

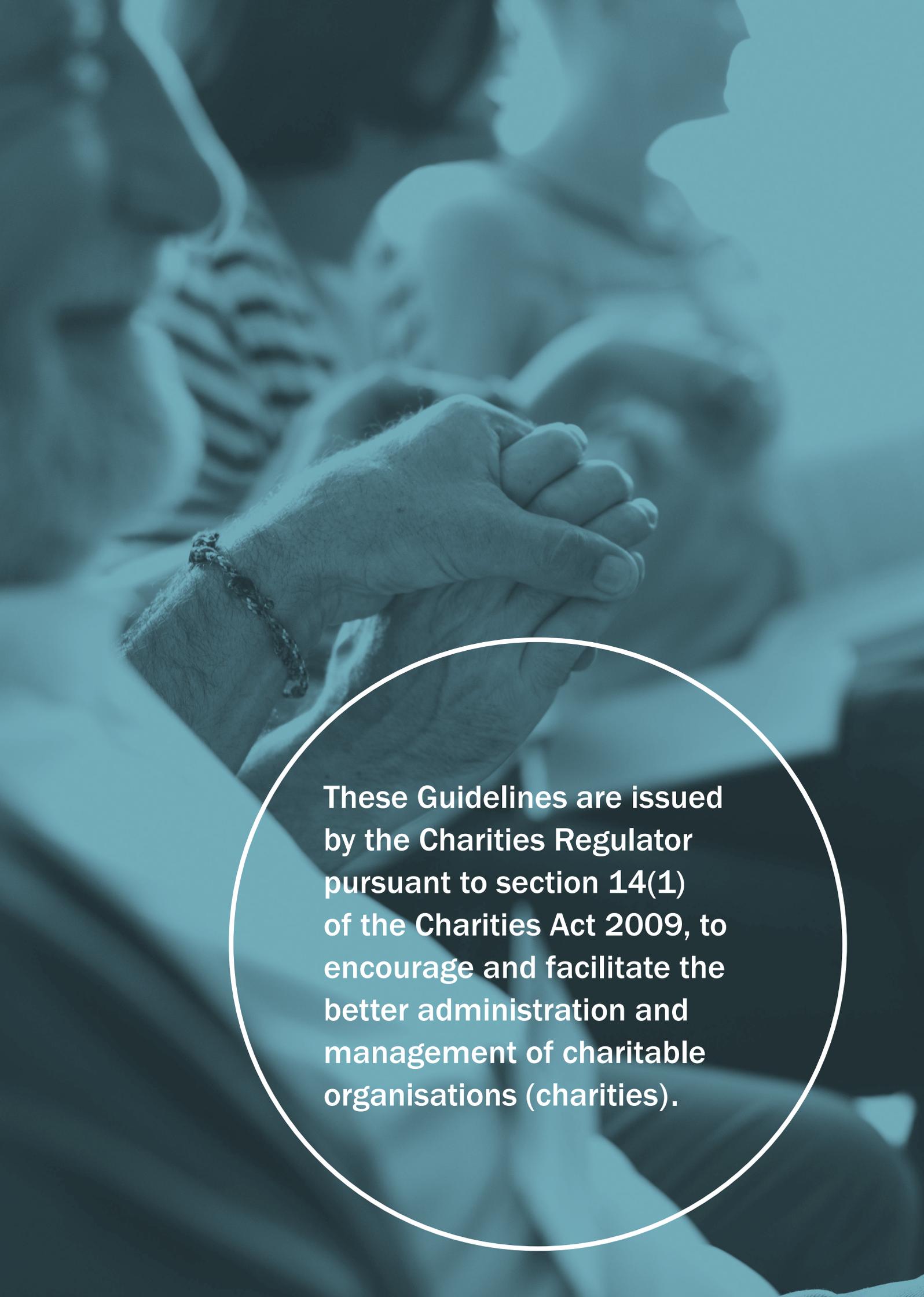


An Rialálaí  
Carthanas

Charities  
Regulator

# Managing Conflicts of Interest





**These Guidelines are issued by the Charities Regulator pursuant to section 14(1) of the Charities Act 2009, to encourage and facilitate the better administration and management of charitable organisations (charities).**

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## LEGAL DISCLAIMER

This document is intended to provide general guidance in relation to managing conflicts of interest. It is not, nor is it intended to be, a definitive statement of the law in this area. Organisations and individuals should obtain their own independent legal advice when making decisions relating to any of the matters referred to in this document.

