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**Conflict of Interest**

Policy Guidance Note

**Governance Code for Sport**

Disclaimer

Sport Ireland is making available a range of resources including guidance notes, policy documents and templates for selected areas aligned to the Governance Code for Sport which will support sport organisations, boards, management and staff in the development of relevant governance processes and procedures particular to their own organisation.

For the avoidance of doubt, the final decision on the nature, type, extent and format of approved governance policies, procedures and processes for each organisation is a matter for the board / highest governing structure of the organisation and the resources and material provided may assist the approval process.

This document is not, nor is it intended to be, a definitive statement of the law and it does not constitute legal advice.

This document is not a substitute for professional advice from an appropriately qualified source and it is recommended that sport organisations consult their governing document or obtain their own independent legal advice where necessary. Sport Ireland does not accept any responsibility or liability for any errors, inaccuracies or omissions in this document.

**How to Use this Document**

This paper presents key considerations, areas of focus and suggestions in the area of conflicts of interest/conflicts of loyalty. In all cases the areas presented will need reflection and adaption by organisations to reflect their structures, processes and governance arrangements.

Conflict of Interests/Loyalty – Version Control

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Purpose

Your organisation relies on the input and participation of many stakeholders who interact with your organisation. In trying to achieve breadth, depth and diversity, you may also encounter conflicting interests. Conflicts of interest and loyalty exist for every organisation. However, to ensure the integrity of your organisation, undue influence or conflicts, whether at the board, committee, staff, or volunteer level, requires acknowledgement and clarity of process.

Business ethics and protection is an integral part of any organisation. It supports the principle of behaving with integrity, which is being honest, fair, and independent. This translates into an obligation to understand, declare and manage conflicts of interests and loyalties to protect and promote your organisation’s reputation. Conflicts of interest may occur when an employee/board member’s private, business, or professional interests (including that of a relative, partner, connected person, etc.) compete with his/her duties as an employee/board member in a manner that may unduly influence the proper fulfilment of his/her duty towards the organisations. A conflict of loyalty can arise where an employee/board member may be involved in decisions and maybe (or perceived to be) potentially influenced by considerations other than the organisation's best interests. All conflicts of interests and loyalties should be considered from the perspective of a reasonable person.

The following discussion provides some tips on how to establish/maintain policies and procedures pertaining to both conflicts of interests and loyalty. It is realistic to expect conflicts of interest/loyalty to exist, and therefore a robust management system specific to your needs is recommended. Failure to manage this correctly may expose you to many risks, including reputational risk. The following essential items should be considered:

* Adopt a conflict of interest/loyalty policy across the organisation (for employees and board members, stakeholders, etc.).
* Create and maintain a register of interests and consider this register at the board level, at least once a year.
* Declaration re Conflicts of Interest/Loyalty a standing Agenda Item for Board/Commitee meetings providing an opportunity for members to declare a potential interest
* Outline clear procedures for the communication and discussion of conflicts of interest/loyalty. This includes keeping a register of decision making and management of conflicts, and ensuring discharge of business at board level, if a member has to recuse.
* Scope of the policy should include all who participate in or influence your organisation decision making.
* Annual written disclosure statements are recommended in order to identify conflicts. Updates on conflicts should be notified within the year also.
* Conflicts may not preclude a member from a conversation, but an individual must leave the room, leaving enough time for the remaining decision-makers to consider and confer on the circumstances of the decision.
* Ex post-conflict disclosures, through intent or inadvertent error, are required to be brought to the organisation's attention.

Adopt a Policy

Employees

Employee guidance on conflict of interest and loyalty should be clearly defined in an employee handbook. All employees should be instructed to consult their employee handbook in relation to the particular provisions in operation for the organisation. At a minimum, it is expected that all conflicts of interests/loyalty will be declared in writing and contextualised to the impact the conflict may have on individuals carrying out their duties. A conflict of interest/loyalty may not preclude employees pursuing other business activities/interests, as long as they are performed outside their time commitment to the organisation and have received appropriate written permission. Clear guidance on post-employment expectations can help safeguard information assets that may form the basis of future conflicts.

**Board members**

The Board performs their duties as part of a collective entity, and members of the board contribute their expertise and unique insights into the collective decision making. This might happen when the board member has come onto the Board as a nominee of a particular group, and this situation may cause the board member to think that they should act in the interests of the grouping that nominated them. As discussed above, if a board member has an interest, either direct or indirect, in any contract or arrangement with any organisation or individual proposed to become involved with your organisation, they must declare their interest at a Board meeting.

Any Board member who has an interest in or connection with that individual or organisation being considered for a contract or financial or professional arrangement, either direct or indirect, must declare their interest to the Board. The Board member must make a statement and answer any questions on the issue by other Board members. Following the statement and answering of questions, the Board member may, by discretion of the majority of the rest of the Board, be asked to leave the room and not vote on the particular issue. The individual must leave the room in sufficient time to enable the group to confer and discuss. If a question arises as to whether or not a case relates to a conflict of interest of the chairperson, the Board shall decide the question.

 **Committee Members**

The process for recording declarations of conflicts of interest of the Committee members will be similar to the process at the board level. Each member of the Committee will take personal responsibility to declare any potential conflict of interest arising in relation to any items on the agenda for meetings. The Committee will specify its procedures where a conflict of interest arises in the context of a particular agenda item, including a requirement that the relevant member brings the potential conflict of interest to the attention of the chairperson and, where necessary, leaves the room for the duration of the discussion of the item and does not take part in any decisions relating to the item. Similar arrangements should apply in relation to meeting documentation, with documentation relating to the item not being made available to the member. This should be noted in the minutes of the meeting.

**Volunteers**

The above provision includes volunteer activity where someone, intentionally or otherwise, takes action, which is a conflict, and will influence the conduct of your organisation. Volunteers should be informed of your organisation’s conflict of interest policy and, where appropriate, seek the guidance of interpretation or application of your code.

Finally, It is inevitable that conflicts of interest will arise and it is important that they are managed correctly when they do. Procurement, recruitment, selection decisions and funding decisions are areas where there would be an expectation of a heightened level of control and vigilance.