

800.12 Financial Conflict of Interest/Conflict of Commitment

Purpose To promote objectivity in research by establishing standards that provide a reasonable expectation that the design, conduct, and reporting of sponsored research is performed in a manner that is free from bias resulting from Investigator financial conflicts of interest.

Definitions Conflict of Interest (Individual) occurs when the private interest of Institute employees interferes with their loyalty to Rensselaer, either in practice or appearance. Relationships or activities with outside entities may impair an individual's ability to be objective in the design, conduct, or reporting of sponsored research activities concerning their institutional responsibilities at Rensselaer.

Conflict of Commitment occurs when an employee's involvement in outside activities substantially interferes with their primary commitment to Rensselaer, even if the outside activity is valuable to the Institute or contributes to the employee's professional development and competence.

Business Transaction refers to the procurement of goods and services (including consulting and other types of contractual agreements), disposition of Institute property, and use of Institute facilities. Being involved in a business transaction includes: initiating, recommending or approving a purchase order, contract, gift or grant; preparing and/or negotiating the terms of a transaction; or authorizing a payment from Institute accounts.

Disclosure of Significant Financial Interest means an Investigator's disclosure of significant financial interests to Rensselaer.

Family means spouse, parents, siblings, children, dependents, or a member of the immediate household.

Financial Conflict of Interest means a significant financial interest that could directly and significantly affect the design, conduct, or reporting of sponsored research.

Financial Interests means anything of monetary value, whether or not the value is readily ascertainable.

Gift(s) means a voluntary and irrevocable transfer of money, services or property (for example, equipment, Intellectual Property, employees time and skill, etc.) from a donor without any expectation of or receipt of direct economic or other benefit or provisions of goods or services from the recipient. A gift also includes entertainment at no cost or at unreasonably discounted prices, from persons or entities doing business with the Institute, particularly in situations in which a reasonable person would infer that the intention of such gift was to influence decisions and actions on behalf of the Institute. An

occasional lunch or dinner is not prohibited by this paragraph, nor is the receipt of an occasional holiday (or other) gift or attendance at a charitable event as a guest. Acceptance of a personal gift having more than a nominal value is prohibited under this definition.

Institute Employees means all faculty, staff, academic and administrative leaders, officers, deans, department heads, trustees, and post-doctoral fellows.

Institutional Responsibilities means an Investigator's professional responsibilities on behalf of Rensselaer, including but not limited to: activities such as research, research consultation, teaching, professional practice, institutional committee memberships, and service on panels such as Institutional Review Boards or Data and Safety Monitoring Boards.

Investigator means the principal investigator, co-investigators, project director and any other person (e.g. post-doctoral fellow, graduate students, research assistants, business managers) who is responsible for the administration, design, conduct or reporting (progress and financial) of sponsored research.

Key Personnel means the principal investigator, co-investigator, project director and any other personnel regardless of the title or position, considered to be essential to the design, conduct or reporting of sponsored research. This includes individuals identified as senior/key personnel in: the contract, grant proposal or application process, the progress report; or other reports submitted by the Institute to the funding entity.

National Science Foundation (NSF) is an independent Federal agency created by Congress in 1950 to promote fundamental research and education in all the non-medical fields of science and engineering.

Outside Activity involves work, either professional or non-professional, for a non-Rensselaer entity or for oneself. Outside professional activities involve the use of an employee's expertise, the practice of their profession, or any interest that contributes to their professional competence and development.

Public Health Service (PHS) Awarding Component means the organizational unit of the U.S. Department of Health and Human Services and any components of the PHS to which authority involved may be delegated, including the National Institutes of Health (NIH) that funds the research that is subject to financial conflicts of interest.

Research means a systematic investigation, study or experiment designed to develop or contribute to generalized knowledge, and includes research projects that are fully or partially funded from outside sources under agreements which contain any of the following:

- A line-item that binds the Institute to scientific inquiry at a

specified level of detail;

- A line-item budget is included (expenses by activity, indirect costs, project period);
- The requirement to submit financial and technical reports;
- The requirement to be subjected to an external audit;
- The requirement to return unexpended funds; or
- Requirements regarding the disposition of property.

