CONFLICTS OF INTEREST POLICY

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1. PURPOSE AND APPLICATION

1.1. This Board Policy sets out how the College deals with an actual, or potential, conflict of interest of a member of the Board, or of a member of a College Body.

1.2. The Board has adopted this policy because modern standards of governance and accountability, across the whole range of corporate, not for profit and government bodies in the community, require a consistent and transparent approach to these matters.

1.3. Bodies within the College regularly make decisions that may affect the interests of the members, and also the interests of parties outside the College. It is very important that the College is seen to do this without any perception that outside influences may have affected the decision-making process.

1.4. Governance is not only about personal responsibility, but about systems and processes that support, amongst other things a transparent and robust structure. Governance systems include meeting procedures in relation to handling declared or perceived conflicts of interest.

2. WHAT IS A CONFLICT OF INTEREST

2.1. This Board Policy sets out how the College deals with an actual, or potential, conflict of interest of a member of the Board, or of a member of a College Body.

2.2. A conflict of interest arises when the interest of a member (or those of their families, friends or other organisations with which they are involved) are incompatible or in competition with the interests of the College.

A conflict may relate to either a financial or a non-financial interest.

A financial interest refers to the possibility of a financial or other material gain arising in connection with decision-making (for example the awarding of a contract to a company with which the member is involved, the awarding of a service contract to a member’s spouse, the making of a grant to a member’s dependent child).

A non-financial interest refers to benefits not linked directly to material gain (for example enhancement of career and the possibility of acquiring additional professional recognition, status or fame).

If not avoidable and not managed appropriately and transparently conflicts of interest have the potential to:

- damage effective decision-making
- undermine the functioning of the College Body; and
- attract adverse publicity.

3. EXAMPLES OF A CONFLICT OF INTEREST

3.1. A Conflict of interest may arise, for example, if a College Group is considering a matter involving an outside party, and a member of the College Group (or their spouse, de facto spouse, partner or child etc., or other person with whom the member has a close personal, professional or business relationship):-
3.1.1. is an employee or consultant of that outside party;
3.1.2. holds shares (etc.) in that party;
3.1.3. is an office holder of that party;
3.1.4. has received a research grant from that party;
3.1.5. receives travel grants, conference expenses, gifts or hospitality from that party; or
3.1.6. is applying for any of those things.

3.2. In each of those cases, the existence of the outside relationship might possibly influence how the member acts or votes on the College Group.

4. DUTY TO INFORM THE GROUP OF POTENTIAL CONFLICTS OF INTEREST

4.1. Any member of the Board or a College Body (a “College Group” or “Group”), has a duty to inform the Group, through the Chair of the Group, of any actual or potential conflict of interest which he or she might face in relation to the work of the Group, and the nature of the conflict.

4.2. Some potential conflicts will prove to be non-material, but it is not for the member themselves to decide. The Group needs to consider on that point.

5. PROCEDURES TO CONSIDER THE CONFLICT

5.1. The Chair of the Group will be responsible for establishing a process that involves the remaining meeting members, to assess whether a conflict of interest does in fact exist and, if so, its significance and any action that needs to be taken. Depending on the circumstances, such a process may include:-

5.1.1. discussion with the Group itself;
5.1.2. the establishment of a specific Committee to assess the issues;
5.1.3. referral to the Board.

5.2. If the actual or potential conflict involves the Chair, he or she should, after disclosing it to the meeting, vacate the Chair for discussion that will follow. (The members present may appoint an acting Chair for this purpose).

6. MEMBER SHOULD NOT PARTICIPATE IN THE DISCUSSION

6.1. Having made a declaration, the member should then leave the meeting room. In general, such disclosures should be discussed in the absence of that member by the remaining members of the group, who together should decide:-

6.1.1. whether a conflict of interest actually exists;
6.1.2. if so, its significance and likely impact on the item or items of business to which it applies; and
6.1.3. what action, if any needs to be taken.

6.2. The remaining members may resolve to invite the member with the conflict to re-join the meeting. The remaining members may or may not allow the conflicted member to participate in the discussion and/or the decision, but if they do so, the resolution should include that fact and be recorded accordingly in the minutes of the meeting. The member can be asked to leave at any time, i.e. prior to or after the decision is made.

7. NOTIFICATION OF CONFLICT BY OTHER MEMBERS OF A COLLEGE GROUP

7.1. If a member or members of the Group believe that another member may have a conflict of interest which should be disclosed but has not been, he or she is entitled to raise this matter with the Group.

The members of the Group may request that the person be subject to the processes that apply when a conflict of interest has been declared.

7.2. In such a situation, the most prudent course initially is for the member to leave the meeting room so that the remaining members can decide (in the absence of the member with the alleged conflict) whether to hear and determine the matter in the absence of that member. This would clearly avoid the member having an influence on the outcome.

8. MINUTES OF A MEETING

8.1. The minutes of a meeting should record:-

8.1.1. the fact that the declaration was made, and the details of the conflict;

8.1.2. the process adopted by the Group to deal with it; and

8.1.3. the resolution or other conclusion of the Group following its consideration of the matter, including any actions that were taken.

