

# Conflict of Interest Quick Guide

# CONTENTS

- Conflict of Interest ..... 3**
  - What is a conflict of interest? ..... 3
  - What do I need to know? ..... 3
  - For advice and support: ..... 4
  - What do I need to do? ..... 4
  - Why is identifying, reporting and managing conflicts of interest important? ..... 4
  - Conflict of Interest Resources ..... 4
- Conflict of Interest Case Studies ..... 5**
  - Case Study 1: Employment of a family member ..... 5
  - Case Study 2: Managing a personal association with a school contractor ..... 6
  - Case Study 3: External consulting work ..... 7
  - Case Study 4: Engaging a school contractor for private work ..... 8

# Conflict of Interest

## WHAT IS A CONFLICT OF INTEREST?

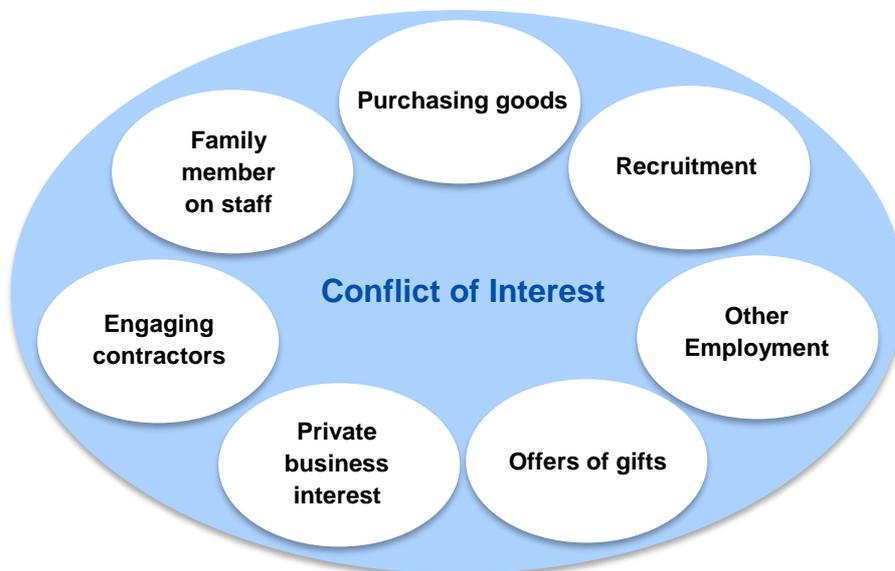
Conflicts of interest can arise in many different activities that we undertake in our everyday work.

Purchasing goods for your school, recruiting or having a family member on staff, engaging a contractor who is a friend or relative, being offered gifts, and undertaking outside work are all common scenarios where a conflict of interest may arise.

*A conflict of interest arises where your public duty is influenced, or can be seen to be influenced, by your private interests (including the interests of family members or close friends).*

Your public duty is your role. Your private interests can be financial or non-financial and means anything that can influence you: your personal, family, professional or business interests, and those interests of people with whom you have a close association.

**Fig. 1 - Conflicts of interest arise in many everyday areas of activity**



## WHAT DO I NEED TO KNOW?

All staff need to understand their obligations under the **COI POLICY** to report and manage conflicts of interest.

Resources are available in the **COI TOOLKIT** to help you confidently identify and manage conflicts. The **COI TOOLKIT** includes:

- Myths and facts about COI
- Fact sheet on recruitment of family members in schools
- Typical conflict of interest scenarios and case studies
- Checklists and quick tips to assist you with managing:
  - external employment
  - financial interests
  - recruitment
  - procurement
  - staff with a conflict of interest.

Read the [COI POLICY](#) and use the [COI TOOLKIT](#): visit *HRWeb* and search '[Conflict of Interest](#)'

## FOR ADVICE AND SUPPORT:

### Employee Conduct Branch

[employee.conduct@edumail.vic.gov.au](mailto:employee.conduct@edumail.vic.gov.au)

Phone: (03) 7022 1018

Your regional **Integrity Liaison Officer** (ILO)

Visit the [Integrity Portal](#) for ILO contact details

## WHAT DO I NEED TO DO?

When a conflict of interest arises for you, you need to **report** the conflict to your direct line manager and discuss a plan to **manage** the conflict.

If you are a principal or manager, you also need to work with staff to **identify** and **manage** any conflicts that arise for your staff.

