

Cover Format:

Title: Policy for Dealing with Conflicts of Significant Financial Interests as Related to Grants and Sponsored Projects

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Groups Impacted: All students, faculty and staff engaged in sponsored projects and their dependents

Custodian of the Policy (office or position): Research Integrity Officer (Graduate Dean)

**POLICY FOR DEALING WITH
CONFLICTS OF SIGNIFICANT FINANCIAL INTERESTS
AS RELATED TO GRANTS AND SPONSORED PROJECTS**

MINNESOTA STATE UNIVERSITY, MANKATO

October 1, 2003

Policy Background

This policy sets forth procedures and guidelines to be followed in resolving actual and potential conflicts of financial interests pertaining to grants and sponsored projects funded by: 1) commercial sponsors, 2) federal agencies having specific conflicts of interests requirements, such as the National Science Foundation and the Public Health Service, and 3) purchase orders and subcontracts issued by Minnesota State University, Mankato for such projects regardless of the source of funds.

Minnesota State University, Mankato benefits from faculty and staff participation in grants and sponsored projects and in other public and private activities. The University has no interest in setting forth detailed rules that may interfere with faculty and staff outside interests. However, full-time and part-time faculty and staff must ensure that their outside financial interests, and participation in outside activities, do not conflict or interfere with their obligations to the university.

This policy specifically addresses Conflicts of Financial Interests, situations in which applicants for grants and contracts may have the opportunity to influence the University's business decisions in ways that could lead to personal gain or give improper advantage to themselves or co-applicants (anyone involved in the design, conduct, and reporting of the research results), or their spouses or dependents. Such conflicts could affect the design, conduct, or reporting of research and project results. A financial interest is defined as anything of monetary value, including but not limited to salary or other payments for services (e.g., consulting fees or honoraria); equity interests (e.g., stocks, stock options or other ownership interests); and intellectual property rights (e.g., patents, copyrights, royalties from such rights). A "significant" financial interest would exceed \$10,000 (per

project) in value (in terms of income) or would represent more than 5% ownership in a given organization (42 CFR Part 50; Subpart F).

Policy Statement

When the University engages in or intends to engage in a sponsored project with an external organization, or has subcontracted or intends to subcontract with an external organization under a sponsored project, a significant conflict of financial interest may occur when the affiliation of the project director/principal investigator (PI/PD) with the external organization meets any of the following criteria:

- The PI/PD is an officer, director, partner, trustee, employee, advisory board member, or agent of the external organization, agency, or corporation either funding a sponsored project or providing goods and services under a sponsored project on which the PI/PD is participating in any capacity.
- The PI/PD is the actual or beneficial owner of more than five percent (5%) of the voting stock or controlling interest of such organization or corporation.
- The PI/PD has dealings with such organization or corporation from which he or she derives income of more than \$10,000 per year, exclusive of dividends and interest.
- The PI/PD's or co-applicants' spouses or dependents (dependent children or other relatives living at the same address as the PI/PD or co-applicant) meet any of the criteria stated in a. - c. above.

Policy Implementation Procedures

Each PI/PD and co-applicant participating in a sponsored project covered by this policy must disclose whether or not he or she has external affiliations that may constitute a conflict as described above. A disclosure form is to be completed and submitted to the Office of Research and Sponsored Programs at the same time the required Campus Approval for Externally Funded Projects form (CAEFP) is submitted for institutional approval. The form must be updated on an annual basis and whenever new significant financial interests relevant to a project are secured. Negative disclosures will be filed in the Office of Research and Sponsored Programs, with no further review required. Positive disclosure forms, which will be held by the Office of Research and Sponsored Programs as sealed confidential material while a proposal is pending, will be reviewed by a Conflict Review Committee consisting of the appropriate Vice President, one MSUAASF representative, and one faculty representative. The review of a positive disclosure must be completed prior to the University's acceptance of the sponsored project or issuance of purchase orders or subcontracts for the acquisition of goods and services.

In reviewing positive disclosures, the Conflict Review Committee will be guided by the following:

- Assure adherence to relevant state law and University policies such as Minnesota Statute 43A.38, Code of Ethics for employees in the executive branch; Minnesota State University Association of Administrative and Service Faculty (MSUAASF)

- bargaining agreement provisions on Ethical Standards and Outside Employment; and Inter Faculty Organization (IFO) bargaining agreement provisions on Ethical Standards related to External Employment and Other Activities, Conflict of Interest, Confidentiality, and Patents and Intellectual Property; and other University documents the Conflict Review Committee may deem appropriate.
- Consider the nature and extent of the financial interests in the relationship of the PI/PD, co-applicants, and their spouses or dependents to the external organization.
 - Give special consideration to the terms and conditions of sponsored project agreements that may mitigate or complicate the given situation.
 - Consult with and obtain additional information from the PI/PD or co-applicant as either the Conflict Review Committee or the PI/PD or co-applicant feel may be helpful in resolving actual or potential conflicts.
 - Act in a timely manner so as not to delay unduly the conduct of a sponsored project.
 - Identify possible actions the University might take to ensure that financial interests will be appropriately managed or reduced, or the conflict eliminated.

