

# Financial Dealings and Conflicts of Interest

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## POLICY SUMMARY

From time-to-time employees may hold or develop business or other interests which have the potential to be seen to conflict with their duties and responsibilities as a civil servant. Some employees may also hold secondary occupations outside the WG of which we need to be aware in order to ensure that there is no conflict with their official duties or breach of the Working Time Regulations.

Through the procedures which accompany this policy, the WG aims to safeguard the organisation and employees from potential issues which could cause difficulties for either party if not properly declared.

The WG Terms and Conditions of Service and the Staff Code of Conduct set out the duties and responsibilities of civil servants. These Policies explain the standards of conduct required of employees and highlight the main situations where a possible conflict of interest may arise such as when dealing with contracts for goods and services and other financial investments. These areas are detailed below together with the action that must be taken to avoid a conflict of interest.

All our policies are fully inclusive of all staff regardless of age, marriage and civil partnership (both same sex and opposite sex), pregnancy and maternity, race, religion or belief, sex, sexual orientation, whether they have an impairment or health condition, are neurodivergent or use British Sign Language, their gender identity or gender expression. We acknowledge that the terms 'gender identity' and 'gender expression' are not protected characteristics as defined by the Equality Act 2010, however, we believe that Government policy which includes provision for those persons who identify within the 'trans' umbrella (rather than on the basis of binary gender) is a more inclusive approach and one which ensures the Welsh Ministers are in a position to comply with all their statutory duties related to equality and the promotion of well-being in Wales. If you have any feedback on the inclusivity of this policy, please email 

The policy and this guidance and procedures will be reviewed every two years or whenever a change in legislation occurs.

## GUIDANCE AND PROCEDURES

### 1. ROLES AND RESPONSIBILITIES

**Employees are responsible for:**

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- Ensuring that they are familiar with Chapter 2 of the Terms and Conditions of Service and the Staff Code of Conduct;
- Reporting to their line manager and/or their HR Business Partner any relevant business or other potential conflicts of interest as set out in the policy and this guidance complying with any associated management decisions;
- Applying for permission from senior management before entering into competitions for monetary reward or purchasing surplus Government property in the circumstances described in the policy and this guidance and procedures; and,
- Observing the restrictions on borrowing, lending, betting and gambling.

### **Line managers are responsible for:**

- Ensuring that they and their employees are familiar with Chapter Two of the Welsh Government's Terms and Conditions of Service and the Staff Code of Conduct;
- Ensuring that they and their employees observe the restrictions on borrowing, lending, betting and gambling;
- Discussing any issues that arise in connection with the policy and this guidance and procedures with their employees and taking appropriate action; and,
- Considering completed Business or Other Potential Conflicts of Interest forms with their employees, in consultation with their HR Business Partner and senior management as appropriate.

### **Deputy Directors are responsible for:**

- Approving completed Business or Other Conflicts of Interest declaration forms.

### **Director Generals, and the Directors of the Office of the First Minister are responsible for:**

- Approving completed Business or Other Potential Conflicts of Interest declaration forms for Deputy Directors and Directors; and,
- Holding the Business or Other Potential Conflicts of Interest register for their department and carrying out quarterly reviews.

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## Permanent Secretary is responsible for:

- Approving the Business or Other Potential Conflicts of Interest declaration forms completed by Director Generals, and the Directors of the Office of the First Minister

## Director Generals and the Audit & Risk Committees are responsible for reviewing the registers for the following reasons:

- If the process is subject of an internal Audit report
- Issues raised in a Welsh Audit Office (WAO) report
- If a particular concern is brought to the attention of the Audit & Risk Committee

## HR Business Partner Teams are responsible for:

- Advising employees and line managers on the application of the policy and this guidance and procedures and ensuring appropriate written records are kept and filed.