Significant Financial Interest means a financial interest consisting of one or more of the following interests of the Investigator (and those of the Investigator's family) that reasonably appears to be related to the Investigator's institutional responsibilities:

- With regard to any publicly traded entity, a *significant financial interest* exists if the value of any remuneration received from the entity in the twelve months preceding the disclosure and the value of any equity interest in the entity as of the date of disclosure, when aggregated, exceeds \$5,000. For purposes of this definition, remuneration includes salary and any payment for services not otherwise identified as salary (e.g., consulting fees, honoraria, paid authorship); equity interest includes any stock, stock option, or other ownership interest, as determined through reference to public prices or other reasonable measures of fair market value; or
- With regard to any non-publicly traded entity, a *significant financial interest* exists if the value of any remuneration received from the entity in the twelve months preceding the disclosure, when aggregated, exceeds \$5,000, or when the Investigator (or the Investigator's family) holds **any equity interest** (e.g., stock, stock option, or other ownership interest); or
- Intellectual property rights and interests (e.g., patents, copyrights), upon receipt of income related to such rights and interests.

The term *significant financial interest* does not include:

- salary or other remuneration from the Institute;
- royalties;
- income from seminars, lectures or teaching engagements sponsored by federal, state or local government agencies or institutions of higher education;
- income from service on advisory committees or review panels for federal, state or local government agencies or institutions of higher education; or
- income from investment vehicles, such as mutual funds and

retirement accounts, as long as the Investigator does not directly control the investment decisions made in these vehicles.

Small Business Innovation Research (SBIR) means the extramural research program for small businesses that is established by the Awarding Components of the Public Health Service and certain other Federal agencies under Public Law 97–219, the Small Business Innovation Development Act, as amended. For purposes of this policy, the term **Small Business Technology Transfer (STTR)**, established under Public Law 102-564, is also included.

Technology Transfer is the process of transferring the practical knowledge that is the result of scientific research and includes the licensing of intellectual properties in which the Institute acquires equity or ownership rights.

Travel Reimbursement

Investigators must disclose the occurrence of any reimbursed or sponsored travel related to **PHS-funded research only** (*i.e.*, that which is paid on behalf of the Investigator and not reimbursed to the Investigator so that the exact monetary value may not be readily available), related to their Institutional responsibilities. The requirement to disclose reimbursed or sponsored travel does not apply to travel that is reimbursed or sponsored by a Federal, state, or local government agency, an Institution of higher education, an academic teaching hospital, a medical center, or a research institute that is affiliated with an Institution of higher education.

Policy All members of the Rensselaer community are expected to understand the ethical responsibility and service toward their peers, employees, students and society and follow appropriate guidelines regarding conflict of interest and conflict of commitment. Institute employees must use good judgment to protect themselves and to protect the Institute from potential conflicts of interest. By adopting this Conflict of Interest Policy, Rensselaer demonstrates its commitment to the ethical principles that guide Rensselaer’s research and establishes a mechanism to safeguard Rensselaer, and faculty integrity and objectivity.

This policy is intended to assist all members of the Rensselaer community, including faculty, staff, students, academic and administrative leaders and Rensselaer’s Board of Trustees, with avoiding conflicts of interest or any appearance of conflicts between their own personal interests and the interests of the Institute. Any situation or activity involving a potential conflict of interest or conflict of commitment must be disclosed in advance. The premise of this policy is that each member of the Rensselaer community has an obligation to act in the best interests of the Institute, and must not permit financial and/or personal interests to interfere with that

obligation.

The outline provided in the following policy is intended to assist Institute employees, students and members of the Board of Trustees in understanding and identifying what constitutes a conflict, evaluating possible conflicts of interest, how and when situations should be disclosed and who will determine whether the conflict needs to be managed, reduced or eliminated.

The intent of this policy is not to eliminate conflicts of interest in all cases, but to disclose and manage the conflicts using ethical principles. Through disclosure, individuals and the Institute can work together to prevent situations that harm or could harm the reputation of the Institute and its mission and objectives. In addition, there can also be a difference in opinions about whether a conflict of interest exists or not. Therefore, the best practice for Institute employees is to disclose the conflict to the appropriate authorities of the Institute **in advance** and seek advice and a review of the particular circumstances so a determination can be made by the Vice President for Human Resources in coordination with the Institute-wide Conflict of Interest Committee. This policy is also intended to increase the awareness of faculty, staff, students and other members of the Rensselaer community to the potential for conflicts of interest and conflict of commitment.