## 1

# Introduction

**This guidance document is issued by the Charities Regulator under section 14(1)(i) of the Charities Act 2009, to assist charity trustees to effectively manage conflicts of interest that may arise during their management and control of charities.**

The Charities Regulator expects charities to be controlled and managed in a way, which protects the charity's reputation and encourages public trust and confidence in the charity, this includes the fundamental duty to act in the best interests of your charity. For more detailed information on your duties as a charity trustee, please see our 'Guidance for Charity Trustees'<sup>1</sup> which is available on our website.

This document is intended to provide support for charity trustees of small and medium size charities to manage conflicts of interest that may arise within their charity. This guidance document should also be useful to larger charities.

## 2

## What is a conflict of interest?

A conflict of interest is any situation in which a charity trustee's personal interests or loyalties could, or could be seen to, prevent the charity trustee from making a decision in the best interests of the charity. This personal interest may be direct or indirect, and can include interests of a person connected to the charity trustee. See the section below for further information on who is a 'connected person'.

## 3

## Types of conflict of interest

A conflict of interest exists when the interests of the charity conflicts with:

- > the interest of a person or organisation that appointed you as a charity trustee (an appointment conflict), or
- > your own personal or business interest in relation to that matter (a personal conflict).

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1 Available from: [www.charitiesregulator.ie](http://www.charitiesregulator.ie)

## 4

## Who is a ‘connected person’?

Section 2(2) of the Charities Act 2009<sup>2</sup> sets out what is meant by a ‘personal connection’. Persons who may be classed as a ‘connected person’ in respect of a charity trustee include:

- a parent, brother, sister, spouse, grandparent or grandchild of the individual, or a child of the spouse of the individual;
- any person the individual is in a partnership with;
- any person the individual is employed by under a contract of service;
- a body corporate if the individual has control of it, or if the individual and any of the above mentioned connected persons together have control over it.

## 5

## Why it is important that charity trustees manage conflicts appropriately?

Conflicts of interest can and do arise from time to time within charities. In reality, due to their funding structures, volunteer nature and trustee recruitment practices, charities are more susceptible to conflicts of interests than other entities.

The problem is not that conflicts of interest arise, but that they are not managed appropriately.

Failing to effectively manage conflicts of interest can negatively impact the charity in terms of governance and associated reputational risk, where a conflict interferes with a charity trustee’s actual or perceived ability to comply with his or her duty to act in the best interests of the charity.

2 Available from eISB - <http://www.irishstatutebook.ie/eli/2009/act/6/section/2/enacted/en/index.html>

**A key test to identify if a conflict of interest exists is to ask the question:**

Would a reasonable person, who was aware of the charity trustee's personal interest, believe that the charity trustee might be influenced by that personal interest when making a decision on behalf on the charity?

As a charity trustee, you should be in a position to demonstrate to the Charities Regulator that you effectively manage any conflicts of interest that arise.

It is important to remember that the board of charity trustees is collectively responsible for the oversight of the charity. As such, if you know another charity trustee is conflicted, and it is not declared, it is your duty to speak up.



## 6

# Three key stages in dealing with a conflict of interest

There are three key stages in dealing with a conflict of interest:

## 1 - IDENTIFY



- > Adopt a conflicts of interest policy
- > Know what your governing document says about conflicts of interest
- > Create and maintain a register of interests
- > Include 'conflicts of interest' as an agenda item at the beginning of all charity trustee meetings
- > Declare any potential conflict of interest as soon as you become aware of it

## 2 - MANAGE



- > Put clear procedures in place that state what should happen when a conflict of interest is identified
- > Apply the conflict of interest policy in all situations where there is a conflict or potential conflict
- > Decide if any person with a conflict of interest should be involved in any discussions or decisions about the situation
- > Ensure that decisions are taken in the charity's best interests
- > Ask yourself: Would a reasonable person, who was aware of the charity trustee's personal interest, believe that the charity trustee might be influenced by that personal interest when making a decision on behalf on the charity?
- > Ensure that your charity can still carry on its business and form a quorum, even if a number of charity trustees have to withdraw due to a conflict arising

## 3 - RECORD



- > Document any conflicts of interest and how you and the other charity trustees have managed them

# 1 - IDENTIFY



The early identification of conflicts is key to ensuring that charity trustees act only in the best interests of the charity. As a charity trustee, you should ensure that:

- > the charity has a conflicts of interest policy\* so that all of the charity trustees (and potential charity trustees) understand what could be a conflict of interest;
- > you know what the charity's governing document says about conflicts of interest;
- > the charity sets up a register of interests\*\* for all charity trustees and makes sure that it is kept up to date;
- > conflicts of interest is an agenda item\*\*\* at the beginning of all charity trustee meetings;
- > you declare any potential conflict of interest as soon as you become aware of it.

