



**POLICY: Rangitikei College Board of Trustees**

# **Financial interests of trustees policy**

## **Rationale**

Impartiality and transparency are essential to maintaining the integrity of the school's governance and administration. Where activities are paid for by school funds, the community and government have high expectations. They expect Board members to act impartially, without any possibility that they could be influenced by favouritism, or improper personal motives, or that school resources could be misused for private benefit.

## **Definition of interest**

### **1. Financial interests in contracts greater than \$25,000**

As defined in the Education Standards Act 2001 a trustee is "concerned or interested" in a contract where:

- the trustee is personally a party to the contract; or
- if the contract is between the board and a company and
  - the trustee owns 10% of the shares in that company (or another company which controls it), or
  - the trustee is the managing director or general manager (whatever they are called) of the company

### **2. Other financial interests**

A trustee has a 'pecuniary interest' where they stand to benefit from the actions of the board, regardless of the nature or the dollar value of the board's actions. The test used by the Auditor General is 'A pecuniary interest exists where the matter would, if dealt with in a particular way, give rise to an expectation of gain or loss of money'.

For example,

- the staff representative on a board of trustees has an interest in the actions of the board when it is considering whether to deduct pay for strike action by teachers.
- Trustees have an indirect interest when their spouse/partner or children, their whānau, or their close friends and relatives stand to benefit from the actions of the board. For example, if a painting and decorating company owned by the sister in-law of a board member tenders for a painting contract, that member has an interest in the contract.

If a pecuniary interest exists, or might reasonably be perceived to exist

## **Action to be taken when a board member has a financial interest in a potential contract greater than \$25,000**

If a school trustee or a board committee member is interested in any contract or contracts with the board worth more than \$25,000 a year, that person will be disqualified from being a school trustee or board committee member, *unless* the board obtains the approval of the Secretary for Education for that contract. Should this occur, ***Procedures for when a board member has a financial interest in a potential contract greater than \$25,000*** should be followed.

### **Action to be taken when a board member has a pecuniary interest**

Clause 8(8) of the 6th Schedule of the Education Act states that any trustee who has a pecuniary interest in any matter must be excluded from any meeting of the board while the board discusses, considers anything relating to, or decides the matter.

### **Action when the family, whānau or friends of a board member have a financial interest**

There are no legislative restrictions or guidance placed on boards of trustees whose actions may benefit the family, whānau or friends of a trustee. However, it is prudent that the board and each of its members be, and be seen to be, completely free of any improper influence.

Therefore, where a board member's family, whānau or close friends stand to benefit by a decision of the board the affected board member should therefore be excluded from board meetings under Clause 8(8) of the 6th Schedule of the Education Act 1989.

#### **References:**

- Office of the Auditor General *Managing conflicts of interest: Guidance for public entities*, 2007
- Ministry of Education *Financial interests of school trustees* (Circular 2002/01)

Chairperson: \_\_\_\_\_

Date:

Next review date:     October 2021

#### **ASSOCIATED PROCEDURES:**

- Procedures for when a board member has a financial interest in a potential contract greater than \$25,000

*(NB: Procedures are developed as part of school management. The Board of Trustees will be informed of the development or revision of procedures derived from Board policies by the Principal. For some especially significant procedures, these will be presented to the Board in full)*