern Ireland Audit Office

# Conflicts of Interest

## A Good Practice Guide







Northern Ireland Audit Office

# Conflicts of Interest A Good Practice Guide

Published March 2015

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This report has been prepared under Article 8 of the Audit (Northern Ireland) Order 1987 for presentation to the Northern Ireland Assembly in accordance with Article 11 of the Act.

K J Donnelly  
Comptroller and Auditor General

Northern Ireland Audit Office  
March 2015

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# Part One:

## Introduction

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# Part One: Introduction

- 1.1 The primary responsibility of public bodies is to serve the public interest. Staff and Board members of public bodies must discharge their duties in a manner that is seen to be honest, fair and unbiased. In an age where all sectors of society are increasingly well-informed, there is growing pressure for more transparent and unbiased public decision-making. Consequently, public bodies must ensure that conflicts of interest are identified and managed in a way that safeguards the integrity of staff and Board members and maximises public confidence in the organisation's ability to deliver public services properly. Many public bodies have policies and codes of conduct for staff and Board members on recognising situations where conflicts may arise, and the action to take where this is the case.
- 1.2 This Guide seeks to provide clear and simple advice, which is relevant throughout the public sector in Northern Ireland, for staff drafting and implementing conflict of interest policies. It should also help Board members and staff in key positions to recognise when they have a conflict of interest and how they should act when such a situation arises. The Guide includes examples of good practice, as well as case illustrations of all types of conflicts of interests with the associated problems and possible solutions.
- 1.3 The main aim of the guide is to promote high standards in public life and especially to follow the key characteristics of propriety as defined in the 'Seven Principles of Public Life'<sup>1</sup> known as the Nolan Principles. These seven principles underpinning public life are: Selflessness; Integrity; Objectivity; Accountability; Openness; Honesty; and Leadership. A key observation in the tenth report by the Committee on Standards in Public Life states 'the Registration and Declaration of Interests by public office holders that may constitute or may be perceived to constitute a conflict of interest is one of the cornerstones of probity in public life. The resolution of such conflicts of interest brings together all the aspects of the Seven Principles of Public Life'<sup>2</sup>.
- 1.4 The Guide will also help to avoid any potential reputational damage to public bodies and individuals and to educate organisations on how to manage the interests of staff and Board members. This is essential as new instances of issues surrounding conflicts of interests in organisations are being identified all the time, in both the public and private sector.

