

# CONFLICT OF INTEREST POLICY

MADRASSA FAIZUL ISLAM WITTON MASJID

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## Introduction

As a Trustee of the Charity Madrassa Faizul Islam Witton Masjid (MFIWM), you must make decisions based only on what's best for the Charity. Trustees must not allow personal interests, or the interests of people or organisations connected to them, influence their decisions.

There are 2 common types of conflict of interest, the Trustees need to be extremely vigilant on: financial conflicts and loyalty conflicts.

## Financial conflicts

These conflicts happen when a person or organisation connected to them, could get money or something else of value from a decision.

They do not include Trustees' expenses – for example, for going to a Charity meeting.

### *Some common examples*

Financial conflicts for a Trustee happen if your Charity is deciding whether to:

- › Pay the Trustee for doing their Trustee role (more than their expenses).
- › Employ or pay the Trustee, or their relative, for some work at your Charity, or its trading company.
- › Sell, loan or lease Charity assets (land or anything else the Charity owns) to the trustee.
- › Buy, borrow or lease Charity assets from the Trustee.
- › Buy goods from a business owned by the Trustee.
- › It still counts as a conflict, even if your Charity would get a good deal for its money.

## Loyalty conflicts

These conflicts are not about money or other Trustee benefits. They happen when, for other reasons, a Trustee might not be able to make decisions that are best for the Charity.

### *Some common examples*

They can happen if the Charity's decision involves a person or organisation linked to a Trustee. For example:

- › The Trustee's employer.
- › Another Charity where they are a Trustee.
- › The organisation that appointed them as a Trustee.
- › Their relatives or friends

There can be a conflict because the trustee's responsibility (or loyalty) to the other organisation or person could compete with their responsibility to the Charity.

Conflicts can affect all types of charities, however (MFIWM) must identify and deal with them properly.

All of the Trustees must do this, not just the Trustee with the conflict. If the Trustees fail in this, they will not meet their joint legal responsibility to make decisions:

- › Based only on what's best for the Charity.
- › Without influence from your personal interests

## Purpose

This policy is designed to define the Conflict of Interest and provide guidelines of approval, while making a transaction with any Trustee, key officer or outsider to make sure if the private interest of any Trustee or the key employees are involved, it does not compromise the interest of the Charity.

Trustees and key employees are prohibited from activities that might present conflicts of interest. The powers of any Charity position may not be used to personally benefit the Trustee at the Charity's expense. If a Trustee has a financial interest in a corporate transaction, the Trustee must fully disclose the interest and abstain from voting.

Loans to Trustees, key officers or any employee by the Charity are prohibited.

## Definitions:

Insiders: The following are considered insiders for the purposes of this policy:

1. Each Trustee of the Charity, including Chair, Secretary and Treasurer.
2. Any key employee, meaning an employee who gets compensation (including benefits) from the Charity, Imam, teacher or caretaker.
3. Any member(s) of the Working Committee(s).

Interest: Interest means any commitment, investment, relationship, obligation, or involvement, financial or otherwise, direct or indirect, that may influence a person's judgment, including receipt of compensation from the Organisation, a sale, loan, or exchange transaction with the Organisation.

Conflict: A conflict of interest is present when, in the judgment of the Trustees, an insider's stake in the transaction is such that it reduces the likelihood that an insider's influence can be exercised impartially in the best interests of the Organisation.

Transaction: Transaction means any transaction, agreement, or arrangement between an insider and the Organisation, or between the Organisation and any third party where an insider has an interest in the transaction or any part to it.

Determination of Conflict: When determining whether a Conflict of Interest Exists with regard to an insider, the insider(s) and any other interested person(s) involved with the transaction shall not be present during the Trustees discussion or determination of whether a conflict of interest exists, except as detailed in this document.

### Procedures for Addressing a Conflict of Interest

The trustees shall follow the procedures set forth in this document in order to decide what measures are needed to protect the Charity's interests in light of the nature and seriousness of the conflict, to decide whether to enter into the transaction and, if so, to ensure that the terms of the transaction are appropriate.

### Review by the Trustees

The Trustees may ask questions of and receive presentation(s) from the insider(s) and any other interested person(s), but shall deliberate and vote on the transaction in their absence.

The Trustees shall ascertain that all material facts regarding the transaction and the insider's conflict of interest have been disclosed to the Trustees and shall compile appropriate data, such as comparability studies, to determine fair market value for the transaction.

After exercising due diligence, which may include investigating alternatives that present no conflict, the Trustees shall determine whether the transaction is in the Charity's best interest, for its own benefit, and whether it is fair and reasonable to the Charity.

The majority of disinterested members of the Charity then in office may approve the transaction.

## Records of Proceedings

The minutes of any meeting of the Trustees pursuant to this policy shall contain:

- › The name of each insider who disclosed or was otherwise determined to have an interest in a transaction;
- › The nature of the interest and whether it was determined to constitute a conflict of interest; any alternative transactions considered;
- › The Trustees who were present during the deliberations on the transaction, those who voted on it;
- › To what extent interested persons were excluded from the deliberations;
- › Any comparability data or other information obtained and relied upon by the Trustees and how the information was obtained;
- › The result of the vote, including, if applicable, the terms of the transaction that was approved and the date it was approved.

## Annual Disclosure and Compliance Statements

Each Trustee, shall annually sign a statement, that affirms that s/he has received a copy of this conflict of interest policy, has read and understood the policy, and has agreed to comply with the policy; and s/he discloses the financial interests and family relationships that could give rise to conflicts of interest.

## Violations

If the Trustees have reasonable cause to believe that an insider of the Charity has failed to disclose actual or possible conflicts of interest, including those arising from a transaction with a related interested person, it shall inform such insider of the basis for this belief and afford the insider an opportunity to explain the alleged failure to disclose.

If, after hearing the insider's response and making further investigation as warranted by the circumstances, the Trustees determine that the insider has failed to disclose an actual or possible conflict of interest, the Trustee shall take appropriate disciplinary and corrective action.

## Annual Reviews

To ensure that the Charity operates in a manner consistent with its status as Charity, the Trustees shall authorize and oversee an annual review of the administration of this conflict of interest policy. The review may be written or oral. The review shall consider the level of compliance with the policy, the continuing suitability of the policy, and whether the policy should be modified and improved.

## Trustee Acceptance Form

As a Trustee of Madrassa Faizul Islam Witton Masjid, I have read the Conflict of Interest Policy, Version 1 as published on 10<sup>th</sup> January 2021, I understand it and I promise complete compliance to it in order to always act in the best interest of Madrassa Faizul Islam Witton Masjid, for the pleasure of my creator.

Trustee Name	Signature	Date

## Document Control

Version	Date	Notes
Version 1.0	10th January 21	
Version 1.1	17 <sup>th</sup> June 21	