

MIDDLE TENNESSEE STATE UNIVERSITY

POLICIES AND PROCEDURES MANUAL

POLICY NO: II:01:12


DATE: December 5, 1995

SUPERSEDES POLICY NO: None

DATED:

SUBJECT: CONFLICT OF INTEREST FOR EXTERNALLY FUNDED PROJECTS

APPROVED: James E. Walker, President



I. Background

All employees of the Tennessee Board of Regents (TBR) serve a public interest role and thus have a clear obligation to conduct all affairs of the TBR in a manner consistent with this concept. The TBR, in concert with state law, has developed a policy on Conflict of Interest in conducting state business that affects all employees [Tennessee Board of Regents, Policy No. 1:02:03:10 (1992)].

In addition to the TBR Conflict of Interest policy, the National Science Foundation (NSF and the U. S. Public Health Service (PHS) have promulgated additional regulations related to Conflicts of Interest that affect institutions applying for research funding. The NSF and PHS require each institution to maintain an appropriate policy to ensure that the financial interests of the employees of the institution "do not compromise the objectivity which such research is designed, conducted, or reported." The NSF and PHS serve as models for other federal agencies and both agencies have recommended a "uniform" policy for all federal agencies [*Federal Register*, pp. 33242 & 33308 (1994); *Federal Register*, pp. 35809 & 35820 (1995)]. In order to comply with federal mandates and to be consistent in application, this Office of Research policy shall apply to externally funded projects unless specific statutes or rules result in discrepancies. In such a case the requirements of the external organization will prevail unless they are in conflict with the laws of the State of Tennessee.

II. Definition

A conflict of interest may occur when a University employee's affiliation with an external organization meets one of the following criteria:

1. The employee is an officer, director, partner, trustee, employee, advisory board member, or agent of an external organization or for profit corporation either funding a project or providing goods and services under a project on which the employee is participating in any capacity.
2. The employee is the actual or beneficial owner of more than four percent (4%) of the voting stock or controlling interest of such an organization or corporation.
3. The employee has dealings with such an organization or corporation from which he/she derives income of more than \$4,000 per year (exclusive of dividends and interest) or a total income of more than \$ 10,000 (including dividends and interest).
4. The employee's immediate family (spouse, parents, parents-in-law, siblings, children, other relatives living at the same address as the employee or individuals reported as dependents on federal income tax forms) meet any of the criteria stated in 1-3 above individually or collectively.

III. Policy

Each University investigator(s) participating in an externally funded project must disclose whether or not he/she has external affiliations that may compromise the design, conduct, or reporting of proposed activities. A disclosure statement must be completed prior to the University's acceptance of the award or issuance of a purchase order, contract, or subcontract for the acquisition of goods and services.

IV. Disclosure Statements

A disclosure must be made by the investigator(s) at the time of proposal submission by signing the Conflict of Interest Certification on the Sponsored Programs Approval Form. Signatures on a completed approval form identifying no conflict of interest with the external organization shall suffice for negative disclosure.

Positive disclosures must be indicated on the approval form and detailed by the respective investigator(s) in a separate statement that must be forwarded to the Office of Sponsored Programs (OSP) at the time of submission of the proposal for funding consideration. If there is a change in the conflict of interest status of the investigator(s) prior to the time of award or after a contract is issued, the change(s) must be reported to the OSP in writing.

V. Review of Disclosure Statements

The Director of OSP will review the conflict of interest disclosure statement to determine if the financial interest could affect the design, conduct, or reporting of the proposed sponsored project. If the initial review indicates there could be a conflict of interest, the Director of OSP will notify the President of the University through the Provost and Vice President for Academic Affairs. The disclosure statement will be reviewed by a Financial Disclosure Committee (FDC) composed of the Director of OSP, the Legal Assistant, the Associate Vice President for Academic Affairs, the President of the Faculty Senate, and the Dean of the College in which the investigator(s) is housed. The following general guidelines will be applied when reviewing a financial disclosure statement:

1. Assure adherence to relevant federal and state statutes, TBR policies, and University policies and procedures.
2. Consider the nature and extent of the financial interest of the investigator(s) and the organization or activity.
3. Give consideration to the terms and conditions of award, agreement, contract, or other documents that may mitigate or complicate the given situation.
4. Consult with and obtain additional information from the investigator(s) as may be helpful in resolving actual or potential conflicts of interest.
5. Act within five working days so as not to delay unduly the proposed project or activity.

If the FDC determines that a financial conflict exists, it will recommend to the President of the University ways to manage, reduce, or eliminate the conflict. A conflict of interest exists when the FDC reasonably determines that a significant financial interest could directly and significantly affect the design, conduct, or reporting of the project. Examples of conditions or restrictions that might be imposed to manage conflicts of interest include, but are not limited to:

1. Public disclosure of significant financial interest;
2. Monitoring of the project by independent reviewers;
3. Modification of the project plan;

4. Disqualification from participation in all or a portion of the project;
5. Divestiture of significant financial interest; or
6. Severance of relationships that create actual or potential conflicts of interest.

VI. Notification to Funding Agency of Potential Conflict of Interest

The Director of OSP will notify the funding agency, prior to the expenditure of any funds of the existence of a conflict of interest and the action taken to manage, reduce or eliminate the conflict. Middle Tennessee State University will make available, upon request, all conflicting interests identified and how those interests were managed, reduced, or eliminated.

VII. Maintenance of Records

The University will maintain records of all disclosures and of all actions taken to resolve conflicts of interest for three years beyond the termination or completion of the grant to which they relate, or until the resolution of any action taken by the funding agency involving those records, whichever is longer.