

# **CONFLICT OF INTEREST POLICY**

**ORIGINATOR: Council for Research**

**DATE: May, 1999 (revised)**

**POLICY #95-1**

## **I. INTRODUCTION AND DEFINITION**

**A conflict of interest arises whenever a member of the University community influences the University's business, administrative, academic or other decisions in ways that could lead to personal gain or advantage of any kind. Conflicts of interest may even arise in situations where an individual is acting on behalf of the University. In such situations, the individual must act in the best interest of the University without favor or preference, and without prejudice to any of the parties involved.**

**Conflicts of interest have the potential to bias the management of grants and contracts, the conduct of research, the selection of equipment and supplies, the promotion or appointment of faculty, staff or students, and the selection of individuals or organizations to perform various tasks.**

**Situations which present potential conflicts of interest are not uncommon at universities, especially with university-industry collaborations. Their existence does not constitute wrongdoing. It is the reaction to the conflict-causing situation that must be managed in such a way that an independent observer could not reasonably question the integrity of an individual's actions and determine them to be for personal gain to the detriment of the University. In many instances conflicts of interest can be resolved by simple disclosure while in others they must be managed or eliminated. Apparent conflicts must be evaluated and managed with the same intensity as known conflicts of interest.**

**The University of Rhode Island Policy on Conflicts of Interest provides a framework and identifies procedures for consultation**

and advice on the management of conflict of interest, for avoidance of situations in which a conflict may exist, and for approval of exceptions when warranted. It is the purpose of the Policy to provide guidelines for identifying potential conflicts and the procedures for reviewing and addressing conflicts that occur.

## **II. PERSONS COVERED BY THIS POLICY**

All employees and paid members of the University community, faculty, appointed personnel, classified staff, and student employees, whether full-time, part-time or contract employees.

## **III. STATE AND FEDERAL LAW**

This Policy is required by the Federal government. It supplements but does not replace existing Federal and State policies or laws pertaining to conflict of interest or ethics in government. It does not supersede or replace existing policies and practices of the University applicable to outside activities or commitments, nepotism and intellectual property.\*

State and Federal agencies have legitimate concerns that any research they sponsor is free of bias due to financial or personal interests of the investigator and institution. Program directors and Investigators must follow agency guidelines when submitting proposals. Failure to comply with regulations may jeopardize existing funding to the University.

\*In particular all state and public employees, including university employees, are governed by the provisions of the state Code of Ethics found Chapter 14, Title 36 of the General Laws of Rhode Island and Regulations promulgated by the Rhode Island Ethics Commission. Members of the university community should be aware that conduct that does not violate this policy may nevertheless violate the code of Ethics and should seek guidance in appropriate cases.

## **IV. DEFINITIONS**

**1. Funded Projects:** Any research, service or educational activity, for which funding is available from any public or private source in the form of a contract, grant, agreement or gift.

**2. Family:** For the purpose of this Policy family includes, one's spouse, siblings, parents, children or domestic partner. (See University policy regarding nepotism).

**3. Significant Financial Interest:** anything of monetary value, including but not limited to, salary or other payments for services (e.g., consulting fees or honoraria); equity interest (e.g., stocks, stock options or other ownership interests); and intellectual property rights (e.g., patents, copyrights and royalties from such rights). This does not include:

- a. salary, royalties, or other remuneration from one's institution:
- b. income from seminars, lectures, or teaching engagements sponsored by outside entities;
- c. income from service on advisory committees or review panels.
- d. an equity interest that, when aggregated for the individual and the individual's family, meets both of the following tests: does not exceed \$10,000 in value as determined through reference to public prices or other reasonable measures of fair market value, and does not represent more than a 5% ownership interest in any single entity; or
- e. salary, royalties or other payments that, when aggregated for the individual and the individual's family, are not expected to exceed \$10,000 during the twelve month period.

**4. Manager/Investigator:** Any individual acting for the University that is (a) responsible for the choice, design, conduct, or reporting of Funded Research or Research proposed for funding, or (b) responsible for the discovery, invention, creation, or development of intellectual property or other technology that is or may be subject to a Technology Transfer, or (c) responsible for the purchasing or contracting for goods or services for the University.

**5. Designated Officials:** An official representative(s) of the University appointed to review, in a timely fashion, all financial and conflict of interest disclosures and determine whether a conflict exists and if so, recommend what action should be taken by the University to manage, reduce or eliminate such conflict of interest or the appearance of conflict of interest.

