

## **PROVINCIAL AUDIT COMMITTEE**

### **CONFLICT OF INTEREST CODE**

#### **1. Introduction**

The purpose of the Code is to establish basic terms and conditions respecting conflicts of interest for members ("Members") of the Provincial Audit Committee (the "Committee"). Each Member is required to follow both the letter and the spirit of the Code.

#### **2. Definition of Conflict of Interest**

A conflict of interest exists in any situation in which a Member exercises or performs a duty or function for or on behalf of the Committee with the knowledge that it provides the opportunity to further a private, personal, or business interest of such Member and/or his or her Direct Associates.<sup>1</sup>

Conflicts of interest can include both financial and material interests. In addition to actual conflicts of interest, there can also be apparent or potential conflict of interest:

- (a) An apparent conflict of interest exists if there is a reasonable perception, which a reasonably well-informed person could properly have, that the Member's ability to exercise such Member's duties and responsibilities could be influenced or affected by their financial<sup>2</sup> or material interest;<sup>3</sup>
- (b) A potential conflict of interest is a situation that may develop into a real conflict of interest.

#### **3. General Obligations**

All Members must act impartially in carrying out their duties. Members of the Committee have a responsibility to conduct themselves in a manner that does not compromise the ability of the Committee to accomplish its mandate or undermine the public's confidence in the Member's ability to discharge their responsibilities properly. Members will:

- (a) Perform their duties and responsibilities on the Committee in such a manner that public confidence and trust in their honesty, integrity, fairness, and good faith are conserved and enhanced.
- (b) Not gain an improper advantage through information derived from their association with the Committee.

- (c) Respect the confidentiality of the Committee and not provide information received through their role as Members which is not available to the general public, unless prior written authorization is given for its release.
- (d) Not influence or attempt to influence or gain a benefit or advantage for themselves, their families, their business associates or others with whom they have a significant personal or business relationship.
- (e) Not act in self-interest or further their private interests by virtue of their position or through the carrying out of their duties.

#### 4. Obligations of the Committee Chair

Pursuant to s. 23.925 of the *Conflicts of Interest Act*, the Chair is subject to additional provisions:

- (a) The Chair must not take part in a decision in the course of carrying out his/her office or powers knowing that the decision might further a private interest of the Chair, a person directly associated with the Chair, or the Chair's minor or adult child;
- (b) The Chair must not use his/her office or powers of influence to seek or influence a decision made by or on behalf of the Crown or a public agency to further a private interest of the Chair, a person directly associated with the Chair, or to improperly further any other person's private interests;
- (c) The Chair must not use or communicate information not available to the general public that was gained by the Chair in the course of carrying out his/her office or powers to further or seek to further a private interest of the Chair or any other person's private interests; and
- (d) The Chair must appropriately and adequately disclose a real or apparent conflict of interest.

#### 5. Disclosure of Conflicts

- (a) Each Member must disclose to the Chair of the Committee the existence of any conflict of interest.
- (b) The Chair of the Committee must disclose to the Members of the Committee the existence of any conflict of interest. The other Committee members can provide advice to the Chair about whether a proposed activity by the Chair would be a breach of the Code.
- (c) It is a duty of the Members of the Committee to decide whether such

individual may participate in any discussions on the issue that has been given rise to the conflict.

- (d) Members must withdraw from participation in any way in decisions in which they have a financial or material interest.
- (e) Disclosures of conflicts should be made as early as possible which, if at all possible, should be prior to the existence of a situation of conflict of interest.
- (f) Members who are in a conflict of interest shall absent themselves without comment prior to any discussion in respect of the issue in question.

#### 6. Restrictions and Monetary Limit Regarding Gifts

Members of the Committee shall not accept fees, gifts or other benefits that are connected directly or indirectly with the performance of their committee duties, from any individual, organization or corporation, other than:

- (a) The normal exchange of gifts between friends;
- (b) The normal exchange of hospitality between persons doing business together;
- (c) Tokens exchanged as part of protocol;
- (d) The normal presentation of gifts to persons participating in public functions.

