

SOUTHWESTERN OKLAHOMA STATE UNIVERSITY

MANAGING CONFLICTS OF INTEREST IN SPONSORED PROGRAMS

BACKGROUND

Historically the Federal government has proposed and implemented guidelines, policies, rules and regulations which establish standards for the conduct of higher education personnel and programs funded with public funds. One of the recent issues to affect most universities pursuing sponsored research projects is conflict of interest.

Several federal agencies have issued guidelines that grantees must abide by if external funding is to be utilized. These guidelines have shaped University policy and procedures regarding financial conflicts of interest in relationship to sponsored activities involving research, education, and services. Their purpose is to protect the credibility and integrity of Southwestern Oklahoma State University's faculty and staff in order that the public trust and confidence in all sponsored activities is ensured.

These regulations require that principal investigators disclose to a *designated university official* certain significant financial interests that would reasonably appear to be affected by the proposed sponsored activity. These disclosures must be submitted at or before the time of submission of the proposed application for funding. Based on the disclosed information, the university is held responsible for determining whether a conflict of interest exists.

A potential conflict of interest exists when there is a divergence between an individual's private interests and his or her professional obligations to the university, such that an independent observer might reasonably question whether the individual's professional actions or decisions are determined by considerations of personal gain, financial or otherwise. An actual conflict of interest depends on the situation and not on the character or actions of the individual.

For purposes of this policy, a conflict of interest exists when the university reasonably determines that a significant financial interest could directly or indirectly and significantly affect the design, conduct, or reporting of the sponsored activities.

When a conflict is identified, the university is required to develop and implement a plan to manage, reduce, or eliminate the conflict of interest prior to any expenditure of funds on the grant, contract, or cooperative agreement.

The university must also comply with certain reporting requirements to the sponsoring agency related to the existence of conflicts and those conflicts which cannot be resolved, and maintain records of financial disclosures and actions taken as part of the project's history in compliance with OMB circular A-110. In addition, the guidelines require that all financial disclosures be updated during the award period, either on an annual basis or as new significant financial interests are discovered. The final component of the required policy is to establish adequate enforcement mechanisms and to provide sanctions where appropriate.

DEFINITIONS

The term **investigator** means the principal investigator, co-principal investigator, and any other person at the institution who is responsible for the design, conduct, or reporting of a sponsored activity funded or proposed for funding by an external sponsor.

Sponsored activities include research, education, service, and training activities funded by an external sponsor.

A **significant financial interest** is defined as anything of monetary value received directly or indirectly from a sponsor in excess of \$10,000, or more than a 5% ownership interest for the investigator, his or her spouse, and dependent children combined.

The **monetary value** can include, but is not limited to:

1. Salary, or other payments for services such as consulting fee and honoraria.
2. Equity interests such as stocks, stock options, or other ownership interests.
3. Intellectual property rights such as patents, copyrights, and royalties from such rights.

Significant financial interests do **not** include:

1. Salaries, royalties, or other compensation from the applicant's institution
2. Ownership interests in the applicant's institution, if the institution is an applicant under the SBIR program or Small Business Technology Program for NSF,
3. Income for seminars, lectures, or teaching engagements sponsored by public or nonprofit entities
4. Income from service on advisory committees or review panels for public or nonprofit entities
5. Salary, royalties, or other payments that when aggregated for the investigator and the investigator's spouse and dependent children over the next 12 months are not expected to exceed \$10,000 and does not represent more than a 5% ownership interest in a single entity.

POLICY

It is the policy of SWOSU that the investigator(s) must disclose any significant financial interests that would reasonably appear to directly or indirectly and significantly affect the design, conduct, or reporting of sponsored activities funded or proposed for funding by an external sponsoring agency.

DISCLOSURE REQUIREMENTS

Investigators must file disclosures of significant financial interests and any required documentation to the *designated university official* prior to submitting proposals to an external sponsoring agency.

A [Disclosure of Potential Conflict of Interest Form](#) has been developed for this purpose. This disclosure will be treated as confidential information and used only for compliance with Federal regulations regarding conflicts of interest.

Records of investigator(s) financial disclosures, any required documentation, and actions taken to manage conflicts of interest shall be retained for 3 years following the termination or completion of the award to which they relate, or the resolution of any government action involving those records, whichever is longer.