## **V. GUIDELINES FOR ALLOWABLE ACTIVITIES**

The following are offered as examples of activities that are not considered conflicts of interest. They are exempt from reporting requirements, unless they are so extensive in time and effort

**that they constitute a potential conflict of commitment. (See Conflict of Commitment and Transfer of Technology Policy)**

**1. Receiving honoraria, stipends, and/or royalties for published scholarly works and other writing, creative works, lectures and/or presentations providing it does not conflict with guidelines established by the Office of Management and Budget (OMB).\***

**2. Participating at professional conferences for the purpose of making scholarly presentations, conducting seminars or workshops.**

**3. Receiving honoraria for serving as a special reviewer or on a review panel for academic, governmental or not-for-profit organizations providing it does not conflict with the OMB guidelines.**

**4. Income from royalties or license fees generated through the University's intellectual property policy. However, activities on behalf of companies that might generate royalty or license fee income to the University at a later date should be evaluated carefully.**

**5. Preparing books, articles, software and other creative works relevant to University duties.**

**\*The state Code of Ethics prohibits the acceptance of honoraria, fees or rewards, or other compensation relating to a person's official duties and responsibilities unless they have no decision making authority over the source of the compensation, use their own time and do not make improper use of public materials or resources.**

#### **Ethics Commission Regulation 36-14-5010**

**6. Earning income from passive investments such as interest or dividends from banks, mutual funds, or stocks and bonds unrelated to the individuals University activities.**

**Members of the University community involved in business ventures as owner, or major investor must be alert to the possibility that a conflict of interest may arise. If the enterprise or business entity does no business with the University, the area of conflict may be in commitment to University obligations. If the enterprise does business with the University, or might do business with the University, disclosure is necessary.\***

**\*Such members should also be aware that the state Code of Ethics prohibits**

gain not only to them and members of their family but also to their business associates and business entities.

## **VI. GUIDELINES FOR ACTIVITIES LEADING TO CONFLICTS**

**The following activities represent examples of potential or actual conflict of interest situations. This list is not inclusive and is intended to be used as a guide.**

- 1. Using University resources to conduct research that is sponsored by an entity in which the investigator or his/her family member holds a substantial financial interest.**
- 2. Serving in an executive or managerial capacity or holding significant financial interests In for-profit or not-for-profit entities doing business with the University.**
- 3. Serving on the board of directors or major advisory committee of an external entity that sponsors one's research or provides gift funds for the use of one's research or gift funds for the use of one's department.**
- 4. Utilizing University students or employees in consulting activities, activities supported by gift funds, and/or research sponsored by an entity in which the investigator has financial I interests.**
- 5. Conducting testing or clinical trials of products, devices, or services owned or controlled by a business in which the investigator or a member of his/her family has a financial interest or receives remuneration.**
- 6. Diverting research opportunities from the University to another academic institution, federal laboratory, business, or consulting entity for private gain.**
- 7. Directing purchasing or subcontracting opportunities to a family owned company or an associated entity.**
- 8. Inappropriate use of confidential information.**
- 9. Managers accepting honoraria from employees.**
- 10. Program directors(with control of funds) submitting proposals to their own programs, or submitting proposals that involve inclusion of family.**

**11. The unreimbursed use of University resources for private gain.**

**12. Reviewing, approving, or administratively controlling contracts when the contract is between the University and a company in which the individual has a substantial financial interest or when the contract is with a member of the employee's family, or when a member of the employee's family is directly involved with activities included under the contract or has a substantial interest in the contractor.**

## **VII. SUBMISSION REQUIREMENTS FOR FINANCIAL DISCLOSURE**

### **REPORTING POTENTIAL OR ACTUAL CONFLICTS**

**Managers, faculty, alumni, and partners must address public concerns and demands for accountability while protecting and fostering the freedom of inquiry that is the core the higher education mission. Full disclosure is necessary for successful implementation of any conflict of interest policy. The responsibility for avoiding conflict of interest rests with the individual and is shared by all University employees. It is prudent to note, however, that this does not include frivolous or vindictive disclosures against another employee.\***

**\*It should be noted that the State Code of Ethics also prohibits any person from knowingly and willfully making a false or frivolous complaint.  
R.I.G.L. d36-14-5(k)**

**1.The University's Vice Provost for Research, Graduate Studies, and Outreach shall appoint the "designated official(s)" responsible to review conflict of interest and/or financial disclosure statements.**