The primary mission of Rensselaer is to offer strong educational programs. Our goal is to be a top-tier world-class technological research university with global reach and global impact. Our basic objectives are to provide the best possible educational experience for Rensselaer's students, to provide the proper environment for Rensselaer's faculty to teach and do research, and to maintain the Institute on a sound financial footing. We cherish and preserve the principals of academic freedom. Promoting secrecy harms the progress of science and diminishes the role of the Institute as an impartial and credible resource. All employees must be committed to Rensselaer's objectives and recognize that their primary responsibility is to the Institute. Sound higher education should enhance the best intellectual, social, and personal development of the university community. Employees should recognize a shared responsibility to ensure that they conduct themselves in an unbiased manner and serve the goals and objectives of Rensselaer. It is thus the responsibility of Rensselaer and its employees to guard against conflicts of interest and commitment which might compromise the integrity and objectivity of our community.

Private interests such as outside business activities or financial relationships can be or can be perceived to be in conflict with the Institute's mission or interfere with an individual's primary responsibility. A conflict of interest does not mean the activity is inappropriate. Because of Rensselaer's research endeavors, the

Institute must be careful to maintain objectivity and not have personal gain influence decision making.

Rensselaer's policy is to avoid ethical, legal or financial conflicts of interest whether apparent, potential or perceived. It is recognized, however, that faculty and staff activities, such as, outside employment, consulting and their financial interests, extend beyond that of Rensselaer. Engagement in outside activities is permitted provided such activity is disclosed in advance leading to a discussion of the conflict of interest or conflict of commitment so that it can be managed, reduced or eliminated when necessary.

Research faculty must certify that they have disclosed any financial interest (and that of their immediate family) related to a Public Health Service, National Institutes of Health or National Science Foundation proposal. Prior to award, Rensselaer must determine how the potential conflict will be managed, reduced or eliminated. (Reference: Code of Federal Regulations (CFR) Title 42, Part 50, Subpart F and NSF 05-131, Chapter V-Grantee Standards)

All faculty and staff, including, principal investigators, co-investigators, project director and any other person (e.g. post-doctoral fellow, graduate students, research assistants, business managers) who are responsible for the administration, design, conduct and reporting (progress and financial) of sponsored research, must participate in financial conflict of interest training prior to engaging in research related to any sponsored grant or contract, and at least every four years thereafter, and immediately when any of the following circumstances apply:

- 1) Rensselaer revises its financial conflicts of interest policies or procedures in any manner that affects the requirements of Investigators;
- 2) An Investigator is newly hired or rehired by the Institute; or
- 3) Rensselaer finds that an Investigator is not in compliance with the regulations or with the Institute's financial conflicts of interest policy or management plan.

This policy applies to all Rensselaer employees (full and part-time), including faculty (research and teaching), academic and administrative leaders, staff, officers, trustees, deans, department heads, students and post-doctoral fellows, unless otherwise excluded.

This policy does not apply to charitable or volunteer community service activities.

Types of Conflicts **Category I – Individual Conflicts of Interest**

An individual conflict of interest occurs when the private interest of Institute employees interferes with their loyalty to Rensselaer, either

in practice or appearance. All Institute employees who are required to report potential conflicts of interest or commitment are responsible for disclosing all significant financial conflicts of interest or commitment related to his or her institutional responsibilities, not just those related to the sponsored research project. This may include research, research consulting, teaching, Institute committee memberships, or service on panels (e.g., Institutional Review Boards or Data Safety Monitoring Boards).

Relationships or activities with outside entities may impair an individual's ability to be objective in the administration, management, instruction or research activities concerning their responsibilities at Rensselaer.

The potential for a perceived or actual conflict of interest in a **business transaction** can occur when:

- An Institute employee (or member of their immediate family) is an officer, director, employee, proprietor, partner, trustee or stockholder in or is in a position to personally profit from the company seeking to do business with Rensselaer;
- An Institute employee has an interest in a company that is in competition with a firm already doing business with Rensselaer and that employee's position provides him/her with access to proprietary information about a company which could help the company in which he/she has an interest; or
- Use of information received as an Institute employee for personal purposes.

