

**`Municipal Association of Victoria**

**Conflicts of Interest Policy**

 **For Members of the Management Board, Insurance Board,**

**WorkCare Board, Audit and Risk Committee**

**Approved 4 June 2021**

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# Purpose

The purpose of this policy is to:

* Provide arrangements that support impartial and objective decision-making uninfluenced by private interests by the Management Board (*the* Board), Insurance Board (MAVIB) WorkCare Board (WCB) and Audit and Risk Committee (ARC).
* Define conflicts of interest in the MAV context and to assist members of the Board, MAVIB, WCB and ARC to be able to identify and declare them
* Establish arrangements for declaring conflicts of interest
* Prevent corrupt conduct and reinforce the MAV’s values and ethical culture
* Protect the integrity and reputation of the MAV

# Scope

This policy applies to Members of the Board, MAVIB, WCB and ARC. There is a separate policy for employees, contractors and consultants engaged by the MAV.

**‘Member’** means –

(a) in relation to the Board, an elected member of the Board;

(b) in relation to the MAVIB, WCB and ARC, a member includes Board and Independent members of MAVIB, WCB and ARC.

# Legislative context

The MAV is a membership body established by the Municipal Association Act 1907 and is a public body. The MAV is not subject to the provisions of the Public Administration Act 2004.

Although there is no legislative requirement to do so, the MAV has adopted a conflicts of interest policy in the interests of sound governance practice.

# Defining conflict of interest

## Conflicts of interest

Conflicts of interest are conflicts between public duties and private interests. These conflicts can be actual, potential or perceived.

An actual conflict of interest occurs where there is a real conflict between a person’s performance of their duties and responsibilities and their private interests.

A potential conflict of interest arises where a person has private interests that could conflict with their MAV duties and responsibilities.

A perceived conflict of interest can exist where a third party could reasonably form the view that a person’s private interest(s) could improperly influence the performance of their duties and responsibilities, now or in the future.

A conflict of interest can arise in relation to avoiding personal losses as well as gaining personal advantage – whether financial or otherwise.

## Private interests

Private interests mean anything that can have an impact on an individual or group. Private interests not only include a person’s own personal, professional and business interests but also the personal, professional or business interests of individuals or groups with whom they are closely associated. This includes relatives and friends.

Private interests are essentially of two types – pecuniary and non-pecuniary. Pecuniary interests involve an actual, potential or perceived financial gain or loss. Money does not need to change hands for an interest to be pecuniary. A person may have a pecuniary interest if they (or a relative) own property, shares, have a position in a company or receive benefits or concessions, discounts, gifts or hospitality from a particular source.

Non-pecuniary interests do not have a financial component. They may arise from personal or family relationships, or involvement in sporting, social or cultural activities. They include any tendency toward favor or prejudice resulting from friendship, animosity or other personal interests.

# Principles

The following principles form the basis of this Conflict of Interest Policy.

1. Decision-making by members of the Board, MAVIB, WCB and ARC will be impartial and objective, uninfluenced by private interests.
2. Persons involved in preparing reports and recommendations for consideration by decision-makers will declare any actual, potential or perceived conflict of interest as soon as they become aware of it.
3. Conflicts of interest will be recorded in a conflict of interest register and managed.
4. Decision-makers will not be involved in making decisions on matters where they have an actual, potential or perceived conflict of interest.
5. The Board, MAVIB, WCB and ARC will be made aware of their obligations and responsibilities to identify and declare actual, potential and perceived conflicts of interest
6. Where breaches of this policy occur, action will be taken proportionate to the seriousness of the breach.

# Policy

## Obligations and responsibilities

**The Board**

The MAV Board will review the policy no less than every two years and within six months of Board elections.

**Chief Executive Officer (CEO)**

The CEO is responsible for:

* Implementing policy and procedure for identifying and managing conflicts of interest
* Building an organisational culture that supports compliance with policy and procedure through appropriate education, training and enforcement activities
* Ensuring that the effectiveness of this policy is reviewed on a regular basis
* Oversight and investigation of complaints regarding breaches of this policy

**Members of the Board, MAVIB WCB and ARC**

Members of the Board, MAVIB, WCB and ARC are responsible for:

* Completing an Interest Declaration Form upon initial appointment, completing and submitting an annual declaration and progressively updating their declarations when circumstances change.
* Declaring conflicts of interests at their meetings (Board members are required to comply with rule 32 of the MAV Rules i.e. disclosure of pecuniary interests)
* Being aware of their obligations to avoid conflicts of interest where possible, and manage those conflicts of interest that cannot be avoided
* Assessing whether their private and personal interests' conflict, or have the potential to conflict, with their MAV role
* Taking reasonable steps to restrict the extent to which a private interest could compromise, or be seen to compromise their impartiality when carrying out their MAV role
* Abstaining from involvement in decisions and actions that could reasonably be seen to be compromised by their private interests and affiliations
* Avoiding private action in which they could be seen to have an improper advantage from inside information gained by their position at MAV
* Not using their position or MAV resources for private gain
* Ensuring that there can be no reasonable perception that they have received an improper benefit that may influence the performance of their role
* Complying with the requirements of this policy and any related policies

**Responsible Officer – Manager Governance**

The Manager Governance is responsible for:

* Maintaining records of disclosed conflicts of interest
* Maintaining the register of declared interests
* Being the contact for anyone wanting assistance in identifying or managing a conflict of interest
* Receiving complaints about possible breaches of this policy and, after consultation with the CEO, implementing an appropriate investigation, and reporting to the Board on policy compliance
* Education and training activities

## Identifying conflicts of interest

The onus is also on members of the Board, MAVIB, WCB and the ARC to remain alert to the existence of actual, potential and perceived conflicts of interest involving their private interests when perusing meeting agendas and reports.