**2.When it appears that a conflict of interest or potential conflict exists between the personal interest of an employee and his/her responsibility to the University, the employee shall notify the appropriate administrator by submitting a written statement describing the nature of the possible conflict. If an apparent conflict comes to the attention of the administrator (e.g., department chair, division supervisor, vice president, etc.), that individual may request a written statement from the employee.**

**a. If an employee is in doubt whether he/she is confronted with a potential conflict of interest, the employee should consult with the appropriate administrator to determine if the outside interests could conflict with the employee's obligation to the**

**University.**

**b. Where proposals involve program management staff and/or their family, it is the responsibility of the University to consider the nature of the relationship and determine, in consultation with the appropriate administrator, a course of action.**

**3. The University shall require that each individual who is planning to participate in funded projects certify to the Research Office that no known existing or potential Significant Financial Interest exists that would be affected or appear to be affected by the research for which funding is sought; nor in entities whose financial interest would be affected or appear to be affected by said research. If the individual feels that a Significant Financial Interest exists he/she must submit a Disclosure of Significant Financial Interest Statement of his/her known Significant Financial Interests and those of his/her family.**

**a. All financial disclosures must be made to the Research Office prior to any new application or proposal for funded projects and must be updated during the period of the award or funding either on an annual basis or as new reportable Significant Financial Interests are obtained.**

**4. The University shall maintain records of all Financial Disclosures and all actions taken to resolve conflicts of interest for at least three years beyond the termination or completion of the grant to which they relate, or until the resolution of any NSF action involving those records, whichever is longer.**

## **VIII. MANAGEMENT OF CONFLICTS**

**1. The University Designated Official shall make a preliminary review of all conflict of interest disclosures and disclosures of Significant Financial Interest to determine whether a conflict of interest situation reasonably appears to exist. Depending on the circumstances of the relationship, a potential conflict of interest can be classified as; acceptable, subject to institutional review and/or management, or not acceptable.**

**The purpose of the preliminary review process shall be to identify and resolve conflicts of interest or the appearance of conflicts of interest at the earliest possible stage before expenditure of any funds under an award.**

**a. If a conflict of interest does not appear to exist, the designated official shall make a notation to that effect on the Disclosure Statement and provide a copy to the University employee.**

**b. If the appearance of a conflict of interest does exist, the designated official shall so inform the employee who will then be afforded the opportunity to meet with the designated official for further review of the apparent conflict prior to final determination or recommendation of remedial action.**

**2. A successful resolution of a potential conflict of interest resulting from the preliminary review process described above shall be reduced to writing and signed by the University employee and designated official. The designated official may, on the basis of this resolution, certify that the identified conflict of interest has been managed, reduced or eliminated as the case may be.**

**3. If the preliminary review process does not result in a successful resolution of a potential conflict of interest then a full review of the Disclosure Statement or potential conflict of interest shall be made by the designated official together with the appropriate Dean or Director. Following the full review, the designated official shall determine whether a conflict of interest or appearance of conflict of interest continues to exist, and if so, recommend to the Vice Provost for Research, Graduate Studies, and Outreach what action should be taken by the University to manage, reduce or eliminate such conflict of interest. The Vice Provost for Research, Graduate Studies, and Outreach has full authority to impose, on behalf of the University, such actions as may be necessary to manage, reduce, or eliminate the conflict of interest.**

**4. The University shall provide the required certifications, reports and information necessary to comply with federal law and regulations, which may include notification of the funding agency that a conflicting interest has not been resolved in compliance with this policy.**

## **IX. SANCTIONS/APPEALS**

**A complaint or charge for violations of this policy shall be in writing and filed by the appropriate administrator having specific authority over the individual or activity which is the subject of the complaint or charge. Such charges or violations shall be carefully examined with due regard for the academic**

**freedom and rights of the employee and the interests of the University and as further specified in the relative collective bargaining agreement. Charges will be processed through the normal reporting channels, and sanctions may range from reprimands to dismissals, in addition to any proceedings for recovery of damages, misappropriated funds or property and other sanctions as may be legally available to the University.**

**Examples of conditions or restrictions that might be recommended by the designated official(s) and imposed by the University to manage conflicts of interest include:**

- a. Public disclosure or disclosure to the appropriate authorities;**
- b. Monitoring by independent reviewers;**
- c. Modification of research plan or program;**
- d. Disqualification from participation in all or a portion of research;**
- e. Severance of relationships that create actual or potential conflicts.**

**The employee may appeal the administrator's decision to the Provost or to the appropriate vice president.**