

## **7.20 CONFLICT OF INTEREST POLICY**

### **I. Introduction and Definition**

Trustees, executive officers, deans, directors, faculty, and staff (hereafter “Members”) all have an obligation to make decisions in a way that promote the best interests of the institution. This policy recognizes that all of the Members of the University community will conduct their relationships with each other and the University with honesty and integrity.

At the same time, it is also understood that Members retain their rights to interests and activities of a personal or economic nature. Members will make every effort to recognize and avoid possible perceptions of or actual adverse effects of their external activities on the best interests of the institution.

This statement confirms the University policy that faculty and other employees who accept full-time appointments have a primary commitment to the University and that they will be sensitive to the possible adverse effects of their external activities. It is recognized, however, that the quality of teaching, research, extension service, and the administration of University programs may be enhanced when members participate in extramural activities that enhance their value to the University, so long as their commitments to the University are not adversely affected.

Potential conflicts of interest exist when commitments and obligations to the University are likely to be (or may appear to be) compromised by the Member’s other interests or commitments, especially economic, particularly if those interests or commitments are not disclosed. A potential for conflict may also exist when a Member’s independence and objectivity of judgment in the discharge of duties to the University may be (or may appear to be) affected, or if the Member may receive financial or material benefit from knowledge of information confidential to the University.

This policy requires that all Members identify, evaluate, and disclose potential conflicts of interest that may appear to compromise their obligation to the University. Disclosure is required at the time the appearance or potential for conflict is first identified. This policy covers Members of the University community (Board of Trustees, executive officers, deans, directors, faculty and staff), their spouses, and dependent children.

Once potential conflicts are disclosed, the University will evaluate such disclosures in order to determine if an actual conflict of interest exists, and will determine what conditions or restrictions should be in place to resolve or manage any potential or actual conflict of interest.

In addition, Members should recognize that the manner in which they conduct their external activities may reflect on the University. This association may be enhanced when the Member occupies a senior or high profile University position, and/or by use of the University’s name and/or his/her University title. Members are expected to take any steps necessary, in light of the

nature of their external activities and the nature of their position with the University, to avoid unauthorized association of those activities with the University and/or any unauthorized implication that their beliefs or positions represent those of the University.

## **II. Scope of the Conflict of Interest Policy**

### **A. Trustees**

Trustees owe special care and loyalty to the University and must maintain the best interests of the University in all Board-related deliberations and decisions. This includes disclosing actual or perceived conflicts of interest at the earliest possible point of awareness. Trustees shall not make use of information relating to the University's business for personal gain of any nature by the Trustee or his/her immediate family.

### **B. Administrators (Includes Vice Presidents, Deans, Department Chairs and Executive Officers, Executive Directors and Directors)**

Administrators of the University owe special care and loyalty to the University and must exercise care in maintaining the best interests of the University in all University-related decisions by disclosing actual or perceived conflicts of interest. Since these officers will be involved in such decisions practically on a daily basis, the opportunity for creation of conflicts (as well as the appearance thereof) is greatest and must be avoided.

### **C. Faculty**

Faculty who hold full time appointments have a primary commitment to the University. The University *Operations Manual* Sections 5.2 (Duties of a Faculty Member) and 6.4 (Consulting) define the faculty members' obligations to the University.

### **D. Staff**

The University expects that staff members will recognize the possibility that their external activities, commitments, and interests may have adverse effects on the performance of their University obligations. This policy applies to both exempt and non-exempt staff.

### **E. Part-time Appointments**

Part-time employees may have a high potential for conflict of interest because of multiple demands of their time. It is expected that part-time employees will disclose potential conflicts and fulfill their obligations.

### III. Categories of Conflicts

The University thrives when its faculty and staff pursue sponsored research activities with vigor. Their activities include interactions with many external agencies. Predictably, some external relationships will have the potential to create conflicts of interest or commitment, or the appearance thereof. In many situations these conflicts will be apparent only and can be resolved by disclosure. Actual or potential conflicts fall into two categories.

#### A1. Conflict of Interest- General Statement

A Conflict of Interest may arise when a member has the opportunity to influence the University's business, administrative, academic or other decisions in ways that could lead to personal gain or advantage of any kind. Or, a Conflict of Interest may arise when the financial interest or personal considerations of a member may compromise the member's judgment or ability to perform his/her obligations to the University.

#### A2. Significant Financial Interest for Faculty and Staff of Instruction and Research

For **members of the Faculty and Staff of Instruction and Research**, a Conflict of Interest exists when a Significant Financial Interest, as defined below, could directly and significantly affect the design, conduct, or reporting of sponsor funded research activities.

