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Audit New
Zealand client
updates

Conflicts of interest in the public sector

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Overview of presentation

- Nature of conflicts of interest
- What is a conflict of interest?
- What are the rules?
- How should public sector organisations manage for conflicts of interest?
- What should you do if a conflict of interest arises?



First an introduction: Melanie Webb – a career public servant



MINISTRY OF
JUSTICE
Tābū o te Ture



Te Tari Taiwhenua



Melanie Webb – family and friends



Wadestown School





Melanie Webb – public service does not make you wealthy



Melanie Webb – in common with the public





A conflict of interest is
not a problem in itself.



**Conflicts of interest
create risk and can have
serious consequences**



Conflicts: a gateway to fraud and corruption?

9

- A conflict of interest is where an individual could abuse his or her position for private gain.
- Corruption exists where an official does abuse his or her position for private gain.



Conflicts of interest are especially significant in the public sector



What is a conflict of interest?

11

- Two different interests intersect
- A member's or official's duties or responsibilities to a public entity could be affected by some other **interest** or **duty** that the member or official may have



A conflict of interest can
be financial or
non-financial



Non-financial conflicts of interest

13

- Personal relationships – family and friends
- Conflict of roles
- Prejudice or pre-determination



What are the rules?

14

- There are no (universal) rules
- Statutory rules
- Common law rules
- Other rules



Policies and procedures

15

- Focus on your entity's particular circumstances
- Identify an appropriate policy or process
- Periodic declarations of interest
- Leave enough flexibility to exercise judgement



Dealing with conflicts of interest when they arise

16

- Take no action
- Ask whether affected parties will consent to an official's involvement
- Seek a formal exemption to allow participation
- Impose additional oversight over an official
- **Withdraw from discussion or decision-making on a particular issue at a meeting**
- **Exclusion from a committee or working group dealing with an issue**
- **Re-assign tasks or duties to another person**
- Withhold certain information or place restrictions on information
- Transfer the official to another position or project
- Relinquish the private interest
- Resignation or dismissal from one or other position or entity



Some guidance from the OAG





Conflicts of interest - some key messages

18

- A conflict of interest is not a problem in itself
- Conflicts of interest are especially significant in the public sector
- Different rules apply, not always straightforward
- Careful judgment required
- A conflict can be financial or non-financial



Some more key messages

19

- Perception is important
- If a conflict is not managed well, consequences can be significant
- If in doubt, stay out



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