



The public service must identify and manage conflicts of interest well. That is a non-negotiable bottom line. It is what gives the public confidence in our decision-making, including the choices we make around spending taxpayers' money. My experience is that public servants want to do the right thing. Organisations have an obligation to make that as easy as possible for them. That starts with having broad conversations about interests and working together to identify any conflicts that may arise.

- Sir Brian Roche, Te Tumu Whakarae Mō Te Kawa Mataaho | Public Service Commissioner

New Zealand is held in high regard and trusted for the standards of honesty, openness, transparency, and integrity in its Public Service¹. But this trust depends upon our ability to be impartial in our decision making, and to exercise a high standard of judgement in relation to conflicts of interest.

While it is an individual public servant's responsibility to raise interests for discussion, it is a shared responsibility between the individual and their organisation to assess the interests and identify and manage any actual, perceived, or potential conflicts. The records of these discussions keep all parties safe.

In a small country like New Zealand, conflicts of interest in our working lives are natural and unavoidable. Having interests outside of work is a normal part of life and even if there is a conflict of interest, most conflicts can be managed. But organisations need clear and accessible policies and processes to deal with conflicts of interest and staff need to be alert to possible conflicts of interest and to promptly notify their manager if they think one could arise.

These model standards outline the Public Service Commissioner's minimum expectations for organisations in the Public Service to support the identification, assessment, and ongoing management and monitoring of conflicts of interest. As well as staff conflicts, particular attention is drawn to public service procurement, where the interests of contractors and subcontractors need to be actively considered as well.

All Public Service organisations should ensure that these standards are integrated into policies and processes for managing conflicts of interest within their human resource, employment relations, and operational management systems.

The Office of the Auditor-General's [Managing conflicts of interest: A guide for the public sector](#) contains useful information about different types of conflicts and examples. These model standards are consistent with and should be read alongside that guide and other relevant rules and standards including the Crown Entities Act 2004.

¹ For the purposes of these model standards Public Service refers to the organisations these model standards have been issued to as set out in section 19(1) of the Public Service Act 2020, excluding school boards and Crown entity subsidiaries.



Te korahi o ngā paerewa | Scope of the standards

A conflict of interest is any situation where a person's duties or responsibilities as an employee of, or a contractor to, a public organisation conflict, or could be seen to conflict, with some other interest the person might have outside of that role. The other interest might be another role, financial, or relate to family, friends, or associates.² The conflict could be actual, perceived, or potential (meaning it is not a conflict yet, but it could be in the future if certain events occur).

There are three key elements to these standards:

1. **Getting the foundations right from the start:** organisational commitment to leadership, raising awareness, and supporting staff and managers through regular communication, role modelling, and training.
2. **Making sure processes are robust:** ensuring systems are in place for identifying, assessing, managing, monitoring, and reporting on conflicts of interest.
3. **Supporting staff when issues arise:** ensuring there are channels in place for people to raise concerns about how their conflicts of interest are being managed and to hold people to account for non-compliance with the conflicts of interest policy.

² For further information about different types of conflicts of interest, see Part 3 of the Office of the Auditor-General's [Managing conflicts of interest: A guide for the public sector](#). See also the supporting material for this model standard, including the one-page conversation guide and explanatory notes.



Getting the foundations right from the start

Organisational commitment, leadership, and culture

There is a range of policies and guidance relating to conflicts of interest which all public servants, including chief executives, need to be aware of and act consistently with.

Appointment and engagement

Organisations need to ensure that people who are applying for a role or contract (including those applying for senior leadership roles, casual staff, secondees, consultants, contractors, board members or volunteers) are alert to the possibility of conflicts of interest and disclose these prior to appointment. Organisations may need to take potential conflicts of interest into account when considering an individual's suitability for a role.

Training and awareness

It is important that people have access to good information and training that is regularly reviewed and updated so they are clear about what to do if they think they have a conflict of interest at any stage, and fully understand their responsibility to identify and disclose it.

Policies and procedures for full disclosure are the foundation of good management. It is a continual process as interests and conflicts change over time. Active management by the organisation is also needed to ensure that people regularly review their own interests and fully explore any possible conflicts at the appropriate time.

Model standards:

- Organisations need regular statements from senior leadership of their expectations of people within the organisation to act honestly and ethically, and to discuss possible conflicts of interest fully and openly.

Model standards:

- Organisations ensure that candidates are alert to the possibility of conflicts of interest and its expectations that people will act honestly and ethically, and fully and openly disclose possible conflicts of interest and this is formally recorded.
- Organisations have procedures to allow candidates to review and disclose potential conflicts of interest as part of the pre-selection process.
- Expectations relating to conflicts of interest are explicitly referred to and recorded in contractual agreements; individuals are required to sign that they have read and understood the expectations and accept responsibility for identifying and discussing their relevant other interests.

