

# Conflict of Interest Policy

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The Incorporated Societies Act 2022, requires all organisations to have a conflict of interest policy and an associated register. But even if the new act did not have such a requirement, it makes good business sense as it is basically a risk management in action (as is for example, monitoring monthly income and expenditure).

## The policy

The policy states how the organisation will deal with potential and actual conflicts of interest. A conflict of interest arises where a committee member/director is in a position to influence or even make a decision in their official capacity that they (or their friends or family or business associate or director) will benefit from in a private capacity – and not necessarily financially.

The policy needs to be guided by the “**Conflict of interest disclosure rules**” portion of the Act (page 35 of the [Incorporated Societies Act 2022](#))<sup>1</sup>.

## Associated register

Creating a conflict of interest register<sup>2</sup> is straightforward. All that is needed is the title plus three columns: name of director, organisation in which an interest is held, and interest or potential conflict area (for example, director, the firm you work for, and that it provides a service or sponsorship to the organisation). The conflict of interest register is then added to the board's agenda and directors are asked to keep the register up to date, at every meeting (or before the meeting). That's it.

## A quick win

The development of a conflict of interest policy and associated register will be a “quick win” for the organisation as it seeks to re-register under the Incorporated Societies Act 2022. It's something a committee/board<sup>3</sup> can instigate NOW. There's no particular reason to wait until the constitution is completely revamped and ready for member approval.

## Fine-tuning

Once the committee/board have trialled the policy and register, fine-tuning can be made based on actual use. All this before it is incorporated into the revamped constitution. Clearly, it's far better to trial the policy and register before the revamped constitution is filed with the Incorporated Societies Register.

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<sup>1</sup> See also the page [Records you must keep](#) for details on the conflict of interest requirements.

<sup>2</sup> See page 3 for an example.

<sup>3</sup> The Act refers to members of committees and boards as officers.

## Organisation's policies

Some organisations have their own committee/board policies/regulations/rules/bylaws to cover the finer points of running the organisation. Indeed, both Acts specifically refer to bylaws, which are not permitted to contravene or be inconsistent with the Act or the society's constitution.

### Potential policy wording

The committee is to maintain a Conflict of Interest Register which records actual, perceived, or potential conflicts of interest. The conflict of interest register is to be part of the committee's agenda and committee members are asked to review and possible update their portion of the register at or before every meeting.

It is up to the committee member to disclose the (potential) conflict of interest as soon as practical once they become aware of the situation. The person with an interest in any matter cannot vote or take part in a decision of the committee relating to the matter, or sign any pertinent document. However, if the committee allows it, the committee member may take part in discussion relating to the matter and be present (but not vote) when it makes a decision.

If half or more of the committee are interested in the matter and therefore cannot vote, the committee must call a special general meeting of members to determine the matter.

The Secretary will maintain the Interests Register.

## Possible text for the new Constitution

### Conflicts of Interest

The {*name of organisation*} is to maintain a Register of Conflicts of Interest which records actual, perceived, or potential conflicts of interest. An officer with an interest in any matter cannot vote or take part in a decision of the committee relating to the matter, or sign any pertinent document, but if the committee allows it, the officer may take part in discussion relating to the matter and be present when it makes a decision. If half or more of the officers are interested in the matter and therefore cannot vote, the committee must call a special general meeting of members to determine the matter.

The Secretary will maintain the Interests Register.

### Getting to Grips with Not-For-Profit Governance

To gain a thorough understanding of the essentials of governance, consider buying the NZ- specific book "[Getting to Grips with Not-For-Profit Governance](#)".

Disclaimer. Please note that this article does not provide financial or legal advice. If you or your organisation require such advice, please contact a lawyer or accountant.

## Conflict of Interest Register

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Updated as at:

Name	Interest held in	Actual, perceived, or potential areas of conflict
Jo Everyone	The XYZ catering company	Catering provides at the V events centre where the event is being held
	Director of Media Print	Printers of the club's newsletter
John Someone	Partner works at	

Adjust the Register to suit. For example adding a column to record date of declaration.