

Conflicts of interest – *and how to deal with them*



Business associations must address conflicts of interest before they become a concern. Conflicts of interest can involve the business association, both governance and management, or local board members.

Under the BID Policy, business associations need to adopt a board charter which clearly sets out the process for managing conflicts.

- We have covered the issue in our BID Policy and published on our website, see [Conflicts of interest and resolutions in the Policy Operating Standards \(PDF 920KB\)](#).

There are several conflicts of interest situations that could arise (either real or perceived) that, if not addressed, have the potential to become a serious concern. A business association board charter (*see Section 2.4 f for further details on board charters*) must include the process for the board to manage and deal with conflicts.

The conflicts of interest provisions are the most important part of any board charter.

Business association board members, BID programme managers, local board representatives and, indeed, everyone who attends a BID board meeting, are required to abide by the rules. Transparency is key so full disclosure of a financial or any interest must be noted on the conflicts of interest register and the question asked on each board meeting agenda.

The best way to deal with conflicts is to make sure you have a process included in the board charter and or have a process for managing conflicts of interest. Best practice is to include conflicts of interest as an agenda item on each meeting agenda (similar to health, safety and wellbeing) and noted in the minutes. This will provide a paper trail for your auditor when auditing the association's governance processes and cover the parties should an issue arise.

Please note that business associations must advise Auckland Council of situations which they believe could be defined as a problem or issue which, if unresolved, becomes a serious concern. This includes where there are breaches of the business association's constitution or board charter, including conflicts of interest.

Conflicts can also arise come election time, general or local authority. BID programme resources (management, governance time or funds) must never to be used for any political purposes. They cannot in any circumstances be used to endorse or support a candidate or political party.

Conflict of interest put to the test

Would a reasonably informed objective observer deduce from the circumstances that the member's judgment is likely to be influenced to the detriment of the entity's best interest?

