



# Fitzroy Community School

## Conflict of Interest Policy

<b>Purpose:</b>	To ensure that relevant staff and Board members at Fitzroy Community School (FCS) effectively identify, disclose and manage any actual, potential or perceived conflicts of interest in order to manage risk and protect the integrity of the School.
<b>Scope:</b>	Responsible Persons (as defined in the <i>Education &amp; Training Reform Regulations 2017</i> ), including but not limited to Board Members and the Principal
<b>Implemented by:</b>	Board, Chairperson, Principal
<b>Approved by:</b>	FCS Board September 2025
<b>Reviewed:</b>	Annually, as legislative changes arise, or improvements are identified.
<b>Communicated via:</b>	Board Induction, Staff Induction, Policies and Procedures Manual

### Objective

The Board aims to ensure that all Responsible Persons are aware of their obligations to disclose any conflicts of interest that they may have, and to comply with this policy to ensure they effectively manage those conflicts of interest as representatives of the School.

### Definition of a Responsible Person

Responsible person is defined in the Education and Training Reform Regulations 2017 as:

- if the proprietor is an individual, that person; or
- if the proprietor is a body, that body and any person who is concerned in, or takes part in, the management of the body; or
- each person with responsibility in the school governance structure for managing the school or its finances, including each member of the governing body of the school; or
- the principal of the school; or
- any other person who by the person's conduct assumes a position of authority over the governance or management of the school.

In our school, Responsible Persons are all Board Members and the Principal.



## Definition of conflicts of interests

The Australian Charities and Not-for-profits Commission (ACNC) defines a conflict of interest as occurring when a person's personal interests' conflict with their responsibility to act in the best interests of the charity.

Personal interests include direct interests as well as those of family, friends, or other organisations a person may be involved with or have an interest in (for example, as a shareholder). Personal interests may be financial or non-financial and can be identified as follows:

1. **Pecuniary interests** exist where there is financial gain or loss involved, even if money does not specifically change hands.
2. **Non-pecuniary interests** exist when no financial component exists but an interest exists due to relationships, social or cultural ties or involvement in an outside organisation

It also includes a conflict between an individual's duty to the School and another duty that they have (for example, to another organisation).

A conflict of interest may be actual, potential or perceived and may be financial or non-financial as identified as follows:

1. **Actual conflict** – an individual is being influenced by a conflicting interest.
2. **Potential conflict** – an individual could be influenced by a conflicting interest.
3. **Perceived conflict** – a third party could reasonably believe an individual has been influenced by a conflicting interest.

Conflict of interest is commonly 'positive' (e.g. motivated by financial/personal gain) but can also be 'negative' (e.g. motivated to avoid a detrimental consequence for another person).

These situations present the risk that a person will make a decision based on, or affected by, these influences, rather than in the best interests of the School and must be managed accordingly. While an individual may believe there is no danger of making a decision based on their own personal interests, instead of the school's best interests, this does not mean the conflict of interest should be disregarded. It is important that the conflict is taken seriously.

## Policy

This policy has been developed to provide clarity when potential conflicts arise, and do not need to present a problem to the School if they are openly and effectively managed. It is the policy of the School as well as a responsibility of the Board to ensure that ethical, legal, financial or other conflicts of interest are avoided and that any such conflicts (where they do arise) do not conflict with the obligations to the School.

The School will manage conflicts of interest by ensuring:

- a statutory declaration of the school's not-for-profit status executed by the chairperson of the school governing body is completed and on file;
- it retains copies of agreements, guarantees, contracts or arrangements with third parties that are related entities or any person or for-profit or not-for-profit organisation affiliated with the school;
- it maintains a register outlining details of any related entity and/or affiliated organisation or person and the relationship between the school and that entity or person;



- that any loan agreement and/or arrangement for the delivery of services to the school and its students are on commercial terms and do not constitute a prohibited agreement or breach of not-for-profit requirements.

At Fitzroy Community School, Responsible Persons will:

- avoid conflicts of interest where possible
- identify and disclose any conflicts of interest when they arise
- carefully manage any conflicts of interest by following this policy, and
- respond to any breach, as determined by the Board.

## **Responsibility of the Board**

The Board is responsible for:

- establishing a system for identifying, disclosing and managing conflicts of interest across the school;
- monitoring compliance with this policy; and
- reviewing this policy on an annual basis to ensure that the policy is operating effectively.

The School must ensure that its Responsible Persons are aware of their responsibilities under the *Education and Training Reform Regulations 2017 (Vic)* (ETR Regulations) and the ACNC governance standard 5, and ensure that they comply with their legal obligations, including any disclosure requirements.

## **Identification and disclosure of conflicts of interest**

All Responsible Persons must disclose any actual, perceived or potential conflicts of interest:

- at the time they are appointed to their role with the School whether or not they have material conflicts to disclose;
- where their circumstances have changed since their last disclosure was submitted and the person has an actual, perceived or potential conflict of interest in undertaking their duties;
- prior to a board meeting beginning based on the agenda items to be covered;
- prior to any substantial information being shared about an opportunity to provide services to the School that would result in pecuniary or non-pecuniary gain, if there is potential interest from the Responsible Person in providing those services.