## \*Conflicts of interest policy

Charity trustees should ensure that the conflicts of interest policy they adopt meets the specific needs of their charity. For example, the policy should apply at a minimum to charity trustees, but could include key senior staff, depending on the structure of the charity and the roles and responsibilities of staff.

**Note:** Appendix A includes a template Conflicts of Interest policy.

## \*\*Register of interests

The Charities Regulator recommends that each charity establish a register of interests to record all relevant interests (actual, potential and perceived) of the charity trustees and the steps taken, if any, to manage them.

Providing details for the register of interests should be a requirement for all new charity trustees and the register should be updated annually by all charity trustees and other senior staff if applicable. While the determination of what is a relevant interest is a judgement individual charity trustees must make, the Charities Regulator recommends charity trustees adopt a prudent approach. Where a material or fundamental interest arises during the year, the charity trustee affected should provide this information for inclusion on the register of interests outside of the scheduled annual update.

Completing a register of interests should assist you and your charity to detect conflicts before they arise, giving the charity trustees time to consider how best to manage them. The conflicts of interest policy should set out how the register of interests operates.

**Note:** Appendix B has a template for a 'Register of Interests'. This template should be used as a guide only with the charity trustees adopting a register that is suitable to their charity's circumstances.

### \*\*\*Agenda item

Regular meetings of the board of charity trustees should assist charity trustees in meeting their obligations to ensure that the charity is managed and controlled effectively.

Where a conflict arises either in advance of, or during a meeting of the board of charity trustees, the individual with the potential conflict should declare it immediately to the Chairperson and Secretary of the board if possible in advance of the meeting, or to the full board of charity trustees during the meeting.

## 2 - MANAGE



Conflicts of interest will arise, therefore they need to be managed appropriately. As a charity trustee, you should:

- > ensure that the charity has clear procedures in place that state what should happen when a conflict of interest is identified. For example, the conflicted charity trustee might withdraw from the meeting or part of the meeting while the particular matter on which a conflict has arisen is dealt with;
- > where the charity has a conflict of interest policy, make sure it is applied in all situations where there is a conflict or potential conflict. The policy should also distinguish between the two different types of conflict, 'appointment conflicts' and 'personal conflicts';
- > decide if the person(s) with a conflict of interest should be involved in any discussions or decisions about the situation – if it is decided they should be involved be prepared to justify that decision;
- > where there is a conflict, make sure that decisions are taken in the charity's best interests. This should include consideration of how a reasonable person may perceive the circumstances giving rise to the conflict; and
- > ensure that your charity can still carry on its business and form a quorum even if a number of charity trustees have to withdraw due to a conflict arising.

## 3 - RECORD

Charity trustees should maintain a record that clearly documents any conflicts of interest that arise and how the trustees have managed them. This record could simply be the minutes of the meeting at which, or in advance of which, the conflict was declared. As a charity trustee, you should ensure that the written record of each conflict situation and what the charity did about it, includes:

- > what sort of conflict of interest it was;
- > which trustee or trustees were affected;
- > where applicable, the fact that any conflicts of interest were declared in advance;
- > an outline of the discussion;
- > where applicable, the fact that the person with the conflict withdrew from the discussion;
- > whether a vote was taken by you and the other charity trustees;
- > the decision arrived at by you and the other charity trustees; and
- > how you and the other charity trustees made the decision in your charity's best interests.



# Appendix A

## Conflict of Interest Policy

**[Insert name of Charity]**

### **Conflict of interest policy**

#### **1. Purpose**

The purpose of this policy is to assist charity trustees of **[insert name of charity]** to effectively identify, record and manage any conflicts of interest in order to protect the integrity of **[insert name of charity]** and to ensure that the charity trustees act in the best interest of their charity.

#### **2. Objective**

The **[insert name of charity] [board, committee of management or other governance structure as relevant]** (called the ‘board of charity trustees’ in this policy) aims to ensure that the charity trustees 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 **[insert name of charity]**.

#### **3. Scope**

This policy applies to the trustees of **[insert name of charity]**.