The potential for a perceived or actual conflict of interest in **research** can occur when an employee's interest in personal financial gain outweighs the employee's professional objectivity. Caution must be exercised when:

- A faculty member is being paid consulting fees; or
- A faculty member is sharing in royalties as a result of commercialization of their research.

Identifying a conflict of interest is not a simple task. A member has a conflict of interest if his or her judgment and discretion in research or in other matters affecting Rensselaer is or may be influenced by considerations either of a personal gain or financial benefit. Some examples of Individual Conflicts of Interest (not inclusive) are listed below:

- Ownership of or a substantial financial interest in a business with whom Rensselaer may do business;
- Acceptance of gifts or entertainment from suppliers or potential suppliers;
- Acceptance of employment as an officer, director or any

management capacity in a public, commercial, industrial, financial or other organization which transacts business with Rensselaer or wants to do so;

- Use of the Rensselaer name in such a way that would imply Institute sponsorship;
- Relationships that might influence decisions that would lead to personal gain;
- Directing students into a research area or other activity that would lead to personal gain;
- Requiring others to purchase a product in which there is a proprietary interest and from which income will be received;
- Accepting a position on a scientific or administrative board or an organization that has research contracts with Rensselaer;
- Directly or indirectly lease, rent, trade or sell real or personal property to Rensselaer;
- Being in a position to influence contractor selection or limiting competition in purchasing supplies or services;
- Recommending that a graduate student pursue research in an area in which the commercialization of the product would bring financial benefit to the faculty member;
- Submitting a proposal and acting as principal investigator on a research project at another institution;
- Requesting a sole source procurement of material or services from a company in which an Institute employee or a member of that individual's immediate family has a consulting or employment relationship with and/or significant financial interest in the proposed company;
- Assigning duties or offering employment to students in a faculty member's outside activity when the student is enrolled in a course being taught by the faculty member or the student's academic work (including work as a teaching or research assistant) is being supervised by that faculty member; or
- Engaging in the unauthorized use or dissemination of confidential, privileged or proprietary information obtained as a result of your employment at the Institute.

Category II – Conflict of Commitment

A conflict of commitment relates to an individual's distribution of effort between Institute employment and commitment to external business, professional or other activities. All external activities must be arranged so as not to interfere with the primary commitments following Rensselaer's policies and procedures. A conflict of commitment occurs when the external activities interfere with the

employee's primary obligations and commitments to Institute responsibilities.

Examples of Conflicts of Commitment (not inclusive)

- Agreements that involve frequent or prolonged absences from Rensselaer on non-Institute business (e.g. faculty absences that are in excess of the one day/week or 4 days/month that are allotted per the Faculty Handbook).
- Agreements that reduce the amount of time expected to perform Rensselaer job responsibilities.

Procedure Disclosure Reporting Requirements

General (All Institute Employees)

It is the responsibility of each Investigator to disclose Significant Financial Interests (and those of the Investigator's spouse, domestic partner, parents, siblings, dependent children, or a member of the immediate household) related to the Investigator's institutional responsibilities:

- No later than at the time of application for sponsored research;
- During the annual disclosure process; and
- within 30 days of discovering or acquiring a new Significant Financial Interest.

All such disclosures are to be made to the Division of Human Resources and will be reviewed by the Vice President for Human Resources or designee.

It is the responsibility of every employee to discuss with his or her supervisor who will then involve their Portfolio Vice President or the Provost **AND** the Vice President of Human Resources in any situation or activity that might result in a conflict of interest, conflict of commitment or a violation of this policy before participating in that situation or activity. Employees are not permitted to participate in any questionable activity unless and until the case has been reviewed, discussed and the activity disclosed to the Portfolio Vice President or the Provost **AND** the Vice President of Human Resources, who shall determine whether the questionable situation or activity presents a potential conflict of interest. Such determinations shall be set forth in writing.