## 2. INTEREST IN CONTRACTS

- 2.1 If employees have any relationship with, or interest in an external organisation which features in a procurement exercise, and could be construed in any way as significant, they must declare this relationship in writing to their line manager and the Head of Procurement and not take any part in the procurement process.
- 2.2 If an employee is in any doubt about what constitutes a relationship or interest that will need to be formally declared, then they must consult the Head of Procurement for further advice.
- 2.3 Employees must also ensure that they do not use any business information gained in their employment with the WG for personal gain or to the advantage of relatives or friends.
- 2.4 To ensure that propriety is maintained and to protect employees from laying themselves open to any suspicion that they are using knowledge which they have gained from their official work to make private profit, they are required to report relevant business interests. (The form at Annex A should be used for this purpose). If an employee is in any doubt about the propriety of any action they propose to take from which they hope to make private profit, or suspects that other people might have doubts about the propriety of such action, the employee should inform their Deputy Director of what they are thinking of doing.

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2.5 The WG will not let contracts to:

- any employee, their immediate family, close personal friends and business associates;
- any company or partnership of which an employee, their immediate family, close personal friends and business associates are members or work in;
- any organisation of which an employee, their immediate family, close friends or business associates are a director or partner (except where they are a nominee of the WG),
- unless the employee has fully disclosed the measure of their interest in the contract and, after considering this, their Deputy Director and the Head of Procurement have given permission for the contract to be let.

2.6 The template attached at Annex A must be used to report such interests.

2.7 Failure to observe the above may result in disciplinary action up to and including possible dismissal.

### **3. INVESTMENT IN SHAREHOLDINGS AND OTHER SECURITIES**

3.1 Employees may freely invest in shareholdings and other securities unless the nature of their work is such as to require constraints on this. They must not be involved in taking any decision which could affect the value of their private investments, or the value of those on which they give advice to others; or use information acquired in the course of their work to advance their private financial interests or those of others.

3.2 Employees must therefore declare in writing to the WG any business interests (including directorships) or holding of shares or other securities which they or members of their immediate family (spouse, including partner where relevant, and children) hold, to the extent that they are aware of them, which they would be able to further as a result of their official position (the form at Annex A must be used for this purpose). Employees must comply with any subsequent instructions from the WG regarding the retention, disposal or management of such interests.

3.3 Employees should familiarise themselves with the Company Securities (Insider Dealing) Act 1985, which prohibits certain activities where Crown servants or former Crown servants have, by virtue of their position or former position, information which they know or ought to know is unpublished and price sensitive in relation to securities of companies. The Act prohibits such a person from dealing in such securities through a

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recognised stock exchange and from encouraging anyone else to do so. Passing on this information to others is also prohibited if it is known or it can be expected that the recipient will use it for dealing in such securities on a recognised stock exchange or for encouraging others to do so.

3.4 Apart from the restrictions above, there is no reason why in their private capacity employees should not hold or deal in stocks and shares and any other assets, but the following guidelines should be used:

- in all cases where an employee has a relevant private financial interest in something with which they might have to deal officially, they should declare it in writing to their line manager;
- where the information or the private interest is specific (for example, knowledge of a particular company's affairs or owning shares in a particular company), the right course will either be to avoid any dealings in those investments and to advise their line manager accordingly so that other colleagues may deal with any work involving that private interest;
- if an employee has substantial investments, or is an executor or trustee in circumstances where a conflict of interest could occur between their management of these investments and their official work, they should consider the use of a third party to manage their affairs on a day-to-day basis, subject to periodic discussion on the general policy and procedures to be followed.

3.5 Employees may from time to time have inside knowledge of proposals for the privatisation of public sector assets. Where this is the case, Deputy Directors should consider whether they need to prepare, in light of the above guidelines, more particular guidance for employees within their division, specifying restrictions on dealings placed on holders of particular posts. Consequently employees should be aware that within their Division they may be subject to more specific advice.

3.6 Employees should copy to their HR Business Partner all written notifications which are sent to their line manager under the above guidelines. Line managers should also do the same with any guidance they give the employee.

