

**UPS 610.000**

**CONFLICT OF INTEREST POLICY**  
**for**  
**EXTERNALLY FUNDED PROPOSALS**

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## **UPS 610.000**

### **CONFLICT OF INTEREST POLICY FOR EXTERNALLY FUNDED PROPOSALS**

#### **I. Introduction and Purpose**

- A. The university recognizes that several conflict-of-interest policies issued by internal and external bodies currently govern specific units on campus or specific categories of employees. The university also recognizes that the diversity of situations in which faculty and staff conduct research and instruction and the diversity of potential financial arrangements may make it difficult to establish what does or does not constitute a conflict of interest.
- B. The purpose of this policy statement is therefore to declare the general principles that should be observed in all cases and to specify additional procedures and policies for meeting the requirements of particular federal funding agencies and nongovernmental sponsors.

#### **II. General Policy**

It is the general policy of California State University, Fullerton that:

- A. The quality or objectivity of academic work should not be compromised by, or appear to be compromised by, financial interests the project personnel have in the conclusions or recommendations derived from the project.
- B. The decisions about the use of University resources in an academic project should not be guided, or appear to be guided, by considerations of private gain.
- C. There should be explicit procedures and structures for defining, disclosing, and resolving such conflicts, but these procedures and structures should have the flexibility to accommodate a wide variety of particular situations.

#### **III. Existing Structures and Procedures**

- A. Several arrangements already exist for identifying and resolving potential conflicts of interest, including but not limited to:
  - 1. the requirements under the Fair Political Practices Act that each faculty or staff member who receives funding from a private commercial sponsor should disclose his/her interests in the sponsor and that an Independent

Review Committee should decide the resolution of real or apparent conflicts;

2. the requirements under the Fair Political Practices Act that each administrator should disclose financial interests that might be affected by decisions within his/her sphere of influence;
  3. the requirements under Sections 89906 through 89909 of the California Education Code that directors of CSU auxiliary organizations shall certify that they do not have conflicts in matters that come before them as directors;
  4. the provisions of state codes and regulations that no state employee shall use state resources for private gain; and
  5. the provisions of the California Education Code, Section 89006, specifying that no employee of the university or its auxiliaries shall use confidential information obtained by reason of his/her employment for private gain.
- B. It is the intent of the university that these procedures and standards should be coordinated and made consistent to the maximum extent possible, in order to ensure similar treatment of similar situations and in order to facilitate widespread understanding of the policies.

#### **IV. University Conflict of Interest Committee**

- A. A University Conflict of Interest Committee is hereby established that consists of:
1. five faculty members elected by the Academic Senate, of whom:
    - i one shall be from the School of Natural Sciences and Mathematics;
    - ii one shall be from the School of Engineering and Computer Science;
    - iii no two shall be from the same school.

The faculty members appointed to the Conflict of Interest Committee shall serve terms of three (3) years. The members first appointed shall serve staggered terms of 1, 2, or 3 years chosen by lot.

2. The Executive Director of the Foundation, as a voting member.
  3. An administrator appointed by the Vice President for University Advancement, as a voting member.
  4. The Director of Faculty Research and Development, as a non-voting member.
- B. The Office of Faculty Research and Development shall provide staff support to the Conflict of Interest Committee.

**V. Policy for Projects Funded by the National Science Foundation (NSF) and the Public Health Service (PHS)**

A. Definitions

1. "Investigator" includes the principal investigator, co-principal investigators, and any other person at CSUF or its auxiliaries who is responsible for the design, conduct, or reporting of research or educational activities funded or proposed for funding by the National Science Foundation or the Public Health Service. For each proposal the Director of Faculty Research and Development shall determine by this definition which investigator(s) must make a disclosure.
2. "Significant financial interest" means anything of monetary value held by the investigator, the investigator's spouse, or the investigator's dependent children, including but not limited to:
  - a. salary or other payments for services (such as consulting fees or honoraria);
  - b. equity interests (such as stock, stock options, or ownership interests);
  - c. loans and debts;
  - d. gifts; and
  - e. intellectual property rights (such as patents, copyrights, and royalties from such rights).

