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## CONFLICT OF INTEREST POLICY

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### APPENDICES

- A. DECLARATION FORM: CONFLICT OF INTEREST

Version	Date	Author	Details/ Changes
1	July 2019	Karen Smith, HR Manager	New Policy
2	July 2023	Karen Smith, HR Manager	Sections 4.2, 4.3, 4.4 4.5&10 – updates in staffing structure and national office terminology



## **1. Introduction**

Conflicts of interest affect all types and sizes of organisations. In the charity context, a conflict of interest can lead to decisions which are not in the best interests of the charity and which are invalid or open to challenge. Conflicts of interest can also be damaging to a charity's reputation and to the public's confidence and trust in charities in general.

The Church of Scotland Ministries Council (MC) recognises that on occasion, employees can find themselves in a situation that may give rise to conflicts of interest, whether potential or actual, perceived or alleged. Where employees can identify a conflict and measures can be put in place to prevent the conflict affecting decision-making then the harmful effects of a conflict of interest can be prevented. The proper handling of conflicts of interest is an essential part of proper governance of a charity.

The MC has accordingly developed this policy to provide guidance to all employees regarding conflicts of interest in order to avoid any actual or potential conflicts of interest, perception of bias or misuse of authority and to ensure and evidence that all decisions by individual employees on behalf of the MC are taken only in the best interests of the charity at all times.

## **2. Purpose and Scope**

It is inevitable that conflicts of interest will arise from time to time. This policy aims to ensure that any conflict is identified and managed properly. It is the responsibility of each individual to recognise situations in which they have a conflict of interest, or might reasonably be seen by others to have a conflict, to disclose that conflict and to take such further steps as may be appropriate as set out in more detail under the procedure below.

The MC recognises that employees may be related or will have personal relationships at work. The MC does not discourage nor intend to discourage those in such relationships from applying to work for the MC or from developing and progressing within the workplace.

This policy outlines the expectations placed on members of staff and their line managers so that any conflict of interest is dealt with fairly and consistently. It should be read in conjunction with the Code of Conduct which gives direction on expected standards of behaviour. A key purpose of this policy is to protect staff so that they are not open to allegations of any impropriety arising from any conduct or relationship at work.

If an individual is uncertain about how this policy might affect their activities or has any questions about its application, they should contact the HR Department.

This policy applies to all prospective and current employees of the MC.



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### 3. What is a conflict of interest?

A conflict of interest is any situation in which someone's personal interests or loyalties could, or could be seen to, prevent them from acting only in the best interests of the organisation.

A conflict of interest arises when the interests of an employee (or a person closely connected to them, whether by family or business) are incompatible or in competition with the interests of the organisation. Such situations present a risk that an employee will act, or be perceived to act based on external influences that are not in the best interests of the organisation.

The most common types of conflict include:

- **direct financial interest** – where there is, or appears to be, an opportunity for personal financial gain; and
- **indirect financial interest** – the financial gain of a close relative or close friend or business associate.

The level of financial interest should not be a determining factor in deciding whether a conflict should be disclosed. The MC expects disclosure of any financial interest, however small.

In addition, conflicts can arise where any financial interest is not as clear:

- **non-financial or personal conflicts** - a non-financial interest can take many forms and is generally one where there is, or appears to be, an opportunity for personal benefit, advantage or enhancement to prospects for the individual (direct), or similar gains to someone in their immediate family or a person with whom the individual has a close personal relationship (indirect).
- **Conflicts of loyalties** – a particular type of conflict of interest in which loyalty or duty to another person or organisation could prevent the employee from making a decision only in the best interests of the organisation.

### 4. Conflicts of loyalty/personal relationships

It is recognised that one type of conflict of interest in the workplace can arise as a result of conflict of loyalty, where employees are in a personal relationship.

#### 4.1 What is a personal relationship?

For the purpose of this policy personal relationships are:

- Family relationships (including current and former spouses and partners, children, parents, siblings and grandparents and half/step members of family of the same degree);
- Close personal friendships including romantic/sexual attachments; and
- Business/commercial/financial relationships involving other members of staff.

It is recognised that relationships may occur between members of staff within the MC and other parts of the Church, including other employing agencies, or within organisations with which it has a contractual relationship. This procedure applies equally to such relationships and it is expected



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that the employee will make their line manager aware of the relationship, where doing so is required in terms of this policy.

### 4.2 Employees' responsibilities

Where a personal relationship exists, that meets the criteria in 4.6, it is the responsibility of the individual(s) to declare this to their respective line manager(s) in the first instance as well as the Ministries Development Manager. If there is any discomfort in speaking to their line manager then the employee should approach Human Resources.

At the application stage job applicants are expected to state, on the application form, if they have a potential conflict of interest. Existing members of staff who have a personal relationship with any applicant must not be involved in any way in the recruitment and selection process for the vacant post. Where the applicant, if appointed, would work closely with someone with whom they have a personal relationship, the implications of this will be considered and resolved as part of the recruitment process.

