

# Conflicts of Interest guideline

To help you correctly assess and declare a conflict, consider the information provided in this guidance.

## Types of Conflicts

There are three types of conflicts (actual, potential or perceived). These conflicts involve either personal and/or pecuniary interests. Conflicts of interest must also be categorised as 'standard' or 'material'.

### 1. Types of conflict

Actual	A direct conflict exists between current DTF duties and existing private interests.
Potential	A conflict that might arise in the future between DTF duties and private interests.
Perceived	A situation where it could be perceived or it appears that private interests could improperly influence DTF duties – whether or not this is in fact the case.

### 2. Type of interest

<b>Personal or private interests</b>	Include relationships such as those with family, friends or associates. They may also arise through involvement in social, sporting or cultural activities.
<b>Pecuniary interests</b>	Include financial or commercial gains or losses. Money does not need to change hands for an interest to be pecuniary.

To help you assess the type of conflict and interest, consider the following:

<p><b>Private interests:</b> Consider any influence or decision-making roles you may have.</p> <ul style="list-style-type: none"> <li>• What is the connection of the conflict to your employment as a public sector employee or representative?</li> <li>• Is there a personal or pecuniary interest that is connected to your work as a public sector employee or representative?</li> <li>• Could you be influenced by the interest, or could you appear to be influenced by the interest?</li> </ul>
<p><b>Potential or immediate benefit(s):</b> Assess how the conflict affects you and how it affects the other party.</p> <ul style="list-style-type: none"> <li>• Does the interest create a benefit or could it result in a benefit to you, or someone important to you?</li> <li>• Could that benefit cast doubt on your integrity and objectivity?</li> </ul>
<p><b>Perception:</b> How the conflict would be perceived by the general public.</p> <ul style="list-style-type: none"> <li>• Would a neutral person think your personal or pecuniary interest could conflict with your public duty?</li> <li>• Is there perceived risk(s) for you and/or your Department or Branch?</li> </ul>

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**Proportionality:** Assess the significance of the conflict to ensure it is declared to the right person.

- What is the magnitude of the conflict or potential conflict?
- Is it material (substantial or important?)
- Is it standard (less significant than a material conflict but still creates some degree of concern?)
- Is the conflict inconsistent with policy?

**Public scrutiny test:** Assess whether there are any negative ramifications for DTF or the Treasurer.

- Could you defend or justify the conflict if questioned publicly?
  - What might the consequences be for you, your colleagues, the Department and the public?

**Promise(s) or obligation(s):** Assess whether there are any past, present or future obligations in relation to the situation.

- Have you made any promises or commitments in relation to the situation?
- Do you have affiliations – past, present or future – that place you under an obligation?

### 3. Standard or material conflict

<b>Standard conflict</b>	<p>A conflict which is cause for some concern. Standard conflicts can include but are not limited to:</p> <ul style="list-style-type: none"> <li>- Outside employment</li> <li>- Unpaid activities such as volunteering</li> <li>- Sitting on external boards and committees in paid or unpaid capacities.</li> </ul> <p>Making a declaration of this type will inform your Manager. Manager approval and a conflicts management strategy is required.</p>
<b>Material conflict</b>	<p>A conflict which is significant due to its impact or potential impact. This impact could be significant personal or pecuniary benefits.</p> <p>Material conflicts can include but are not limited to:</p> <ul style="list-style-type: none"> <li>• Personal relationships or other arrangements that may result in the DTF employee receiving pecuniary benefits.</li> <li>• Conflicts relating to any procurement or contract management activities that DTF is undertaking. This could include personal relationships with suppliers and contractors.</li> <li>• Conflicts that may result in any negative exposure or damage to DTF's reputation.</li> </ul> <p>Making a declaration of this type will inform your Manager and Branch Head. Approval from your Manager and Branch Head is required. A conflicts management strategy is required.</p>

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### Your duty regarding your conflict of interest

If you have a conflict of interest, you are required to declare and manage that conflict.

#### Declaring a conflict of interest

Conflicts on interest must be declared using the Conflicts of Interest [Apply form](#) on DTF's intranet.

Refer to DTF's [Conflicts of Interest Procedure \(link\)](#) for assistance.

Declare a conflict of interest at the earliest opportunity.

