



Oakland University

Administrative Policies and Procedures

SUBJECT: CONFLICT OF INTEREST POLICY

NUMBER: 406

AUTHORIZING BODY: BOARD OF TRUSTEES

RESPONSIBLE OFFICE: GENERAL COUNSEL'S OFFICE

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RATIONALE: In conducting affairs of Oakland University (the "University"), Employees are to make decisions which promote the best interest of the University. Employees should not make a decision which serves a personal interest.

POLICY: Employees are responsible for disclosing any personal Financial Interest in transactions of outside organizations with the University.

Employees may not accept Gifts from persons who do business with the University.

Employees may not have outside interests which interfere with their University duties.

Exception to Policy - In rare instances an Employee may obtain an exception to this policy. It is the Employee's responsibility to report reasons for the need for an exception to the Vice President for Finance and Administration. The Employee must make the request in writing.

CONFLICT OF INTEREST POLICY
Approved by the Board of Trustees on November 18, 1981
Amended on October 5, 1995

I. Preamble

All Employees, consultants, and members of the Board of Trustees (hereafter "Trustees") of Oakland University serve a public-interest role and must conduct all affairs of the University in a manner consistent with this concept. Decisions are to be made solely to promote the best interests of the University and the public good rather than to serve a personal interest.

This policy is designed to foster high ethical standards of performance by insuring that actual or

apparent conflict-of-interest situations are avoided.

Nothing in this policy shall be considered to conflict with applicable State laws governing the conduct of public officers and public Employees.

II. Definitions

A. Employee: As used hereafter, the term "Employee" means an Employee, regardless of classification or rank, or a consultant to the University.

B. Financial Interest: "Financial Interest" means any interest, direct or indirect, in the financial success or failure of an organization or company with whom the University does business, regardless of how such interest was acquired. A "Financial Interest" includes owning stocks or bonds; being a partner, Employee, or creditor; or any other arrangement that results in an interest in or claim upon the assets or income of the company or organization.

Excluded are immaterial interests, that is, interests of such a general or insignificant nature that University transactions with the organization or company will not result in direct benefit to the individual. A "Financial Interest" includes any interest of the Employee, Trustee, or Employee or Trustee spouse; and any interest of those who are related to any of the foregoing as parents, children, or siblings.

C. Gift: A "Gift" means anything of value except as excluded below. A "Gift" may be in the form of money, goods, entertainment, services, price concessions not available to all Employees or to the public, use of property or facilities, loans (except loans upon normal terms from a lending institution), or in any other form. Specifically excluded from the term "Gift" are nominal advertising items or promotional materials of token value, or food consumed at a business meeting.

III. Statement of Policy

University Employees and the Trustees should not have a personal Financial Interest in transactions with the University. Recognizing, however, that such interests will be on occasion unavoidable, there should be full disclosure of any such interest in advance of University action, and special approval of the transaction is required as set forth herein to insure that University welfare is the paramount consideration. The specific terms of this policy are to be interpreted in light of the broad objectives set forth in the preamble.

A. No Employee or Trustee shall recommend or determine to enter into a transaction on behalf of the University when such transaction involves an organization in which the Employee has a Financial Interest unless the provisions of Article IV are met in advance. If there is any question about whether this prohibition Section III, Paragraph A should apply, the provisions of Article IV must be followed.

B. The University shall not enter into any transaction for the purchase of any item or service (other than an employment or consulting contract) with any Employee, Trustee, or Employee or Trustee spouse, or with anyone who is related to any of the foregoing as parent, child or sibling.

C. Acceptance by an Employee or a Trustee of a Gift from an individual or organization that

engages in commercial transactions with the University is prohibited. If a Gift is received, it must be returned unless an acceptable statement is filed with the University President (or the Board of Trustees Investment and Finance Advisory Committee, in the case of the President or a Trustee) describing the Gift and justifying its retention in terms of the University's best interests.

D. An Employee or Trustee must inform the University of any outside interest, consulting service, or other relationship that might interfere with her/his internal duties or raise a question of conflict of interest. In cases in which an Employee's outside relationship substantially interferes with the Employee's ability to carry out her/his job responsibilities and/or act in the University's best interests, the Employee must either end the outside relationship or sever employment with the University.

E. A Trustee must abstain from voting on any matter when to do so would place or appear to place the Trustee in a conflict-of-interest situation. The minutes of Board meetings shall record such abstentions.

IV. Federal Grants and Contracts

The University administration is authorized and directed to create, implement, and maintain current those regulations and procedures necessary to meet federal agency conflict of interest requirements related to grants and contracts.

V. Exceptions to this Policy

A. No Employee or Trustee of the University shall have the authority to authorize, approve, ratify, or confirm any transaction which is an exception to this policy, except as provided below.

B. The President of the University or his/her designee may approve exceptions to this policy which involve University Employees. Any such designation shall be made in writing. Exceptions involving the President or a Trustee may be approved by the Investment and Finance Advisory Committee of the Board of Trustees. Any approved exceptions to this policy must be made in writing and the reasons therefore must be documented.

C. Approval of an exception shall be based upon a finding that the transaction is fair, reasonable, and in the best interests of the University.

VI. Role of the Purchasing Department

The Purchasing Department is empowered to delay the processing of any requisition that appears to be in violation of this policy in order to investigate the circumstances surrounding the proposed transaction. If, following investigation, the transaction still appears to be a violation, the matter will be referred to the Vice President for Finance and Administration.

Any purchase order or contract issued by the University is subject to cancellation if any University Employee involved has a relationship or history of activity with the vendor that is in violation of this policy. All purchase orders and contracts shall contain a clause to this effect.