The total value of fees, gifts and benefits given from the same source in any calendar year cannot exceed \$200.

In the case of tickets and invitations to events, the total value of all tickets and invitations to events from the same source in any calendar year cannot exceed \$400.

#### 7. Restrictions and Process for Seeking Approval on Appointment to Other Offices

Members of the Committee may accept appointment to other offices or hold employment, including self-employment. Such appointment or employment must not:

- (a) Cause an actual or apparent conflict of interest, or
- (b) Be performed in such a way as to appear to be an official act, or to represent a Government opinion or policy, or
- (c) Interfere with regular duties, or

- (d) Involve the use of Government premises, equipment or supplies, unless such use is otherwise authorized.

To avoid a conflict of interest or apparent conflict of interest, Members of the Committee are required to notify the Chair of the Committee in writing about any paid appointment or employment. The Chair shall review for any actual or apparent conflict of interest.

For the purpose of this section, only the source of income from appointment or employment, including self-employment would be required to be disclosed. Examples of sources of income may include, but are not limited to, practice of law, consulting services (in a specified area), book royalties, honorarium (from being a board member), etc.

The Chair of the Committee is required to disclose to the Members of the Committee in writing any concurrent employment or appointment that may be in breach of the Code. The other Committee members will then provide advice to the Chair in writing about whether such employment or appointment would be a breach of the Code.

## 8. Administrative Processes

The Code Administrator receives and ensures that any real or apparent conflict of interest is avoided or effectively managed. As well, the Code Administrator is responsible for providing advice and managing concerns and complaints concerning potential breaches of the Code, including conflicts of interest.

- (a) The Code Administrator for Members is the Chair.
- (b) The Code Administrator for the Chair is the other Committee Members who receive disclosures from the Chair and respond to an allegation that the Chair has breached the Code.

Members of the Committee are encouraged to report a potential breach of the Code to the Code Administrator in writing. The Code Administrator will review the circumstances and details of the potential breach and notify the Member involved, who shall have the right to respond. The identity of the reporter will not be disclosed unless required by law or a legal proceeding. The Code Administrator shall make a decision and report the result in a timely manner.

Members of the Committee may apply to the Ethics Commissioner for a review of a ruling of conflict of interest by the Code Administrator.

Members of the Committee who are found not to comply with the standards of behavior identified in this Conflict of Interest Code may be subject to disciplinary

action up to and including recommendation of removal of the Member from the Committee.

## 9. Affirmation and Review Process

Members of the Committee shall affirm on an annual basis their understanding of, and commitment to, the obligations of the Conflict of Interest Code.

Once approved by the Ethics Commissioner, the Conflict of Interest Code, and any subsequent approved amendments to the Code, will be made public for 90 days before becoming effective. The Conflict of Interest Code for the Provincial Audit Committee was approved by the Ethics Commissioner on December 4, 2018.

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<sup>1</sup> As defined in Alberta's *Conflicts of Interest Act*, a person is directly associated with a Member if that person is:

- (a) the Member's spouse or adult interdependent partner,
- (b) a corporation having share capital and carrying on business or activities for profit or gain and the Member is a director or senior officer of the corporation,
- (c) a private corporation carrying on business or activities for profit or gain and the Member owns or is the beneficial owner of shares of the corporation,
- (d) a partnership
  - i. of which the Member is a partner, or
  - ii. of which one of the partners is a corporation directly associated with the Member by reason of clause (b) or (c),

or

- (e) a person or group of persons acting with the express or implied consent of the Member.

<sup>2</sup> Financial interest includes all forms of direct and indirect compensation, remuneration, ownership or control of an entity.

<sup>3</sup> Material interest: When a Committee Member and/or Direct Associate which could include a member of his or her immediate family (a) is a director, trustee, partner, officer or senior executive in an entity or (b) has a financial interest of any kind in an entity which, in view of all the circumstances, is substantial enough that it might affect, or reasonably be perceived to affect, the Committee Member's judgment.