#### *Standing agenda item*

Governing bodies such as DTF Boards and Committees must have conflicts of interest set as a standing item on their Agenda. A standing record of DTF Risk and Performance Committee members' other memberships and pecuniary interests is maintained by the Risk, Audit and Security team and updated as required.

#### *Related party disclosures as part of year end processes*

Related party relationships are a normal feature of commerce and business. For example, entities frequently carry on parts of their activities through subsidiaries, joint ventures and associates. In those circumstances, the entity has the ability to affect the financial and operating policies of the investee through the presence of control, joint control or significant influence.

From a reporting perspective for a Public Sector Act entity, the disclosure of related party transactions is prescribed by the Australian Accounting Standards Board (AASB) in Accounting Standards. This disclosure ensures that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit and loss may have been affected by the existence of related parties of Key Management Personnel (KMP) and by transactions and outstanding balances with such parties. In order to meet the AASB124 requirements, every financial year end, SSSA requests agencies for which it prepares Financial Statements, to complete declarations of related party transactions for KMPs. Upon receiving the declarations from key management personnel, SSSA in conjunction with the agency may assess the materiality of any disclosures and if a disclosure should be made in the Financial Statements.

At every financial year end, the Risk, Audit and Security team prepares and coordinates a Year End Declarations process to assist in providing assurance to the Under Treasurer that the Department had adequate internal controls in place over financial reporting throughout the year. The declarations include a declaration of related party transactions made by all Executives and a declaration of personal interests provided by all Executives and the Director of Finance, not just KMPs. In order to avoid duplication and streamline the process, the DTF Risk, Audit and Security team will capture the requirements of AASB124 for KMPs as part of this process and provide from this data collection the necessary information to SSSA.

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### Managing a conflict of interest

All types of conflicts need a management strategy. Management strategies can be classified into:

- Accept and monitor;
- Manage; or
- Avoid.

When choosing a suitable management strategy, consider what is most appropriate for the type of conflict, type of interest and whether its impact is or could be standard or material. All strategies should be reviewed on a regular basis (e.g. every 12 months).

You may select one or a combination of the strategies outlined below.

Accept and Monitor	Manage	Avoid
Monitor the conflict.	Restrict your involvement to certain parts of the activity that exclude the conflict  OR  Engage/recruit an independent person to oversee the activity that involves the conflict.	Remove yourself from aspects of the activity that create the conflict  OR  Remove your personal or pecuniary interest.

### Outside work activities

Paid or unpaid work performed in addition to your DTF duties may create a conflict of interest.

- **Outside employment or remunerative activity** that you undertake in addition to your duties at DTF may constitute a conflict of interest. If you wish to perform any outside employment, you will need to obtain approval from your Manager or Branch Head using the [iApply form](#) on the DTF intranet.
- **For unpaid activities, if the unpaid activity creates a conflict of interest or has the potential to** create a conflict of interest, you will need to seek permission from your Manager or Branch Head to engage in this activity using the [iApply form](#) on the DTF intranet.

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### Conflicts of interest: hypothetical scenarios

Type of conflict	Scenario	Action required
<b>No conflict</b>		
No conflict	You are employed by DTF. The work you are undertaking involves <b>no relevant personal or pecuniary interests</b> .	Nil.
<b>Actual conflict - standard</b>		
<b>Actual conflict. Standard conflict.</b>	<p>John works in a customer service transactional team in DTF. As part of the transactions process, John often encounters confidential personal and financial information of members of the public. In the course of his duties, John encounters information about a friend of his. John's <b>personal interest</b> could influence his role because his friend might benefit through his involvement in the process.</p> <p><b>The reason this is a standard conflict is because John's friend is not a high-profile or influential person.</b> This would change to a material conflict if John encountered sensitive information about a high-profile person to whom John had some type of personal or pecuniary connection. Alternatively, if John encountered sensitive information about a high-profile person and disclosed this information to others outside the course of his work, this would also likely generate a material conflict of interest.</p>	<b>Avoid.</b> Declare the conflict. Have a management strategy in place.
<b>Actual conflict - material</b>		
<b>Actual conflict. Material conflict.</b>	<p>Monique works at DTF as a Freedom of Information Officer (FOI). Monique was assigned work on a FOI request with respect to a DTF Executive's spending. When she received information about the FOI request, it became apparent that she has a personal connection to the Executive through her parents who are friends with the Executive. If Monique decided to proceed with working on the FOI request, her <b>personal interest</b> in the matter is likely to impact, in a material way, on the performance of her duties as an FOI Officer.</p> <p><b>The reason this is a material conflict is due to the position of the Executive and the likely amounts of spending that will be investigated.</b></p>	<b>Avoid.</b> Declare the conflict. Have a management strategy in place. Branch Head approval is also required.