Model standards:

- There are processes in all organisations for ensuring that existing and potential staff understand and are alert to the possibility of conflicts of interest and the requirement to disclose them.
- Training on identifying conflicts of interest is covered in induction for staff and contractors, as well as following any changes to policies or procedures, supported by regular reminders to individuals to raise possible conflicts for discussion.
- Training for managers includes having discussions about conflicts of interest, knowing how and when to access additional advice and support, and handling complaints or non—compliance with the policy.
- There are designated people or teams that staff can talk to when they think they may have a conflict of interest.
- All conflicts of interest disclosed to an organisation are assessed and actively managed or avoided in a timely way.



Making sure processes are robust

Roles, responsibilities, and accountability

Organisations need to have in place effective conflicts of interest policies and processes that support robust and timely decision-making and foster public confidence in their integrity, the integrity of officials, and public decision-making.

Everyone working in the Public Service has a duty to put the public interest above their personal or private interests when carrying out their official duties.

Appointment and engagement

- Do you require individuals to sign an acknowledgement accepting responsibility for disclosing interests?
- Are candidates required to disclose potential conflicts as part of pre-selection?

Ongoing disclosure

- Do your managers encourage teams to discuss their interests and be alert to possible conflicts?
- Do you have designated people or teams that staff can talk to when they think they may have a conflict of interest?
- Do you have a regular process (at a minimum annually) for declaring/reviewing conflicts for all staff?

Managing conflicts

- Is there a central mechanism in place for recording conflicts of interest?
- Is there support and guidance in place to assist managers dealing with conflict of interest situations?
- Do managers know what to do when there is non-compliance with conflicts of interest policy, including in relation to procurement and contract management?

Raising concerns

- Do you have processes in place where people can raise concerns about the management of their conflicts?
- Can people find information on how to raise a concern, such as the 'Speaking Up' standards?

Senior leaders

Senior leaders are expected to set an example by broadly disclosing and maintaining a record of any interests relevant to their work, given their level of influence on decisions about matters of public significance or value and their higher public profile.

Crown entity Board members must disclose any interests in accordance with the Crown Entities Act 2004. Directors of Crown-owned companies must disclose any interests in accordance with the Companies Act 1993. Public Service chief executives must disclose interests to the Public Service Commission. Crown entity and Crown company chief executives must disclose any interests to the Board chairperson. Other senior public servants should disclose interests to their manager or other designated person.

Model standards:

- Internal policies and processes designate clear roles and responsibilities and are readily available for people to access.
- Internal policies provide clear rules that provide examples of unmanageable conflicts, such as involvement in the appointment of a family member.
- Internal policies provide clear rules on what action is required when there is non-compliance.
- There is a mechanism for recording private interests that may give rise to a conflict of interest, which is frequently updated and monitored while appropriately protecting privacy.
- The policy makes it clear that the disclosure of a private interest may not in itself resolve a conflict and measures to resolve or manage the conflict may need to be considered.
- When a conflict of interest is suspected to involve criminal activity, organisations will report the matter to the Police or the Serious Fraud Office.



Areas where issues commonly arise in the Public Service³

Procurement

It is common for conflicts of interest to arise during procurement processes. Staff running the procurement process may have conflicts, and prospective contractors or subcontractors could too. Conflicts must be identified and managed so that public sector procurement is always seen to be fair, ethical, and provide value for money. When working with stakeholders outside of the Public Service, including contractors, consultants, and third party service providers, organisations need to take care to communicate clear expectations in relation to conflicts of interest.

Before signing a contract for services, agencies should have a discussion with prospective suppliers about any interests that they and/or their subcontractors may have that could give rise to a conflict of interest (including any personal relationships and any financial interests). Any conflicts of interest identified in these conversations, should be recorded in a formal declaration. The declaration alone may not be sufficient to mitigate the identified risks. In that situation, the agency is responsible for assessing the conflict and working with the supplier to put in place an appropriate management plan. For conflicts involving subcontractors, agencies need to work with suppliers and be satisfied those conflicts are adequately managed or avoided.

See also the Office of the Auditor-General's specific guidance on managing conflicts of interest in procurement.

Conflicts at the agency level

Conflicts can occur at an agency, not just individual, level. For example, it is important to consider contractors' and suppliers' relationships with agency senior leaders, including chief executives. If a conflict of interest is identified that relates to an agency senior leader, the matter should be escalated to, and managed by, the agency chief executive in a timely way. If the conflict relates to a public service chief executive then the Public Service Commission is the appropriate escalation point.

Conflicts of interest matters involving Ministers should have a clear and timely escalation path to the Chief Executive to ensure the agency level risks are appropriately assessed and managed. As the Chief Executive is the agency's point of contact with Ministers, they are best placed to ensure that implications for Ministers are also addressed as part of an appropriate management plan.