Once an actual, potential or perceived conflict of interest is identified, it must be entered into the school's Conflict of Interest Register, as well as being raised with the Board. The register of interests must record information related to a conflict of interest including a summary of the conflict of interest and if a Conflict of Interest Management Plan is in place.

The information disclosed is subject to the school's Privacy Policy.

When considering whether they have conflicts of interest, individuals should consider the following questions:

- Is there a realistic expectation that I will, directly or indirectly, gain a financial or other material benefit or suffer a financial or other material loss that others at the school won't?
- Will the matter affect my earning capacity or financial situation more or less than others at the school?
- Will it have an impact on the value of any shares or property that I own?



- Do I have a second job or private business that may be affected by the matter?
- Do I have any debts owing to a person who will be affected by the matter?
- Have I accepted hospitality, sponsored travel or other benefits from a person who will be affected by a decision under consideration by the school?
- Is there a realistic expectation that someone in a personal or business relationship with me will, directly or indirectly, gain a financial or other material benefit or suffer a financial or other material loss?
- By nature of my relationship with this individual or entity, would any benefit or loss they receive be expected, under normal circumstances, to flow through to me?
- Will the matter have a direct or indirect financial or other material impact on a member of my family?

## **Action required for management of conflicts of interest**

### **Conflicts of Interest of Responsible Persons**

Once the conflict of interest has been appropriately disclosed, the Board must discuss and determine if a Conflict-of-Interest Management Plan is required. The Responsible Person must not be present during any deliberation or take part in any decision by the Board in relation to the matter.

Whenever any form of conflict exists in relation to a proposed transaction or arrangement for the School, the Board must in each instance also consider the substance, purpose and rationale of such proposed items to ensure that the main driver in decision making is to achieve the School's strategic and operational goals, and is in the best interest of the School.

Whenever any form of conflict exists where there is not a majority of disinterested directors, the item will be referred to the Special Purpose Committee.

In exceptional circumstances, such as where a conflict is very significant or likely to prevent a Board Member from regularly participating in discussions, it may be worth the Board considering whether it is appropriate for the person conflicted to resign from the Board.

### **What should be considered when deciding what action to take**

In deciding what approach to take, the Board will:

- consider whether the conflict needs to be avoided or simply documented;
- consider whether the conflict will realistically impair the disclosing person's capacity to impartially participate in decision-making;
- consider alternative options to avoid the conflict;
- consider the school's philosophy, vision, values, financials and strategic plan;
- consider if there is the possibility of an appearance of improper conduct that might impair confidence in, or the reputation of, the School if no action is taken; and
- at all times make decisions that are solely for the purposes of the School and in the best interest of the School.

The approval of any action requires the agreement of at least a majority of the Board (excluding any conflicted Board Member/s) who are present and voting at the meeting. The action and result of the voting will be recorded in the minutes of the meeting and in the register of interests.



## **Conflict of Interest Management Plans**

If the Board determines that a plan is required, a non-conflicted Board Member will prepare a Conflict-of-Interest Management Plan. Input from the individual in relation to the proposed Conflict of Interest Management Plan will be accepted; however, the individual is obliged to follow the Conflict of Interest Management Plan that is approved by a Special Purpose Committee.

Conflict-of-Interest-Management Plans will ensure conflicts are managed and resolved based on strategies that consider the following matters (as appropriate in the circumstances and in the best interests of the School):

- adequate disclosure and documenting of all information surrounding the conflict of interest;
- placing restrictions on the Responsible Person's involvement in the matter or access to specific information;
- documenting an alternative process/pathway/action for the specific circumstances;
- monitoring the conflict by appointing an independent/non-conflicted party in the process;
- restricting the individual from participation in the matter; or
- the individual relinquishing or ceasing to have the private interest that is creating the conflict.

Conflict-of-Interest Management Plans should be reviewed by the Special Purpose Committee annually or as needed during the period of the conflict. Once a conflict has ceased, it should be documented in Committee and Board minutes and the Conflict-of-Interest Register.

## **Compliance with this policy**

If the Board has a reason to believe that a person subject to the policy has failed to comply with it, it will investigate the circumstances. If it is found that this person has failed to disclose a conflict of interest or failed to follow the requirements set out in this policy or the relevant Conflict of Interest Management Plan, the Board may take action against them. This may include seeking to terminate their relationship with the school.

If a person suspects that an individual has failed to disclose a conflict of interest or follow this policy or an active Conflict of Interest Management Plan, they must notify the Board.

Where a conflict is documented with a Related Party, any financial transactions between the entities must be reported to the Board.

## **Related Documentation**

- Responsible Persons Register
- Conflict of Interest Register
- Special Purpose Committee Terms of Reference
- Related Party Register
- Related Party Transaction Notifications
- Declaration of Interest Form
- Conflict of Interest Management Plan Template
- Board Charter
- ACNC governance standards <https://www.acnc.gov.au/for-charities/manage-your-charity/governance-hub/governance-standards>



- ACNC Managing Conflicts guide <https://www.acnc.gov.au/tools/guides/managing-conflicts-interest>
- Privacy Policy