Members should be mindful that the following private interests may give rise to conflicts of interest:

* Financial and economic interests (such as significant liabilities or debts, assets including shares, real estate holdings or investments)
* Family or private business interests
* A role on a Board/Committee (public or private)
* Affiliations with organisations, sporting bodies, clubs and associations
* Affiliations with political, trade union or professional organisations
* The private interests of family members, close friends or business associates
* Relationships with contractors and consultants
* Future employment prospects
* Associations from previous employment

A risk assessment based on the activities of the MAV has identified the following functions as the areas of primary risk exposure for conflicts of interests:

* Procurement and tendering
* Recruitment
* Engagement of contractors and consultants
* Sponsorship
* Secondary employment
* Appointments and nominations to internal and external bodies

In addition to this policy, the following MAV documents refer to aspects of the MAV’s approach to conflicts of interest:

* MAV Rules: Rule 32 deals with the disclosure of pecuniary interests by members of the MAV Management Board. The Rule provides:

***“Disclosure of Pecuniary Interests***

*32.1 If –*

*32.1.1 a member has a direct or indirect pecuniary interest in a matter being considered, or about to be considered, by the Board; and*

*32.1.2 the interest could conflict with the proper performance of the member’s duties in relation to the consideration of the matter –*

*the member, as soon as practicable after the relevant facts come to a member’s knowledge, must disclose the nature of the interest at a meeting of the Board.*

*32.2 A member who has made a disclosure under sub-clause 32.1 may remain in the room in which the meeting is being held during any consideration or discussion of the matter, and may take part in discussion, but must leave the room while any vote is taken on the matter.*

*32.3 A disclosure under sub-clause 32.1 must be recorded in the minutes of the meeting.*

*32.4 Sub-clause 32.1 does not apply in relation to a matter relating to the supply of goods or services to the member if the goods or services are, or are to be, available to other members of the Association on the same terms and conditions.”*

* MAVMember - Code of Conduct: Refers to the general expectations of the conduct of members of the Board
* Gifts, Benefits and Hospitality Policy – this policy provides direction on the circumstances for accepting and declining gifts, benefits and hospitality. Acceptance of gifts, benefits and hospitality may create an actual, potential or perceived conflict of interest.

## Procedures

**Declaration of interests**

Members of the **Board** and the **ARC** are to:

* Complete an Interest Declaration Form upon initial appointment;
* Complete an Interest Declaration Form annually. The form is to be submitted on 1 July each year or within 30 days thereof; and
* Progressively update their last Interest Declaration Form as their circumstances change.

The Interest Declaration Form is attached as Appendix 1. The Interest Declaration Form provides for members of the Management Board and Audit Committee to disclose the following interests which are then set out in an interests table that appears in the agenda and the minutes for each of their meetings. The interests schedule discloses:

1. Interests in matters on which MAV has been involved in discussions with the State Government or the Federal Government on behalf of local government
2. Interests in contracts entered into by MAV
3. Other interests which may be relevant to their position as a Board/Committee member of MAV

Members of **MAVIB** and **WCB**:

* Complete a Declaration of Interests Form (pursuant to MAV Insurance Policy 1.0.1 for Insurance Board members) upon initial appointment
* Complete a Declaration of Interest Form annually prior to 30 June
* Progressively update their declarations
* Have a standing entry on each agenda which identifies conflicts relating to the representative member roles

The Declaration of Interests Form provides for members of **MAVIB** and **WCB** to disclose the following interests:

* The name of any company or other body corporate or unincorporated in which an office as a director or otherwise is held;
* The name or description of any company or body in which a beneficial interest (unless the total value of the interest does or did not exceed $10,000 and the total value of the issued shares of the company or body exceeds $10 million) is held or had been held relating to a potential or current vendor or supplier of MAV Insurance;
* Particulars of any gift of or above the amount or value of $500 received, either directly or indirectly, (other than a gift received from a relative (a spouse or domestic partner, son, daughter, mother, father, brother or sister) of yours) or received as hospitality at an event or function you attended in an official capacity as a “relevant” person; and
* Any other substantial interest (whether of a pecuniary nature or not) held directly or indirectly by a relative of which you are aware and which you consider might appear to raise a material conflict with your responsibilities as a “relevant person”.

Interests declared in the returns may, or may not, have relevance to matters that come before the Board, MAVIB WCB or ARC. In addition, members may have interests that result in conflicts of interest pursuant to this Policy that do not relate to the categories of interest disclosed in their declarations.

