Northeast Higher Education District

Conflict of Interest Policy for Federal Grants

When the College 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 grant director with the external organization meets any of the following criteria:

- The Project Director/Principal Investigator (PD/PI) 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 PD/PI is participating in any capacity.
- The PD/PI 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 PD/PI 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 PD/PI’s or co-applicants’ spouses or dependents (dependent children or other relatives living at the same address as the PD/PI or co-applicant) meet any of the criteria stated in a. - c. above.

Per Title 42 Code of Federal Regulations (CFR) Part 50 Subpart F (grants and cooperative agreements) and Title 45 CFR Part 94 (research contracts), the College must:

- Create and maintain a written and enforced policy stating the procedures for implementing the regulation.
- Inform each project director/principal investigator (PD/PI) of the FCOI (Financial Conflict of Interest) regulation, of the College’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 sanctions being imposed upon the violating individual in accordance with the appropriate collective bargaining agreement.

Procedures:
Each PD/PI 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 President/Provost at the same time the required Grant Submission Approval Form 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 Disclosure:
Negative disclosures will be filed in the President/Provost Office and the business office, with no further review required.

Positive Disclosure:
Positive disclosure forms will be held by President/Provost Office as sealed confidential material while a proposal is pending. The review of a positive disclosure must be completed by the
President/Provost prior to the College’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 President/Provost will be guided by the following:

- Assure adherence to relevant state law and College policies such as Minnesota Statute 43A.38, Code of Ethics for employees in the executive branch; Minnesota State College Faculty (MSCF) bargaining agreement provisions on Ethical Standards related to External Employment and Other Activities, Conflict of Interest, Confidentiality, and Patents and Intellectual Property; and other College documents Business Services may deem appropriate.
- Consider the nature and extent of the financial interests in the relationship of the PD/PI, 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 PD/PI or co-applicant that 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 College might take to ensure that financial interests will be appropriately managed or reduced, or the conflict eliminated.

Based on the review, the College 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 PD/PI’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 PD/PI(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.

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

The Provost 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 PD/PI(s), Business Services, 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.

Definitions:
- **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).

- **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 (42 CFR Part 50; Subpart F).

- **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.

- **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.

- **Project Director/Principal Investigator (PD/PI)**: the investigator and any other person, who is responsible for the design, conduct, or reporting of research funded by the Public Health Service (PHS) or proposed for such funding, including investigators working for sub grantees/contractors/subcontractors/collaborators. The term Project Director/Principal Investigator includes the Project Director/Principal Investigator's spouse and dependent children.

**Examples of Potential Financial Conflicts of Interest**

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 PD/PI or co-applicant to influence the College's dealings with an outside organization in ways leading to personal gain or improper advantage for the PD/PI 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 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 PD/PI or co-applicant that conflict with the College's patents and intellectual property policies or the College's obligations under sponsored projects agreements.

   - The PD/PI 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 PD/PI or co-applicant is participating in any capacity.

- The PD/PI 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 PD/PI 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.