Secondary employment

Secondary employment can create a conflict of roles, which is a type of conflict of interest. Employees should be able to participate in secondary employment if there is no conflict of interest or where there is a conflict of interest that can be managed. Employees must be open and honest with employers about secondary employment. Employers should consider:

- Conflicts of interest including whether the secondary employment conflicts with the primary role. This includes the duties owed to each organisation, the powers exercised, the information the employee has access to, and whether it is clear to others which role the person is undertaking.
- If the time commitment required allows the employee to maintain an acceptable level of performance, manage their own safety and the safety of others, and preserve their wellbeing. This includes considering whether the payment for roles is consistent with the time, effort and commitment required.

³ These areas have been identified through Public Service Commission investigations. They are included in the model standards only as examples of areas to look out for.



Policies, processes and channels

The main goal of identifying, assessing, and managing conflicts of interest is to ensure that all operational decisions are made – and are seen to be made – legitimately, justifiably, independently, and fairly.

Integrated management processes and internal controls will support timely and appropriate identification and management of any risk.

Managing conflicts

Processes for managing conflicts of interest need to be robust, understood by people in the organisation, actively managed, and fit together as a whole within the organisation's framework of management policies and internal controls. Conflicts of interest must be well managed so that public trust and confidence in the individual or the organisation is not undermined.

Assessing a situation to identify whether a conflict of interest exists and is able to be managed or must be avoided, involves weighing up the interests of the organisation, the public interest, and the legitimate interests of the individual concerned, as well as other factors such as the position the individual holds and the nature and seriousness of the conflict. Even if the conclusion is that there is no conflict, a record should be kept of this assessment. This demonstrates robust consideration of the issues, and can keep staff and organisations safe from undue criticism or questions that may arise in the future.

Disclosure of conflicts of interest is a continuous process as interests change and new conflicts may emerge in the course of day-to-day business. An example of this is where it becomes apparent before or at a meeting that an attendee has a conflict of interest with regard to an item on the agenda.

Model standards:

- There are policies and processes in place for disclosing, recording and responding to conflicts of interest. Policies and processes reflect the organisation's particular functions, context and statutory requirements.
- There is a process for managing conflicts of interest which includes what constitutes a conflict, options for managing it (including considering whether or not an individual should continue to be involved with work in the potential area of conflict), who makes decisions, and potential consequences of non-compliance.
- There are clear and documented responsibilities and actions for managers receiving, assessing, managing and monitoring disclosed conflicts of interest.
- There are support mechanisms for assisting managers in reviewing and improving their skills in discussing, identifying and managing conflicts.
- The arrangements for dealing with conflicts are clearly recorded in formal documents to enable the organisation concerned to demonstrate, if necessary, that a specific conflict has been appropriately identified and managed.
- Decisions at all stages are documented and can be justified and audited.

Model standards:

- All conflicts of interest are centrally recorded, and organisations have designated people responsible for tracking, monitoring and reporting to senior leadership.
- Conflicts of interest are included in organisation's risk management programmes and reporting, including any internal or external risk and assurance committees.
- There are training and systems in place to enable centralised tracking, monitoring, auditing practices and continuous improvement of policies and processes.
- The conflict of interest register is regularly reviewed, updated and included as part of the organisation's audit programme.
- Monitoring agencies regularly discuss conflicts of interest with Crown entity Board Chairs, including recorded conflicts and applicable policies.



Monitoring and evaluating

Organisations' ability to understand the nature of conflicts of interest in their operational environments relies on their ability to identify particular at-risk areas for conflict of interest situations, track and monitor any risks, and learn from them.

Centralised tracking and monitoring requires that managers, supervisors, and other designated people to whom conflicts of interest are made, are able to log and provide auditable details.

It is important that there is ongoing monitoring and review of interests that are disclosed. Where there is a management plan in place for a conflict, the plan should specify a manager who is responsible for monitoring the plan and evaluating how it is working.

Raising concerns

It is important that people have a channel to raise concerns about how the organisation is managing their conflicts of interest.

People must also be able to raise concerns about wrongdoing, including suspected impropriety in relation to disclosure/non-disclosure of interests or the management of declared interests.

The Public Service Commissioner has issued [model standards for organisations to support staff on speaking up](#) in relation to concerns about wrongdoing.

Model standards:

- Internal policies and processes include mechanisms to allow individuals to raise concerns about how the organisation is managing their conflict of interest.
- All concerns raised about management of conflicts of interests are assessed, recorded and acted on in a timely way.
- There is appropriate separation of duties and well-defined roles that underpin organisations' processes in relation to concerns raised by individuals.

Useful links

- Te Kawa Mataaho Public Service Commission:
 - [One-page guide to conflicts of interest conversations and explanatory notes](#)
 - [Board Appointment and Induction Guidelines](#)
 - [Model standards for speaking up in the Public Sector](#)
- Office of the Auditor General:
 - [Managing conflicts of interest: A guide for the public sector](#)
 - [Managing conflicts of interest in procurement](#)