

What Amounts to Col?

A Col situation arises when the “private interests” of a board member or staff compete or conflict with the interests of the NGO, which may easily lead to a decision against the best interest of the organisation.

Private interests include financial and other interests of the board member or staff himself / herself, and those of his / her connections including family and other relations, personal friends, the clubs and societies to which he / she belongs, and any person to whom he / she owes a favour or to whom he / she may be obligated in any way.

Common Col Examples

Procurement

- A board member or his / her close relative has a financial interest in a commercial fundraiser (e.g. a marketing or public relations company) which the NGO engages to solicit donations.
- A staff involved in a procurement process has an interest in a company which bids for supply of goods / services to the NGO.



Staff Administration

- A board member takes part in approving himself / herself to get remunerated for undertaking a staff position in the NGO.
- One of the candidates in a recruitment exercise is a close personal friend of the board member or staff involving in the recruitment process.



Essential Information in Declaring a Col

- The declarer should provide the following key information:
 - Persons / organisations involved in the Col situation
 - His / her relationship with the persons / organisations (e.g. relative)
 - Relationship of the persons / organisations with the NGO (e.g. supplier)
 - Brief description of his / her duties which involved the persons / organisations (e.g. handling of tender exercise)
- This information would facilitate the management to make appropriate management decision on mitigating the conflict declared.

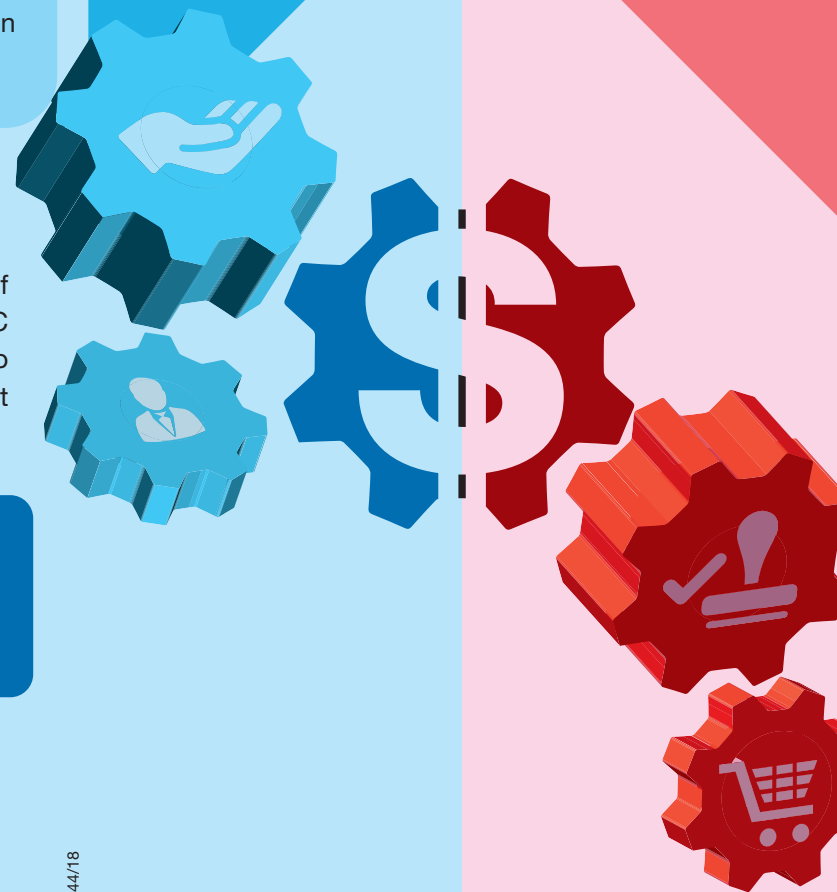
Who Can Help?

The Corruption Prevention Advisory Service (CPAS) of the Corruption Prevention Department of the ICAC provides free, confidential and tailor-made service to private organisations including NGOs. Please contact CPAS through the following channels:

Phone : 2526 6363
Fax : 2522 0505
E-mail : cpas@cpd.icac.org.hk
Website : <http://cpas.icac.hk>



Tips for NGOs - Management of Conflict of Interest



Non-governmental Organisations (NGOs), receiving government subsidies or public donations for providing various social services, are expected to abide by a high integrity standard in their operations. Any conflict of interest (Col) involved by board members or staff of an NGO, if not properly managed, will lead to a breach of public trust, tarnish the goodwill of the NGO, or even constitute a criminal offence under the Prevention of Bribery Ordinance.

The **board** and the **management** of NGOs, playing a leading and supervisory role, should take effective measures to manage the Col of their board members and staff.

Does your organisation manage Col properly?
Check it out by answering 5 simple questions:

1. Are there laid down policy and guidelines on managing Col?	Yes / No
2. Are user-friendly means provided for the parties concerned to declare Col?	Yes / No
3. Do all board members and staff understand the policy, guidelines and means of declaration of Col?	Yes / No
4. Are all declared Col properly handled, with appropriate and practicable mitigating measures taken?	Yes / No
5. Are the rationale of the decisions made and measures taken to mitigate the declared Col properly documented?	Yes / No

If there is any “No” answer, it is time to check out the “Quick Tips for Managing Col”.

Quick Tips for Managing Col

- A fundamental integrity requirement is that all board members and staff should **avoid** situations which may lead to Col.
- When such situation cannot be avoided, board members and staff should as soon as possible **declare** all relevant interests which may conflict with their official duties.
- Management should particularly remind board members and staff involved in tender or recruitment exercises, etc., to declare Col, provide the declaration form for them to use and properly handle the declared Col.



Sample declaration form

Code of Conduct & Integrity Guidelines

NGO should draw up a Code of Conduct and / or integrity guidelines for compliance by board members and staff. They should be specific to the work nature and operational needs of the NGO and be reviewed from time to time. Reference could be made to the sample Codes of Conduct as follows:



Full Version



Abridged Version

Capacity Building

NGO should organise training for board members and staff regularly to familiarise them with the requirements on managing Col and other integrity standards expected of them.

How to Manage a Declared Col?

- Once a report on Col situation is received, the management should act in accordance with its policy and guidelines, and follow the principles below in managing the Col declared:

Prudent

Handle the declared Col prudently. Don't merely take note of the declared conflict without making any decision on the mitigating measures.



Appropriate

Adopt mitigating measures commensurate with the actual or perceived risk, and well document the decision made (e.g. the actions taken, the rationale behind the decision).



Timely

Make decision in time, i.e. implement mitigating measures as soon as practicable.



- Taking into account individual circumstances of the Col situations and possible public perception, the management should take appropriate mitigating measures (e.g. restrict the board member / staff's involvement in the task, appoint an independent party to oversee the work, redeploy another board member / staff to take up the task or, if the situation warrants, request the board member / staff to relinquish his private interest). Even if the risk is very remote and no mitigating action is considered necessary, the declared Col and related decision with justifications should be properly recorded.