



Office of Research and Sponsored Programs
**Policy and Procedures on Financial Conflicts of Interest
Related to Externally Sponsored Projects**

INTRODUCTION

Effective interaction between university employees, public agencies, and private sector businesses, including external sponsorship of research, instructional, and service activities, is essential to the mission of the institution. In accepting such sponsorship, the university has an obligation to protect a project from being compromised by conflicting financial interests of individuals responsible for it. It also has an obligation to protect the reputation and credibility of the university and of its employees, and to ensure public trust and confidence in its sponsored activities. This policy and related procedures regulate financial conflicts of interest in externally sponsored projects.

This policy does not supplant or obviate any provisions of the Louisiana Code of Governmental Ethics—Code of Ethical Standards for Public Servants (Louisiana Revised Statutes Section 42) or other general policies that apply to all university employees.

Those involved in proposing or implementing an externally sponsored project must disclose actual or potential conflicts of interest according to the policies and procedures detailed below. Both current relationships or interests and relationships or interests that have existed in the past three (3) years must be reported under this policy. Higher reporting standards exist for those proposing or participating in a project funded by the National Science Foundation (NSF) or Public Health Service (PHS). Other sponsoring agencies may also require higher reporting standards.

DEFINITIONS

Immediate family members are defined as spouses, parents, parents of spouses, siblings, spouses of siblings, children, and spouses of children.

Any financial interest is defined as an economic benefit that an employee derives from a project, or would derive if a proposal were funded, that is greater than the interest derived by a member of the general public, not counting any salary, per diem, intellectual property related benefits normally approved by the university, or other similar compensation arising solely from his or her university employment, position, and/or rank.

A *controlling interest* is defined as an ownership interest held by or on behalf of an individual or of immediate family members, individually or collectively, that exceeds 25% of the legal entity.

A *potential conflict of interest* occurs when there is a divergence between an individual's private or professional interests and his or her obligations to the university such that an independent observer might reasonably question whether the individual's professional actions or decisions are determined by considerations or personal gain, financial or otherwise. The existence of an actual *conflict of interest* depends on the details of a particular situation.

POLICY

At the time a proposal is submitted, any individual who has a responsibility for the design, conduct, or reporting of activities proposed for external funding (Principal Investigator and all co-Principal Investigators) must make a reasonable search and disclose to the university all current financial interests and interests that existed in the past three (3) years in either of the following categories that would or might reasonably appear to be affected by the activities or to impact his or her work on the project or duties at the university:

- the existence of any *financial interest* involving himself or herself, or a member of his or her immediate family, or
- a legal entity or beneficial interest in a trust in which he or she or a member of his or her immediate family has a *controlling interest*.

Any member of the faculty or research staff who works on a project is presumed to have such a responsible role in project activities. The Principal Investigator or Project Director is responsible for determining whether or not others, such as students or project staff, have such responsibility. The Principal Investigator (Project Director) and any co-Principal Investigators are responsible on the Internal Proposal

If no reportable financial interests exist at the time the proposal is submitted, then financial interest disclosure is not required unless otherwise required by the funding agency (such as NSF and PHS—see specific policy below). However, if any responsible project personnel have **new or revised financial or controlling interests to report** between the time the proposal is submitted and the time the project ends, then they must be disclosed as soon as they occur.

In addition, if a sponsoring agency requires higher reporting standards than those described here, then the university will comply with the sponsoring agency's requirements.

PROCEDURES

Submission of Forms:

At the time of submission of a proposal for external funding, the Principal Investigator (Project Director) and any co-Principal Investigators are responsible on the *Internal Proposal Approval Form* for certifying that there is no conflict of interest or for disclosing the existence of possible conflicts of interest related to the proposed project. In addition the Principal Investigator is responsible for making a reasonable effort to determine whether any other project staff, including graduate and undergraduate students have any reportable potential conflicts of interest.

Financial interests related to externally sponsored projects are recorded on the *Financial Conflict of Interest Assurance and Disclosure Form*, which is submitted to the Office of Research and Sponsored Programs (ORSP) with the *Internal Proposal Approval Form* and complete proposal package. This form serves to report the existence of any financial interests for any proposed or actual externally funded project. This reporting form must be submitted

- a) for the individual with the reportable conflict with any proposal for funding when such financial interest currently exists or existed in the past three (3) years,
- b) for all investigators when submitting **any** proposal for **NSF** or **PHS** funding,

At any time during the proposal process or project administration when any new potential or actual financial interest arises, or when there are changes to existing potential or actual financial interests The investigators

should submit a revised *Financial Conflict of Interest Assurance and Disclosure Form* documenting the change.

Review of Forms: ORSP will forward these forms to the Vice President for Research and Graduate Studies, who shall determine whether an actual or potential conflict exists and, if so, what conditions or restrictions should be imposed by the university to avoid, reduce, or manage the conflict in compliance with federal or state laws and university policies. Possible conditions might include public disclosure of financial interests; review or monitoring of project activities by independent reviewers; modification of the project design; disqualification from participation in all or part of the project; divestiture of substantial financial relationships; or severance of relationships that create actual or potential conflicts of interest. In making such determinations, the Vice President shall seek input as appropriate from university, state or federal officials, legal counsel, or other advisors. He may also appoint an *ad hoc* committee to review the disclosure and to recommend a course of action to him. Before the Vice President reaches a decision, the individuals involved, including the person with the actual or potential conflict, shall be given the opportunity to meet with the Vice President (and with the *ad hoc* committee, if one is appointed) to discuss the actual or potential conflict and strategies for managing, reducing, or eliminating the conflict.

Special Policy and Procedures for Projects Sponsored by the National Science Foundation (NSF) and the Public Health Service (PHS)

The National Science Foundation (NSF) and the Public Health Service (PHS)* have additional federally mandated requirements regarding the identification and management of financial conflicts of interest.

Any individual who has a responsibility for the design, conduct, or reporting of research (or, in the case of NSF, educational activities) proposed for funding by one of those agencies must report to the university, at the time a proposal is submitted, the existence of any substantial financial interest that would reasonably appear to be directly affected by the research or other activities. All these individuals must certify whether or not they have any substantial financial interests at the time the proposal is submitted, *even if they have no substantial financial interests to report.*

In addition to the broader standards in the Louisiana Code of Governmental Ethics, investigators proposing or participating in NSF and PHS projects are subject to the following specific standards set by federal law. These standards have been incorporated into the University of Louisiana at Lafayette *Financial Conflict of Interest Assurance and Disclosure Form*.

As required by federal regulations, financial interests that will be reported to these agencies include salary or other payments for services exceeding \$10,000 annually, equity interests exceeding 5% ownership or \$10,000 at fair market value, or intellectual property rights resulting in royalty or related payments exceeding \$10,000 annually that accrue to an individual or his or her spouse or dependent children (in the aggregate).

The procedure for reviewing disclosures and deciding on university actions, if any, relating to NSF and

* PHS includes the following agencies: Agency for Health Care Policy and Research; Agency for Toxic Substances and Diseases Registry; Alcohol, Drug Abuse, and Mental Health Administration; Centers for Disease Control; Food and Drug Administration; Health Resources and Services Administration; Indian Health Service; and the National Institutes of Health.

PHS proposals and projects shall be as described in the Policy and Procedures sections of this document, except that the Vice President shall always appoint an *ad hoc* advisory committee.