Employees in personal relationships will be expected to maintain professional working relationships and boundaries whilst at work and when representing the MC on business related activities.

### 4.3 Line management arrangements

It is not good practice for one individual in a personal relationship to be the line manager for the other. In such a situation, alternative and appropriate line management arrangements will be made. In particular, and in all cases, the more senior employee in a personal relationship must not in any circumstances have any responsibility for any of the following transactions and decisions relating to the more junior employee:

- making any decisions or processing any documents relating to salary or payments
- authorising study leave and/or funding
- authorising annual leave and flexitime
- authorising payments or credit card statements for orders of equipment or services or with respect to travel or other expenses incurred in the course of employment
- performance management
- conducting recruitment and selection procedures
- investigating complaints involving the employee in question from other members of staff, people in related bodies or members of the public
- conducting hearings or formal meetings in relation to sickness absence, disciplinary matters, grievances or poor performance

In addition, special consideration in respect of conflict of interest must be given to:

- leading work which will require organisational change, that may subsequently have an impact on the security or design of roles within the area in which the related person works,
- making a recommendation or making or participating in a decision in relation to funding which is directly related to the area in which the related person works.



The Ministries Development Manager supported by the HR Department will ensure that suitably transparent and robust arrangements are made for these transactions and decisions and protocols drawn up specifying how they are to be managed. These arrangements will be publicised appropriately to relevant staff.

#### 4.4 Team arrangements

Employees who are in personal relationships must take all reasonable steps to ensure that people in their work areas are neither disadvantaged nor advantaged unfairly as a result of the relationship and must exercise a professional manner at all times.

In deciding whether there is potential for conflict of interest within a Department or team, regard will be had to the following:

- are any staff likely to be made uncomfortable in their dealings with either of the two staff concerned because of the existence of a known personal relationship?
- Is a personal relationship seen to offer an advantage to an employee and disadvantage to another as a result of feelings of exclusion?
- Is the relationship potentially interfering with the professional conduct of the organisation's business?
- Is the relationship potentially having a negative effect on the workings of a team?

Should employees not feel able to disclose details of a personal relationship to their line manager or Ministries Development Manager for whatever reason, they may approach the HR department directly to disclose and discuss. Every care will be taken to ensure that where practicable, the wishes and concerns of the employee are addressed. However this cannot be guaranteed where the existence of a personal relationship would bring about a conflict of interest as detailed within this policy. This will be discussed fully with the employee on a case by case basis.

#### 4.5 Managers' responsibilities

Managers will at all times manage their teams and individual employees with respect and consideration, adhering to confidentiality. Where a personal relationship exists in a team, or is disclosed to them, the relevant manager must take action to avoid any possible conflicts of interest or operational difficulties that may result, acting at all times in a fair and non-discriminatory manner.

If working relationships within a team become unsettled or tense because of a personal relationship, it is the manager's responsibility to take appropriate action. For example, this may be because of complaints from other team members that the relationship causes ineffective decision making or because of the breakdown of the personal relationship. Managers must ensure that employees who feel that they are affected by a personal relationship involving other colleagues can readily and without prejudice approach their line manager or HR to explain their concerns. If matters cannot be informally resolved, the manager may wish to consider:



- Alternative hours and working patterns to ensure that the individuals are not working together.
- Moving one or both members of staff on a temporary or permanent basis to another department.
- Redeployment of one or both members of staff to another area of work.

Alternative arrangements may be difficult to organise due to staffing levels or the specialist nature of a role. When considering potential staff moves the manager must consider all relevant factors including equality issues. Such moves must be discussed and agreed in the first instance with the HR department; there will be appropriate consultation with affected employees and their representatives.

If managers have genuine reason to suspect that any individuals are contravening this policy, then advice must immediately be sought from the HR department, who will report the matter to the relevant senior manager and ensure that action is taken to investigate.

Human Resources and all managers involved will maintain, as far as is reasonably practicable, the confidentiality of a personal relationship, unless those employees agree that their relationship can be made public.

Managers must record the declaration of a personal relationship using Appendix 1 (see below) to be held on the employees' personal files and notify the Ministries Development Manager.

#### 4.6 Declaring a personal relationship at work

Employees must, without delay, declare to their line manager or HR any personal relationships they have (or have had) with any other members of staff in the MC or other employing agency or office-holder of the Church or with a consultant, contractor or supplier to the Church, which may give rise to an actual or potential conflict of interest, trust or breach of confidentiality. The line manager will complete Appendix 1 and consider ways in which potential conflicts of interest can be avoided. The completed declarations will be retained on the employees' personal file in HR for the duration of employment.

Individuals who declare a personal relationship at work must be treated fairly and with due regard to equality issues. Employees are encouraged to speak confidentially to HR if there are any questions arising from potential disclosures.

