

# OFFICE OF GRANTS AND CONTRACTS

## Conflict of Interest Information

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## **Conflict of Interest Information**

### **1. Introduction**

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It is essential to the proper operation of democratic government that public officials be independent and impartial, that governmental decisions and policy be made in the proper channels of the governmental structure, that public office not be used for private gain other than the remuneration provided by law, and that there be public confidence in the integrity of government. The attainment of one or more of these ends is impaired whenever there exists a conflict between the private interests of an elected official or a government employee and his or her duties as such. The public interest, therefore, requires that the law protect against such conflicts of interest and establish appropriate ethical standards with respect to the conduct of elected officials and government employees in situations where conflicts exist. In conformity with the statutes and regulations of the State of Georgia and the United States of America, Valdosta State University has adopted the following policy:

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### **1.1 State Law**

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#### **Sales to Political Subdivision by Officers/Employees**

O.C.G.A. 16-10-6 provides that it is a crime, punishable by imprisonment for one to five years, for an employee or officer of a political subdivision or agency thereof (e.g., the Board or Regents or University) to sell real or personal property to certain political subdivisions of the state, including the employing political subdivision or an agency thereof. Exceptions are provided for sales of personal property of less than \$200.00 per calendar quarter, sales of personal property pursuant to sealed competitive bids, and sales of real property in which certain disclosures are made.

#### **Transacting Business with the State**

O.C.G.A. 45-10-20 through 45-10-28 provide that it is unlawful for a state employee to transact business with the agency by which that person is employed for himself, on behalf of a business in which the employee or his spouse or dependents has a substantial interest, or on behalf of anyone as agent, broker, dealer or representative. Transacting business is defined as selling real property, personal property, or services or purchasing surplus real or personal property. Certain exceptions are provided, and employees are required to file annual disclosure statements of business transactions with the state. The annual disclosure forms are provided by the University.

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## **1.2 Board of Regents Policies**

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### **Policy 802.1601 provides, in relevant part, that:**

- a) An employee of the University System shall not engage in any occupation, pursuit, or endeavor which will interfere with the regular and punctual discharge of official duties.
- b) All full-time faculty, administrators, and other professional staff members employed by a unit of the University System are expected to give full professional effort to their assignments of teaching, research, and service.
- c) Professional employees are encouraged to participate in professional activity that does not interfere with the regular and punctual discharge of official duties provided the activity meets one of the following criteria: (1) is a means of personal professional development; (2) serves the community, state or nation; or (3) is consistent with the objectives of the institution.
- d) For all activities except single-occasion activities, the employee shall report in writing through official channels the proposed arrangements and secure the approval of the president or his designee prior to engaging in the activities. Such activities include consulting, teaching, speaking, and participating in business or service enterprises.

### **Policy 802.1602 provides, in relevant part, that:**

Recognizing that teaching, research and public service are the primary responsibilities of faculty members in the University System of Georgia, it shall be considered reasonable and desirable for faculty members to engage in consulting activities, which are defined for purposes of this policy as any additional activity beyond duties assigned by the institution, professional in nature and based in the appropriate discipline for which the individual receives additional compensation during the contract year.

Each unit of the University System shall adopt guidelines governing consulting activities of faculty members which shall include the following:

- a) A plan for reimbursing the institution for use of the institution's personnel, facilities, equipment and/or materials consistent with rates charged outside groups or persons.
- b) A procedure for obtaining prior approval of the president or his designee.
- c) A procedure for defining and prohibiting conflicts of interest.

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## **2. Valdosta State University Policy**

This Policy on Conflict of Interest supplements these existing laws and policies by providing guidelines and administrative procedures to prevent and resolve potential conflicts that may exist in relation to sponsored instruction, research and service or to financial relationships with external entities. This Policy requires an annual disclosure of external interests and activities by members and establishes procedures to review and resolve any potential conflicts.

