



Title: Conflict of Interest and Related Party Transactions

Section: Risk Management

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Policy Statement

The purpose of this policy is to help State Committee to effectively identify, disclose and manage any actual, potential or perceived conflicts of interest in order to protect the integrity of UBC and manage risk.

Purpose and Scope

This policy aims to ensure that State Committee are aware of their obligation 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 UBC.

Definitions

UBC: The Uncle Bobs Club

Conflict of Interest: A conflict of interest occurs when a person's personal interests conflict with their responsibility to act in the best interests of the charity. Personal interests include direct interests, as well as those of family, friends, or other organisations a person may be involved with or have an interest in (for example, as a shareholder).

It also includes a conflict between a State Committee member's duty to UBC and another duty that the State Committee member has (for example, to another charity). A conflict of interest may be actual, potential or perceived and may be financial or non-financial.

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

Related Parties: The term 'related party' is defined by the Australian Accounting Standards Board (AASB) in AASB 124 Related Party Disclosures. The definition in AASB 124 refers to the following as related parties for a registered charity:

- a person that is connected to the charity, such as a Responsible Person or a close member of their family that has control or joint control of the charity

- an organisation that is connected to the charity and has control or significant influence over the charity, such as a parent entity of the charity
- an organisation that the charity has control or significant influence over, such as a subsidiary entity
- any organisation and the charity that are members of the same group (for example, fellow subsidiaries)
- a member, or a close member of their family, of the key management personnel of the charity (the people with authority and responsibility for planning, directing and controlling the activities of the charity directly or indirectly)
- an associate (an entity over which the charity has significant influence) or joint venture (a joint arrangement whereby the charity with another entity or other entities have joint control of the arrangements and have rights to the net assets of the arrangement)

Related Party transaction: A related party transaction is defined in AASB 124 as a transfer of resources, services or obligations between a charity and a related party regardless of whether a price is charged.

Related party transactions can include:

- purchases, sales, donations
- receipt of goods, services or property
- leases
- transfers of property including intellectual property
- loans
- guarantees
- provision of employees on a paid or complementary basis

State Committee: Directors of Uncle Bobs Club

Policy

This policy has been developed to address conflicts of interest affecting UBC

Conflict of interest are common, and they do not need to present a problem to the charity as long as they are openly and effectively managed.

It is the policy of UBC, as well as a responsibility of State Committee, staff, members and volunteers, that ethical, legal, financial or other conflicts of interest be avoided and that any such conflicts (where they do arise) do not conflict with the obligations to UBC.

UBC will manage conflicts of interest by requiring State Committee, staff, members and volunteers to:

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

Conflicts of interest and related parties

Personal interests include direct interests, but also extend to third parties that a person may be involved with or have an interest in.

There is a risk that the interests of a related party (Directors) may influence decision-making to the detriment of the interests of UBC when UBC is considering whether to enter into a transaction with a related party. A related party transaction is any transaction through which UBC provides a financial benefit to a related party. This policy does not apply to related party transactions not involving Directors which are otherwise reported in UBC's financial statements.

The definition of financial benefit is broad. A financial benefit includes giving a financial benefit indirectly through an interposed entity, making an informal, oral or non-binding agreement to give the benefit, and giving a benefit that does not involve paying money.

Circumstances in which the provision of a financial benefit may occur include:

- Giving or providing finance or property to the related party;
- Buying an asset from, or selling an asset to, the related party;
- Leasing an asset to or from the related party;
- Supplying services to, or receiving services from, the related party;
- Issuing securities or granting an option to the related party; and
- Taking up or releasing an obligation of the related party

Responsibility of State Committee

State Committee 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.

UBC must ensure that State Committee are aware of the ACNC governance standards, particularly Governance Standard 5, and that they disclose any actual or perceived material conflicts of interests as required by Governance Standard 5.

Identification and disclosure of conflicts of interest

Once an actual, potential or perceived conflict of interest is identified, it must be entered into UBC's register of interests, as well as being raised with State Committee.

Where every other State Committee member shares a conflict, the State Committee should refer to ACNC Governance Standard 5 to ensure that proper disclosure occurs.

The register of interests must be maintained by the State Secretary of the day. The register must record 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

UBC State President and State Secretary shall have access to the information disclosed. The State President will determine, where necessary, additional restrictions on disclosure as required

Action required for management of conflicts of interest

Conflicts of interest of State Committee members

Once the conflict of interest has been appropriately disclosed, State Committee (excluding the member who has made the disclosure, as well as any other conflicted State Committee member) must decide whether or not those conflicted members 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 board member from regularly participating in discussions, it may be worth the board considering if it is appropriate for the person conflicted to resign from the board.

What should be considered when deciding what action to take

- In deciding what approach to take, State Committee 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 State Committee (excluding any conflicted State Committee member/s) who are present and voting at the meeting. The action and result of the voting will be recorded in the minutes of the meeting and in the register of interests.

Compliance with this policy

If State Committee has a reason to believe that a person subject to the 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, State Committee may take action against them. This may include seeking to terminate their relationship with the charity.

If a person suspects that a State Committee member has failed to disclose a conflict of interest, they must

- discuss with the person in question and notify the board; or
- the person responsible for maintaining the register of interests.

Review

This policy and related procedures will be reviewed annually, unless changed circumstances require earlier review.

Associated Policies, Procedures and Other Documents

- Register of Interest
- ASIC Regulatory Guide 76: Related Party Transactions
- Australian Charities and Not-for-profits Commission Act 2012 (Cth)
- Australian Charities and Not-for-profits Commission Regulation 2013
- Australian Charities and Not-for-profits Commission Governance Standards

References

- Australian Charities and Not-for-profit commission

Policy Name: Conflict of Interest and Related Party Transactions

Responsible Director: State Secretary

Functional Area: Risk Management

Date adopted: 24th June 2021

Review Date: 24th June 2022

Review History

Date	Review Details	Action
26/06/21	Minor changes	Ratified by State Committee

CONFLICT OF INTEREST AND 1RELATED PARTY TRANSACTIONS POLICY

I confirm I have read and understood the Conflict of Interest and Related Party Transactions Policy

Staff Signature Date

Print Name