3. The term "significant financial interest" does not include:
  - a. salary from CSUF or its auxiliaries;
  - b. income from seminars, lectures, or teaching engagements sponsored by public or nonprofit entities;
  - c. income from service on advisory committees or review panels for public or nonprofit entities; or
  - d. equity interests in business entities that, aggregated for the investigator, spouse and dependent children, neither exceed \$10,000 in value nor exceed a 5% ownership interest in the entity;
  - e. interests held by business associates;
  - f. ownership interests in firms from which the investigator receives funds under a Phase I award in the Small Business Innovative Research program of the federal government;
  - g. income from an entity that, aggregated for the investigator, spouse, and dependent children, is not reasonably expected to exceed \$10,000 in the coming year.
  
4. A significant financial interest is "reportable" if it:
  - a. would reasonably appear to be directly and significantly affected by the research or educational activities funded or proposed for funding by the NSF or PHS; or
  - b. is in entities whose financial interests would reasonably appear to be directly and significantly affected by such activities.
  
5. The activities that would directly and significantly affect a significant financial interest and are therefore reportable include, but are not limited to, the following:
  - a. testing a product of a company in which the investigator has a significant financial interest;
  - b. presenting information about the products or activities of a company in which the investigator has a significant financial interest;

- c. developing a specific product (such as software or machinery) that will be used or sold by a company in which the investigator has a significant financial interest;
- d. preparing data or reports that will be held as proprietary by a company in which the investigator has a significant financial interest;
- e. directing the use of state resources without compensation for the benefit of an entity in which the investigator has a significant financial interest; and
- f. purchasing goods or services from an organization in which the investigator has a significant financial interest.

B. Disclosures of Financial Interest

1. Before a proposal is submitted to NSF or PHS, the investigator shall submit a disclosure of all reportable, significant financial interests. The investigator shall be asked to sign a certification that all such reportable, significant financial interests have been disclosed. The disclosure and certification shall be made on forms provided by the Office of Faculty Research that conform to the definitions and requirements of this policy and that have been approved by the University Conflict of Interest Committee. The investigator will be permitted also to submit a brief statement on factors that may mitigate the apparent conflict (such as educational benefits, provisions for publication, or scientific value).
2. Disclosures shall include the following information for every significant reportable financial interest:
  - a. the name, employment status, and department or program of the investigator;
  - b. the name, address, and nature of business of the organization in which the investigator has a significant reportable interest;
  - c. the nature and value of the significant reportable interest; and
  - d. the nature of the relationship between the organization and the investigator or his or her spouse or dependent children (e.g., as employee, director, or consultant).
3. Disclosure of significant, reportable financial interests shall be required annually after submission of the proposal until the project is completed or otherwise terminated.

4. Additional disclosures shall be required:
  - a. within thirty days of the acquisition of additional reportable, significant financial interests;
  - b. within thirty days of the divestiture of existing reportable, significant financial interests; and
5. If an investigator has submitted a disclosure in connection with a previous submission to NSF or PHS within the last year, and no changes have occurred in the reportable significant financial interests, he or she may submit a statement so certifying in lieu of submitting another disclosure.
6. Failure to disclose reportable, significant financial interests shall constitute grounds for a reprimand, for disciplinary action, or for the university's withdrawal of the proposal.
7. Subcontractors and subgrantees to the university shall be required to assure that they have a written policy and procedures on conflict of interest that are in compliance with the requirements of the National Science Foundation and the Public Health Service. In the absence of such a policy, investigators for subcontractors and subgrantees shall be required individually to make disclosures according to this policy and to manage, reduce, or eliminate conflicts of interest as directed by the university according to this policy.

C. Review and Resolution of Potential Conflicts

1. If reportable, significant financial interests are disclosed at the time of submission of an application or during the pendency of an award, the Director of Faculty Research and Development shall convey the disclosed information and the proposal to the Conflict of Interest Committee for its consideration.
2. The Conflict of Interest Committee shall meet and discuss the case within three weeks from the time the disclosure is sent to the Committee and shall make its recommendations within six weeks of receiving a disclosure.
2. Either the committee or investigator may request a meeting with the other party to discuss the actual or potential conflicts under consideration, and the other party shall honor such a request.