**Disclosure of conflicts of interest**

A member of the **Board** must disclose a pecuniary interest in accordance with the provisions set out in Rule 32 of the MAV Rules. Members may remain in the room during any consideration or discussion of the matter. They must leave the room for voting on the matter. The disclosure is recorded in the minutes of the meeting.

Members of **MAVIB,** **WCB** and **ARC** must disclose any conflicts of interest at the meeting. The agenda for each committee has a standing item for declaration of conflicts of interest. They must remove themselves from consideration of and voting on a matter in which they have disclosed a conflict of interest. The disclosure is recorded in the minutes of the meeting.

A member who identifies an actual, potential or perceived conflict of interest with their MAV duties (or is unsure and wants clarification) may seek guidance from the Responsible Officer. The Responsible Officer is the Manager Governance. Members may also seek their own legal advice. The onus is on the member, whether or not advice has been received, to determine whether or not to declare a conflict of interest.

# Records Keeping

Properly documented records and the retention of those records are imperative to demonstrating compliance with this policy.

The conflicts of interest returns completed by members of the Board, MAVIB, WCB and ARC on their appointment, their annual returns and subsequent updates of these returns are to be scanned and retained on the MAV Document Management System (MAVIS).

Conflicts of interest (pecuniary interest) declared by members of the Board at Board meetings are to be recorded in the minutes (pursuant to Rule 32 of the MAV Rules). Conflicts of interest disclosed by members of MAVIB, WCB and ARC are recorded in the minutes of the meeting. These minutes are retained in the MAV Document Management System (MAVIS).

The Interests Schedule, included in each Board, MAVIB WCB and ARC agenda are retained.

# Breach of this policy

Breaches of this policy may range from inadvertent through to intentional and corrupt conduct. Breaches could include non-disclosure of a conflict and participation in a vote on the matter. Where a member has not disclosed a conflict of interest but has not participated in the vote (either not present at the meeting or having left the meeting prior to the matter having been dealt with), no breach of this policy is considered to have occurred.

If a member becomes aware of their own inadvertent breach of this policy, the member should immediately advise the MAV President, the CEO and the Board/Committee Chair (if a member of the MAVIB,WCB or ARC) in writing setting out the details of the conflict of interest. The CEO will decide whether any action needs to be taken to suspend the implementation of the Board decision on the matter (if feasible or practical). The CEO will list the matter for consideration at the next meeting of the Board or committee as appropriate. The appropriate course of action will depend on the nature and circumstances of any breach.

Breaches may result in:

* Education and/or counselling
* Immediate termination of the member’s arrangements with MAV, where the member is an independent member of the Board, MAVIB WCB or ARC
* The involvement of the Victoria Police or IBAC in the case of corrupt or criminal activity

Where a member has reasonable grounds to believe that another member has participated in voting on a matter in which they have a conflict of interest, the matter should be drawn to the attention of the CEO in writing. The CEO will report the allegation to the next Board meeting and recommend to the Board whatever steps he/she considers appropriate in the circumstances.

MAV reserves the right to take any other action it considers appropriate to address a breach of this policy.

# Privacy

The disclosure of actual, potential or perceived conflicts of interests may involve the person disclosing personal information. Personal information will be handled in accordance with the MAV’s Information Privacy Policy and the Victorian *Privacy and Data Protection Act 2014*.

# Related Policies

* [MAV Members Code of Conduct](https://mavasnau.sharepoint.com/%3Ab%3A/s/Corporate/EQsKNcQEcEpDkMs-3Jr070QBiuworR4HFlQio1SnTTt3Uw?e=TpyM6R)
* [Information Privacy Policy](https://mavasnau.sharepoint.com/%3Aw%3A/s/Corporate/EZ36uJxDDMBOl5O9D1ZFrTEBSBDlKOHQZeofMZBB9S7hNQ?e=tNXE9C)
* [Fraud and Corruption Policy](https://mavasnau.sharepoint.com/%3Aw%3A/s/Corporate/EXAs1LqAnFxCvywoW0EdLFYBBG3zFSFW80a0KXlxUUjE0A?e=WR7bpS)
* [Gifts, Benefits and Hospitality Policy](https://mavasnau.sharepoint.com/%3Aw%3A/s/Corporate/EZ1Emmr5pxlLm8_g81rzBj4B1HXT8BvA6OUnAPSQLKH0Pw?e=A9xyi0)
* [Public Interest Disclosures Policy](https://mavasnau.sharepoint.com/%3Aw%3A/s/Corporate/EfybwI7gLJ1MjZ27x6abvUkBMGemuS-WwX0632FPs64ErA?e=E2ctYK)
* [Public Interest Disclosures Procedures](https://mavasnau.sharepoint.com/%3Aw%3A/s/Corporate/EfybwI7gLJ1MjZ27x6abvUkBMGemuS-WwX0632FPs64ErA?e=f1S5Yv)

# Appendices

Appendix1 – Declaration of Interest Return

Appendix 2 – Conflict of Interest Register *– Confidential*