

Conflict of Financial Interest with Grants Policy

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PURPOSE AND SCOPE

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

- A. 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 grant-funded project or providing goods and services under a grant-funded project on which the PI/PD is participating in any capacity.
- B. 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.
- C. 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.
- D. The PI/PD's or co-applicants' spouse 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.

In order to be eligible for federal grants, South Central College must:

- A. Create and maintain a written and enforced policy regarding Financial Conflict of Interest (FCOI).

- B. Inform each project director/principal investigator (PD/PI) of the FCOI (Financial Conflict of Interest) regulation, of SCC's policy, and of the PD/PI disclosure responsibilities under the regulation and the policy.

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 disciplinary action against the violating individual in accordance with college policy, system policy, state law, and the appropriate collective bargaining agreement and/or employee plan.

PROCEDURES

Each PI/PD and co-applicant participating in a grant-funded 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 & Institutional Effectiveness at the same time the required Intent to Apply form is submitted for institutional approval. The disclosure form must be updated on an annual basis, defined as one calendar year from submission of the previous form, and whenever new significant financial interests relevant to a project are secured.

Negative Disclosure

Negative disclosures will be filed in the Office of Research & Institutional Effectiveness, with no further review required.

Positive Disclosure

Positive disclosure forms, which will be held by the Office of Research & Institutional Effectiveness as sealed confidential material while a proposal is pending, will be reviewed by a

Conflict Review Committee consisting of the appropriate Dean, one staff representative, and one faculty representative. The review of a positive disclosure must be completed prior to SCC's acceptance of the grant-funded project.

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

- A. Assure adherence to relevant state law and College policies such as Minnesota Statute 43A.38 Subd. 5-9, Code of Ethics for employees in the executive branch; any and all applicable bargaining agreement provisions on ethical standards, outside employment, conflict of interest, confidentiality, and patents and intellectual property; and other College documents the Conflict Review Committee may deem appropriate.
- B. 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.
- C. Give special consideration to the terms and conditions of grant-funded project agreements that may mitigate or complicate the given situation.
- D. 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.
- E. Act in a timely manner so as not to delay unduly the conduct of a grant-funded project.
- F. Identify possible actions SCC 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, SCC administration may take one of the following actions:

1. Accept the grant-funded project award.

2. Not accept the grant-funded project award.
3. Accept the grant-funded 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:
 - A. Appropriate public disclosure of the financial interests.
 - B. Review of data and research results by in-house or external independent reviewers identified by the committee and the PI/PD(s).
 - C. Modification of the grant work plan.
 - D. Disqualification from participation in a portion of the project.
 - E. Divestiture of significant financial interests.
 - F. Severance of relationships that create actual or potential conflicts.

Appeals Process

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.

The Office of Research & Institutional Effectiveness 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 pertinent collective bargaining agreement and/or employee plan. 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.

RATIONALE

Introduction

This policy sets forth procedures and guidelines to be followed in resolving actual and potential conflicts of financial interests pertaining to grant-funded projects funded by: 1) commercial sponsors, 2) federal agencies, and 3) purchase orders and for such projects regardless of the source of funds.

South Central College benefits from faculty and staff participation in grant-funded projects and in other public and private activities. 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 SCC.

This policy specifically addresses Conflicts of Financial Interests, situations in which applicants for grants may have the opportunity to influence SCC's business decisions in ways that could lead to personal gain or give improper advantage to themselves or co-applicants, or their spouses or dependents. Such conflicts could affect the design, conduct, or reporting of project results.

Definitions

- A. Financial Interest: 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).

- B. Significant Financial Interest: anything of monetary value that would exceed \$10,000 (per project) in terms of income, or would represent more than 5% ownership in a given organization.
- C. Negative Disclosure: a good faith revelation of a fact (or an item of information that is not generally known) on a disclosure form that does NOT lend itself to further review.
- D. Positive Disclosure: a good faith revelation of a fact (or an item of information that is not generally known) on a disclosure form that may lend itself to further review.
- E. Principal Investigator/Project Director (PI/PD): the investigator and any other person, who is responsible for the design, conduct, or reporting of grant-funded projects, including investigators working for subgrantees/contractors/subcontractors/collaborators. The term Principal Investigator/Project Director includes the Principal Investigator/Project Director's spouse and dependent children.

Examples of Potential Financial Conflicts of Interest

1. Activities that are clearly permissible

- A. 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 and/or employee plan, provided the income generated from any organization through such activities does not exceed the \$10,000 threshold.
- B. Acceptance of royalties for published works and patents, payment for the creation of computer software or artistic works, or of honoraria for occasional speeches.
- C. Acceptance of income from seminars, lectures, or teaching engagements grant-funded by public or nonprofit entities.

- D. 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

- A. Relationships that might enable a PI/PD or co-applicant to influence SCC'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

- A. Use for personal profit of unpublished information emanating from grant-funded agreements or confidential College 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 SCC's patents and intellectual property policies or SCC's obligations under grant-funded projects agreements.
- B. 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 grant-funded project or providing goods and services under a grant-funded project on which the PI/PD or co-applicant is participating in any capacity.

- C. 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.
- D. 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.

SEVERABILITY

If any provision of this policy or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this policy which can be given effect without the invalid provision or application, and to this end the provisions of this policy are severable.

CONTACTS

Associate Vice President for Research and Institutional Effectiveness

Vice President for Finance and Operations

RELATED DOCUMENTS & LINKS

- South Central College Conflict of Interest with Grants Disclosure Form (INSERT LINK)
- South Central College Intent to Apply for a Grant Form (INSERT LINK)
- MnSCU General Counsel Summary of State Statutes and MnSCU Board Policies

<http://www.ogc.mnscu.edu/employeeethics/conflictinterests.html>