

## Board of Management Audit Committee

<b>Date of Meeting</b>	<b>Wednesday 14 September 2016</b>
<b>Paper No.</b>	<b>AC1-L</b>
<b>Agenda Item</b>	<b>12</b>
<b>Subject of Paper</b>	<b>Conflict of Interest Policy and Procedure</b>
<b>FOISA Status</b>	<b>Disclosable</b>
<b>Primary Contact</b>	<b>Paul Clark, College Secretary/Planning</b>
<b>Date of production</b>	<b>7 September 2016</b>
<b>Action</b>	<b>For Discussion and Decision</b>

### 1. Recommendations

1. To consider the draft Conflict of Interest Policy and Procedure for recommendation to the Board for approval, subject to any agreed changes.

## **2. Purpose of report**

2.1 The purpose of this report is to provide the Board with a Conflict of Interest Policy and Procedure, in line with requirements under the following charity legislation:

- Charities and Trustee Investment (Scotland) Act 2005 ([Section 66](#))
- The Scottish Charitable Incorporated Organisations Regulations 2011 ([Regulation 2](#))

## **3. Context**

3.1 This Policy will satisfy a requirement under the above regulation, and its purpose and aims are to protect the integrity of the College's decision-making process, to enable stakeholders to have confidence in the College's integrity, and to protect the integrity and reputation of Board members.

3.2 The Policy embodies the Board of Management's commitment to best practice and probity in decision-making.

3.3 This Policy applies to members of the Board of Management, specifically with regard to instances in which Board members are involved in making decisions on behalf of the College.

3.4 The associated Procedure provides the means by which the Board of Management delivers the Conflict of Interest Policy, and the requirement to identify, manage, record, and learn from instances of such conflicts.

3.5 The Procedure makes clear the responsibilities of individual post holders and the Audit Committee in managing conflict.

3.6 The Policy and Procedure supports the College's key value of honesty, integrity and transparency.

## **4. Impact and implications**

4.1 The effective identification, management, and recording of any potential conflict of interest, actual or perceived, central to the maintenance of good governance, as well as the College's wider reputation.

4.2 The Policy and Procedure more than satisfies the legislative requirement for a Conflict of Interest statement.

**Appendices:**

**Appendix 1: Conflict of Interest Policy (Draft)**

**Appendix 2: Conflict of Interest Procedure (Draft)**





## Conflict of Interest Policy

© 2016 City of Glasgow College

Charity Number: SCO 36198

DRAFT

**Table of Contents**

**1. Introduction .....3**

**2. Purpose and Aims .....3**

**3. Scope .....3**

**4. Policy Statement.....3**

**5. Definitions.....4**

**6. Responsibilities.....5**

**7. References.....6**

    7.1. Policy Framework .....6

    7.2. Other College Policies and Procedures .....6

    7.3. External References .....6

**8. Document Control and Review.....7**

**9. Revision Log.....8**

# Conflict of Interest Policy

## 1. Introduction

- 1.1 City of Glasgow College is a registered charity (Charity Number: SCO 36198). All City of Glasgow College Board of Management Members are therefore Charity Trustees and are subject to relevant legislation and regulation as it applies to charitable organisations in Scotland, as well as College legislation<sup>1</sup>. The specific sections of charity law in Scotland dealing with Conflict of Interest are:
- Charities and Trustee Investment (Scotland) Act 2005 ([Section 66](#))
  - The Scottish Charitable Incorporated Organisations Regulations 2011 ([Regulation 2](#))
- 1.2 This Policy reflects the core College Value of Integrity, Honesty, and Transparency.
- 1.3 This policy reflects the responsibilities of Board members as outlined in the revised Code of Good Governance (2016) and the Code of Conduct.

## 2. Purpose and Aims

- 2.1 This Policy is a requirement under the above regulation, and its purpose and aims are to protect the integrity of the College's decision-making process, to enable stakeholders to have confidence in the College's integrity, and to protect the integrity and reputation of Board members.
- 2.2 The Policy embodies the Board of Management's commitment to best practice and probity in decision-making.

## 3. Scope

- 3.1 This Policy applies to members of the Board of Management, specifically with regard to instances in which Board members are involved in making decisions on behalf of the College.

## 4. Policy Statement

- 4.1 All members of the Board of Management must, in exercising functions in that capacity, act in the interests of the charity (Charities Act 2005 66 (1)).

---

<sup>1</sup> Ref: College Legislation and a draft summary guide at:  
<http://www.gov.scot/Topics/Education/UniversitiesColleges/17135/CollegeGovernance>

- 4.2. Board members must seek to ensure that the College acts in a manner consistent with its purposes.
- 4.3. Board members must act with care and diligence, and put the interests of the College before those of another organisation or person.
- 4.4. Where any other duty prevents the Board member from putting the interests of the College before those of another organisation or person, the member must disclose the conflicting interest, and refrain from participating in any deliberation or decision of the other charity trustees with respect to the matter in question.
- 4.5. All Board members will strive to avoid any conflict of interest between the interests of the College on the one hand, and personal, professional, and business interests on the other. This includes avoiding actual conflicts of interest as well as the perception of conflicts of interest.