**Each member of the Faculty and Staff of Instruction and Research** is required to disclose to designated official(s) a listing of his/her known Significant Financial Interests (and those of his/her spouse and dependent children), related to participation in any sponsor funded research activities. This disclosure is in addition to any other disclosures that may be required by this policy.

**Solely for purposes of the reporting requirement described above, the term Significant Financial Interest means:**

- salary or other payments for services (e.g. consulting, honoraria, or gifts);
- equity interests (e.g. stocks, stock options or other ownership interests); or
- intellectual property rights (e.g. patents, trademarks, copyrights, royalty income and future royalties from such rights).

The term does not include:

- Salary, royalties, or other remuneration from the University;
- Income from seminars, lectures, or teaching engagements sponsored by public or nonprofit entities;
- Income from service on advisory committees or review panels for public or nonprofit entities;

- An equity interest that when aggregated for the Investigator and the Investigator's spouse and dependent children, meets both of the

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following tests: (1) Does not exceed \$10,000 in value as determined through reference to public prices or other reasonable measures of fair market value, and (2) does not represent more than a five percent ownership interest in any single entity; or

- Salary, royalties or other payments that when aggregated for the Investigator and the Investigator's spouse and dependent children over the next twelve months, are not expected to exceed \$10,000.

### **B. Conflict of Commitment**

A conflict of commitment arises when a member undertakes external commitments which interfere with the member's obligations and commitments to Clarkson.

### **C. Examples of Potential or Actual Conflicts**

In this example, an investigator is defined as a principal investigator, or co-principal investigator, and any other person at the University who is responsible for the design, conduct, or reporting of research or educational activities funded, or proposed for funding by an external sponsor.

1. A member may not directly or indirectly lease, rent, trade or sell real or personal property to the University without full disclosure of the relevant facts.
2. A member may not possess a substantial interest in or participate in the profits of any organization that deals or seeks to deal with the University without full disclosure of the relevant facts. Participation through mutual funds and similar vehicles is not a conflict if the member does not direct or control the investments of the mutual fund or similar vehicle.
3. Giving well-paid lectures or consulting for companies or organizations whose economic interests are affected by the investigator's work that are supported by the sponsored funds.
4. Undertaking evaluative research with sponsored funds when the investigator or the investigator's dependents or spouse have a financial, managerial, or ownership interest in the sponsoring company or in the company producing the product tested.
5. Providing privileged access to information developed with University resources or supported by sponsored funds to an entity in which the principal investigator has a financial interest.

6. Purchasing equipment, instruments, or supplies from sponsored funds for research from a firm in which the principal investigator has a financial interest. 7.20(5)
7. Commitments that involve frequent or prolonged absence from the University on non-University business.
8. Commitments that engage a substantial portion of the time a member is expected to spend in University related activities and which thereby dilutes the amount or quality of participation in the instructional, scholarly or administrative work of the University.

#### **IV. Conflict Disclosure, Avoidance and Resolution**

Members are expected to evaluate and arrange their external interest and commitments in order to avoid compromising their ability to carry out their primary obligations to the University. In the first instance, conflicts should be avoided or resolved through the exercise of individual judgment or discretion.

Full disclosure of the circumstances surrounding an actual or potential conflict should be made prior to initiating the activity that poses the possible conflict.

It is the institution's responsibility for determining whether a conflict exists and conditions or restriction placed to resolve or manage any perceived or actual conflict of interest. The policy is administered as defined below.

##### **A. Trustees, President and Chief Financial Officer**

Trustees, the President, and Chief Financial Officer (who might also have a vice-presidential title, but hereafter is referred to solely as "chief financial officer") shall file an annual disclosure with the Chair of the Trustee Audit Committee. In the event of a reported conflict the Chair shall consult with the members for the Audit Committee and will provide the person disclosing the conflict with a memorandum outlining the disposition of the matter with a copy to the Chair of the Board.

If a conflict should arise between annual disclosure statements, each Trustee has the obligation to inform the Chair of the Audit Committee. In the event that an unforeseen conflict should arise at a Board meeting, a Trustee perceiving a conflict must recuse him/herself from discussion and voting on the matter. In such situations the Trustee will be excused from the meeting by the Chair who will direct that it be duly noted in the minutes.

If at any time a Trustee, the President, or the Chief Financial Officer may have a question about the interpretation of this policy, they are encouraged to ask for the opinion of the Audit Committee Chair.