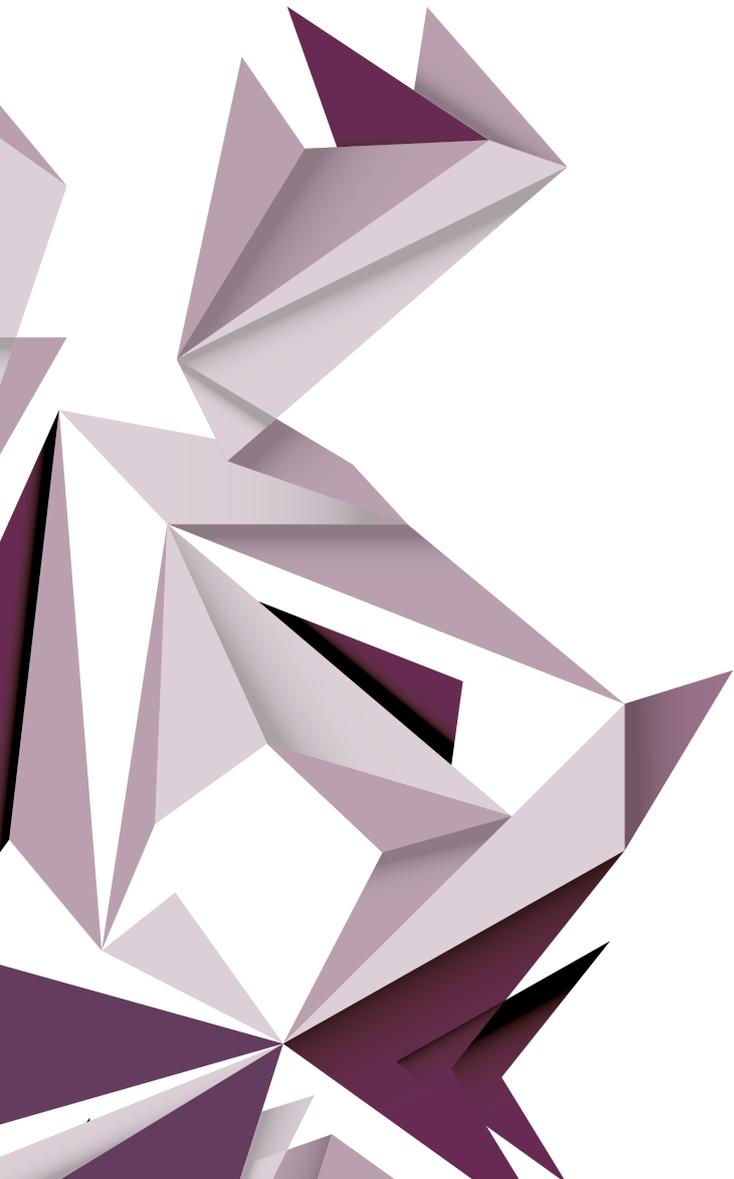
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1 The Nolan Principles- The 'Seven Principles of Public Life' by the Committee on Standards in Public Life, published 31 May 1995

2 Getting the Balance Right – Implementing Standards of Conduct in Public Life, the Committee on Standards in Public Life, January 2005

## What this guide covers

- recognising a conflict of interest;
- types of conflicts of interest; and
- dealing with conflicts of interest.



# Part Two:

## Recognising a Conflict of Interest

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## Part Two: Recognising a Conflict of Interest

### Definition of a conflict of interest

- 2.1 At its most basic, a conflict of interest arises when an individual has two different interests that overlap. This Guide uses a broad definition<sup>3</sup> that is applicable across the public sector and is relevant to public officials 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.”*

- 2.2 A conflict of interest can also be perceived.
- 2.3 A **perceived** conflict of interest exists where it could be perceived, or appears, that private-capacity interests could improperly influence the performance of a public official 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.
- 2.4 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.

### Whose interest?

- 2.5 The interest in question need not be that of the public official or Board member themselves. It can also include the interests of close relatives or friends and associates who have the potential to influence the public official or Board member’s behaviour.
- 2.6 As a benchmark 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.
- 2.7 A ‘friend or associate’ should be considered as someone with whom the individual has a longstanding and/or close relationship, socialises with regularly or has had dealings with which may create a conflict of interest.

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3 Managing Conflict of Interest in the Public Sector – A toolkit, Organisation for Economic Co-operation and Development, September 2005

## Is a conflict of interest always wrong?

- 2.8 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 (see Part 4).

## What are the risks to an organisation?

- 2.9 Actual, potential or perceived conflicts of interest can lead to doubt about the integrity of a public official or Board member and can impact on the reputation of the organisation itself. A conflict of interest that is concealed, even if unintentionally through ignorance of 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 individuals losing their jobs.
- 2.10 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<sup>4</sup>, which underpin public life, are also at risk of being breached if a conflict of interest is not identified and managed correctly.

## How do I recognise a conflict of interest?

- 2.11 The checklist at Figure 1 can be used to help in determining if an actual, potential or perceived conflict of interest exists.

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4 The Nolan Principles- The 'Seven Principles of Public Life' by the Committee on Standards in Public Life, published 31 May 1995

## Part Two: Recognising a Conflict of Interest

Figure 1: Checklist for public officials and Board members

**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<sup>5</sup>.**



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?