## 4. OUTSIDE OCCUPATIONS AND JOB APPLICATIONS AND OFFERS

4.1 With reference to outside occupations, job applications and offers, employees must observe the following general principles:

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- no employee may at any time engage in any private activity which would require their attendance during office hours or in any way tend to impair their usefulness as a public servant (exceptions to this can be found in the Special Leave policy and accompanying guidance);
- no employee may engage in any occupation or other activity which might in any way conflict with the interests of the WG or be inconsistent with their position as a public servant;
- no employee may engage in any outside activity involving the use of knowledge or experience acquired during the course of official duties or involving payment from another government department, without first obtaining the consent of their Deputy Director; and,
- no employee may hold a directorship or undertake executive work in a private company, firm or other organisation or engage in consulting work which has a connection with official duties or is on behalf of a firm or concern which is in a contractual or other special relationship with the WG without first obtaining the consent of their Deputy Director.

4.2 Employees who are planning to apply for a job or are having discussions about prospective employment with a non-Civil Service organisation that they deal with in the course of official duties, should declare this to their line manager at the earliest opportunity.

4.3 The line manager will contact the HR Business Partner to consider what, if any, action we need to take to protect the employee, the Welsh Government or the external organisation from any potential for or suspicion of impropriety.

### **5. APPOINTMENTS TO PUBLIC BOARDS AND SERVICE AS A JUSTICE OF THE PEACE**

5.1 Employees must obtain permission from their Deputy Director before accepting an appointment to any Public Board or body financed wholly or in part from public funds or before agreeing to be considered for service as a Justice of the Peace or on a National Health Service body.

5.2 In deciding whether or not permission can be given the following principles will be followed:

- permission will not be given for an employee to serve as the Chair of a Local Health Board as incompatibility could arise between the functions of such a post and the employee's position within the WG;

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- permission may be given for an employee to accept an appointment as a member (other than the Chair) of a Local Health Board or a Family Practitioner Committee provided there are not likely to be known to the public in the area covered by the Board or Committee as an official of the WG and that the appointment is not otherwise incompatible with their official duties or position as a civil servant. Incompatibility will generally arise only with employees engaged on health service work;
- permission will normally be given for any employee to serve if invited on a Community Health Council provided they are not employed in health service work.

### **6. COMPETITIONS FOR MONETARY REWARD**

- 6.1 Employees must consult their Deputy Director before entering into competitions for monetary reward which are in any way connected with the work of the WG and which are open to others besides public servants.

### **7. SALE OF SURPLUS GOVERNMENT PROPERTY**

- 7.1 The WG must not sell surplus government property to civil servants who have been able to obtain special knowledge about the condition of the goods because of their official duties; or have been officially associated with the disposal arrangements; or at a discount that would not be available to a member of the public.

### **8. BORROWING AND LENDING MONEY**

- 8.1 An employee may not conduct or represent a money lending business or lend money to another employee at interest. The borrowing or lending of money by employees among themselves is to be avoided. The borrowing of money from a subordinate officer is regarded as a serious offence except where, say, a small sum for a beverage is involved and is repaid without delay.
- 8.2 The borrowing of or attempt to borrow money from a member of the public with whom an employee is brought into contact during the course of their official duties is strictly prohibited and will render the employee liable to disciplinary action.

### **9. BETTING AND GAMBLING**

- 9.1 Betting and gambling on official premises is forbidden unless it is a small-scale single-site office sweepstake, participation in a lottery to raise money for charity or to participate in a National Lottery syndicate. All sweepstakes and lotteries



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must comply with the Gambling Commission rules. Staff are strongly advised to read the Guidance at: <http://www.gamblingcommission.gov.uk/PDF/Organising-small-lotteries.pdf>

### 10. COMMUNICATION

- 10.1 The Director Corporate Services will issue an annual communication requiring all employees to complete a declaration form. This will be supported by an annual newspaper feature, reminding employees of the reasons why this is necessary and directing them to the policy and this guidance for further information.

