

Business and Finance Conflict of Interest Policy

CONFLICTS OF INTEREST AND CONFLICTS OF COMMITMENT

A. Statements of Principles for Business and Finance's Policy

This document implements and incorporates 201.65-1, "Conflicts of Interest and Conflicts of Commitment." It applies to all staff, regular or temporary.

As outlined in the University policy, "The University is committed to basic values of transparency, integrity of scholarship, and independence as it pursues its mission to create, preserve, and disseminate knowledge through teaching, research, and public service. Accordingly, the University of Michigan allows and encourages faculty and staff to engage in outside activities and relationships that enhance the mission of the University. All faculty and staff members are to act with honesty, integrity, and in the best interest of the University when performing their duties, and to abide by the highest standards of research, educational, professional and fiscal conduct.

The specific definitions for a potential conflict of interest and potential conflict of commitment found within SPG 201.65-1 apply to the required disclosures and procedures which are described below. A potential conflict of interest broadly encompasses those external ties that bias or appear to bias the staff member's judgment in performing his or her University job. A potential conflict of commitment broadly encompasses those situations where a staff member's time or commitment in performing his or her job may be perceived as compromised by some non-University activity engaged in by the staff member that is(are) unrelated to the staff member's job duties (such as employment outside the University unit, employment outside the University, etc).

Particular rules of conduct must also be considered when implementing SPG 201.65-1. These include:

- SPG 201.85 related to work performed for other University units
- Regents Bylaw 5.13 related to governmental elective/appointed service
- SPG 201.23 hiring of relatives or those with a close personal relationship
- SPG 201.12 misconduct and discipline

B. Disclosure and Management of Potential Conflicts of Interest and Conflicts of Commitment

1. Definition of Specific Conflict Situations and Required Management

Although all situations can not be detailed specifically in this policy, Business and Finance would like to have as clear guidance regarding the management of conflict of interests and conflict of commitments as possible so as to have as consistent application of our standards as possible throughout the organization. We expect that supervisors will be the first line of review for potential conflict of interest and commitment issues. This policy is intended to assist supervisors in managing potential conflicts. We have outlined five categories of potential conflict situations:

1. Time Conflicts
2. Relationship Conflicts
3. University Resource Conflicts
4. Gift Conflicts
5. Political Activity Conflicts

Within each of these categories, situations are identified in which an employee should report the potential conflict to their immediate supervisor before they enter into the conflict situation. For each potential conflict, those situations which disallow the employee from entering into the conflict and those situations which require a management plan are outlined. The supervisor should review the situation to determine if the policy specifies how to handle the conflict.

Time Conflicts

- Potential Conflict: Other University employment
 - Employee may not profit from work already performed in the primary employing unit
 - Employment commitment may not take employee away from work that would be performed in the unit
 - Employee can not market their services to others while in their University business role
 - If employee does not appear to benefit as a direct result of his/her existing UM employment and it does not take away from existing employment, employee must obtain approval for potential COI/COC when accepting additional employment

- Potential Conflict: Outside employment (SPG 201.65)
 - Employee may not be employed by a University vendor with whom employee as the University employee might have active involvement in University job. Active involvement would include making purchasing decisions from that vendor or otherwise influencing the decision at the University to do business with the vendor.
 - Employee must sign confidentiality agreement for employment with any university vendor if, in their role at the University, the employee has active involvement with vendor
 - Employee should not be employed outside the University for a firm which would be competing with the University for business, grants, etc.
 - If employee does not appear to benefit as a direct result of his/her existing UM employment and it does not take away from existing employment, employee must obtain approval for potential COI/COC when accepting additional employment

- Potential Conflict: Running their own business
 - Employee can not use any University resources in course of running business
 - Employee can not market their business to others while in their University business role
 - Employee can not use their University position or title in any way to market their business
 - Even if an employee does not appear to benefit as a direct result of his/her existing UM employment and it does not take away from existing employment,

employee must obtain approval for potential COI/COC when accepting additional employment

- Potential Conflict: Stipends and honorarias for speaking engagements
 - Employees may not personally receive stipends and honorariums for speaking on behalf of the University or when traveling and speaking on University time and/or expense (stipend either refused or turned over to the University)
 - Employees may not use University resources or materials developed by others or as part of individual's employment in order to receive payment for personal speaking engagements

Relationship Conflicts

- Potential Conflict: Hiring and Supervising
 - Employee may not make hiring decisions about relatives (parents, siblings, spouse, children); they must disclose any situation in which a relative were being considered for a position in their own unit to ensure that they do not participate in hiring or promotion decision
 - Employees should not directly supervise a relative or person of close relationship at the University. Optimally, an employee should not have a relative (or person of close relationship) working anywhere within their chain of command. In the case that this can not be avoided, there will be a minimum requirement for a specific plan to ensure that the employee makes no decisions directly affecting their relatives job responsibilities, compensation, or other employment factors. (SPG 201.23)

- Potential Conflict: Purchasing
 - Employee should not purchase goods or services from a firm for which the employee's relative (or other significant individual who would be perceived by others as a potential conflict) is employed, if:
 - Under \$500, disclose conflict to supervisor
 - Between \$500 and \$5000 (and decision is made on criteria other than strictly low bid),, employee should not be purchasing goods and services from other than a strategic supplier or contract for which the University has designated as a competitive supplier OR disclose COI and provide compelling business reason which must be approved by supervisor to purchase the good and service from the selected related vendor
 - Over \$5000 (and decision is made on criteria other than strictly low bid), disclose conflict immediately upon plan to purchase which may result in selection of a potential vendor for whom a relative is working –
 - employee should recuse themselves from the RFP and decision-making process OR
 - vendor should be eliminated from consideration OR
 - further assessment of relatives role in firm needs to be substantiated and a confidentiality agreement is signed by UM employee
 - Employee should not be involved in the purchase of goods or services from a firm for which they have an affiliation with the company, for example Board of Directors, consulting arrangement, etc. and should follow the recommended course of action outlined above for purchases over \$5000.