<sup>5</sup> Managing Conflicts of Interest in the Public Sector- toolkit, Independent Commission Against Corruption and Crime and Misconduct Commission (Queensland), Sydney and Brisbane, 2004

# Part Three:

## Types of Conflicts of Interest

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## Part Three: Types of Conflicts of Interest

- 3.1 This section includes case examples which demonstrate some of the most common types of interests that can give rise to a conflict. Some conflicts of interest are relatively easy to identify and manage, others are more difficult and complicated. In areas where conflicts of interest are more common, extra controls should be in place.
- 3.2 It should be noted that these are not actual examples but illustrations of the type of conflicts that may arise.

### **Direct financial gain or benefit to the individual, a relative or close friend**

- 3.3 A conflict of interest can occur when an individual has the opportunity to use their position for personal financial gain.

#### **Case 1:**

A Government body regularly purchases land for development. The body has employed an official to contribute specialist advice on its land and property strategy and she is regularly involved in property transactions. It is known by colleagues that this employee has significant personal landholdings.

#### **What is the problem?**

The official never made a declaration of land holdings and there is no evidence to suggest the body asked for any further detail from the official concerned. As the body has a very active role in purchasing land across the country, it is imperative that it knows the size and location of landholdings held by its employees and officials. This issue has the potential to be a perceived conflict as the employee and official could sell her own land to the body for an inflated price or indeed gain financially if she is aware of development in particular areas.

#### **What would be a possible solution?**

Staff should be asked to identify all interests (including any relevant land and property holdings) in public or private organisations. The organisation should establish and document ways of mitigating any actual, potential or perceived conflicts of interest.

- 3.4 As outlined at paragraph 2.5, the interest in question need not be that of the public official themselves. It can also be that of close relatives or friends and associates who have the potential to influence the public official or Board member's behaviour, as illustrated in the following two case examples.

### Involvement in a decision that could lead to the appointment of a relative or friend

#### Case 2:

A senior official was asked to be a member of a recruitment panel for a vacancy. The applicants had been narrowed down by Human Resources and those meeting the criteria were invited for interview. Prior to the interviews, all panel members had been given copies of the interviewees' applications to provide some background information.

On sifting through the applications, the senior official realised one of the fifteen was a close relation. On informing HR, she was told she could still sit on the Panel but would have to be excused for her relation's interview.

#### **What is the problem?**

The senior official may not have been involved directly with her relation's interview but could have had some influence over the filling of the vacancy therefore still had the potential to compromise the credibility of the entire recruitment process, as well as the integrity of the recruitment panel.

#### **What would be a possible solution?**

The senior official should have withdrawn from the whole recruitment process and should not have had any involvement until the position had been offered to the successful candidate.

## Part Three: Types of Conflicts of Interest

### **Involvement in, or influencing, the award of a contract or grant where the individual is connected to an applicant**

#### **Case 3:**

An employee of an education authority was involved in the procurement exercise for a stationery contract for schools in the region, while having a brother who owned a stationery company which was tendering for the contract in question.

#### **What is the problem?**

The employee had the opportunity to provide confidential information to the company, giving it an advantage in tendering for the contract.

#### **What would be a possible solution?**

Good procurement practice requires declaration of interest at various stages of the process thus the employee should have disclosed this relationship when she became aware of the potential conflict and should not have had any further part in the procurement exercise.

- 3.5 A conflict of interest can arise where a public official has private business interests and can use their public position to benefit their private business interests. The following two case examples illustrate extremely serious conflicts of interest where individuals in public office exploited their positions to advance their own private business interests.

### **Carrying out business on behalf of the organisation with their own or a relative's company**

#### **Case 4:**

Prior to appointment, a member of the Board of a Health Trust made it clear that they had a conflict as they were a partner in an accountancy firm which produced the annual accounts for the Trust under contract. The Board member had to step out of all related discussions in respect of the accounts.