### **2.1 The Scope of the Policy**

This Policy applies to all faculty members and staff eligible to apply for and receive instruction, research, or service support from outside entities, including but not limited to federal agencies, foundations, associations and corporations.

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### **2.2 Types of Conflicts**

The University thrives when its members pursue and support research, scholarship and service with vigor. Their activities must include interactions with many external agencies. Predictably, some external relationships will have the potential to create a conflict of commitment or a conflict of interest, or the appearance thereof. Typically, a **conflict of interest** may arise when a member has the opportunity to influence the instruction, research, or service programs of the University in ways that could lead to personal gain or advantage of any kind.

This policy does not automatically prohibit relationships between members and sponsors of instruction, research, or service, or between members and licensees such as:

- a) equity participation in a corporation; or
- b) service as an officer in a corporation; or
- c) service on a governing board; or
- d) service on a scientific advisory board; or
- e) receipt of funding from external entity in which member has an interest.

**It does, however, require disclosure of all such interactions so that potential conflicts may be managed, reduced or eliminated.**

A conflict of interest exists when the reviewers of the disclosure reasonably determine that a significant financial interest could affect the design, conduct or reporting of instruction, research, or service activities.

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## **2.3 Permissible Activities**

Certain activities are generally permissible and do not create an actual or potential conflict under the terms of this policy:

- a) Acceptance of royalties under the terms of the Intellectual Property Policy of the University System of Georgia or publication royalties or honoraria for papers and lectures.
- b) Services to outside educational, professional, scientific, artistic, cultural, civic, business or other organizations which enhance the value of the member to the University and do not adversely affect the member's primary commitment to the University.

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## **2.4 Annual Disclosure Statement of External Interests**

Each member must disclose annually all external for-profit entities in which they have a Significant Financial Interest that would reasonably appear to be directly or significantly affected by the instructional, research or service activities of the member. These annual disclosures must be updated throughout the year as new Significant Financial Interests are obtained.

## **2.5 Definition of Significant Financial Interests**

The term Significant Financial Interest means anything of monetary value, including, but not limited to, salary or other payments for services (e.g., consulting fees or honoraria); equity interests (e.g., stocks, stock options, or other ownership interests); and intellectual property rights (e.g., patents, copyrights and royalties from such rights). The term does not include:

- a) Salary, royalties or other remuneration from Valdosta State University, or
- b) Income from seminars, lectures, or teaching engagements sponsored by public or nonprofit entities; or
- c) Income from service on advisory committees or review panels for public or nonprofit entities; or
- d) Financial interests in business enterprises if the value of such interest is \$10,000 or less or represent less than a 5% ownership interest for any one enterprise or entity when aggregated for the investigator, the investigator's spouse and dependent children.

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## **2.6 Submission of Disclosure**

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The Annual Disclosure Statement of External Interests must be provided by the member to the Director of Grants and Contracts on or before April 1 of each year. A copy will be forwarded as part of the faculty review procedure to the appropriate Dean. The Annual Disclosure Statement of External Interests is included as Appendix B to this Policy.

## **3. Administration of the Policy**

### **3.1 Responsibility**

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The Office of the Vice President for Academic Affairs is responsible for the overall policy. Annual disclosures are maintained in the Office of the Vice President for Academic Affairs. When disclosure of Significant Financial Interest appears to constitute a conflict of interest with sponsored funding, licensing or other activity, the Director of Grants and Contracts will call the matter to the attention of the Vice President for Academic Affairs who will determine what should be done to manage, reduce or eliminate such conflict of interest prior to the institution's expenditure of such funds.

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### **3.2 Examples**

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Examples of conditions or restrictions that might be imposed to manage, reduce or eliminate actual or potential conflicts include:

- a) public disclosure of significant financial interests;
- b) monitoring of instruction, research, or service by independent reviewers;
- c) modification of the instruction, research, or service plan;
- d) divestiture of significant financial interests;
- e) severance of relationships that create actual or potential conflicts.