4. The Conflict of Interest Committee may recommend any of the following actions:
  - a. public disclosure of the investigator's significant financial interests;
  - b. monitoring of the project by independent reviewers;
  - c. modification of the project plans;
  - d. disqualification from participation in the portion of the funded research that would be affected by the significant financial interests;
  - e. divestiture of the significant financial interests; or
  - f. severance of the relationships that create the actual or potential conflicts.
5. For NSF-funded projects only, the committee may also determine that the project may go forward without conditions or restrictions, if in the Committee's opinion:
  - a. the necessary restrictions and conditions would be ineffective or inequitable; and
  - b. the potential negative impacts that may arise from a significant financial interest are outweighed by the interests of scientific progress, technology transfer, or the public health and welfare.
6. The committee's recommendations in each case shall be submitted in writing to the Vice President for Academic Affairs, and a copy shall be sent to the investigator. The Vice President for Academic Affairs shall consult with the investigator and decide on the appropriate course of action. The investigator shall certify to the Vice President for Academic Affairs and to the Director of Faculty Research, within thirty days, of the steps taken to comply with the Vice President's decision. Failure to comply with the decisions of the Vice President shall constitute grounds for a reprimand, for disciplinary action, or for the university's withdrawal of the proposal.
7. The Office of Faculty Research and Development shall notify the sponsoring agency and the investigator's supervisors of the reportable, significant financial interests and of the resolution of, or the failure to resolve, the conflict.
8. All review and resolution steps must be completed before funds can be expended from an award made by the NSF or PHS.

9. If a conflict of interest is revealed by a disclosure made after an award has been made by the NSF or the PHS, the management and resolution procedures in paragraphs 1 through 8 above shall be completed within sixty (60) days.

D. Record Keeping and Confidentiality

1. The Committee shall maintain minutes of its meetings, which shall be kept confidential to the extent provided below, in order to record the decisions reached in each case and in order to build a long-term record of cases that can be used to provide consistency in the decisions reached.
2. The Office of Faculty Research shall keep records of disclosures, decisions, and resolutions for:
  - a. the period of time specified by the NSF, or
  - b. the period of time specified by the PHS, or
  - c. the period of time it takes to resolve any government action concerning those records, whichever is longer.
3. The Office of Faculty Research, the Conflict of Interest Committee, and the Vice President for Academic Affairs shall take steps necessary to protect the confidentiality of the records. No other persons shall be given access to the information except as required by the NSF or PHS. The official files on disclosures and reviews shall be kept by the Office of Faculty Research and shall be kept separate from the other materials pertaining to the proposal.

**VI. Policy on Conflicts of Interest in Sponsorship by Nongovernmental Entities**

- A. The policies set forth in the CSUF Policy on the Disclosure of Financial Interests of Principal Investigators, dated August 4, 1986, pursuant to the requirements of the CSU Conflict of Interest Code and the California Administrative Code, Title 2, Section 18705ff, are continued except as provided below.
- B. The University Conflict of Interest Committee established in Article IV above shall replace the Independent Review Committee established under the CSUF Policy on the Disclosure of Financial Interests of Principal Investigators and shall henceforth assume that committee's duties in addition to the duties concerning proposals to NSF and PHS as prescribed in Article V.

- C. In the case of gifts to the university that are earmarked for a particular faculty member or particular project and administered by the Office of University Advancement, that office shall carry out the duties otherwise specified for the Office of Faculty Research and Development in administering the policy.

## **VII. Monitoring and Implementation**

- A. The Committee may from time to time recommend to the Vice President for Academic Affairs definitions or guidelines for particular disclosure categories that would aid in the consistent implementation of this policy. Definitions and guidelines agreed to by the Vice President for Academic Affairs shall become policy for the committee's future recommendations.
- B. The Committee shall issue an annual report to the Academic Senate on the number of cases reviewed and on the rules and guidelines agreed to by the Committee and the Vice President for Academic Affairs.
- C. Copies of this UPS document and the Committee's annual reports shall be made available on request by the CSUF Foundation and by the Office of Faculty Research and Development.

**EFFECTIVE: MARCH 12, 1996**  
Replaces UPS 610.000 dated April 19, 1995  
and ASD 95-126