



## **Conflict of Interest Policy**

### **1. INTRODUCTION**

1.1 This conflict of interest policy applies to:

- Staff Members under a contract of Employment or
- Trustees as appointed under the Institutes constitution

1.2 In both cases parties must not be seen as acting in a manner that does not bring in to conflict their own aims as opposed to those of the Institute. This may be in the context of financial transactions or where publicity is obtained, or where there is difference between a clearly stated aim of the Institute or that of the parties named above.

1.3 All parties have an obligation to act in the best interest of the Institute and should avoid situations in which their Institute duties, private and/or family interests and loyalty could be seen to be in conflict. All parties should make a clear and where possible a documented effort to identify and then seek sanction for any matter where they believe a conflict of interest exists.

1.4 There is an added duty on both trustees and senior management of the institute to ensure that where there is an identified conflict of interest, the interest is declared. In the majority of cases, the conflicted individual would not participate in the discussion and would have no part in the decision on the matter. Any exceptions to this practice would need to be clearly considered and documented.

### **2. DEFINITION OF A CONFLICT OF INTEREST**

A conflict of interest is an actual or perceived personal financial interest or other gain for a Member or historical connection to the beneficiary of a decision made by the Institute.

### **3. DECLARING THE CONFLICT OF INTEREST**

3.1 The declaration of interests is updated on an annual basis and when any changes occur. In the event of a conflict of interest Members should advise the Trustees, who must be unrelated to matter concerned or a senior member of the management with immediate effect in writing. If parties fail to declare an interest and it is subsequently discovered they may face the sanction of being removed from either employment or their trusteeship

3.2 All conflict of interest must be reported on the form enclosed below in appendix A.

3.3 All Parties therefore must:

- ensure their entry is kept up to date
- disclose the nature of any direct or indirect interest in any matter brought up for the consideration of the Institute
- refrain from taking part in any deliberation or decision on that matter

### **4. CONSIDERING THE FUTURE LIKELIHOOD OF SUCH EVENTS**

In considering a conflict of interest, the Institute will need to decide whether the conflict is likely to be exceptional such that it is not deemed to affect the parties membership of the



Institute or it would be so frequent that it might be best to consider alternative arrangements.

## **5. DECISIONS**

5.1 All meetings at the Institute must have as a standing agenda item which seeks declarations on conflicts at the beginning of the meeting and must be recorded.

5.2 Where a conflict is declared the party must absent themselves from the meeting at which the matter of conflict is discussed. This should be recorded in the minutes.

5.3 A decision under a conflict of interest will be recorded by the Institute's Trustees and reported in the minutes of the meeting. The meeting will record:

- the nature and extent of the conflict;
- an outline of the discussion;
- the actions taken to manage the conflict

## **6. MANAGING CONTRACTS**

Members may not be involved in monitoring a contract in which they have an interest if there is a conflict of interest. Should the relationship be deemed unsatisfactory the contract may be terminated.

## **7. DATA PROTECTION**

The information provided in compliance with the policy will be processed in accordance with data protection principles as set out in the Data Protection Act 1998 and GDPR Regulations. Data will be processed only to ensure that Members act in the best interests of the Institute. The information provided will not be used for any other purpose.

**Policy approved by the Board of Trustees on:** 01/01/2023

**Policy due for review:** 01/01/2024

**AL Mahdi Institute  
Register of Related Party Interest**

**Declaration of Interest**

<b>Person or organization</b>	<b>Status</b>	<b>Nature of relationship and/or nature of conflict of interest</b>

<b>Declaration:</b>
I confirm that to the best of my knowledge, and after making enquiries of all related parties of which I am aware, that I have included details of all related parties where a conflict may arise

Name.....

Position .....

Signed .....

Date .....

NB Complete one form for each member of the committee and file with the minutes.

### ***Definition of Related parties from SORP 2015***

**Related parties** is a term used by the SORP that combines the requirements of charity law, company law and the Financial Reporting Standard applicable in the UK and the Republic of Ireland/Financial Reporting Standard for Smaller Entities (the FRSSE). The term is used to identify those persons or entities that are closely connected to the reporting charity or its trustees.

The following 'natural persons' are classed as related parties:

- A. any charity trustee and custodian trustee of the charity;
- B. a person who is the donor of any land to the charity (whether the gift was made on or after the establishment of the charity); and
- C. any person who is:
  1. a child, parent, grandchild, grandparent, brother or sister of any such trustee (A) or donor (B) of land;
  2. an officer, agent or a member of the key management personnel of the charity;
  3. the spouse or civil partner of any of the above persons (A, B, C1 and C2);
  4. a person carrying on business in partnership with any of the above persons (A, B, C1, C2 and C3);
  5. a person, or a close member of that person's family, who has control or joint control over the reporting charity; and
  6. a person, or a close member of that person's family, who has significant influence over the reporting charity.

'Close member of a person's family' refers to:

- a. that person's children or spouse;
- b. the children, stepchildren or illegitimate children of that person's spouse or domestic partner;
- c. dependents of that person; and
- d. that person's domestic partner who lives with them as husband or wife or in an equivalent same-sex relationship.

A charity is not necessarily related to another charity simply because a particular person happens to be a trustee of both. It will only be 'related' if the relationship means that one charity, in furthering its charitable aims, is under the direction or control of the trustees of another charity.

The following entities, which are not 'natural persons', are classed as related parties of a reporting entity (including a reporting charity) if any of the following conditions apply:

- the entity and the reporting charity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a group of which the other entity is a member);
- both entities are joint ventures of the same third entity;

- one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity;
- [only from 1.1.16 or early adoption of SORP Update Bulletin 1] the reporting charity provides/receives key management personnel services to/from the entity;
- an entity that is controlled or jointly controlled by a person, or two or more persons, identified in A, B or C;
- an entity in which a person, or two or more such persons, identified in A, B or C, taken together, have a substantial interest or significant influence over the entity;

Control is presumed to exist when one or more persons identified in A, B or C, taken alone or together, hold directly or indirectly, more than half the voting power of an entity. However, control can also exist when they, directly or indirectly, control half or less than half of the voting power of an entity, if they have:

- power over more than half of the voting rights by virtue of agreement with other investors;
- the power to govern the financial and operating policies of the entity under a statute or an agreement;
- the power to appoint or remove the majority of the members of the board of directors or equivalent governing body, and control of the entity is by that board or body; or
- the power to cast the majority of votes at the meetings of the board of directors or equivalent governing body, and control of the entity is by that board or body.

An individual has a substantial interest or significant influence in an entity where that person, or two or more persons identified in A, B or C, taken together, have an interest in the equity share capital of that entity of a nominal value of more than one-fifth of that share capital, or is entitled to exercise, or control the exercise of, more than one-fifth of the voting power at any general meeting of that entity.