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### **3.3 Requirements for Federally Funded Instructions, Research, or Service**

The submission of a proposal for sponsored instruction, research or service to a federal agency requires the University, through the Vice President for Academic Affairs, to certify that the University meets the requirements of the sponsor, which at a minimum are:

- a) There is in effect at VSU a written and enforced policy and administrative process to identify and manage, reduce or eliminate conflicts of interest.
- b) To the best of the signatory administrator's knowledge, all required financial disclosures were made;
- c) There are no actual or potential conflicts of interest, or if such conflicts exist, they were, or prior to funding of the award, they will be managed in a manner satisfactory to the institution, or disclosed to the sponsor.

Individual investigators also must certify that:

- d) Each has read and understood the institution's conflict of interest policy;
- e) To the best of his/her knowledge, all financial disclosures required by the institution's policy were made; and
- f) They will comply with any conditions or restrictions imposed by the institution to manage actual or potential conflicts of interest.

If the current Annual Disclosure contains all disclosure information relevant to the funding, reference may be made to that Annual Disclosure Statement of External Interests in the transmittal sheet. Any additional information relevant to the proposal that is not contained in the current Annual Disclosure must be disclosed with the proposal, and such additional disclosure will become an attachment to the Annual Disclosure Statement of External Interests.

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### **3.4 Requirements for Other Sponsored Instruction, Research, or Service**

The University requires that the submission of a proposal for sponsored instruction, research, or service to any other agency, foundation, or corporation provide reference to the existing Annual Disclosure, and where necessary be accompanied by additional disclosure information.

### **3.5 Records**

Disclosures and records of all actions taken to resolve potential or actual conflicts of interest will be maintained for at least three years after the termination or completion of a sponsored award to which they relate or the resolution of any action involving those records.

## **4. Enforcement Mechanisms and Sanctions**

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Valdosta State University will not submit instruction, research, or service proposals, nor allow members to submit instruction, research, or service proposals, to sponsors if the disclosures required by this policy are not provided by the member.

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## **5. Appendix A**

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Examples of possible conflicts of interest

- a) Relationships that might enable members to influence University interactions with outside organizations in ways that may lead to personal gain, to the taking of improper advantage of anyone, or the improper diversion of University assets including the time and talents of its members from the primary mission of the University.
- b) Situations in which a member, while serving as a consultant to an external organization has access to unpublished, privileged information that has potential commercial value from a colleague and wishes to provide that information to the external organization.
- c) Situations where a member directs students into a research area or other activity from which the member intends to realize personal financial gain. A conflict may arise if students are directed to areas of lesser scientific or scholarly merit to enhance the potential for monetary gain or if the financial potential exists only for the member.
- d) Situations where the member is asked to assume executive or managerial positions with outside organizations that might seriously divert the member's attention from University duties, or create other conflicts of loyalty.
- e) Disclosure or use for personal profit of unpublished information coming from University research or other confidential University sources, or assisting outside organizations by giving them access to such information except as may be authorized by official University policies.
- f) Consultation that imposes obligations that conflict with the Board of Regents Intellectual Property Policy or with the University's obligations to research sponsors.
- g) Situations where a substantial body of research that could and ordinarily would be conducted by the investigator within the University is directed elsewhere.
- h) Situations where the member is invited to advise or serve an organization doing business in the general area of the member's University responsibility or which is related to that field.
- i) Situations where a member is offered a position on a scientific or administrative board of an organization that has research conflicts with the member's unit.
- j) Situations where a member is offered research support from an organization in which the member serves as a director, a member of an advisory board, or as a consultant, or in which the member holds a significant equity position.

k) Situations in which a members can require others to purchase a product in which the member has a proprietary interest and from which the member will receive income.

l) Situations in which a member receives trips, lodging, gifts, or is wined and dined by a company whose business is closely related to the member's University activities.

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