**[It may be appropriate for your policy to apply to other people who work within, or for, the charity, for example, senior staff members. If you include people other than the board of charity trustees, you will need to amend the policy to take this into account.]**

#### **4. Definition of conflicts of interests**

A conflict of interest is any situation in which a charity trustee’s personal interests or loyalties could, or could be seen to, prevent the charity trustee from making a decision in the best interests of the charity. This personal interest may be direct or indirect, and can include interests of a person connected to the charity trustee.

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 charity and therefore must be managed accordingly.

## 5. Policy

This policy has been developed because conflicts of interest commonly arise, and do not need to present a problem to the charity if they are openly and effectively managed. It is the policy of the **[insert name of charity]** as well as a responsibility of its charity trustees, that ethical, legal, financial or other conflicts of interest be avoided and that any such conflicts (where they do arise) do not conflict with their obligations to **[insert name of charity]**.

**[insert name of charity]** will manage conflicts of interest by requiring charity trustees to:

- avoid conflicts of interest where possible
- identify and record any conflicts of interest
- carefully manage any conflicts of interest, and
- follow this policy and respond to any breaches.

### 5.1 Responsibility of the board of charity trustees

The board is responsible for:

- establishing a system for identifying, disclosing and managing conflicts of interest across the charity;
- monitoring compliance with this policy; and
- reviewing this policy on an annual basis to ensure that the policy is operating effectively.

The charity trustees should ensure they are aware of their legal obligations in the management and control of their charity and should refer to the Charities Regulator's 'Guidance for Charity Trustees' for further information on this see the Charities Regulator website<sup>3</sup>.

### 5.2 Identification and disclosure of conflicts of interest

Once an actual, potential or perceived conflict of interest is identified, it must be entered into **[insert name of charity]**'s register of interests, as well as being raised with the board of charity trustees. The register of interests must be maintained by **[insert person/role]**, and record all information related to a conflict of interest (including the nature and extent of the conflict of interest and any steps taken to address it).

#### Confidentiality of disclosures

**[In order to support charity trustees to disclose their conflicts of interest, the level of confidentiality associated with any disclosure should be set out.]**

**Include details of who will have access to the information disclosed, such as restricting this to the board of charity trustees and the secretary to the board. It may also be necessary to provide for an alternative disclosure mechanism if additional restrictions on disclosure are required.]**

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<sup>3</sup> [www.charitiesregulator.ie](http://www.charitiesregulator.ie)

## 6. Action required for management of conflicts of interest

### 6.1 Conflicts of interest of members of the board of charity trustees

Once the conflict of interest has been appropriately disclosed, the board of charity trustees (excluding the disclosing charity trustee and any other conflicted person) must decide whether or not a conflicted charity trustee should:

- vote on the matter (**this is a minimum**),
- participate in any debate, or
- 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 charity trustee from regularly participating in discussions, it may be worth the board of charity trustees considering whether it is appropriate for the person with the relevant conflict to resign from the board of charity trustees.

### 6.2 What should be considered when deciding what action to take

- In deciding what approach to take, the board of charity trustees 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 charity's objects and resources, and
- the possibility of creating an appearance of improper conduct that might impair confidence in, or the reputation of, the charity.

The approval of any action requires the agreement of at least a majority of the board of charity trustees (excluding any conflicted charity trustee) who are present and voting (if applicable) at the meeting. All details regarding the conflict of interest, including the action arising, will be recorded in the minutes of the meeting.

## 7. Compliance with this policy

If the board of charity trustees has a reason to believe that a person subject to this policy has failed to comply with it, it will investigate the circumstances.

If it is found that this person has failed to disclose a conflict of interest, the board of charity trustees may take action against the person. This may include seeking the person's resignation from the charity.

**[Insert any other relevant sanctions that are proportionate to the seriousness of a breach]**

If a person suspects that a charity trustee has failed to disclose a conflict of interest, they must **[insert relevant action, such as: discuss with the person in question, notify the board of charity trustees, or the person responsible for maintaining the register of interests]**.

### Contacts

For questions about this policy, contact the board of charity trustees or **[insert person/role]** by **[insert contact details]**.

# Appendix B

## Template of Register of interests

[Insert name of Charity]

### Register of interests

Name of charity trustee	Date of appointment	Description of interest	Has the board of charity trustees been notified of the interest?	Date of disclosure

Signed:

Date: [ / / ]

[Insert name of charity trustee]

# Appendix C

The following case studies relate to fictitious charities and scenarios and are for illustrative purposes only.