### 5 Recognising and disclosing conflicts of interest

All employees are required to recognise and disclose activities that might give rise to conflicts of interest, or the perception of conflicts of interest, at the earliest opportunity. This allows the issue to be considered in a transparent way to ensure that any potential impact on the organisation is eliminated. If properly managed, activities can proceed as normal whilst at the same time upholding the employee's obligations to the MC, meeting regulatory and other external requirements and protecting the integrity and reputation of the organisation. By contrast,



conflicts which are not managed effectively may cause serious damage to the reputation of the Church and of the individuals concerned.

It is therefore the MC's policy to ensure that when conflicts or perceived conflicts of interest arise they are acknowledged and disclosed.

There can be situations in which the appearance of conflict of interest is present even when no conflict actually exists. It is important for all employees when evaluating a potential conflict of interest to consider how it might be perceived by others. The duty to declare a possible conflict applies to the **perception** of the situation as much as to the **actual existence** of a conflict. Employees should not rely on their own assessment of this point: if in doubt, the potential conflict should be declared.

There may, exceptionally, be circumstances in which a conflict cannot be satisfactorily managed. In such circumstances further discussion will take place with the employee concerned with the aim of removing the conflict by not proceeding with a proposed course of action, or by proceeding in a different way so that the conflict does not arise.

## 6 Procedure

In addition to the procedure relating specifically to personal relationships at work above, it is the duty of every employee to disclose any conflicts of interest or any circumstances that might reasonably give rise to the perception of a conflict of interest.

The following procedure should be followed to ensure that conflicts of interest are identified at as early a stage as possible and that, once identified, action is taken to ensure that the conflict of interest does not give rise to a situation where actions are taken by employees which are, or could be perceived as being, not in the best interests of the organisation.

### 6.1 Disclosure

All employees (and potential employees) will be informed before they are appointed that they will be expected to adhere to this conflict of interest policy and a copy of the policy will be made available to them. Any potential conflict of interest should be disclosed to and discussed with the HR Department prior to taking up any position.

Any failure to disclose a potential, actual or perceived conflict of interest is a serious issue and could result in disciplinary action.

### 6.2 Managing conflicts of interest

If a potential, actual or perceived conflict of interest is identified the employee must act only in the best interests of the organisation. This means the employee, in discussion with his or her line manager, must consider the issue of the conflict of interest so that any effect this may have on the performance of their job is eliminated.

In deciding whether a conflict of interest exists the following will be taken into account:

- Is the situation in the best interests of the organisation?
- What impression does the situation have on those outside the organisation?



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- Can it be demonstrated that the situation will advance the best interests of the organisation, independently of any competing interests?
  - Does the presence of a conflicted employee inhibit free discussion and influence a decision making process in any way?

Where it is determined that there is a potential, actual or perceived conflict of interest the conflicted employee should not participate in any decision-making process in relation to the matter in question. They should withdraw from any meetings prior to discussion of the item but should be given the opportunity before withdrawing from the meeting to provide any information necessary to help those making the decision do so in the best interests of the organisation. They should not take part in any vote on the item which is the subject of the conflict.

### **7 Procedure for dealing with breaches of this policy**

Where there is any breach of this policy, the relevant manager will initially try to deal with the situation informally. It may be necessary to deal with staff in a more formal manner, however, through use of the disciplinary or other appropriate procedure.

Employees who fail to declare a relevant conflict of interest at the point of application to the organisation or in reasonable time during their employment may be subject to disciplinary action.

### **8 Appeals**

Employees who wish to appeal against any disciplinary action arising from a breach of this policy must use the Disciplinary Appeals Procedure.

If an employee considers that they have been treated unfairly they must initially raise this informally with their manager. If this is not appropriate or does not result in a satisfactory outcome, they must raise it formally using the Grievance Policy and Procedure. Advice must be sought from the HR Department.

### **9 Other Relevant Policies**

- Code of Conduct
- Equal Opportunities and Dignity at Work Policy
- Bullying and Harassment Policy and Procedure
- Grievance Procedure
- Disciplinary Policy
- Whistleblowing Policy

### **10 Review**

This policy will be reviewed on a regular basis by HR, The Hub and Faith Action senior managers to ensure adherence to best practice, and any related legislation. If necessary, the policy will be taken to the Faith Action Programme Leadership Team (Ministries Council is the employing body of FAPLT) as part of a consultation process.





**Church Of Scotland**  
Ministries Council – Ministries Development Staff

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**APPENDIX A**

**Strictly Private and Confidential – FOR RETENTION ON EMPLOYEES' FILES**

**Declaration form: Conflict of Interest**

**Personal Details**

Name of Employee:

Job Title:

Congregation/Presbytery:

<b>NAME OF CONNECTED PERSON</b>	<b>DEPARTMENT / ORGANISATION</b>	<b>NATURE OF RELATIONSHIP</b> (e.g. spouse, partner, child, sibling, other personal relationship etc.)

Any potential conflicts of interest (please specify):

Actions taken to prevent the above (please specify):

Date of Declaration:

Employee(s) Signature(s):

Print Name(s):

Line Manager(s) Signature(s) or HR Manager Signature:

Print Name(s):