Later that year, the Trust received an audit recommendation that Finance Department records and processes needed immediate improvement. After an options paper was

drawn up, the Board was responsible for making the final decision. The chosen option was to extend the contract (which was within the original terms) with the existing accountancy firm to include services for record keeping, processing of grant claims and completing monthly management accounts. The Board member and partner of the firm was involved in this decision.

### **What is the problem?**

The Board member did not withdraw from this discussion thus creating a serious conflict of interest. There was also a threat to the integrity of the Board as this Board member would be gaining personally from a decision made in his professional role for the Trust.

### **What would be a possible solution?**

This conflict should have been discussed, in depth, during the member's appointment process and the Trust should have considered all potential conflicts and established options for managing them.

When the possibility of extending the contract with the member's accountancy firm arose he should have re-declared the interest. The Chief Executive and Board Chairman should have considered the potential conflict and excluded the member from any meeting discussing the contract to the member's accountancy firm. Furthermore the Chief Executive and Board Chairman should have documented their consideration and decision including the future involvement of the member on the Board.

## **Owning shares in or working for another business or organisation, that has dealings with the public body**

### **Case 5:**

A newly appointed Board Chairman of an NDPB had a majority share holding in a construction firm which had been successful in the award for the construction of the organisation's new headquarter building.

### **What is the problem?**

As this was a significant project for the NDPB, the Board had many discussions regarding the progress, monitoring and success of the construction project. The

## Part Three: Types of Conflicts of Interest

Chairman had disclosed the conflict and was omitted from any discussions on the matter, however this project had additional risks during the contract term and the continual absence of the Chairman could have had a detrimental impact on the effectiveness of the Board.

### **What would be a possible solution?**

As part of every appointment process, applicants should disclose all potential conflicts of interest. This significant conflict of interest should have been highlighted and the applicant should not have been appointed to the NDPB.

### **Gifts, hospitality or other benefits received**

- 3.6 A conflict of interest can arise where public officials accept the offer of gifts, hospitality or other benefits, for example from potential contractors/suppliers, as the next case example describes.

#### **Case 6:**

The Director of Finance in a local authority was offered tickets by a bank to a Six Nations rugby match. The Director would be hosted in the bank's corporate box at the stadium and was told this could provide a very worthwhile networking opportunity.

### **What is the problem?**

This was an opportunity for the bank to compromise the independence of the Director of Finance when it came to the next review of the local authority's banking contract, as it might influence his future decision.

### **What would be a possible solution?**

The offer of the tickets should have been refused and recorded in the local authority's Gifts and Hospitality register immediately.

- 3.7 Good practice guidance on some of the above risks is at **Appendix 1**.

# Part Four:

## Dealing with Conflicts of Interest

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## Part Four: Dealing with Conflicts of Interest

4.1 Conflicts of interest must be declared by public officials and Board members and managed effectively by public sector organisations to prevent them undermining the proper conduct of public business and adversely affecting an organisation's reputation. This section of the guide covers the policies that an organisation should have in place to manage conflicts of interest.

### The need for a conflicts of interest policy

4.2 An organisation's code of conduct for staff and Board members should include a section on conflicts of interest. However, there is merit in having a separate policy which underlines the importance of managing the risk of conflicts of interest properly and provides more detailed guidance for dealing with a range of scenarios. This is particularly useful if the organisation's business exposes it to particular conflict of interest risks.

4.3 A conflicts of interest policy will serve a dual purpose. It will:

- clearly set out an organisation's commitment to the effective management of conflicts of interest; and
- provide a framework for dealing with such conflicts in a consistent and transparent manner.

4.4 However, policies cannot anticipate every situation that may arise and consequently need to retain a degree of flexibility in order to allow for the exercise of judgement in individual cases. This is particularly relevant in novel or serious circumstances where a straightforward remedy may not be applicable.