Based on the Conflict Review Committee's recommendation, the University administration may take one of the following actions:

1. Accept the sponsored project award.
2. Not accept the sponsored project award.
3. Accept the sponsored project award subject to suitable modifications in the award document or in the PI/PD's, co-applicants', or their spouses' or dependents' affiliation with the external organization. Such modifications might include:
 - Appropriate public disclosure of the financial interests.
 - Review of data and research results by in-house or external independent reviewers identified by the committee and the PI/PD(s).
 - Modification of the research plan.
 - Disqualification from participation in a portion of the research.
 - Divestiture of significant financial interests.
 - Severance of relationships that create actual or potential conflicts.

If the PI/PD or co-applicant(s) are dissatisfied with the Conflict Review Committee's findings, an appeal may be made to the President, who will consult with the PI/PD and Conflict Review Committee as deemed necessary and appropriate to the particular circumstance. The decision of the President upon appeal shall be final.

Violations of this policy, such as willful concealment of financial interests or failure to comply with agreed-upon modifications to manage, reduce, or eliminate conflicts of financial interests, may result in sanctions being imposed upon the violating individual in accordance with the appropriate collective bargaining agreement.

The Office of Research and Sponsored Programs shall maintain records pertaining to each disclosure in accordance with the requirements of the Minnesota Data Practices Act. Access to such records will be limited to the PI/PD(s), the Conflict Review Committee, the President, and others who have a legal right to review the records, in accordance with the appropriate collective bargaining agreement. Certain sponsors, particularly federal agencies, may establish requirements that differ from this policy with regard to the timing and frequency of disclosures and other conflict considerations as well. In the case of such discrepancies, the sponsors' requirements will generally prevail.

APPENDIX

The following list of examples serves as a guide for identifying potential conflicts of interests. It is not intended to be a comprehensive list of all potential conflicts.

1. ACTIVITIES THAT ARE CLEARLY PERMISSIBLE

- Outside employment, service on boards and committees of public or private organizations, service as a consultant to outside organizations, or other outside activities as allowed by the terms of the appropriate collective bargaining agreement, provided the income generated from any organization through such activities does not exceed the \$10,000 threshold.
- Acceptance of royalties for published works and patents, payment for the creation of computer software or artistic works, or of honoraria for occasional speeches.
- Acceptance of income from seminars, lectures, or teaching engagements sponsored by public or nonprofit entities.
- Service on boards and committees of public or private organizations and acceptance of income for service on advisory committees or review panels for public or nonprofit entities.

2. ACTIVITIES THAT PRESENT THE POTENTIAL FOR CONFLICTS

- Relationships that might enable a PI/PD or co-applicant to influence the University's dealings with an outside organization in ways leading to personal gain or improper advantage for the PI/PD or co-applicant's spouses or dependents. (Note: Making full disclosure of such relationships and making appropriate arrangements to manage, reduce, or eliminate potential conflicts would resolve such potential problems.)

3. ACTIVITIES THAT ARE VERY LIKELY TO BE UNACCEPTABLE

- Use for personal profit of unpublished information emanating from sponsored agreements or confidential university sources, or assisting an outside organization by giving it exclusive access to such information, or consulting with outside organizations that impose obligations upon the PI/PD or co-applicant that conflict with the University's patents and intellectual property policies or the University's obligations under sponsored projects agreements.
- The PI/PD or co-applicant or their spouses or dependents is an officer, director, partner, trustee, employee, advisory board member, or agent of an external organization or corporation either funding a sponsored project or providing goods and services under a sponsored project on which the PI/PD or co-applicant is participating in any capacity.

- The PI/PD or co-applicant or their spouses or dependents is the actual or beneficial owner of more than five percent (5%) of the voting stock or controlling interest of such organization or corporation.
 - The PI/PD or co-applicant or their spouses or dependents has dealings with such organization or corporation from which he or she derives income of more than \$10,000 per year, exclusive of dividends and interest.
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ATTACHMENTS

The *Statement of Disclosure* and *CAEFP* forms are available online in Word and PDF format at <http://grad.mnsu.edu/research/docs/caefp-current.pdf>.