## **B. Members of the Faculty and Staff of Instruction and Research**

All disclosure of the Faculty and Staff of Instruction and Research (hereinafter referred to as Principal Investigator) must be in writing and must fully disclose all information relevant for a complete understanding of the disclosure at the beginning of each fiscal year to meet the Federal rules (DHHS and NSF conflict of interest policies effective October 1, 1995 which will be maintained in the office of Division of Research. The Director of Research (or other person designated by the President, but hereafter referred to as “director of research”) reviews each disclosure and may do the following:

1. Review the disclosure with the Principal Investigator to determine if a potential for conflict exists, and to resolve any potential conflict with the Principal Investigator.
2. Refer the disclosure to a Conflict of Interest Committee who will review the disclosure and determine if a conflict of interest exists, and recommend resolutions to any potential conflict of interest to the Director of Research. The Committee consists of five members appointed by the Director of Research. The membership includes at least three faculty members who conduct research with external funds, one administrative member from the financial affairs staff of the University, and one additional staff member to be appointed in consultation with the investigator. The Director of Research serves as an ex-officio member.

Principal investigators may appeal a decision in #1 above, by requesting a review of their disclosure by the committee #2.

Principal investigators submitting research proposals must certify that there are no changes since the annual disclosure was submitted. If there are changes, the disclosure must be updated prior to submission of a proposal to an external agency, and during evaluation period of the award. Members are expected to evaluate and arrange their external interest and commitments in order to avoid compromising their ability to carry out their primary obligations to the University.

Examples of conditions or restrictions that may occur in the management of any potential conflict of interest may include, but are not limited to the following:

1. Disclosure of significant financial interests to the funding agency.
2. Monitoring research by an independent reviewer.
3. Modification of the research plan.
4. Disqualification from participation in the portion of research affected by the financial interests.
5. Divestiture of financial interests.
6. Severance of relationships that create the conflict.
7. The institution may notify the external agency that the University is unable to manage an actual or potential conflict of interest.

All financial disclosure records will be retained until three years after termination or completion of the award to which they relate, or the resolution of any government action involving those records.

### **C. All Other Members of the Staff**

The Chief Financial Officer (or other person designated by the President, but hereafter referred to as “chief financial officer”), on an annual basis, will review each disclosure to determine if a potential for conflict exists. Members involved in the following duties must be particularly conscious of the potential for conflict: the procurement, exchange or sale of goods, services or other assets; the negotiation or formation of contracts or other commitments affecting the assets or interests of the institution; and the handling of confidential information and the rendition of professional advice to the University. Members involved in such activities shall render a disclosure statement at the request of the appropriate Vice President/Dean of an organizational unit or on an annual basis if so directed by the Chief Financial Officer.

Disclosure statements are filed at the beginning of each fiscal year (July 1) and are maintained in the employee’s personnel file in the Office of Human Resources. All disclosures shall be sufficiently detailed to permit an accurate and objective evaluation. Each member is obliged to cooperate fully in the review of the pertinent facts and circumstances.

If the Member discloses any information in which an appearance of or actual conflict exists, the Chief Financial Officer will do either of the following:

1. Review the disclosure with the Member to determine if a potential for conflict exists, and to resolve any potential conflict with the Member. If a potential or actual conflict exists; the Chief Financial Officer and the Member will execute a Memorandum of Understanding defining the resolution of the potential or actual conflict. The Memorandum of Understanding will be filed with the conflict of interest disclosure form in the Office of Human Resources.
2. Refer to the disclosure to a Conflict of Interest Committee who will review the disclosure and determine if a conflict of interest exists, and recommend resolutions to any potential conflict of interest to the Chief Financial Officer. The Committee will consist of five members appointed by the Chief Financial Officer. The Membership includes at least two faculty members, two administrative members, and one additional staff member to be mutually agreed upon and selected from the 25 members of the University Grievance Committee.

Members may appeal a decision in #1 above, by requesting a review of their disclosure by the committee in #2.

As an example, a Member may not review, approve, or administratively control contracts when the contract is between the University and a company in which the Member has a substantial financial interest, or when the contract is with the member's spouse or dependent child, or when a Member's spouse or dependent child is an employee of the contract and directly involved with activities included under the contract. Resolution of the conflict of interest in this example may involve a written Memorandum of Understanding in which the Member agrees to remove him/herself from any discussions regarding such contracts, and to place responsibility for review and approval of such contracts with a Member who is not in a reporting relationship with him/her.

## **V. Disclosure Statement Forms**

The Conflict of Interest Disclosure form will be administered by the Chief Financial Officer in collaboration with the Division of Research and the Office of Human Resources.

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