4.5 An effective policy needs to strike a balance between the public interest, i.e. protecting the integrity of public decisions, and the private interests of public officials. Conflicts of interest need to be properly identified, managed and resolved in an appropriate, transparent and timely way.

4.6 Some conflicts of interest are relatively easy to identify and manage. In such cases, a policy can set out clear rules to prevent conflicts from arising in the first place, by prohibiting public officials and Board members from:

- involvement in any decision that could lead to financial gain or benefit to the 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 public official or Board member is 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.

- 4.7 Parent departments should issue guidance on conflicts of interest to organisations for which they are responsible, to ensure consistency and transparency. However, the principles underlying effective management of conflicts of interest are generic so it is important for each organisation to tailor its policy according to its structure, function, activities and the environment in which it operates.
- 4.8 It is important that all public officials and Board members are aware of their responsibility for avoiding the risk of a conflict of interest or, where this is not possible, for ensuring that it is declared and managed properly. The conflicts of interest policy must be understood and applied by all public officials and Board members. Regular induction and awareness training is essential.
- 4.9 The public body must review its conflicts of interest policy annually. The policy should also be considered by the Audit and Risk Assurance Committee in its role of reviewing governance arrangements generally.

### **Policy contents**

- 4.10 An effective conflicts of interest policy should:

- provide a definition of conflicts of interest;
- state the organisation's commitment to addressing the issue of conflicts of interest;

## Part Four: Dealing with Conflicts of Interest

- define the nature of conflict of interest risk in the organisation and set out clearly the actions or behaviours that individuals are expected to follow, or avoid, in order to minimise it;
- set out staff and Board members' obligations in relation to the conflicts of interest policy;
- set out guidance for identifying conflicts of interest that may arise and arrangements for reporting them;
- set out a process for managing conflicts of interest, including responsibilities for decision making and the decision making criteria;
- establish a mechanism for recording interests that can commonly give rise to a conflict. This mechanism should include procedures for monitoring and updating the policy and procedures where necessary; and
- set out the consequences of non-compliance with the policy, e.g. disciplinary action.

4.11 Policies should clearly define who each section applies to: some sections may apply mostly or entirely to Board members; others to officials or to specific groups of staff. Where particular types of contractors or consultants are employed, it should be clear which sections of the policy also apply to them. The Department of Regional Development has two conflicts of interest policies for all staff, one that applies to all staff and one that specifically deals with the personal/private interests of those staff involved with contracts<sup>6</sup>.

4.12 The policy should require all public officials and Board members to complete a declaration of interests form **annually**. This will allow the organisation to identify when a conflict may arise and plan how to manage it. Regularly completing the declaration reminds public officials and Board members that they must guard against conflicts that may arise as a consequence of their outside interests.

4.13 The following checklist is for organisations to help them ensure that their conflicts of interest policy and register of interests are in line with good practice.

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<sup>6</sup> Department of Regional Development Office Memorandum 2/12 & 3/12, issued 13 August 2012

## Checklist for Organisations - Policy

-  Is there a conflicts of interest policy in place?
-  Is this policy up to date?
-  Is the policy adapted to the organisation's structure, function, activities and operating environment?
-  Are staff aware of the policy and do they understand it?
-  Are declarations received from all employees and Board members on appointment?
-  Are the declarations of all employees and Board members updated annually?
-  Are all conflicts considered by management and actions to manage/mitigate the risks recorded?
-  Is an up to date Register of Interests in place for the whole organisation?
-  Is the Register regularly monitored?
-  Is the Register available for public inspection?
-  Are staff aware of the consequences if the Conflicts of Interest policy is breached?

## Part Four: Dealing with Conflicts of Interest

### Register of interests

4.14 Declaration of interest forms (see paragraph 4.12) should be compiled into a 'Register of Interests'. The register enhances transparency within the organisation and is a useful tool to help individuals and managers identify conflicts at an early stage and take the necessary steps to manage them. The register should be kept up-to-date through an annual declaration of interests process. In addition, public bodies must ensure that staff and Board members understand the requirement to declare any changes to their interests as and when they arise.