01 Case Study	'Teaching Africa Foundation'
<b>Conflict Scenario</b>	
<p>'Teaching Africa Foundation', a charity that provides education resources in a region of Africa requires specialist advice in an area in which Aoife, one of the charity trustees, is an expert and runs a successful firm. Aoife declared her firm on the register of interests.</p> <p>At a meeting of the board of charity trustees at which Aoife participated in all deliberations and decisions, the board decides to engage Aoife's firm to provide the expert advice, in the knowledge that she is the owner.</p> <p>Aoife's firm is one of a number who specialises in the area and she provides the expert advice at the going-rate.</p>	
<b>Our Assessment</b>	
<b>IDENTIFY:</b>	
<p>This is a personal conflict. Aoife was correct to declare her involvement in the firm for inclusion in the register of interests. However, she should have raised the issue again when it arose at the meeting of the charity trustees.</p> <p>If Aoife did not raise the interest, the Secretary who would have sight of the register of interests should have raised it. Failing that, anyone with knowledge of the interest should have raised it with a charity trustee or the secretary to the board of charity trustees, who should in turn declare it to the charity trustees.</p>	
<b>MANAGE:</b>	
<p>Aoife should have withdrawn herself from the part of the meeting where discussion or deliberations around the proposed engagement of 'Teaching Africa Foundation' engages, was taking place.</p> <p>Aoife should have no involvement at all with any aspect of this selection process, within or outside of a meeting.</p> <p>If Aoife did not withdraw herself from the relevant part of the meeting, she should have been asked to do so by the other charity trustees.</p> <p>The board of charity trustees of 'Teaching Africa Foundation' should have requested quotes from at least three different firms, to ensure they were getting the best value for money for the charity and thus the proper use of charitable assets.</p> <p>This would have assisted the board of charity trustees in considering whether a reasonable person who was aware of Aoife's interest would believe that the board might be influenced by that interest.</p>	
<b>RECORD:</b>	
<p>How the charity trustees managed the conflict of interest should have been recorded in the minutes of the meeting.</p>	

## 02 Case Study 'Strength Institute'

### Conflict Scenario

'*Strength Institute*', a charity whose purpose is to improve the lives of individuals with disabilities, is considering buying a specific piece of land to develop a specialised gymnasium for wheel-chair users. Kevin, a trustee of 'Strength Institute', owns a coffee shop and car park on the site adjoining the land in question.

Kevin will not benefit directly from the sale of the adjoining land. However, Kevin may benefit from the potential use by the charity of that land.

Kevin does not declare his interest and participates in a meeting of the board at which the board of charity trustees decide to purchase the land in question.

### Our Assessment

#### IDENTIFY:

This is a personal conflict. Kevin should have declared his interest to the other charity trustees as soon as (within or outside of a meeting) the land in question was identified as a potential site for purchase.

If Kevin did not raise the interest, anyone with knowledge of the interest should have raised it with a charity trustee or the secretary to the board of charity trustees, who should in turn declare it to all of the charity trustees.

#### MANAGE:

Kevin should have withdrawn from the part of the meeting where discussion or deliberations around the purchase of the land, was taking place.

Kevin should have no involvement at all with any aspect of the land purchase, if it involves the land adjoining his own.

If Kevin did not withdraw himself from the relevant part of the meeting, he should have been asked to do so by the other charity trustees.

The board of charity trustees of '*Strength Institute*' should carry out a full assessment of their requirements, compare the viability of a number of sites and undertake a cost benefit analysis, to ensure they are getting the best value for money for the charity and thus the proper use of charitable assets.

This would have assisted the board of charity trustees in considering whether a reasonable person who was aware of Kevin's interest would believe that the board might be influenced by that interest.

#### RECORD:

How the charity trustees managed the conflict of interest should have been recorded in the minutes of the meeting.

## 03 Case Study 'Rising Stars'

### Conflict Scenario

Mirabelle is a CEO of 'Rising Stars' a theatre group for troubled youths. The roof of the charity's premises has been badly damaged in a snowstorm.

Mirabelle's husband Biodun runs a successful roofing company, Mirabelle has no involvement in the company.

The charity obtains three quotes from roofing companies, including one from Biodun's company. The quotes are similar in price and the charity trustees choose the lowest quote which happens to be Biodun's company.

