

## **FINANCIAL CONFLICT OF INTEREST POLICY IN RELATION TO SPONSORED PROJECTS**

These guidelines define the general University policy and procedures regarding conflicts of interest in relationship to sponsored projects involving research, education, training, construction, community service, and any other activity funded by an award to the University. Their purpose is to preserve the credibility and integrity of the University's faculty and staff so that the public trust and confidence in the University's sponsored activities is ensured.

In accordance with Federal regulations, the University has a responsibility to manage, reduce, or eliminate any actual or potential conflicts of interest that may be presented by a financial interest of an investigator. Thus, the University requires that investigators disclose any significant financial interest that may present an actual or potential conflict of interest in relation to a sponsored project.

### **A. Definitions**

A potential conflict of interest exists in any situation in which there is a divergence between an individual's private interests and his or her professional obligations to the University such that an independent observer might reasonably question whether the individual's professional actions or decisions are determined by considerations of personal gain, financial or otherwise. The potential for conflict of interest is inherent in the situation and does not necessarily depend on the character or actions of the individual.

Investigator means the principal investigator/project director, co-principal investigator, and any other University employee who is responsible for the design, conduct, or reporting of research, educational or other activities funded or proposed for funding by an external sponsor. In this context, the term "Investigator" includes the investigator's spouse and dependent children.

Significant financial interest means anything of monetary value, including but not limited to:

1. salary or other payments for services (e.g., consulting fees or honoraria);
2. equity interests (e.g., stocks, stock options, or other ownership interests);
3. intellectual property rights (e.g., patents, copyrights and royalties from such rights).

The term does not include:

1. salary, royalties and other remuneration from the University;
2. income from seminars, lectures, or teaching engagements sponsored by public or non-profit entities;
3. income from service on advisory committees or review panels for public or non-profit entities;
4. an equity interest that when aggregated for the investigator, the investigator's spouse, and dependent children meets both of the following tests:
  - a. does not exceed \$10,000 in value as determined through reference to public prices or other reasonable measures of fair market value
  - and
  - b. does not represent more than a 5% ownership interest in any single entity;
5. salary, royalties or other payments that, when aggregated for the investigator and the investigator's spouse and dependent children, are not expected to exceed \$10,000 during the next twelve month period.

However, the exclusion in items 4 and 5 shall not apply if the compensation or transfer of an equity interest is conditioned upon a particular outcome in a sponsored research project.

#### B. Guidelines

1. As required by Federal regulations, all significant financial interests must be disclosed prior to submission of a proposal. All financial disclosures must be updated by investigators during the period of the award, either on an annual basis or as new significant financial interests are obtained.
2. Each investigator is required to disclose the following significant financial interests:
  - a. Significant financial interests of the investigator that would reasonably appear to be affected by the research or other activities funded, or proposed for funding by an external sponsor

or

- b. significant financial interests of the investigator in an entity whose financial interest would reasonably appear to be affected by the research or other activities funded, or proposed for funding, by an external sponsor.

Regardless of the above minimum requirements, a faculty or administrator, in his or her own best interests, may choose any other financial or related interest that could present an actual conflict of interest or be perceived to present a conflict or interest. Disclosure is a key factor in protecting one's reputation and career from potentially harmful allegations of misconduct.

3. Each investigator who has a significant financial interest requiring disclosure shall complete a Significant Financial Interest Disclosure Form and submit it, along with any necessary documentation, to the Associate Provost for Grants and Research Administration. If the form is being submitted in connection with a new proposal, it must be received by the Grants Office at least two weeks prior to the proposal deadline date established by the sponsoring agency. If an investigator acquires a significant financial interest requiring disclosure during the implementation phase of a sponsored project, he or she should submit the Significant Financial Interest Disclosure Form within two weeks of the acquisition of this new interest.
4. All Significant Financial Interest Disclosure Forms will be reviewed by the Associate Provost for Grants and Research Administration to determine if the significant financial interest disclosed could directly and appreciably affect the design, conduct and reporting of the sponsored project to which it relates. If a determination is made that there is a potential conflict of interest as defined by this policy, then the investigator and the Associate Provost for Grants and Research Administration shall negotiate a conflict of interest resolution plan that is mutually acceptable. Such a plan will detail proposed steps to manage, reduce, or eliminate the potential conflict of interest presented by a significant financial interest. These steps could include one or more of the following:
  - a. Public disclosure of significant financial interests;
  - b. review of research protocols by independent reviewers;
  - c. monitoring of research by independent reviewers;
  - d. modification of the research plan;
  - e. disqualification from participation in all or a portion of the funded project;

- f. divestiture of significant financial interests;
- g. severance of relationships that create actual or potential conflicts of interest.

If the Associate Provost for Grants and Research Administration determines that imposing any of the above-referenced conditions or restrictions would be inequitable, or that the potential negative impact that may result from a significant financial interest is outweighed by the interests of scientific progress, technology transfer, and public health or welfare, he may recommend that, to the extent permitted by Federal regulations, the project continue without the imposition of such restrictions or conditions.

All proposed resolutions of conflict of interest cases shall be reviewed and approved or amended by the Provost and Dean of Faculties. In the event that the Associate Provost for Grants and Research Administration and the investigator are unable to agree on the terms of a conflict of interest resolution, the Provost and Dean of Faculties will meet with them and attempt to achieve a mutually agreed upon resolution. If such a mutually agreed upon resolution cannot be achieved, then the Provost and Dean of Faculties will make a final decision regarding the terms of the conflict of interest resolution.

- 5. The approved resolution plan shall be incorporated into a memorandum of understanding between the University and the investigator that will detail the conditions and restrictions imposed upon the investigator in the conduct of the project or in the relationship with a business enterprise or entity.
- 6. In the event that the conflict of interest cannot be satisfactorily resolved at the time an award notice is issued by a Federal sponsor, the University will disclose this fact to the sponsoring agency prior to the expenditure of any funds under the award. The Federal sponsoring agency will also be notified of unresolved conflicts of interest that arise during the project period. In the case of non-Federal sponsors, the University shall reserve the right to notify these sponsors of unresolved conflicts of interest.
- 7. Records of investigator financial disclosures and actions taken to manage actual or potential conflicts of interest shall be retained by the Grants Office until at least three years beyond the termination or completion of the award to which they relate, or until the resolution of any government action involving those records, whichever is longer.
- 8. If an investigator violates this financial conflict of interest policy or the terms of an executed Memorandum of Understanding, the University shall institute disciplinary procedures as detailed in Faculty Policy Series #41 (1996).

9. Collaborators from other institutions must either comply with the Hofstra University Financial Conflict of Interest policy or provide certification that their institutions are in compliance with Federal policies regarding investigator significant financial disclosure and that they are in compliance with their institution's policies.