## 5. Definitions with Examples

(Ref. [oscr.org.uk](http://oscr.org.uk)).

5.1 A conflict of interest is any situation where there is a potential for a **charity trustee's** personal or business interests (or the interests of someone they are connected with) to be different from the interests of the **charity**. In this situation, it may sometimes be difficult for the charity trustee to make an impartial decision. However, with proper handling charity trustees can overcome these difficulties.

5.2 There are two main types of conflict of interest:

- i. Appointment conflict: This is a conflict of interest which can arise between a charity trustee and the person or organisation which appointed them.

For example: A charity trustee appointed by a local school, church or local authority and a decision is required on a matter which affects both the charity and the other organisation.

- ii. Personal conflict: When you might not be able to do what is best for the charity because it conflicts with your own personal or business interest in relation to that matter.

For example: When a charity (i.e. the College) is considering a contract with a business and one of the charity trustees is also a director of that business, or of a competing business.

In both cases, the [charity trustee duties](#) require you to act in the interests of the charity.

5.3 The term 'conflict of interest' can cover a range of situations and may also be called a 'conflict of roles' or 'conflict of duty'.

Examples (drawn from those provided by OSCR) wherein:

- A charity trustee could derive financial benefit from a decision the charity has to make.
- A charity trustee is discussing a contract or business arrangement with an organisation linked to the trustee's family.
- A charity trustee is also an employee of a company with which the charity has business links.
- An employee, or potential employee, of the charity is connected to one of the charity trustees.
- A trustee of two or more charities are in competition with each other for the same grant(s) or funding.
- A trustee of a charity that gives out grants and a trustee of another charity is applying for one of these grants.
- A trustee of a charity that is part of a group structure is on the board of the parent charity.
- A trustee of a charity is also a service user or customer.
- A charity trustee is applying for a job in the charity.

## 6. Responsibilities

6.1 Upon appointment each Board member will make a full written disclosure of interests, such as relationships and posts held, including any that could potentially result in a conflict of interest. This written disclosure will be kept on file, published on the College website, and will be updated annually or as and when appropriate.

- 6.2 In the course of meetings or activities, Board members will disclose any interests in a transaction or decision where there may be a conflict between the Colleges' best interests and the Board member's best interests, or a conflict between the best interests of two organisations that the Board members is involved with. If in doubt the potential conflict must be declared anyway, and clarification sought.
- 6.3 If a Board member suspects they may be, or may potentially be in a position of conflict of interest, or if there may be the possibility of this being perceived as such, the Board member concerned must raise the matter with the Chair of the Board, failing which, the College Secretary.

## 7. References

### 7.1. Policy Framework

Associated Policies and Procedures	Title
Policy Framework	Governance
Policy	Conflict of Interest Policy
Procedure	College Standing Orders
Procedure	Conflict of Interest Procedure
Code	Code of Conduct for Members of the Board of Management of City of Glasgow College (2014)
Code	Code of Good Governance for Scotland's Colleges

### 7.2. Other College Policies and Procedures

Policy / Procedure	Title

### 7.3. External References

Source	Title
OSCR Scottish Charity Regulator	Guidance and Good Practice for Charity Trustees: <a href="http://www.oscr.org.uk/charities/guidance/guidanc">http://www.oscr.org.uk/charities/guidance/guidanc</a>

	e-and-good-practice-for-charity-trustees/conflict-of-interest
Scottish Government	College Governance: <a href="http://www.gov.scot/Topics/Education/UniversitiesColleges/17135/CollegeGovernance">http://www.gov.scot/Topics/Education/UniversitiesColleges/17135/CollegeGovernance</a>

## 8. Document Control and Review

<b>Approval Status</b>	Draft v.1
<b>Approved by</b>	
<b>Date Approved</b>	
<b>EQIA Status</b>	EQIA Conducted? Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>
<b>Proposed Review Date</b>	
<b>Lead Department</b>	Board of Management/ Executive Office
<b>Lead Officer(s)</b>	College Secretary
<b>Board Committee</b>	Audit Committee
<b>Copyright © 2016 City of Glasgow College</b>	Permission granted to reproduce for personal use only. Commercial copying, hiring lending, posting online is strictly prohibited

## 9. Revision Log

Version Date	Section of Document	Description of Revision
Version 1 xx xx 2016		First Version of City of Glasgow College Conflict of Interest Policy

DRAFT



# Conflict of Interest Procedure

© 2016 City of Glasgow College

Charity Number: SC0 36198

DRAFT

**Table of Contents**

**1. Purpose .....3**

**2. Scope.....3**

**3. Responsibility .....3**

**4. Procedure.....4**

    4.1. Conflict of Interest Procedure .....4

    4.2. Records .....6

**5. References .....6**

**6. Document Control and Review .....7**

**7. Revision Log .....7**

DRAFT

# Conflict of Interest Procedure

## 1. Purpose

The purpose of this procedure is to provide the means by which the Board of Management delivers the Conflict of Interest Policy, and the requirement to identify, manage, record, and learn from instances of such conflicts.