DISCLOSURE REVIEW

Disclosures shall be reviewed by the *designated university official* prior to submitting the proposal or in cases where the grant or contract has already been awarded prior to initiating expenditures from grants, contracts, or cooperative agreements awarded by the sponsoring agency. The *designated university official* will determine whether a conflict of interest exists and how such conflicts may be managed, reduced, or eliminated.

In cases where conflicts of interest are identified, the *designated university official* will have the responsibility for developing a plan, acceptable to both the investigator and the university, to manage, reduce, or eliminate the conflict of interest. No funds will be expended prior to the development of this plan. For new conflicts that arise during an active grant or contract, an acceptable plan must be developed within 30 days.

RESOLUTION

Examples of conditions or restrictions that may be imposed to manage, reduce or eliminate a potential conflict of interest include but are not limited to:

1. Public disclosure of significant financial interests;
2. Monitoring of sponsored activities by independent reviewers;
3. Modification of the sponsored activity plan;
4. Disqualification from participation in all or a portion of the sponsored activity;
5. Divestiture of significant financial interests; or
6. Severance of relationships that create actual or potential conflicts of interest.

If the designated university official determines that imposing the above referenced conditions or restrictions would either be ineffective or inequitable, and that the potential negative impacts that may arise from a significant financial interest are outweighed by interests of scientific progress, technology transfer, or the public health and welfare, then the designated university official may recommend that, to the extent permitted by Federal regulations, the sponsoring activity go forward without imposing such conditions or restrictions.

The approved resolution plan shall be documented in writing detailing the conditions or restrictions imposed upon the investigator(s) in the conduct of the sponsored activity or in the relationship with the business enterprise or entity.

In accordance with specific agency regulations, the *designated university official* will notify the agency in writing of all identified conflicts of interest, including those which the university is unable to satisfactorily manage, reduce, or eliminate. Additional reports or information required by the agency involved will be provided.

ENFORCEMENT

The *designated university official* shall be responsible for determining and implementing sanctions on investigators who have violated this policy in terms of a conflict of interest resolution. The investigator shall be notified in writing of the recommended sanctions within 30 days. If the sanctions involve a recommendation of termination of employment, the university academic termination procedures will be invoked. The university must take action appropriate for the seriousness of the violation, including, but not limited to, one or more of the following, subject to existing university policies for institutional disciplinary action:

1. Termination
2. Removal from particular activity
3. Special monitoring of future work
4. Letter of reprimand

5. Probation for specified period with conditions specified

The university shall follow Federal regulations regarding the notification of the sponsoring agency in the event an investigator has failed to comply with this policy. The sponsor may take its own action as it deems appropriate, including the suspension of funding for the investigator until the matter is resolved.

Individuals may appeal the judgment and or the sanction. A written statement of the grounds for the appeal must be submitted to the President within 30 days of written notification of the sanctions. Grounds for appeal include, but are not limited to, previously unconsidered material evidence, sanctions not commensurate with the finding, and failure to follow the prescribed process. Upon receipt of a written appeal, the President will evaluate the evidence and make a determination. The President will open an investigation if the previously unconsidered material evidence so warrants and may open an investigation if circumstances so dictate. The President's decision will be conveyed to all involved in a timely fashion, but must be conveyed within 30 days. In the case of termination, the appropriate university policies on termination for cause shall be followed.

CERTIFICATION

The principal investigator must verify that he or she has disclosed all potential conflicts of interest and all other pertinent information by signing a certification statement. The statement is as follows:

"I certify that I have read and understand the Southwestern Oklahoma State University's Policy on Conflict of Interest. I have made all financial disclosures, and that I will comply with the Policy and any conditions or restrictions imposed by the University to manage, reduce, or eliminate actual or potential conflicts of interest."

The *designated university official* must also certify on behalf of the university that the institution has implemented and is enforcing a written policy on conflicts of interest. The statement for the *designated university official* is as follows:

The *designated university official* certifies that all financial disclosures required by the conflict of interest policy were made; and that actual or potential conflicts of interests, if any, were, or prior to funding the award, satisfactorily managed, reduced or eliminated in accordance with the institution's conflict of interest policy or disclosed to the agency involved.

[Disclosure of Potential Conflict of Interest Form](#)