<b>Identify</b>	Understand your obligations under the <a href="#">COI POLICY</a> . Read the <a href="#">COI TOOLKIT</a> and case studies, and be confident that you can identify conflicts of interest when they arise for you or your staff.
<b>Report</b>	Tell your principal or line manager about your conflict and have a conversation about the steps that you need to take to avoid or manage the conflict. Record your plan for managing the conflict.
<b>Manage</b>	Agree with your principal or your line manager on steps that you need to take to manage the conflict. This may be restricting your involvement or removing yourself from a decision-making, recruitment or procurement process. It may, for example, require you to develop a plan for the alternative management of a particular staff member who is a family member. It may require relinquishing your private interest.

## WHY IS IDENTIFYING, REPORTING AND MANAGING CONFLICTS OF INTEREST IMPORTANT?

Conflicts of interest are an inevitable fact of organisational life and are not in themselves a sign of wrongdoing. We need to be able to identify, report and manage conflicts to ensure they do not compromise the performance and reputation of our schools and the Department.

If conflicts of interest are not managed, they can affect staff morale, our work and community confidence in our schools and the Department. Conflicts of interest can undermine confidence in our leadership and in those that appear to gain a benefit, such as a family member recruited to a position or given an opportunity ahead of others.

Even though the school or the Department might benefit from an arrangement, such as procuring goods at value from an affiliate or recruiting a family member because they are 'known', managing the actual and perceived conflict of interest that arises from the arrangement can create significant additional work.

## CONFLICT OF INTEREST RESOURCES

Visit *HRWeb* and search '[Conflict of Interest](#)'

# Conflict of Interest Case Studies

## CASE STUDY 1: EMPLOYMENT OF A FAMILY MEMBER

**A primary school identifies the need for an education support officer to assist in a classroom two days a week. The principal's daughter is studying early childhood development and is looking for part-time work. The principal works with the assistant principal to determine a position description for the education support officer, including the time fraction and duties. He does not mention that his daughter could be a potential applicant. When the role is advertised and his daughter applies, the principal reports his conflict of interest (COI) to the leadership team and removes himself from the selection panel. When the panel recommends his daughter as the preferred candidate, the principal asks the Regional Director to confirm the panel's recommendation. The principal's daughter accepts the offer of the role.**

From the outset, the principal had a potential COI knowing that his daughter was likely to apply. By not disclosing this until after he had finalised the role description, a reasonable person could later think that he influenced the shaping of the role description to suit his daughter's qualifications and availability rather than the needs of the school. This perception creates risk for the principal's reputation and could lead to discontent amongst the staff.

Once his daughter applied, the principal took appropriate steps to address the actual COI by reporting it to his leadership team and removing himself from the panel. However, since all the members of the panel are his subordinates, the situation could still create a perception of a COI. Even if the panel felt they could be impartial in assessing the quality of the applicants, a reasonable person might suspect that they would be influenced to recommend the principal's daughter for the position.

The principal should have disclosed his daughter's interest to the leadership team earlier when determining the role description. Consideration could have then been given to whether it was necessary for him to step aside from that part of the process also. When his daughter applied, the principal should have reported his COI to his manager (the Regional Director), removed himself from the selection panel, and referred the approval of the panel's recommendation to the Regional Director.

Now that his daughter has been appointed, his personal relationship with her creates a potential COI that will become actual and perceived whenever he has to make a decision which could affect his daughter's role, status or rights, such as allocating her duties or granting leave. The principal should immediately put in place processes to manage ongoing COI issues ensuring that he does not make decisions relating to progression or salary or the management of any complaints about his daughter. Even with a management plan in place, his daughter may have to deal with an ongoing perception amongst the school community that she was not selected on merit.

The principal must update their Declaration of Private Interest form to indicate that they have reported the COI to the Regional Director and obtained their approval of the proposed measures for mitigating the risks.