All Institute employees who anticipate or suspect a situation where a conflict of interest may be present must fully disclose and obtain approval prior to engaging in the activity. Updates of such information will be requested on an annual basis by the Vice President for Human Resources. Disclosure applies to the activities of the immediate family of Institute employees as well. Specifically, the

following outside activities must be disclosed:

- a. Those in which use of the Institute's facilities, equipment, and/or services will be more than incidental. The completed Conflict of Interest and Commitment Disclosure Form is required to be attached to the Request to use these facilities, equipment or services.
- b. Those outside activities in which an Institute student or employee is directly or indirectly supervised by an Institute employee if that employee in any way supervises or evaluates the student or the employee at the Institute.
- c. Management, employment, consulting, and contractual activities with, or ownership interests in, a business entity which does business with the Institute. When involved in procurement decisions, a copy of the Financial Conflict of Interest and Commitment Disclosure form must be attached to the requisition to purchase.
- d. Management, employment, consulting, and contractual activities with, or ownership interest in, a business entity which competes with the Institute.
- e. Candidacy, election or appointment to a public office.
- f. Requiring the use of instructional resources (e.g. books, supplies, equipment) at the Institute when they have been created or published by Institute employees or that person has a financial interest in the creation or publishing of the material.
- g. Employment as an expert witness, teaching at another institution, or honoraria (beyond travel expenses) for which Institute employees are compensated.
- h. Service on the board of directors, committees, advisory groups or other management positions, in a business entity in the same field in which the faculty or staff member is employed.
- i. Any employment, contractual relationship, or financial interests of the employee which may create a continuing or recurring conflict between the employee's interests and the performance of the employee's public responsibilities and obligations, including time commitments. This includes any outside activity in which the employee is required to waive rights to intellectual property.

For Researchers (Those with research sponsored by PHS or NSF) Researchers conducting research funded by the Public Health Service (including the National Institutes of Health) and the National Science Foundation are subject to agency specific regulations. These regulations set forth the obligations of investigators, co-investigators, project directors, researchers, sponsors and institutions for research involving significant financial interests or other conflicts of interest,

and affected parties are advised to review the relevant regulations prior to submission of a research proposal or application. Links to these regulations are:

NSF Grant Policy Manual –

http://www.nsf.gov/pubs/manuals/gpm05_131/gpm5.jsp

NIH Grants Compliance and Oversight –

<http://grants2.nih.gov/grants/compliance/compliance.htm#glance>

PHS Responsibility of Applicants for Promoting Objectivity in Research

http://grants.nih.gov/grants/compliance/42_CFR_50_Subpart_F.htm

SBIR/STTR (U.S. Small Business Administration, Office of Technology)

– <http://www.sba.gov/SBIR/>

ATP (National Institute of Standards and Technology, Advanced Technology Program) – <http://www.atp.nist.gov/>

A general description of what is required is:

- Research proposals must contain conflict of interest disclosures **IN ADVANCE** of the submission. Researchers must disclose all significant financial interests (including those of their immediate family) that:
 - (a) would reasonably appear to be affected by the research or educational activities funded by the agency; or
 - (b) are in entities that would reasonably appear to be affected by such activities.
- If there is no significant financial interest at the time of submission but one develops prior to award or during the funding period, it must be immediately reported.
- If there is no significant conflict of interest, conflict of commitment or report of financial interest, the researcher must certify such annually on their *Conflicts of Interest and Commitment Disclosure Form*.
- Financial disclosures are to be indicated on the Financial Conflict of Interest and Disclosure Form and will be reviewed by the Division of Human Resources to determine if a conflict of interest exists and determine what conditions or restrictions should be imposed, if any, to manage, reduce or eliminate the conflict of interest. The Division of Human Resources in collaboration with the Division of Research will decide if the significant financial interest could affect the design, conduct, or reporting of the research or educational activity.

Training Requirements

The Division of Human Resources is responsible for informing employees, including all Investigators, of the Institute's Financial Conflict of Interest and Commitment Policy, disclosure requirements

for significant financial interests, and federal regulations.

All faculty, Investigators and Key Personnel are required to complete Financial Conflict of Interest and Commitment training:

- Prior to engaging in research related to any sponsored research or grant;
- At least every four (4) years; and
- Immediately if:
 - The Institute revises its Financial Conflict of Interest and Commitment Policy as it affects the requirements of investigators;
 - An investigator is new to Rensselaer; and
 - An investigator is not in compliance with the Policy or a Management Plan.

