

Conflicts of Interest: Case Studies

These case studies show how your duties as a board member may become conflicted.

#1. Remember Me.

Remember Me is a charity whose purpose is to fund research on Alzheimer's Disease.

Remember Me's board is looking for a new accounting firm.

Hank has been invited to join Remember Me's board. He is also a partner at accounting firm Accounts-R-Us.

Remember Me is considering a number of potential firms, including Accounts-R-Us.

If Accounts-R-Us is appointed, Hank stands to benefit financially from the extra work.

This means he has a direct financial interest in the decision.

It is a conflict of interest.

#2. South School.

South School is a small school in Uganda managed by a charity in Australia.

Last year, the board decided to open a canteen at the school's campus.

Jagoda is a Director of South School. She told the board she's heard of a cheap wholesaler, Food4Less, which could stock the canteen with healthy, low-priced food.

Jagoda's sister owns a share in the Food4Less business.

So Jagoda has an indirect financial interest in South School's contract with Food4Less.

This is a conflict of interest.

#3. Helping the Kids

Helping the Kids is a charity which helps children living in poverty.

It is applying for a government tender to provide services to Indigenous children in rural South Australia.

Previously this government tender has been awarded to the charity Indigenous Children in Need (ICN).

ICN is a much smaller charity which helps Indigenous children with learning difficulties.

Coen is a board member of Helping the Kids and ICN.

He's worried that if Helping the Kids wins the tender, ICN will lose a crucial funding source.

He wonders how he can help ICN to win the tender.

Coen's involvement on the board of both charities and his access to their confidential information means he has a conflict of interest.

How did you go spotting the conflicts of interest? You can discuss the scenarios in the Group Chat.