VII. Policy Dissemination

The University will communicate this policy to Trustees and the campus community at the time of its adoption and at least annually thereafter. The policy shall be included in the [University Administrative Policies and Procedures Manual](#).

{Editor's note: This policy was approved by the Board of Trustees on November 18, 1981. *On October 5, 1995, the Board of Trustees approved the addition of section IV entitled "Federal Grants and Contracts." Pursuant to section IV, the University adopted an Administrative Policy implementing Regulations Governing Federal Grants and Contracts. That policy is OU AP&P #406 Conflict of Interest in the Oakland University Policies and Procedures Manual. A companion policy, governing Conflict of Interest in the Appointment and Assignment of Related Employees, was approved by the Board of Trustees on August 5, 1993, and immediately follows this policy in the Board Policy Book.}

Regulations Governing Federal Grants and Contracts

These regulations are designed to prevent bias in the design, conduct or reporting of federally sponsored research.

Principal investigators, co-investigators and any other person involved in the design, conduct, or reporting of funded research (investigation) are required to disclose to the University any significant Financial Interest (see note 1) (including those of spouses and dependent children) that (a) would reasonably appear to be affected by the research for which the funding is sought, or (b) are maintained in entities whose own Financial Interest would reasonably appear to be affected by the proposed research. All financial disclosures must be updated during the period of the award, either on an annual basis or as new reportable significant Financial Interests are obtained.

A conflict will be deemed to exist when it is reasonably determined that a significant Financial Interest may directly and significantly affect the design, conduct or reporting or research. The University is then required to manage, reduce or eliminate the conflict.

The Director of the Office of Research Administration is designated to certify on behalf of the institution in its application to the federal agencies that prior to the expending of any agency-awarded funds it will report to them the existence of a conflict of interest.

Principal Investigator's Responsibilities

Principal investigators are required to read and certify to the Office of Research Administration upon each and every application for funding from a federal agency that:

1. They have read and understand the institution's policy and regulations on conflict of interest,
2. All required disclosures have been made, and
3. They will comply with any conditions or restrictions imposed by the institution to manage, reduce or eliminate conflicts.

Determining a Conflict of Interest

The Director of the Office of Research Administration is required to review whether a reported significant Financial Interest creates a potential conflict of interest in federally funded grant activities. If the Director determines that further review is warranted, s/he will request a review by the Conflict of Interest Review Committee (COIRC).

The members of COIRC shall be appointed by the Vice President for Academic Affairs. The COIRC will consist of one voting member from each School and the College. Three additional voting members may be selected from other units on the campus. The COIRC shall include the Director of the Office of Research Administration. COIRC shall report all findings to the Vice President for Academic Affairs for any required action.

Managing a Conflict of Interest

Once a conflict of interest is determined to exist, the Vice President for Academic Affairs (Vice President), in consultation with COIRC, the affected investigator and the Director of the Office of Research Administration, shall determine how the conflict will be managed, reduced or eliminated within 60 days of identification, and no expenditure of funds shall occur until this requirement is satisfied. The Vice President may choose to manage a conflict of interest situation in various ways, including, but not limited to, the following:

- Periodic review of the activity by individuals independent of the investigator,
- Outside monitors for the activity
- Divestiture of the Financial Interest,
- Modification of the plan of work,
- Assignment of another Employee (without a Financial Interest in the research) to control the activity.

If the Vice President for Academic Affairs finds that the University is unable to satisfactorily manage a conflict of interest funded by the National Science Foundation (NSF), or any other federal agency, s/he will inform its Office of General Counsel.

The Director of the Office of Research Administration shall maintain records of all financial disclosures and all actions taken by the University with respect to each conflict of interest for at least three years from either the date of submission of the final expenditure report or from the termination or completion of the grant to which they relate, or until the resolution of any federal agency action involving these records, whichever is later.

Compliance

Investigators shall comply fully and promptly with all requirements of these regulations. Breaches may result in discipline. If sanctions are necessary, they will be imposed in accordance with the appropriate University regulations or collective bargaining agreements in effect of the time of the violation. Sanctions may include, but are not limited to, the following:

- Letter of admonition;
- Ineligibility of the investigator to submit grant applications, to receive Institutional Review Board (IRB) approval, or to supervise graduate students;
- Suspension;
- Dismissal.

The University shall also notify the appropriate federal agency of non-compliance instances and inform it of corrective action taken.

Research Involving Contractors, Sub-grantees or Collaborators

If research is carried out through contractors, sub-grantees, or collaborators (other Investigators), the University investigators must take reasonable steps to ensure that other Investigators comply with these Conflict of Financial Interest Regulations Governing Federal Grants and Contracts, either by requiring other Investigators to comply with the University's regulations or by requiring other Investigators to provide assurances to the University which enables the investigator to comply with these regulations.

1. Significant Financial Interest includes anything of monetary value (salary or other payments for services, such as consulting fees and honoraria; equity interests, such as stocks and stock options; intellectual property rights, such as patents, copyrights, and royalties). The term does not include: salary or other remuneration from Oakland University; income derived from seminars, lectures or teaching engagements sponsored by public or nonprofit entities; income derived from a service on advisory committees or review panels for public or nonprofit entities; or salary, royalties or other payments that, when aggregated for the investigator and spouse and dependent children, is not expected to exceed \$10,000 over the next 12 months. Also excluded from the definition of significant Financial Interest is an equity interest that, when aggregated for the investigator, spouse, and dependent children, does not exceed \$10,000 and does not represent more than five percent ownership interest in any entity.

SCOPE AND APPLICABILITY:

DEFINITIONS:

PROCEDURES:

RELATED POLICIES AND FORMS:

APPENDIX:



[Return to Table of Contents](#)