

Replaces number 6 of section VIII-2 of the IUE Academic Handbook  
INDIANA UNIVERSITY EAST  
POLICY ON CONFLICTS OF INTEREST

### INTRODUCTION

The faculty at Indiana University East (IUE) have a major responsibility to discover and transmit new knowledge through scholarly activities. Financial support for such activities comes both from public and private entities external to the University. Increasingly, alliances between faculty and external entities have become a significant feature of academic research and educational activities. As these relationships become more common and complex, possibilities for conflicts of interest increase.

The IUE Policy on Conflicts of Interest is designed: (1) to help identify conflicts of interest arising from relationships between faculty and external entities; (2) to assist faculty in avoiding conflicts of interest; (3) to establish a system for disclosure and review of relationships with external entities; and (4) to avoid or resolve conflicts of interest.

Faculty members are responsible for disclosing (1) their financial interests and those of their family members that would reasonably appear to be affected by the research or educational activities in which they are engaged, including those which are funded or proposed for funding by an external entity; or (2) their and family members' financial interests in external entities whose financial interests would reasonably appear to be affected by their research or educational activities. Disclosures are to be made in accordance with the procedures established under approved specific school policies.

A conflict of interest is said to exist when the supervisor or person designated to review disclosures reasonably determines that a significant financial interest of an investigator or his or her family members could directly and significantly affect the design, conduct, or reporting of the research or educational activities funded, or proposed for funding, by an external entity.

### DEFINITIONS

An External Entity includes any person, trust, organization, enterprise, or other entity (including government agencies) that is not an entity under the control of or under common control with the University.

A Faculty Member is any person holding an academic appointment at IUE.

A Family Member of an individual includes his or her spouse and other dependents as specified by Indiana State Statute or Indiana University policy. This will include registered domestic partners of gay and lesbian university employees.

A Financial Interest is anything of significant monetary value including but not limited to salary, commissions, consulting fees, honoraria, equity interests (e.g., stocks, stock options, or other ownership interests), allowance, forbearance, forgiveness of debt, interest in real or personal property, dividends, royalties derived from the licensing of technology (other than receipt of a royalty under Indiana University royalty-sharing policies), rent, capital gain, and intellectual property rights (e.g., patents, copyrights, and royalties from such rights). This term does not include salary, royalties, or other remuneration from Indiana University. Ordinarily the term would not include any interest arising solely by reason of investment in an External Entity by a mutual, pension, or other institutional investment fund over which the Faculty Member does not exercise control.

Whether a Financial Interest is "significant" will depend upon the facts of the situation, but monetary value will definitely be considered significant if it is (1) an equity interest that exceeds \$10,000 or represents more than a 5% ownership interest in any one enterprise or entity, when aggregated for the Faculty Member and his or her Family Members; or (2) salary, royalties, or other payments expected to exceed \$10,000, when aggregated for the Faculty Members and his or her Family Members over the twelve months following the date of disclosure. It should be noted, however, that the state law on conflict of interest establishes \$250 as the threshold at which a Financial Interest is *de minimus*, or insignificant; accordingly, the facts of each situation must be considered carefully.

Research means a systematic investigation designed to develop or contribute to generalizable knowledge. The term encompasses basic and applied research and product development.

Sponsored Programs means Research and Educational Activities involving funds, materials, gifts, or other compensation from External Entities under agreements with the University.

University means Indiana University and the Indiana University East (IUE) campus.

The term "Educational Activity" includes, but is not restricted to, the dissemination and application of knowledge through teaching, executive education, consulting, service, and publication (except those publications reserved to individuals through the Indiana University policies on copyright and intellectual property).

## STATE LAW AND UNIVERSITY RULES

### Indiana State Statute:

Indiana law generally declares it a crime for a public employee to knowingly or intentionally derive a pecuniary benefit from transactions of the public employer. The law provides certain defenses to a charge of conflict of interest, including disclosure of the conflict to and acceptance of the disclosure by the public employer. To avoid criminal penalties, therefore, University employees should disclose to the Board of Trustees of Indiana University any situations likely to result in a contract involving a purchase, sale, or services or other matter, between the University and the employee or employee's dependents. This law does not apply to the normal contract of employment. Advance approval of a transaction by the University's Trustees insulates the transaction from criminal prosecution. It is a defense in a prosecution under this law that the employee's interest in the transaction in any one-year is less than \$250. The law defines "dependents" as (1) the employee's spouse; (2) a child, stepchild, or adoptee of the employee who is unemancipated and less than 18 years of age; and (3) any individual more than one-half of whose support is provided during a year by the employee (from Indiana State Statute IC 35-44-1-3).

### Indiana University Policy on Remunerated Outside Activities:

The Indiana University Board of Trustees' policy regarding outside activities states: "Any outside activity of more than a casual nature undertaken for remuneration by any full-time staff member should be reported to the chairperson of the department and reported by him or her to the dean of the appropriate division of the University. In no case shall such activities be undertaken if they interfere in any way with the full performance of the duties and service for which the staff member has been regularly appointed to the University staff." (Academic Handbook). The IUE Policy on Conflicts of Interest is consistent with the Trustee policy and provides further guidance on relations between Faculty Members and External Entities.