A contract was signed and the work was completed satisfactorily.

### Our Assessment

#### IDENTIFY:

This is a personal conflict. Although not a charity trustee, Mirabelle holds a senior management position and as such, she should have declared the interest as soon as she had knowledge of it.

If Mirabelle did not raise the interest, anyone with knowledge of the interest should have raised it with a charity trustee or the secretary to the board of charity trustees, who should in turn declare it to all of the charity trustees.

#### MANAGE:

Mirabelle should not have any involvement in the decision making process regarding what company should be contracted to fix the roof.

The charity trustees of 'Rising Stars' acted correctly and in the best interests of the charity by obtaining 3 quotes and getting the best value for money for the charity.

#### RECORD:

This interest, how it was managed and the action arising should be recorded in the minutes of the meeting.

**04 Case Study****'A Listening Ear' (One of two)****Conflict Scenario**

Camilla is a charity trustee of 'A Listening Ear' a charity providing counselling services to individuals affected by suicide. Camilla offers to provide two rooms in her home for the counselling to take place. At a meeting of the board of charity trustees, at which Camilla is present, the charity trustees agree to rent these rooms from Camilla.

**Our Assessment****IDENTIFY:**

This is a personal conflict. Camilla should ensure that all of the charity trustees are aware that the rooms are in her home.

**MANAGE:**

Camilla should have withdrawn herself from the part of the meeting where discussion or deliberations around her offer to provide two rooms in her home for the counselling to take place, was taking place.

As Camilla did not withdraw herself from the relevant part of the meeting, she should have been asked to do so by the other charity trustees.

The charity trustees of 'A Listening Ear' should ensure that a contract is drawn up regarding the rental of the two rooms. The rent agreed should be at market value and any utilities being charged (for example electricity) would need to be quantified.

The rooms should be fit for purpose and be the best option for the charity and best use of charitable assets.

This would have assisted the board of charity trustees in considering whether a reasonable person who was aware of Camilla's interest would believe that the board might be influenced by that interest.

Camilla should withdraw herself from the relevant part of any future meetings where the location of 'A Listening Ear's' counselling services is being reviewed or discussed.

If Camilla does not withdraw herself from the relevant part of any future meeting, she should be asked to do so by the other charity trustees.

**RECORD:**

The interest should be declared in the register of interests.

How the charity trustees managed the conflict of interest should have been recorded in the minutes of the meeting and in any future meeting where the location of A Listening Ear's counselling services is being reviewed or discussed.

## 05 Case Study 'A Listening Ear' (Two of two)

### Conflict Scenario

The charity, *'A Listening Ear'*, has decided that it should seek the services of additional counsellors. Camilla is not only a charity trustee of *'A Listening Ear'* but she and Colin, another charity trustee, also provide counselling to individuals affected by suicide.

Camilla and Colin participate in the meeting of the charity trustees at which the need for additional counsellors is discussed and they offer to provide counselling services to the charity for free.

Although Camilla and Colin will not be paid for the counselling they provide, they will benefit from the practice hours, which will go towards their course accreditation.

### Our Assessment

#### IDENTIFY:

This is a personal conflict. If they have not already done so, Camilla and Colin should both declare their interest for inclusion in the register of interests.

If neither Camilla nor Colin declared the interest, anyone with knowledge of the interest should have raised it with a charity trustee or the secretary to the board of charity trustees, who should in turn declare it to the charity trustees.

#### MANAGE:

Camilla and Colin should have withdrawn from any part of the meeting where a discussion or deliberations around the counsellors at *'A Listening Ear'*, was taking place.

If Camilla or Colin did not withdraw themselves from the relevant part of the meeting, they should have been asked to do so by the other charity trustees.

The charity trustees of *'A Listening Ear'* should consider whether a reasonable person who was aware of Camilla and Colin's personal interest would believe that the board might be influenced by that interest.

The charity trustees of *'A Listening Ear'* should act in the best interests of the charity.

If the charity trustees of *'A Listening Ear'* decide to accept both Camilla's and Colin's offer to provide counselling services, they should both withdraw themselves from the relevant part of any future meetings where the counsellors of *'A Listening Ear'* are being reviewed or discussed.

If Camilla and Colin do not withdraw themselves from the relevant part of any future meeting, they should be asked to do so by the other charity trustees.

#### RECORD:

How the charity trustees managed the conflict of interest should have been recorded in the minutes of the meeting and in any future meeting where the counsellors of *'A Listening Ear'* are being reviewed or discussed.

