

# Conflict of Interest Policy

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<b>Responsible Officer:</b>	<b>Executive Director People and Workforce Strategy</b>
<b>Policy Editor/Contact:</b>	<b>Executive Director People and Workforce Strategy</b>
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## 1. Preamble

A conflict of interest can occur at USP when an employee is put in a situation or circumstance that impacts on his/her ability to act in the best interest of the University. This would be the case even if the USP employee does not derive any personal benefit from their action. The perception of competing interests, impaired judgements or undue influence can also be a conflict of interest.

Conflicts of interest are not wrong in themselves, and they may not be avoided altogether in the workplace. But they have to be managed in the interest of the University. Identifying and managing conflict of interest in the workplace is critical to building and maintaining trust in public institutions.

The most effective means to addressing unavoidable conflicts of interest is to establish a system under which members of staff disclose and obtain independent evaluation of potential conflict. This system assumes that avoiding the conflict of interest is the best first strategy in dealing with conflicts of interest in the workplace.

If not addressed appropriately, a conflict of interest can undermine the reputation of USP, incur costs, and risk litigation for fraud. Any perception of a member of staff having benefited from their association with the University inappropriately could harm USP's reputation.

## 2. Purpose

The purpose of this policy is to guide and clearly define the principles and procedures for the identification and management of actual, potential, or perceived conflicts of interest. The objective is to assist staff and stakeholders to identify potential conflict of interest issues and taking appropriate action to address these.

## 3. Scope

This policy applies to:

- (i) employees of the University whether full-time, fractional, continuing, fixed-term or Casual;
- (ii) visiting fellows and adjunct appointees who collectively, for purposes of this policy, are referred to as "staff"; and
- (iii) individuals or entities engaged in providing goods and/or services to the University for the purposes of this policy are collectively referred to as vendors (including consultants).

This Conflict of Interest policy forms part of the contract and engagement of every member of staff and vendors of the University. It sets out their obligation to act appropriately when a conflict arises between their own self-interest and their duty to the University. Members of USP Council have

provisions relating to Conflict of Interest built within their Code of Conduct, and as such are not covered by this policy.

#### **4. Policy Provisions**

- 4.1. The University has a zero-tolerance for fraud, nepotism, and corruption in all its activities, which is consistent with the law in the University's 12 member countries of the Pacific.
- 4.2. All staff and vendors of the University, as identified in Section 3 above, shall take personal responsibility for identifying and resolving situations of conflict of interest.
- 4.3. All staff and vendors of the University are expected to immediately report any actual, potential, or perceived conflicts of interest to their Head of Section.
- 4.4. In the event of an actual, potential, or perceived conflict of interest, the staff/vendor shall disclose this to his/her supervisor who in turn shall:
  - 4.4.1. inform his/her supervisor – this being the application of the '2-Up principle' for good governance and necessary oversight; and,
  - 4.4.2. draw the attention of the staff/vendor to the Conflict of Interest Policy; and, wherever feasible, the staff/vendor must not be involved in decision-making for USP on the matter.

#### **5. Definitions**

The OECD reports that:

“A conflict of interest involves a conflict between the public duty and the private interest of a public official, in which the official's private-capacity interest could improperly influence the performance of their official duties and responsibilities” (OECD, 2005, p. 13).

A conflict of interest can be actual, perceived, or potential.

- (i) an actual conflict of interest entails a direct conflict between current duties and responsibilities and existing private interests;
- (ii) a perceived conflict exists where it could appear that private interests could improperly influence the performance of duties – regardless of whether this is in fact the case or not; and,
- (iii) a potential conflict of interest arises where private interests could conflict with official duties;

A conflict of interest does not necessarily involve financial gain or loss. It may involve a personal grievance or personal preference.

#### **6. Objective test for Conflict of Interest**

The basic test for a conflict situation is that:

“a reasonable person, knowing the relevant facts, would conclude that the official's 'private capacity interest' could improperly influence the official's conduct or decision-making” (OECD, 2005, p. 13).”

This test takes into account both the official role and the private interests of a person in making an assessment on whether a person not engaged in the matter would think that these interests could conflict, or appear to conflict, with the person's public role.

## **7. Examples of Conflicts of Interest at Universities**

There are multiple situations within which conflict of interests may arise; here an example each from academic, administrative, consulting, recruitment and employment activities undertaken by staff are provided for illustration only.

- 7.1 Academic – a ‘conflict of interest’ may arise in situations where financial or other personal considerations could compromise a staff member’s professional judgment in admission, enrolment, completion, teaching, supervision, or research.
- 7.2 Financial – ‘conflict of interest’ may arise where a financial or other personal consideration may compromise the decisions of the staff.
- 7.3 Consulting – a ‘conflict of interest’ may arise when a staff member undertakes paid work for an external agency that overlaps with the official responsibilities of the staff member and/or the university.
- 7.4 Recruitment – a ‘conflict of interest’ may arise during recruitment due to nepotism and special relationships, whether it is a full time, temporary or casual employment.
- 7.5 Employment – a ‘conflict of interest’ may arise in situations where spouses, partners or other family members are working together at USP including in performance evaluation and approving expenditures and benefits.
- 7.6 Other categories of conflict of interest could include close social, familial or personal relationship with individuals outside of USP where USP is engaging with these individuals on matters of business.

## **8. Management of Conflicts of Interest**

The three steps that will be followed towards the resolution of a conflict of interest will include:

- (i) establishing the facts of the situation;
- (ii) applying the relevant regulation and policy; and
- (iii) distinguishing between the types of conflict situations.

The procedures employed in the management of a reported conflict of interest will be commensurate with the level of risk. These procedures will include:

- (a) disclosure of any actual, perceived, or potential conflict of interest as stipulated in Section 4.4 above. Such disclosure may be made on a prescribed form, and must include sufficient detail of the situation to allow a decision to be made about its management.
- (b) USP will seek to ensure that any confidential disclosures made as part of complying with (a) above are protected from misuse.
- (c) in the case of a member of staff or vendor having multiple relationships with an external organisation covering financial or research interests, a full review of the arrangements with a view to identifying and addressing every conflict of interest will be undertaken.
- (d) the procedures employed by USP management will be commensurate with the level of assessed risk.
- (e) the staff/vendor will be informed of the decisions of management regarding the declared conflict of interest as soon as practicable.

- (f) all committee meetings must record in the minutes, and address in accordance with this policy if necessary, any conflict of interest of the members before deliberating on the substantive agenda.

**9. Compliance with Conflict of Interest Policy**

The processes for dealing with allegations of, and sanctions for, breaches of this Policy are set out in the [Staff Ordinance](#) and those relating to disciplinary procedures.