**Find a fact sheet on recruitment of family members in schools and other case studies in the [COI TOOLKIT](#): visit *HRWeb* and search '[Conflict of Interest](#)'**

## **CASE STUDY 2: MANAGING A PERSONAL ASSOCIATION WITH A SCHOOL CONTRACTOR**

**Alice has recently been appointed as the business manager at a local secondary school. One of Alice's responsibilities in her new role is to manage the school's cleaning contract. Alice's daughter is at university and in a long term relationship with Daniel. Daniel's father runs a small cleaning company, which has been contracted to clean the secondary school for the last two years.**

**Alice was unaware that Daniel's father's company had the current school cleaning contract until she started in her new role. There have been several complaints about the cleanliness of the staff and student toilets. Alice has also observed that the kitchen has not been cleaned on several occasions and that generally the cleaning is not of the same standard as in previous schools that she has worked in. The contract is due to be reviewed for renewal.**

Alice has a personal association with Daniel and his father that creates both actual and perceived conflict of interest (COI) risks. As soon as Alice becomes aware of the COI, she should report her association to the principal. Although Alice may be confident that she can remain impartial and objective in decision-making regarding the cleaning contract, a reasonable person might consider that she would be influenced by her association with Daniel.

Alice should discuss the COI with the principal, and agree on steps necessary to mitigate risk, such as arranging for an alternative staff member to manage the current cleaning contract and removing herself from deliberations over the renewal of the contract. Alice should not be involved in the procurement or selection of the cleaning contractor when the contract is renewed.

If there is a change in cleaning contractor, it may be appropriate for Alice to again manage the contract.

The plan for managing the cleaning contract, including information about Alice's association, should be recorded for transparency and accountability.

**Find case studies and guidance on managing conflicts of interest in procurement in the [COI TOOLKIT](#): visit [HRWeb](#) and search '[Conflict of Interest](#)'**

### CASE STUDY 3: EXTERNAL CONSULTING WORK

**Ted is an IT specialist working part-time in the Department on the intranet. Ted has been offered outside consulting work building websites with an external organisation, XIT Company. In the past, XIT Company has had contracts with the Department.**

Where a Department or school employee seeks to engage in external consulting or contracting work and there is a risk that an actual, potential or perceived conflict of interest (COI) exists, the employee must seek their manager's approval to engage in the outside work. The **Other Employment** policy on HRWeb provides guidance including a declaration and approval form.

In assessing the potential risks, consider the following questions:

- Could you be seen to be using information gained in the course of your public duty to gain a private benefit?
- Could comments you make as a consultant be perceived as the official position or policy of the Department?
- Is your consultancy firm likely to seek to work for the Department? If so, there may be a perception that your involvement will provide it an unfair advantage in any tendering process.

To mitigate risks of COI, consider:

- Reporting your intentions to undertake consulting to your principal or manager prior to commencement of the work and seeking their permission/approval. Identify the scope of the intended work and its potential impact on your public duties. Use the '[Other work \(outside employment\) declaration and approval form](#)' on the **Other Employment** policy site on HRWeb.
- Undertaking not to use official information for the consulting work unless it is already in the public domain.
- Undertaking to incorporate in any document you produce for the consultancy a statement that the opinions expressed are your private views and are not attributable to the Department.
- Undertaking to relinquish your consulting work if the organisation seeks to enter into a business relationship with the Department.

Refer to the '[Other Employment](#)' policy and [COI POLICY](#) on *HRWeb* and find guidance on managing conflicts of interest in the [COI TOOLKIT](#)

#### **CASE STUDY 4: ENGAGING A SCHOOL CONTRACTOR FOR PRIVATE WORK**

**Following recent building works at a rural primary school, the school grounds require landscaping work. The school council engages Tim, a local landscape gardener. The school community is really pleased with the work and the school council retains Tim to regularly maintain the garden and grounds. The principal is carrying out work on her home property and would like to engage Tim to design and maintain her garden. There are other landscapers in the area, but the principal particularly likes Tim's work.**

An actual or perceived conflict of interest may exist when a contractor used by the school is engaged for private work. Tim may be tempted to do private work at a discounted rate for the principal to ensure that he remains in good favour for future work with the school. If the principal did receive a discounted rate, she would be improperly receiving a private benefit.

Even if Tim doesn't actually give a discount to the principal, if Tim does regular work for the principal, their relationship might be seen to influence the principal in her decisions about providing future contracts for school work to Tim.

If the principal does engage Tim privately, she must ensure that Tim charges his standard and published rates for the private work. This won't necessarily address a community perception that she is receiving a benefit from her position.

The principal should declare the private work in school council decisions prior to any future school contract being awarded to Tim. Alternatively, the principal can avoid the conflict by selecting a contractor that does not have any relationship with the school, avoiding any actual conflict or risk that the community will perceive there to be a conflict.

**Find case studies and quick tips on using contractors in the [COI TOOLKIT](#): visit *HRWeb* and search '[Conflict of Interest](#)'**