## 2. Scope

This Policy applies to members of the Board of Management, specifically with regard to instances in which Board members are involved in making decisions on behalf of the College.

## 3. Responsibility

### 3.1 Chair of the Board

- Responsible for advising Board members whether there may be a conflict of interest where there is any doubt.
- Confirming to the Board of Management when such a conflict has been identified.
- The Chair will also have responsibility for any final decision on how any conflict of interest is managed.

### 3.2 College Secretary

- Responsible for ensuring the correct implementation of the Procedure.
- Providing advice to Board members in respect of possible or perceived conflicts of interest.
- Ensuring awareness among Board members of the Conflict of Interest Policy and Procedure.

### 3.3 Audit Committee

- Responsible for monitoring instances of confirmed conflict.
- Responsible for referring such instances to the Chair of the Board of Management as appropriate.
- Reviewing and approving the Conflict of Interest Policy and Procedure.

## 4. Procedure

### 4.1. Conflict of Interest Procedure

The Procedure comprises four key steps (Ref. OSCR.org.uk/charities/guidance):

1. Identify
2. Manage
3. Record
4. Learn

#### 4.1.1 Identify

- Ensure the Conflict of Interest Policy is regularly reviewed, and that Board members fully understand what constitutes a conflict.
- Ensure that the College's Standing Orders indicate how conflicts are managed.
- Keep the Register of Interests up to date by annual review
- Have an item in respect of conflict of interest declaration at the top of each Board and Board Committee agenda.
- Board members to declare a conflict of interest as soon as one becomes evident, either actual or perceived.
- In case of doubt, Board members to discuss any perceived or potential conflict of interest with the Board chair.

#### 4.1.2 Manage

- Ensure the Conflict of Interest Procedure is regularly reviewed, and that Board members are familiar with it.
- Apply the Conflict of Interest Policy and Procedure whenever there is a conflict or potential conflict.
- 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 interests.
- Make sure that the Board of Management can still undertake its responsibilities even if a number of charity trustees have to withdraw.

#### 4.1.3 Record

- Keep a written record of the situation and any steps taken by the Board of Management, the Chair, and/or the College Secretary, including:
  - Recording whom the conflict affected.
  - Recording when the conflict was identified and declared.
  - Recording what was discussed and decided.

- Recording who withdrew from the decisions and how the remaining charity trustees made a decision in the best interests of the charity.
- Maintaining the charity's register of interests.

#### 4.1.4 Learn

- Learn from the experience, make improvements to the College's policy and procedures and where necessary seek professional advice.
- Where conflicts of interest arise frequently and a number of Board members (charity trustees) must withdraw from discussion, the Board of Management should consider whether the make up of the Board is preventing the effective management of the College.
- Note that the regional strategic body (GCRB) has the power to remove any Board member who is "unable or unfit to discharge the member's functions" (Ref. Schedule 2 to the 1992 Act as amended by the Post-16 legislation: Section 5B. Section 24 of the 1992 Act: Mismanagement by Boards).

DRAFT

**4.2. Records**

Record	Record Format	Record Holder	Retention Period
Record of Meetings with Chair, College Secretary	Electronic file	College Secretary	8 years (i.e. maximum period of Board member tenure)
Board of Management Committee minutes	Electronic file	College Secretary	10 years
Board of Management minutes	Electronic file	College Secretary	10 years

**5. References**

Document Type	Document Name
Policy	Conflict of Interest Policy
External Document/Website	OSCR Conflict of Interest Guidance: <a href="http://www.oscr.org.uk/charities/guidance/guidance-and-good-practice-for-charity-trustees/conflict-of-interest">http://www.oscr.org.uk/charities/guidance/guidance-and-good-practice-for-charity-trustees/conflict-of-interest</a>
External Document/Website	Scottish Government Guidance - GUIDE TO KEY FUNCTIONS, CONSTITUTION AND PROCEEDINGS OF INCORPORATED COLLEGE BOARDS (p14) at: <a href="http://www.gov.scot/Resource/0049/00492330.pdf">http://www.gov.scot/Resource/0049/00492330.pdf</a>

## 6. Document Control and Review

<b>Approval Status</b>	Draft v.1	
<b>Approved by</b>		
<b>Date Approved</b>		
<b>EQIA Status</b>	EQIA Conducted?	Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>
<b>Proposed Review Date</b>		
<b>Lead Department</b>	Board of Management	
<b>Lead Officer(s)</b>	College Secretary	
<b>Board Committee</b>	Audit Committee	
<b>Copyright © 2011 City of Glasgow College</b>	Permission granted to reproduce for personal use only. Commercial copying, hiring lending, posting online is strictly prohibited	

## 7. Revision Log

Version Date	Section	Description
Version 1 August 2016	Procedure: All Sections	First Version of City of Glasgow College Conflict of Interest Procedure