### 11. THE PROCEDURE

- 11.1 Directors General will hold a Business and Other Conflicts of Interest register which will be kept on a registered file.
- 11.2 Where employees have any relationship with, or interest in an external organisation which features in a procurement exercise and they have informed their line manager in writing in accordance with paragraph 2.1 above, this communication and any other supporting documentation, including any permission to take part in the procurement process, must be filed on the register.
- 11.3 In order for the WG to hold a clear picture of employees who might have occupations and personal and business interests that may conflict with official duties and responsibilities, employees are required to:
- seek advice from their line manager and HR Business Partner as soon as they are considering taking up secondary employment or developing an outside interest in order to avoid a potential conflict of interest arising; and,
  - when they change jobs, advise the new line manager of any potential conflict of interest they feel may arise between their business, secondary employment and personal interests and their new official duties and responsibilities.
- 11.4 If an employee has any doubt about the propriety of any personal interests or private activity they should consult their line manager and/or their HR Business Partner.
- 11.5 Directors General will request their employees to complete the Business or Other Potential Conflicts of Interest declaration form (Annex A) on an annual basis.

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- 11.6 Once employees have completed the form, they should return it to their line manager. The line manager must discuss any declaration of interest or secondary employment with the individual who must summarise any agreed action to address any potential conflicts of interest. The line manager should sign the form to acknowledge the employee's declaration. Once completed, the form must be forwarded to the Deputy Director for approval and signature. It must then be filed on the register.
- 11.7 If the Deputy Director has concerns about any potential conflict of interest and the proposed way of managing it, they must discuss these with the line manager. Any further measures that are agreed to manage the conflict more effectively must be implemented and noted on the declaration form. If there is any remaining doubt about whether the action is sufficient to manage the conflict of interest, the Deputy Director must refer the matter to another Deputy Director who will make an independent risk management assessment.
- This assessment must be appended to the declaration form and the line management Deputy Director will consider any further mitigating action suggested by the independent Deputy Director. The form must then be filed on the register.
- 11.8 If concerns arise outside the annual declaration process, the line manager must review the situation with the employee and consult with the Deputy Director to assess whether the measures in place are still satisfactory. This assessment should be objectively analysed by an independent Deputy Director. The completed documentation must be filed on the register.
- 11.9 Directors General must approve declaration forms for Deputy Directors and Directors within their departments. The Director of Governance and the Director of the Office of the First Minister must approve declaration forms for Deputy Directors and Directors within the Permanent Secretary's department. The Permanent Secretary must approve declaration forms for Directors General, the Director of the Office of the First Minister, the Director of Governance and the Director of Legal Services.
- 11.10 Registers will be reviewed by Directors General, or Directors in the case of the Permanent Secretary's Department, for their areas and by Directors General (DG) and the Audit & Risk Committees for the following reasons:
- If the process is subject of an internal Audit report
  - Issues raised in a Welsh Audit Office (WAO) report
  - If a particular concern is brought to the attention of the Audit & Risk Committee

Any entries which may be a cause for concern must be followed up with the relevant employee(s).

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### 12. MEMBERSHIP OF EXTERNAL BOARDS

- 12.1 A list of employees and their membership of external boards, whether in a private or official capacity, will be published on the Welsh Government website. An external board is defined as an outside board or committee that has a statutory remit, i.e. public bodies, or which are formally registered, such as a charity or company. It does not include social / leisure organisations such as hobbies or interest groups or membership of school governing bodies or other bodies which do not have the capacity to influence Welsh Government policy.
- 12.2 If an employee is in any doubt as to whether s/he should declare their membership of an external board, advice must be sought from their line manager.
- 12.3 The Corporate Governance Unit will liaise with Operations Teams to obtain an updated list annually and arrange for publication on the website.



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details submitted by me are correct and I undertake to inform my line manager of any change in circumstances which would require amendment to this form.

Signed: ..... Date: .....

Line Manager acknowledgement:

Signed: .....Date: .....

Deputy Director / Director / Permanent Secretary approval:

**\*delete as appropriate**

Signed: ..... Date: .....