## GUIDELINES FOR IDENTIFYING CONFLICTS OF INTEREST

The Academic Handbook of Indiana University references state statutes and federal guidelines regarding conflicts of interest, and the Code of Academic Ethics addresses ethical conduct generally. The IUE Policy on Conflicts of Interest specifically addresses conflicts of interest arising from relationships between Faculty and External Entities. The policy calls for disclosure and review of relationships with External Entities and avoidance or resolution of conflicts of interest.

Relationships with External Entities arise from a variety of academic and external activities. The broad categories for which disclosures are required are stated in the Introduction. A representative list of activities subject to this Policy on Conflicts of Interest is set forth below. These activities are divided into two categories. Those in Category I shall be disclosed by Faculty before any definitive action by them takes place,

and they shall be promptly reviewed within their school or comparable administrative unit. Such activities may be permitted after disclosure and review and, if necessary, more extensive disclosure and more frequent review. The activities in Category II shall be disclosed by the Faculty and be reviewed within their school or administrative unit; these activities are ordinarily permissible because they are traditionally acceptable or generally involve minimal Financial Interest. If in doubt about whether an Activity falls in Category I or Category II, a Faculty Member should confer with the dean or other person designated in school or unit procedures.

#### Category I Activities

1. A Faculty Member participating in either applied or basic University research on any invention or development owned by, or contractually obligated to, an External Entity which the Faculty or Family Member holds a Financial Interest, other than receipt of a royalty under Indiana University royalty-sharing policies.
2. A Faculty Member participating in, publishing, or presenting University research which creates the likelihood of imminent financial gain by the Faculty or Family Member that could lead to real or perceived bias in research results.
3. A Faculty Member assigning or permitting the participation of technicians, students, post-doctoral fellows or other trainees in projects sponsored by an External Entity in which the Faculty Member or Family Member has a Financial Interest.
4. A full-time Faculty Member or Family Member assuming an executive position in an External Entity engaged in activities related to the Faculty Member's University research.
5. A Faculty Member or Family Member serving on the board of directors of an External Entity from which that person receives University-supervised sponsored research support.
6. A Faculty Member or Family Member providing to an External Entity services in return for which a significant Financial Interest is provided that compete directly with existing services provided by that Faculty Member for the University.
7. A Faculty Member taking administrative action within the University that is beneficial to an External Entity in which the Faculty Member or Family Member has a Financial Interest.

#### Category II Activities

1. A Faculty Member receiving royalties, consulting fees, honoraria or other compensation for activities related to his or her University research or to other educational activity.

## IMPLEMENTATION

The Chancellor of IUE shall be responsible for implementation of this policy. The Chancellor may delegate responsibility for administering this policy to the Vice Chancellor of Academic Affairs (VCAA) or another campus administrative officer.

The Faculty in cooperation with the VCAA (or administrative unit head) shall establish procedures approved by the Chancellor for implementing this policy. The VCAA (or equivalent administrative officer) is to ensure that responsibilities are met in accord with approved procedures. Specifically, the VCAA (or equivalent administrative officer) or designee shall:

1. Assist in establishing school procedures and in revising established procedures as required;
2. Assist Faculty in interpreting the campus policy and school procedures;
3. Implement school procedures for disclosure and review of Categories I and II activities;
4. In consultation with individual Faculty, seek avoidance or resolution of conflicts of interest; and
5. Remind faculty of the need to disclose potential conflicts of interest on a yearly basis using the IUE conflict of interest disclosure form available at the office of the VCAA.

### General Provisions

Faculty shall be entitled to respond to recommendations at every stage of the review process. Administrative actions taken to address conflicts of interest shall follow the same procedures outlined in the Academic Handbook for enforcement of the IU Code of Academic Ethics. Faculty may appeal administrative actions taken by the VCAA through the procedure for Faculty Board of Review.

Confidentiality must be assured; disclosures should be available only to those charged with responsibility for review, subject to any restrictions on confidentiality imposed by Indiana State Law on Access to Public Records (IC 5-14-3).

In the case of Faculty who hold administrative positions (e.g., Chancellor, Vice Chancellor, Dean, Department Chair, Director), disclosure of activities reportable under this Policy will be made to the academic unit in which the officer has his or her appointment and will be reviewed according to the procedures applicable to that unit. Faculty with appointments in two or more units shall follow the procedures of the school in which the primary or tenure-related appointment is held. Disclosure and review of reportable activities by Faculty who do not also hold an academic appointment shall be addressed through approved procedures for their administrative unit or, when none exists, through ad hoc procedures approved by the Chancellor.

#### Timing of Disclosure

Financial Interests and other activities reportable under this policy must be disclosed at least annually, and at other times when circumstances change giving rise to a disclosable Financial Interest or eliminating a conflict previously identified. All disclosures of Financial Interests must be made prior to submission of proposals for funding from External Entities.

#### Retention of Records

Records relating to conflicts of interest are to be retained by the University in the office of the VCAA for at least three years after the later of:

1. The termination or completion of the contract or award to which they relate; or
2. The resolution of any action involving those records.

#### Non-compliance

Non-compliance with this policy, including failure to file or knowingly filing incomplete, erroneous, or misleading disclosures, or failure to comply with prescribed review procedures, shall be evaluated in accordance with applicable policies of Indiana University and IUE. If a conflict of interest involves government-sponsored research, the University may be obligated under federal, state, or local law to report any corrective action taken.

IUE Faculty Senate  
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