4.15 A Register of Interests should record the following information for each conflict of interest:

- the individual concerned;
- the circumstances involved;
- an assessment of the situation;
- how the matter was resolved or how the risk was reduced/eliminated; and
- any action taken by the organisation.

### Disclosing a conflict of interest

4.16 Public officials and Board members must be open and transparent about any overlap between their official role and private interests and must fully disclose any such conflict of interest to the organisation. This allows others with suitable expertise to determine whether an actual, potential or perceived conflict of interest exists, to assess its seriousness and to decide on any action needed to manage it.

4.17 In addition to the annual declaration of interests and notification of changes as they arise, conflicts of interest should also be declared where they arise in specific settings. For example, if during a Board meeting a matter arises which a Board member has an interest in, they should declare the interest before the matter is discussed, the declaration should be recorded in the minutes, and the Board should decide on the action, which may be withdrawal when the area of interest is considered or if it is a serious conflict it could lead to resignation from the Board.

4.18 A declaration of interests form should be completed as part of the appointment process for public officials and Board members. In the majority of NI Civil Service job application forms, a declaration of interests section is included, enabling the interview panel to review this information. This allows the conflict to be explored to determine how it might affect the

individual's ability to contribute effectively and impartially to the role and how the conflict may be handled following appointment. If the interview panel regards the conflict as so serious that impartiality and integrity could not be assured, the individual's application may be withdrawn.

- 4.19 In some cases, organisations seek a declaration of conflicts from Board members and public officials on appointment. The difficulty with this is that the onus for determining the conflict is then with the Board member or public official and potential conflicts of interest could be omitted.

### Declaration of interest form

- 4.20 Just as an organisation's conflicts of interests policy should be tailored to the organisation (see paragraph 4.7), it is important for each body to tailor its declaration of interest form. The type of declaration will depend on the business of the organisation, for example, disclosure of land holdings would be required for those working in Land and Property Services and disclosure of financial or other interests in companies would be required for those working in Invest NI.
- 4.21 Organisations should ensure their declaration of interests form is detailed, clear and easily understood so that the register of interests is as accurate as possible. **Appendix 2** provides a good practice example of a declaration of interests form.

### Managing conflicts of interest

- 4.22 When a conflict of interest has been identified, organisations must carefully consider what action, if any, needs to be taken to adequately avoid or mitigate the associated risks (see paragraph 2.9). The seriousness of the conflict, as well as the range of options available to handle, lessen or monitor it, must be assessed.
- 4.23 Policies and procedures cannot cover every type of situation which may occur and judgement needs to be exercised in individual cases (see paragraph 4.4). This is particularly important where the circumstances giving rise to the conflict of interest are novel or rare, or where the degree of seriousness needs to be taken into consideration.
- 4.24 While public officials or Board members are best placed to identify whether they have a conflict of interest, and are responsible for declaring it, public bodies should not rely solely on individuals. Line managers and senior personnel should always be alert for situations affecting officials or Board members that may create a conflict, particularly one that has not yet been declared.

## Part Four: Dealing with Conflicts of Interest

4.25 When an individual reports an interest, management must consider how it should be dealt with (see **Appendix 3**). Questions to be answered include:

- Could the public official/Board member's family or friends gain from his/her connection to the public body?
- How is the declared interest likely to be perceived externally?
- Could the declared personal interest damage the reputation, impartiality or integrity of the public body?
- Is there a possibility that the declared interest might influence decision making by the public official/Board member or by others?