Management of Policy

General (All Institute Employees)

- The Vice President for Human Resources shall annually conduct a financial conflict of interest and commitment survey of all applicable employees and trustees of the Institute.
- Employees shall promptly disclose all potential conflicts of interest and conflicts of commitment in conformance with this Policy.
- The Vice President for Human Resources, in coordination with the Institute-wide Conflict of Interest Committee, shall review all disclosure forms and determine if a conflict of interest or conflict of commitment exists and if so, what actions are to be taken. Decisions will be based on what is in the best interest for Rensselaer, in accordance with applicable regulations. The individual disclosing the potential conflict of interest or conflict of commitment cannot be involved in the decision process.
- At least annually: the Vice President for Human Resources shall report all conflicts and resolutions to the Audit Committee of the Board of Trustees; and the Chairperson of the Audit Committee of the Board of Trustees shall report all conflicts and resolutions to the Board of Trustees.

Addressing conflicts and developing management strategies requires the collaboration of all parties involved and may require one or more of the following:

- 1) No action beyond disclosure;
- 2) Disclosure and management (including alteration or elimination of the conflict); or
- 3) Prohibition of the activity.

The Vice President for Human Resources is responsible for completing and documenting retrospective reviews within 120 days of the Institute's determination of non-compliance for Significant Financial Interests not disclosed timely, or previously reviewed, or whenever a Financial Conflict of Interest is not identified or managed in a timely manner, as may be required by applicable regulations.

For Researchers

All financial disclosures will be reviewed by the Vice President for Human Resources and the Institute-wide Conflict of Interest Committee to determine if a conflict of interest or conflict of commitment exists and what actions are to be taken to manage, reduce or eliminate that situation. If the disclosure is determined to be a significant financial interest that could affect the design, conduct or reporting of the research, one of the following management strategies could be imposed:

- Public disclosure of the significant financial interest;
- Monitoring of the research by independent reviewers;
- Modification of the research plan;
- Disqualification from participation in all or a portion of the research;
- Divestiture of significant financial interests; or
- Severance of the relationships that create the actual or potential conflicts.

Remedies and Non-Compliance

General (All Institute Employees)

Employees who fail or neglect to disclose potential conflicts of interest or conflicts of commitment will be subject to normal disciplinary processes contained in the Human Resources Policy Guidelines and the Faculty Handbook.

For Researchers (All Sponsored Research Activity)

If a researcher fails to comply with this Financial Conflict of Interest/Conflict of Commitment Policy, disciplinary action ranging from a written reprimand to termination of employment could be imposed.

If the failure to comply with this Financial Conflict of Interest/Conflict of Commitment Policy concerns research funded by PHS, the following actions must take place.

Whenever Rensselaer identifies a significant financial interest that was not disclosed timely by an Investigator or, for whatever reason, was not previously reviewed by the Institute during an ongoing sponsored research project, the Vice President for Human Resources, or designee shall, within 60 days: review the significant financial

interest; determine whether a financial conflict of interest exists; and, if so:

- 1) Implement, on at least an interim basis, a management plan that shall specify the actions that have been, and will be, taken to manage such financial conflict of interest going forward; and
- 2) Whenever a financial conflict of interest is not identified or managed in a timely manner including failure by the Investigator to disclose a significant financial interest that is determined by the Institute to constitute a financial conflict of interest; failure by the Institution to review or manage such a financial conflict of interest; or failure by the Investigator to comply with a financial conflict of interest management plan, the Institution shall, within 120 days of the Institute's determination of noncompliance, complete and document a retrospective review of the Investigator's activities and the sponsored research project to determine whether any of the funded research, or portion thereof, conducted during the time period of the noncompliance, was biased in the design, conduct, or reporting of such research.

If the failure of an Investigator to comply with the Institute's Financial Conflicts of Interest and Commitment Policy or a conflict of interest management plan appears to have biased the design, conduct, or reporting of the PHS-funded research, the Institute shall promptly notify the PHS Awarding Component of the corrective action taken or to be taken. The PHS Awarding Component will consider the situation and, as necessary, take appropriate action, or refer the matter to the Institute for further action, which may include directions to the Institute on how to maintain appropriate objectivity in the PHS-funded research project.

Maintenance of Records

All Financial Conflict of Interest and Commitment Disclosures and related records will be maintained by the Division of Human Resources for at least three (3) years from the date of final expenditure reports are submitted to the fund granting agency.

Public Accessibility

Rensselaer will make available information concerning identified Financial Conflicts of Interest by Investigators and Senior/Key Personnel within five (5) calendar days of a written request. All written requests should be sent to the Division of Human Resources.