

Appendix 3 – Reference for Managing Declared / Potential Conflict of Interest

Managing Declared/Potential Conflict of Interest

1. Upon receipt of a report on conflict of interest situation, the appropriate authority should; as soon as practical, decide on the appropriate course of action to be taken such as to relieve the member/staff of his involvement in the task, ask the member/staff to divest himself of certain investment, etc., and give clear direction/instruction to the member/staff concerned. The declaration and the management decision/action should be properly recorded. The appropriate authority should ensure the member's/staff's compliance with the instruction so as to effectively remove/mitigate the conflict of interest.

2. In deciding on the course of action to be taken or making a recommendation, the appropriate authority should take into account the seriousness of the conflict, the public interest involved and public perception. Mitigating measures which the appropriate authority can consider adopting are as follows -

(a) Record - Where the risk in a conflict of interest situation is indirect, remote or insignificant, and the occurrence of such a situation is infrequent, it may be sufficient to take note of the conflict only.

(b) Restrict - Where a conflict is not likely to arise frequently and the member/staff can be effectively separated from the part of activity or process in which the conflict arises, it may be suitable to restrict the member's/staff's involvement in the task in which he has a conflict (e.g. withdrawing from discussion on a specific issue, abstaining from voting on the decisions) and access to the related information.

(c) Recruit - Where it is impractical to restrict a member's/staff's involvement, an independent staff member / expert may be recruited to participate in, oversee, or review part or all of the decision-making process if appropriate (e.g. engaging expert in the selection of highly specialised items).

(d) Redeploy - Where it is inappropriate to allow the member/staff who has declared a conflict of interest to handle a specific matter, it may be suitable to relieve of the member's/staff's duty which may then be taken up by another member/staff through redeployment. For serious conflict of interest cases with a high likelihood of relapse, it may be suitable to post out the member/staff to avoid negative public perception.

(e) Relinquish - Where a member's/staff's commitment to the public duty outweighs his attachment to his private interest, and adopting other mitigating measures are not appropriate or possible, he may be asked to relinquish his personal or private interests (e.g. divesting the investments, ceasing to be a member of a club/association).