### Action taken to manage the conflict of interest

4.26 There are different options for managing conflicts of interest. The table below outlines possible management strategies and when they might best be used.<sup>7</sup>

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<sup>7</sup> Managing Conflicts of Interest in the Public Sector- toolkit, Independent Commission Against Corruption and Crime and Misconduct Commission (Queensland), Sydney and Brisbane, 2004 (terminology adapted for local use)

Management Strategy	When most suitable	When least suitable
<p><b>Register</b></p> <p>Where details of the existence of a possible or potential conflict of interest are formally registered.</p>	<ul style="list-style-type: none"> <li>For very low-risk and potential conflict of interest.</li> <li>Where the act of transparency through recording the conflict of interest is sufficient.</li> </ul>	<ul style="list-style-type: none"> <li>The conflict of interest is more significant or higher risk.</li> <li>The potential or perceived effects of a conflict of interest on the proper performance of the public official/ Board member's duties require more proactive management.</li> </ul>
<p><b>Restrict</b></p> <p>Where restrictions are placed on the public official/Board member's involvement in the matter.</p>	<ul style="list-style-type: none"> <li>The public official/Board member can be effectively separated from parts of the activity or process.</li> <li>The conflict of interest is not likely to arise frequently.</li> </ul>	<ul style="list-style-type: none"> <li>The conflict is likely to arise more frequently.</li> <li>The public official/Board member is constantly unable to perform a number of their regular duties because of conflict of interest issues.</li> </ul>
<p><b>Recruit</b></p> <p>Where a disinterested third party is used to oversee part or all of the process that deals with the matter.</p>	<ul style="list-style-type: none"> <li>It is not feasible or desirable for the public official/Board member to remove themselves from the decision-making process.</li> <li>In small or isolated communities where the particular expertise of the public official/Board member is necessary and genuinely not easily replaced.</li> </ul>	<ul style="list-style-type: none"> <li>The conflict is serious and ongoing, rendering ad hoc recruitment of others unworkable.</li> <li>Recruitment of a third party is not appropriate for the proper handling of the matter.</li> <li>A suitable third party is unable to be sourced.</li> </ul>
<p><b>Remove</b></p> <p>Where a public official/Board member chooses to be removed from the matter.</p>	<ul style="list-style-type: none"> <li>For ongoing serious conflicts of interest where ad hoc restriction or recruitment of others is not appropriate.</li> </ul>	<ul style="list-style-type: none"> <li>The conflict of interest and its perceived or potential effects are of low risk or low significance.</li> <li>The public official/Board member is prepared to relinquish the relevant private interest rather than radically change their work responsibilities or environment.</li> </ul>
<p><b>Relinquish</b></p> <p>Where the public official/Board member relinquishes the private interest that is creating the conflict.</p>	<ul style="list-style-type: none"> <li>The public official/Board member's commitment to public duty outweighs their attachment to their private interest.</li> </ul>	<ul style="list-style-type: none"> <li>The public official/Board member is unable or unwilling, for various reasons, to relinquish the relevant private interest.</li> </ul>
<p><b>Resign</b></p> <p>Where the public official/Board member resigns from their position with the organisation.</p>	<ul style="list-style-type: none"> <li>No other options are workable.</li> <li>The public official/Board member cannot or will not relinquish their conflicting private interest and changes to their work responsibilities or environment are not feasible.</li> <li>The public official/Board member prefers this course as a matter of personal principle.</li> </ul>	<ul style="list-style-type: none"> <li>The conflict of interest and its potential or perceived effects are of low risk or low significance.</li> <li>Other options exist that are workable for the public official/ Board member and the organisation.</li> </ul>

## Part Four: Dealing with Conflicts of Interest

### Breaching a conflicts of interest policy

- 4.27 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.
- 4.28 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.