## 06 Case Study 'Survive'

### Conflict Scenario

Peter is a charity trustee of 'Survive', a cancer research and support network. The charity has raised significant funds over the past year and an audit of their accounts is now required.

Peter is a partner in an auditing firm. At a meeting of the charity trustees at which Peter is present, the chairperson of the board of charity trustees is adamant that Peter's firm are contracted to undertake the audit.

The charity trustees decide to engage Peter's firm to audit the charity's accounts.

### Our Assessment

#### IDENTIFY:

This is a personal conflict. Peter should have declared his involvement in the firm in the register of interests and should have raised the issue again when it arose at the charity trustee meeting.

#### MANAGE:

Peter should have refused to involve his firm in the auditing of 'Survive' as an audit should be carried out independently. There is a clear conflict between Peter's duty to act in the best interests of the charity and his ability to carry out an independent audit.

Given the nature of an audit, the board of charity trustees should insist on it being undertaken by an independent firm. The board should also get a minimum of three quotes to ensure value for money and thus proper use of charitable assets.

If Peter's firm provides a quote for the work, Peter should remove himself from the board of charity trustees.

#### RECORD:

How the charity trustees managed the conflict of interest should have been recorded in the minutes of the meeting.

## 07 Case Study 'Fluffy Friends'

### Conflict Scenario

Diego is a charity trustee of 'Fluffy Friends' dog rescue centre. Diego's home is used to house the dogs. Diego decides to set up a dog-minding business and to use the kennels erected by 'Fluffy Friends' to also house the dogs he is being paid to mind.

Diego does not declare a personal conflict to the other charity trustees of the charity.

### Our Assessment

#### IDENTIFY:

This is a personal conflict. Diego should declare the fact he is setting up a dog minding business for inclusion on the register of interests regardless of whether the scheduled annual update has already occurred.

Diego should declare his intention to use charitable assets for his private benefit.

If Diego did not raise the interest anyone with knowledge of the interest should have raised it with a charity trustee or the secretary to the board of charity trustees, who should in turn declare it to the charity trustees.

#### MANAGE:

Diego should have withdrawn himself from any discussion by the charity trustees of 'Fluffy Friends' around his private dog-minding business.

The charity trustees of 'Fluffy Friends' should confirm to Diego that under no circumstances can he use charitable assets i.e. the kennels, and any other equipment acquired by 'Fluffy Friends' for the maintenance and care of the rescue dogs, for his dog-minding business.

If Diego is not agreeable, the charity trustees of 'Fluffy Friends' should consider re-locating the dog rescue centre.

If Diego is agreeable, the charity trustees should seek assurances in the future as to how Diego is running his dog-minding business without using charitable assets.

#### RECORD:

How the charity trustees managed the conflict of interest should have been recorded in the minutes of the meeting.

## 08 Case Study 'Strive'

### Conflict Scenario

'Strive' is a charity set up to assist parents of children with a rare genetic disorder that can result in numerous disabilities.

Mary is a charity trustee and a parent of a child with the illness.

The charity is in trouble financially and unless significant savings can be made, there is a real risk that 'Strive' will have to close its doors.

The board of charity trustees of 'Strive' decide to cut the number of clinic days for each child beneficiary from four days to two.

Due to her emotional involvement and the potential impact of the cut in services on her child, Mary is adamant that the charity trustees of 'Strive' find an alternative way to make savings, instead of reducing clinic hours.

The charity trustees cannot agree on a way forward.

'Strive' has to close its doors the following month resulting in the loss of the many vital resources it provided to many beneficiaries and their families.

### Our Assessment

#### IDENTIFY:

This is a personal conflict. If she had not already done so, Mary should have declared that her child is a beneficiary of 'Strive' for inclusion in the register of interests. Mary should have again raised the issue when it arose at the charity trustee meeting during discussions around *Strive's* financial status.

If Mary did not raise the interest, the Secretary who would have sight of the register of interests should have raised it. Failing that, anyone with knowledge of the interest should have raised it with a charity trustee or the secretary to the board of charity trustees, who should in turn declare it to the charity trustees.

#### MANAGE:

As a charity trustee, Mary should have made decisions and acted in the best interests of 'Strive'. These decisions can sometimes be hard, but they must be made in the best interest of the charity.

Mary should have withdrawn from any involvement or decision-making around *Strive's* financial future, where those discussions involved matters which would directly affect her child as a beneficiary of the charity.

