

Bemidji State University Policies

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| Policy Name: Conflict of Financial Interest Policy for Grants & Sponsored Programs | Effective Date: |
| Policy Owner: Vice President of Finance & Administration | Last Review: 4/24/2020 |
| | Next Review: 9/1/2022 |

Policy Statement: Bemidji State University will establish standards to provide for a reasonable expectation that research provided by the investigator on a federally funded project is free from bias.

Scope and Purpose of Policy: The objectivity of research is of paramount importance and the basis for obtaining and maintaining public trust. The regulations are designed to promote objectivity in research by establishing standards which provide a reasonable expectation that the design, conduct and reporting of federally funded research will be free from bias resulting from investigator financial conflicts of interest (42 CFR Part 50, Subpart F). For the purpose of this “Conflict of Financial Interest Policy for Grants & Sponsored Programs”, the records of Bemidji State University are referred to within this document as the “University” unless specifically noted.

Definitions

- **Significant financial interest:** anything of monetary value, including, but not limited to, salary or other payments for services (e.g., consulting fees or honoraria); equity interest (e.g., stocks, stock options or other ownership interests); and intellectual property rights (e.g., patents, copyrights and royalties from such rights). The monetary value would exceed \$10,000 (per year) in terms of income, or would represent more than five percent (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.
- **Investigator:** the principal investigator, co-principal investigators, and any other person at the institution who is responsible for the design, conduct, or reporting of research or educational activities funded or proposed for funding by any federal agency such as the National Science Foundation and Public Health Service.
- **Dependents:** dependent children or relatives living in the same household

Procedures:

When the University 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 project director/principal investigator (PI/PD) with the external organization meets any of the following criteria:

- The PI/PD, spouse, or dependent 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 PI/PD is participating in any capacity.
- The PI/PD, spouse, or dependent children is the actual or beneficial owner and has equity interest, that when aggregated for the investigator and the investigator's spouse and dependent children, meets both of the following tests: does not exceed \$10,000 in value as determined through reference to public prices or other reasonable measures of fair market value, and does not represent more than a 5% ownership interest in any single entity.
- The PI/PD has salary and any payment for services (consulting fees, honoraria, paid authorship, etc.) from a public or non-public traded entity when aggregated for the investigator and the investigator's spouse and dependent children, are not expected to exceed \$10,000 during the twelve month period.

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

- Create and maintain a written and enforced policy stating the procedures for implementing the regulations.
- Inform each PI/PD of the financial conflict of interest (FCOI) regulations, of the University's policy, and of the PI/PD 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 interest, may result in sanctions being imposed upon the violation individual in accordance with the appropriate collective bargaining agreement.

Requirements:

Each PI/PD and co-applicant participating in a sponsored project covered by this policy must disclose whether or not they have external affiliation that may constitute a conflict of interest described in the policy above. A disclosure form is to be completed and submitted at the same time the "Review for External Funding Request" form (Green Sheet) is submitted for approval. The form must be updated annually or whenever new significant financial interests relevant to the project are secured.

Disclosures:

Negative disclosures will be filed with the Grant Accountant in the permanent file with the grant, with no further review requires.

Positive disclosures forms will be held by the Human Resources office as sealed confidential material while a proposal is pending and will be reviewed by a Review Committee if the proposal is accepted. The review of the positive disclosure must be completed prior to the University's acceptance of the sponsored project or issuance of purchase orders or subcontract for the acquisition of goods and services.

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

- Adherence to relevant state law and University policies, bargaining agreements provisions on Ethical Standards and Outside (External) Employment, and other University documents that may be appropriate.
- Nature and extent of the financial interest of the PI/PD, co-applicants, and their spouses or dependents to the external organization.

- Obtain additional information as needed from the PI/PD or co-applicant in resolving the actual or potential conflicts.
- Act in a timely manner so as not to delay the sponsored project.
- Identify possible actions the University might take to ensure that financial interest will be managed, reduced, or the conflict eliminated.

Based on the Review Committee's recommendation, the University administration may take the following action:

- Accept the sponsored project award.
- Not accept the sponsored project award.
- Accept the sponsored project award subject to conditions or restriction that would manage, reduce, or eliminate the conflict of interest. Such modification might include:
 - Appropriate public disclosure of significant financial interests.
 - Monitoring of the research by independent reviewers
 - Modification of the research plan.
 - Disqualification from participation in a portion of the research that would be affected by the significant financial interests.
 - Divestiture of the significant financial interests.
 - Severance of the relationships that create actual or potential conflicts.

Appeal Process:

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

The Human Resources office 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 Review Committee, the President, and other who have legal right to review the records, in accordance to the appropriate collective bargaining agreements. 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:

This policy sets forth procedures and guidelines to be followed to resolve actual and potential conflicts of financial interest pertaining to grants and sponsored projects.

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

Supporting References:

- OMB Circular A-21 Cost Principles for Educational Institutions – *superseded by OMB Uniform Guidance (Super Circular)*
- OMB Circular A-110 *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations* – *superseded by OMB Uniform Guidance (Super Circular)*
- OMB Circular A-133 *Audits of State, Local Governments, and Non-Profit Organizations*-*superseded by OMB Uniform Guidance (Super Circular)*
- Office of Management and Budget Circular *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance")

Financial Conflict of Interest
Statement of Disclosure

Investigator: _____

Project Title: _____

Funding Agency: _____

Check the appropriate responses:

NOTE: Any necessary attachments may be submitted in a sealed envelope until funding decisions are made.

YES NO 1. Are you or your spouse or dependents (dependent children or other relatives living at the same address as the investigator or co-investigators) an officer, director, partner, trustee, employee, advisory board member, or agent of the external organization from which goods and services will be obtained under the sponsored project? If yes, please attach an explanation on a separate sheet.

YES NO 2. Are you or your spouse or dependents the actual or beneficial owner of more than five percent (5%) of the voting stock or controlling interest of the external organization funding this sponsored project or any external organization from which goods and services will be obtained under this sponsored project.

YES NO 3. Have you or your spouse or dependents derived income within the past year, or do you or any member of your immediate family, anticipate deriving income exceeding \$10,000 per year from the external organization funding this sponsored project or any external organization from which goods and services will be obtained under this sponsored project? If yes, please attach an explanation on a separate sheet.

YES NO 4. Do you have significant financial conflicts of interest with the organization to which you are applying that you would like to make known to the conflict of interest reviewers? If yes, please attach an explanation on a separate sheet.

Certification

I have read and understand the Bemidji State University Conflict of Interest Policy pertaining to grant proposals and sponsored research projects; have made all financial disclosures required by the policy; will comply with any conditions or restrictions imposed by the institution to manage, reduce or eliminate actual or potential conflicts of interest should I decide to proceed with the project; and will make the Bemidji State University Business Services office aware in writing of any new financial conflicts of interest that arise during the period of the award, should such an award be received.

Signature: _____ Date: _____