



GOVERNANCE RISK & OPERATIONS

Conflicts Register: The Annual Update Isn't the Whole Process

A fresh declaration at the moment an agenda item connects to it matters as much as the standing register itself

A standing register of directors' interests, reviewed and updated once a year, is a necessary governance document. It is not, on its own, a sufficient conflict of interest process. The specific, practical mechanics that turn a register from a filed document into a functioning discipline deserve their own dedicated attention.

Which rules apply to your association?

The law depends on how your association is set up. A **company limited by guarantee** follows the Corporations Act 2001 (Cth) and its constitution. An **incorporated association** follows its state or territory associations Act and its rules. A **registered charity** also follows the ACNC Act and the ACNC Governance Standards, and some Corporations Act rules are replaced for charities that are companies. Check your own governing documents, and get advice before decisions with legal consequences.

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The Two-Layer Requirement Most Boards Collapse Into One

Maintaining an annual register of general interests is only the first layer. A complete process also requires a fresh, specific declaration at the start of any meeting where an agenda item actually connects to a director's interest, regardless of whether that interest is already recorded on the general register. A declaration is also needed as soon as a conflict becomes apparent during a meeting. A board that treats the annual register as sufficient, without this second, item-specific declaration happening in real time, has missed precisely the moment a conflict actually becomes operationally relevant, when a specific decision connected to it is on the table.

A Useful, Graduated Response Framework

Start with the legal minimum for your entity type. For a company limited by guarantee, the Corporations Act requires a director with a material personal interest to disclose it and generally not to be present or vote on the matter unless an exception applies. Incorporated associations Acts also set disclosure and voting rules, so check your Act, and your constitution or policy may be stricter. Within those rules, not every declared conflict requires the same response, and a useful, structured framework distinguishes between them. A minor, low-risk conflict may simply require declaring and documenting it, creating visibility without further action. A more significant interest that falls below any legal threshold may require restricting the director's involvement in the discussion while still allowing limited participation. A material conflict requires full recusal, the director leaving the room entirely and abstaining from both discussion and any vote. If recusals would leave the board without a quorum, check your constitution and the law, and seek advice before proceeding. Applying the same, lightest response to every declared conflict regardless of its actual severity undermines the purpose the graduated framework exists to serve. Identifying and declaring a conflict of interest is not, in itself, evidence of wrongdoing. A board with a

strong culture of frequent, open disclosure is demonstrating healthy governance, not raising a red flag, and a board should be careful never to let its process quietly discourage the disclosures it actually depends on.

The Minutes Requirement Worth Getting Right

Board minutes must record declared interests where the law requires it (for a company limited by guarantee, the Corporations Act requires the details of a director's notice to be minuted), and should also record the specific action taken to manage each conflict, register, restrict, or recuse, rather than simply noting that a conflict was declared without capturing what actually happened next. This distinction matters considerably if the decision is ever scrutinised later, since a minute recording only that a conflict existed leaves ambiguity about whether it was managed appropriately at the time.

- Maintain the annual standing register as the foundation, but require a fresh, specific declaration at the start of any meeting where an agenda item connects to a director's recorded or emerging interest.
- Apply the legal minimum for your entity type first, then a graduated response, register, restrict, or recuse, matched to the actual severity of each declared conflict, rather than defaulting to the same response regardless of significance.
- Record both the conflict and the specific management action taken in the board minutes, ensuring the record captures what actually happened, not just that a declaration was made.
- Foster a culture where frequent disclosure is treated as a sign of healthy governance, not evidence of wrongdoing, since a board that discourages disclosure loses the visibility the entire process depends on.
- Update declarations promptly whenever a director's circumstances change, rather than waiting for the next scheduled annual review to capture a conflict that has already become relevant.

A conflicts of interest register earns its governance value only through the discipline surrounding it, the real-time declaration, the graduated response, and the accurate minute record. A document updated once a year and otherwise left untouched is a compliance artefact, not the functioning safeguard good governance requires.

This is one of the practical governance topics built into our Board Director course, alongside the papers, tools and frameworks that turn the principle into your board's actual practice. [Explore the course](#)

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BOARDROOM ACTION WORKSHEET

Conflicts Register: The Annual Update Isn't the Whole Process

Turn the resource into evidence, a decision and an accountable next step. Keep the completed record in your association's approved board records system.

1 What is the issue or decision?

State the governance question in one clear sentence.

2 What evidence do we already have?

Record the facts, source documents and stakeholder evidence available now.

3 What evidence is still needed?

Identify the legal, regulatory, financial, member or operational information still required.

4 What is the agreed next action?

Capture the owner, timeframe and how the matter will return to the board.

Action owner	Review date	Board decision or resolution

General education, not legal, financial, tax, clinical or governance advice. Confirm specifics at the relevant primary source or with your own qualified adviser. Nexus Leadership is operated by Lipstick Consulting Pty Ltd · ABN 15 619 120 482.

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