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Potential conflict - standard		
<p><b>Potential conflict. Standard conflict.</b></p>	<p>Amy works in a branch that sometimes undertakes procurement activities. Amy knows that some of her team members are handling the tender process for a government contract for which Amy's best friend has submitted an application. The government contract has a low value. There is a potential conflict of interest in this scenario because if Amy is assigned work on the tender process that involves her best friend, then Amy's <b>personal interest</b> will conflict with her DTF role.</p> <p>The reason this is a potential conflict is because the government contract that may potentially be awarded to Amy's best friend is of low value.</p>	<p><b>Accept and monitor.</b> Declare the conflict. Have a management strategy in place.</p>
Potential conflict - material		
<p><b>Potential conflict. Material conflict.</b></p>	<p>A Branch Head needs to recruit an additional Director to their Branch. Relevant Human Resources (HR) processes identify three suitable candidates for interview. The Branch Head is aware that one of the shortlisted candidates is their cousin. Prior to the interview, the Branch Head declares this relationship to HR to avoid the potential conflict of interest. HR then puts in place an alternative selection panel for the interview with that candidate.</p> <p><b>The reason this is a material conflict is because of the potential ability to influence the hiring of a senior DTF staff member.</b></p>	<p><b>Avoid.</b> Declare the conflict. Have a management strategy in place. Branch Head approval is also required.</p>
Potential conflict - standard		
<p><b>Perceived conflict. Standard conflict.</b></p>	<p>Bryan works in an area in DTF that sometimes deals with disputes. Bryan is aware that other members of his team are mediating a dispute that involves a company in which Bryan has a minor pecuniary interest. Although he is not involved in the mediation of that particular dispute, some may consider that Bryan's <b>pecuniary interest</b> may influence what action is taken by his team.</p> <p><b>The reason this is a perceived standard conflict is because Bryan's pecuniary interest is not significant.</b></p>	<p><b>Accept and monitor.</b> Declare the conflict. Have a management strategy in place.</p>

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Perceived conflict - material		
<p><b>Perceived conflict.</b> <b>Material conflict.</b></p>	<p>The assessment of whole-of-government contracts is an activity that is performed in Timothy's branch. One of the companies that is competing for a whole-of-government contract is one in which Timothy has a pecuniary interest because he owns a significant proportion of shares in the company. While Timothy is not involved in the decision-making for granting the whole-of-government contract, it could be perceived that his <b>pecuniary interest</b> could influence what decision is made.</p> <p><b>The reason this is a perceived material conflict is because Timothy has a significant pecuniary interest in the company that is competing for a whole-of-government contract.</b></p>	<p><b>Manage.</b> Declare the conflict. Have a management strategy in place. Branch Head approval is also required.</p>

### Related documents

- [DTF Conflicts of Interest Policy](#)
- [DTF Conflicts of Interest Procedure](#)
- [DTF Conflicts of Interest Online Declaration Form](#)
- [Accounting Standard AASB 124 Related Party Disclosures](#)
- [Code of Ethics for the South Australian Public Sector.](#)
- Commercial and Economics Branch (CEB): Conflict of interest protocol and supporting documents. Please refer to CEB Team Site.
- SafeWork South Australia (SWSA): Conflict of interest policy and procedure. Please refer to SWSA Team Site.
- [Independent Commissioner Against Corruption Act 2012 \(SA\).](#)
- [Public Corporations Act 1993 \(SA\).](#)
- [Public Finance and Audit Act 1987 \(SA\).](#)
- [Public Sector Act 2009 \(SA\).](#)
- [Public Sector \(Honesty and Accountability\) Act 1995 \(SA\).](#)



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