

CONFLICT OF INTEREST POLICY

Conflicts of interest affect charities of all types and sizes. They can lead to decisions that are not in the best interests of the charity and which are invalid or open to challenge. Conflicts of interest can also damage a charity's reputation or public trust and confidence in charities generally. These harmful effects can be prevented where individual trustees can identify conflicts of interest, and the trustee body can act to prevent them from affecting their decision making. All trustees have a legal duty to act only in the best interests of their charity. The Charity Commission expects them to take appropriate steps in line with this guidance to ensure that they can do this.

Trustees' personal and professional connections can bring benefits to the work of a charity and they often form part of the reason why an individual has been asked to join the trustee body. However, they can give rise to conflicts of interest, to which the trustees must respond effectively. The existence of a conflict of interest does not reflect on the integrity of the affected trustee, so long as it is properly addressed.

Conflicts of interest are common in charities – having a conflict of interest doesn't mean we have done something wrong. But we do need to act to prevent them from interfering with our ability to make a decision only in the best interests of the charity.

FOM will follow a 3-step approach (identify, prevent, record) so that we are able to comply with our duty and avoid:

- * making decisions that could be overturned
- * risking our charity's reputation
- * having to repay our charity if we make unauthorised payments to trustees

How to identify a conflict of interest

Legal requirement: you must declare a conflict of interest immediately you are aware of any possibility that your personal or wider interests could influence your decision-making.

We have a legal duty to act in FOM's best interests when making decisions as a trustee. If there's a decision to be made where a trustee has a personal or other interest, this is a conflict of interest and we won't be able to comply with our duty unless we follow certain steps. For example, if you're a trustee, you would have a conflict of interest if the charity is thinking of making a decision that would mean:-

* you could benefit financially or otherwise from your charity, either directly or indirectly through someone you're connected to * your duty to your charity competes with a duty or loyalty you have to another organisation or person

FOM will also keep a register of interests this will need to be changed if trustees' circumstances change and when new trustees are appointed.

How to deal with a conflict of interest

Once a conflict of interest is identified, we need to prevent it from affecting FOM decision-making by:-

* finding an alternative way forward which doesn't involve the conflict of interest (particularly if the issue is serious)

* taking appropriate steps to manage the conflict (if it's less serious), which will usually mean that the person affected doesn't take part in discussions about the issue

If there's nothing about the conflict of interest in FOM's policy document or the law, Trustees will still need to make sure that it is declared and consider whether the conflicted Trustee should withdraw from discussions and voting on the matter.

As a Trustee, we will have to ask the Charity Commission to authorise a decision in advance if:- * it is going to involve any benefit to a trustee that hasn't already been authorised;

* the conflict of interest is serious but there's no alternative way forward that will remove it;

* most or all of your trustees share the conflict of interest.

How to record a conflict of interest

Keep a written record of the conflict of interest (See Appendix 1) and how you dealt with it in the minutes of your meetings. Explain:-

* what sort of conflict of interest it was;

* which trustee or trustees were affected;

* if any conflicts of interest were declared in advance;

* an outline of the discussion;

* if anyone withdrew from the discussion;

* how the trustees made the decision in FOM's best interests.

It's good practice to include details of trustee payments and benefits if you prepare receipts and payments accounts.

This Policy Statement has been kept succinct, but full details of each section are available on the online Gov.UK "Conflict of Interests Guide For Charity Trustees