The charity trustees of 'Strive' should have been fully aware of their current financial position and for how long they could continue operating.

The charity trustees should have considered all viable options that would have allowed 'Strive' to continue operating and make the necessary decisions in the charity's best interest, even though the decisions were difficult.

If a consensus could not be reached, decisions in the best interests of the charity should have been made by way of a vote.

#### RECORD:

How the charity trustees managed the conflict of interest and how the decisions taken in the best interests of the charity should have been recorded in the minutes of the meeting.

## 09 Case Study 'Temenos'

### Conflict Scenario

'Temenos' is a charity set up to provide temporary and emergency housing for individuals, couples and families who find themselves homeless.

The charity has received considerable funding and its impact across Ireland has expanded.

As a result of its almost overnight growth, the charity trustees of 'Temenos' decided to put a management team in place, comprising of a CEO and an architect/project manager.

Sean is a charity trustee of 'Temenos' and his daughter Donna is a qualified architect, who recently worked on a town planning project for a firm contracted by the Norwegian government, which was hailed a great success.

Sean informs Donna of the soon-to-be-advertised vacancy and suggests that she prepare her CV.

Donna applies for the job as soon as it is advertised.

Sean discusses his daughter's application with those involved in the charity and participates in meetings of the board of charity trustees at which the recruitment process for the architect/project manager is discussed.

### Our Assessment

#### IDENTIFY:

This is an appointment conflict. Sean should have declared his interest to the other charity trustees (within or outside of a meeting) as soon as his daughter Dona submitted her application for the architect/project manager position.

If Sean did not raise the interest, anyone with knowledge of the interest should have raised it with a charity trustee or the secretary to the board of charity trustees, who should in turn declare it to the charity trustees.

#### MANAGE:

Sean should have withdrawn himself from the part of the meeting where discussion or deliberations around the recruitment of an architect/project manager took place. Sean should have no involvement at all with any aspect of this recruitment process, within or outside of a meeting. As Sean did not withdraw himself from the relevant part of the meeting, he should have been asked to do so by the other charity trustees.

The board of charity trustees of 'Temenos' should carry out a fair recruitment process, assessing each application on its merits and the applicant's performance at a competitive interview. The most suitable candidate for the position of architect/project manager, should be offered the position at 'Temenos'.

If Donna is the preferred applicant, this process would have assisted the board of charity trustees in considering whether a reasonable person who was aware of Sean's interest would believe that the board might be influenced by that interest. If Donna is offered and accepts the position at 'Temenos', both Donna and Sean should declare their relationship on the register of interests.

Sean should also withdraw himself from the relevant part of any future meetings where Donna's performance is being reviewed or performance-related issues are being discussed including salary review and the approval of travel and subsistence claims. If Sean does not withdraw himself from the relevant part of any future meeting, he should be asked to do so by the other charity trustees.

#### RECORD:

How the charity trustees managed the conflict of interest should have been recorded in the minutes of the meeting and in any future meetings where Donna's position is being reviewed or discussed.

## 10 Case Study 'Angel Creations' and 'Colour me Cool'

### Conflict Scenario

Marius sits on the board of two charities; *'Angel Creations'* a charity assisting bereaved children through art therapy and *'Colour me Cool'* an art and design group for young disadvantaged adults. Both charities have applied for a grant from their Local Authority.

Only one grant is available.

Marius participates in the meetings of the boards of charity trustees of both charities at which the grant applications are discussed.

### Our Assessment

#### IDENTIFY:

This is an appointment conflict. Marius should have declared his interest in each charity on the register of interests for both charities. Marius should have raised the issue as soon as it arose at each charity's charity trustee meeting.

If Marius did not raise the interest, the Secretary of each charity who would have sight of their respective register of interests should have raised it. Failing that, any charity trustee with knowledge of the interest should have raised it.

#### MANAGE:

Marius should have withdrawn himself from the part of the meeting where discussion of the grant application or the grant application process was taking place at both charities.

If Marius did not withdraw himself from the relevant part of the meeting, he should have been asked to do so by the other charity trustees.

Marius should have no involvement at all with any aspect of the grant application process, within or outside of a meeting, at either charity.

Given the nature of the conflict that arose, Marius should consider whether his position on the board of the two charities is tenable.

#### RECORD:

How the charity trustees managed the conflict of interest should have been recorded in the minutes of the meetings at both charities.

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