- Employee should not purchase goods or services from a firm for which they have an ownership interest in the company (interest must be greater than 5% of company's total sales)
 - Employee recuse themselves from decision-making OR
 - Employee divest of ownership

University Resources Conflicts

- Potential Conflict: Use of University Resources
 - Employee shall not use the resources of the University for personal use – to either personally profit or to avoid personal expenses (unless explicitly permitted by the University policy)
- Potential Conflict: Expense Reimbursement
 - Employees shall only be reimbursed for reasonable expenses incurred for a business purpose and not for personal gain
 - Employees may not accept reimbursement that amounts to a gift of substantial value from people or institutions that contract with the University where the employee may participate in decisions concerning that contract.
- Potential Conflict: Patents and Copyrights
 - Patents and copyrights issued or acquired as the result of or in connection with administration, research, and other educational activities conducted by members of the University staff and supported directly or indirectly (e.g. through the use of University resources or facilities) by funds administered by the University, regardless of the source of such funds, and all royalties or other revenues derived there from shall be handled in ways consistent with the rules articulated in SPG 601.03-2: Ownership of Copyrighted Works created at or in affiliation with the University of Michigan and in SPG 303.04: Policy on Intellectual Property.

Gift Conflicts

General University policy prohibits employees from accepting any gift of substantial value from vendors or from students. Regent Bylaw 2.15.

- Potential Conflict: Vendor Gifts
 - Employees may not accept vendor gifts (B&F Policy)
 - If meals are paid for alternatively by vendor and University, it may be considered acceptable
 - In the event that gifts are received that can not realistically be refused or returned, they should be donated to a charitable cause.
- Potential Conflict: Employee Donations to the University
 - Employees may not provide gifts to the University with the expectation that they will then be given the authority to control the dispersal of these funds.

Political Activity

- Potential Conflict: Political activity

- Political activity is not allowed in an official University role and no use of University resources are allowed

2. Conflict Review Process

A staff member must promptly disclose, in writing, all actual or potential conflicts of interest or conflict of commitment to their supervisor as actual or potential conflicts arise or are identified. (SPG 201.65-1, Para. III.A.3.) Examples of potential conflicts and their appropriate management are outlined in the section above.

The employee's supervisor shall evaluate the extent of any disclosed actual or potential conflict and when it clearly aligns with the situations outlined above, implement the appropriate management action for the situation. Where appropriate, after consultation with the employee, the supervisor shall develop a management plan for the disclosed situation. The employee's supervisor shall inform the disclosing employee of the management plan and discuss any ambiguities or issues that may relate to the plan.

For situations in which the disclosed conflict does not clearly align with the situations outlined in this document or for which exceptions seem to be necessary, the supervisor will make recommendations for a management plan and will have it reviewed by the B&F Senior Staff (AVP team) who will determine whether the situation is acceptable and would not be considered a conflict, can be managed (requires a management plan) or would be disallowed. When necessary, consultation with appropriate central administration offices (Provost, Human Resources, Office of the Vice President for Research, Office of the Vice President and General Counsel) will also be sought. The Senior Staff may also require the staff member to provide additional information or documentation that may be relevant to evaluating the conflict and/or developing an appropriate management plan.

3. Dispute Resolution

The staff member remains unsatisfied with the action or decision, the staff member may initiate existing University policies and procedures for handling disputes, when available.

C. Administration of the Policy

1. Overview

The B&F Senior Staff shall review at least annually the conflict disclosures and actions B&F to ensure a consistent approach to potential conflicts within the unit and shall recommend updates annually to the B&F policy based on situations that arise in the last year.

2. Recordkeeping

Conflict of interest or commitment documents which are handled by the employee's supervisor shall be maintained in a file as designated by the AVP for their area.

Documentation of the staff member's disclosure and action taken shall be included within the secure file. The documentation may be as simple as identifying the disclosure and, when no further action was required, a notation to that effect on the disclosure description. When personal financial or associational documents are provided, the documents shall be placed in a secure file accessible only to the unit supervisor. Where any other staff member has a legitimate business reason for the documentation, then the unit supervisor may authorize access to the file

and provide either copies and/or information as may be required for the purpose. The recipient shall be required to maintain the same level of confidentiality as provided for the original information or documents. Failure of the unit supervisor to control access to the documents and information as required by this policy shall be reported to applicable Associate Vice President for consideration of appropriate personnel action.

3. Education

Every employee shall complete the on-line educational tutorial for overall University policy. A record of successful completion of the tutorial shall be provided to B&F AVP's. Upon hiring into or transferring into the unit, every staff member shall be provided Business and Finance implementation of the policy. At performance evaluation time, employees certify that they understand and adhere to the B&F conflict of interest policy.

4. Violations

Any violation of SPG 201.65-1 or this implementing policy may be a cause for disciplinary action. In the first instance, the employee's supervisor shall evaluate the violation and take appropriate action, if needed, all in accordance with existing University policies and procedures. Consultation with the employee's Human Resources representative may be appropriate. The outcome of the supervisor's review and any actions taken shall be documented and included with the secure file maintained by B&F COI/COC manager. If appropriate, all relevant documentation may also be included within the employee's personnel file maintained as provided under SPG 201.46.