# Appendices:



## Appendix 1: Good practice guidance

(see paragraph 3.7)

### NI Civil Service conflict of interest guidelines relating to additional employment

The Northern Ireland Civil Service Staff Handbook provides guidance on conflicts of interest. The following extract deals with mitigating the conflict of *'being an employee, director, partner of another business or organisation, or pursuing a business opportunity'*:

*"If a Civil Servant wishes to undertake any work (paid or unpaid) with another Government department or other public body they must first obtain permission from their Establishment/Personnel Officer.*

*No remunerative private work of the following description may be undertaken:*

- a. work which would occupy your time or attention or render you unavailable for duty during normal official hours;*
- b. work identified in any way with the activities of a political party, group or organisation;*
- c. work of an educational, literary or scientific nature involving the use of information acquired by you in your official capacity or from official sources, except where it has previously been published, unless you have received the permission of your employing department to undertake such work;*
- d. work of a nature conflicting with your duty to your employing department or the Government generally or as a member of the Civil Service;*
- e. work which may ultimately have to be reviewed by you or any member of the Civil Service acting in an official capacity;*
- f. work, related to your function, which a Civil Servant might otherwise justifiably undertake, but which is of such a scale as to involve unfair competition with persons wholly dependent on such work for a livelihood;*
- g. work which would involve the use of the property, tools, equipment or materials of departments; and*
- h. work which is, or might be, inconsistent with your position as a public servant and may expose you or your department to public criticism."*<sup>8</sup>

8 Northern Ireland Civil Service Staff Handbook, Section 6.01, paragraph 6.1 and 6.2

## Department of Finance and Personnel (DFP) - Gifts and Hospitality Policy

Acceptance of gifts and hospitality has the potential to cause a conflict of interest. Where an organisation has a detailed code of conduct for staff and Board members, it should have a section on gifts and hospitality. It should also have a stand-alone policy which provides more detailed guidance and instructions. In Northern Ireland, DFP has issued guidance on the acceptance of gifts and hospitality which applies to all NI Civil Service departments.

*DAO (DFP) 10/06 states that, "The general principle is that all gifts offered should be refused. However, seasonal, promotional or trivial gifts.....having a value of less than £50, may be accepted by individuals without the need for these to be reported or approved in advance... More expensive or substantial items, valued at £50 or more and gifts of lottery tickets, cash, gift vouchers or gift cheques, cannot on any account be accepted. All gifts offered, even if they are declined/returned, need to be recorded in the register.. The acceptance of what would be accepted as conventional hospitality, for example working lunches, should, in the main, cause no problem, especially if there is some official means of reciprocity and provided that it is limited to isolated occasions and its acceptance is in the interests of the department/agency."*

# Appendix 2: (see paragraph 4.21) Example of Declaration of Interest Form - Invest NI

**Register of Interests:**

**Declaration by Member of Staff**

**Period: 1 January 20XX to 1 January 20XX**



Building Locally  
Competing Globally

Surname	
Forename	
Title	
Department	
Job Title	
Date of Appointment to Current Position	
Date of Appointment to Invest NI (if different)	

**Please include dates and role**

**1. Company Interests** – any relationship with a company or commercial organisation; Directorships, paid employment, consultancy; close family connection.

**2. Self employment**

**3. Land or Property Holdings** – (see page 6 of the Guidelines on Conflicts of Interest and Representation on Outside Bodies).

4. **Charities** – trusteeships, governorships or employment with any charities or voluntary organisations.

5. **Public Appointments** – remunerated or unremunerated.

6. **Memberships** – including membership of professional or external bodies, trade or other associations.

7. **Close Family Links** – specific close family interest in any of the above.

8. **Other Interests** – any other interests held by you or your close family

**I confirm that the above declaration is complete and correct to the best of my knowledge and belief. The interests I have declared include both direct and indirect interests (i.e. those of a partner, spouse or close relative) and any specific financial interests are shown.**

**Signature:** .....

**Date:** .....

**Print:** .....

## Appendix 3: Dealing with a Conflict of Interest

(see paragraph 4.25)



- Conflict of interest is identified and reported to management



- Conflict is considered and action is decided



- Action is recorded and carried out (if necessary)



- Declaration of interest form and register of interests are updated





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