9. CONFLICTS OF INTEREST ARISING FROM CLOSE RELATIONSHIPS

If a close family member (such as a spouse, de facto spouse, partner or child) of a member of the Board or College Body (“Member”) or another person with whom the Member has a close personal, professional or business relationship (“Close Party”) consults to, or works in any capacity for, an organisation with which the Board or a College Body may have dealings on matters of health policy (“Outside Body”) then the policy of the Board is as follows:-

9.1. Member should exercise caution

9.1.1. Generally, when a Member is participating in anything that involves an Outside Body with which a Close Party is associated, the Member should be careful to avoid doing anything that can be misconstrued by third parties, such as:-

9.1.1.1. participating in any meeting or discussion (whether or not in the company of other College personnel) with just that Outside Body or its representatives; or
9.1.2. engaging in any correspondence with that Outside Body or its representatives.

9.2. Dealing directly with the Outside Body

9.2.1. If the College is dealing directly with that Outside Body on a “one on one basis”, then:-

9.2.1.1. the Member will not be shown any documents that relate to the College’s dealings (or proposed dealings) with that Outside Body (such as draft policy submissions and correspondence) unless, in relation to a particular matter, either:-

9.2.1.1.1. the College has formalised a policy or position on that matter, which is in the public domain; or

9.2.1.1.2. the document is in the public domain without breach of any confidentiality obligation; and

9.2.1.2. the Member will not participate in internal discussion within the College, including the Board, or College Body meetings, concerning those matters (or in any discussions with the Outside Body).

9.3. National Policy

However, if the College is developing or negotiating a national policy, and the Outside Body is merely one of a number of organisations participating in that policy development process, then the Member may participate in multi-party meetings, and College discussions on that policy (except on matters where the Outside Body has issues or concerns on that policy or its development that are not shared by any other of those organisations).

9.4. Document access to be limited

When a member of the Board or a College Body notifies that body of a potential conflict of interest that involves a Close Party, then document access is to be limited:

9.4.1. Where disclosure is to the Board

When a member of the Board notifies the Board of a potential conflict of interest that involves a Close Party, then:-

9.4.1.1. the President and the President-Elect are authorised by the Board to determine which papers fall within paragraph 9.2 above;

9.4.1.2. if either or both the President or President-Elect is the “conflicted” Member, then any other member of the Board is authorised by the Board to take their place;

9.4.1.3. the President, President-Elect and any Board member taking their place (“Delegates”) will be provided with such assistance from the Senior Leadership Group and the College Company Secretary as may be required;

9.4.1.4. Board members and relevant management will do their best to ensure that no documents that fall within paragraph 9.2 above are provided to the conflicted member;

Date of commencement: Approved by RACP Board in October 2013
Date of most recent amendment: April 2015
9.4.1.5. Any documents that fall within paragraph 9.2 above should be removed from the Board (or College Body) papers of the conflicted member; and

9.4.1.6. Paragraph 9.4.1.5 above is intended to be applied conservatively. If a Delegate has any doubt whether or not a document falls within paragraph 9.2, the Delegate should withhold the documentation from the affected Member, even though that member might disagree. That decision may be overturned only by resolution of the Board in the absence of the affected member.

9.4.2. Where disclosure is to a College Body

9.4.2.1. When a member of a College Body notifies that body of a potential conflict of interest that involves a close party, then a parallel process applies and document access is to be limited as above.

9.4.2.2. However, the Chair of the relevant College Body and one other member of the College Body (other than the conflicted Fellow) are authorised by the Board to determine which papers fall within paragraph 9.2 above.

9.4.2.3. If the Chair is the “conflicted” Fellow, then any other member of the College Body is authorised by the Board to take their place.

10. DEFINITIONS

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<tr>
<th>“Board”</th>
<th>Means the Board of Directors of the College.</th>
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<td>“Close Party”</td>
<td>Means the person with whom a Member has a close personal, professional or business relationship.</td>
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<tr>
<td>“College”</td>
<td>Means The Royal Australasian College of Physicians ACN 000 039 047, an incorporated body limited by guarantee.</td>
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| “College Body”| Means:  
   a) the council of each Division or Faculty of the College;  
   b) the Committee of each Chapter formed within a Division or Faculty;  
   c) each Board Committee;  
   d) each Committee, sub-committee, working group, expert advisory group or other sub-group formed under the auspices of any of the above, whether or not limited in time or purpose. |
<p>| “College Group” or “Group” | Means the Board and any College Body. |
| “Member”      | Means a member of the Board or a College Body. |</p>
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<tr>
<th>Item</th>
<th>Amendment</th>
<th>Date</th>
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<tr>
<td>1.</td>
<td>Approved by the RACP Board of the College.</td>
<td>October 2013</td>
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<tr>
<td>2.</td>
<td>Clause 2.2 amended to include revised definition consistent with that contained in the Governance of College Bodies By-law</td>
<td>April 2015</td>
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