

GEORGIA STATE UNIVERSITY CONFLICT OF INTEREST POLICY

Faculty Handbook Section 312.05

1. PREAMBLE

Full-time faculty and staff of Georgia State University (hereinafter referred to as the “University”) understand that their primary contractual responsibility is to the University. To ensure the integrity and objectivity of research and other scholarly activities, full-time and part-time faculty and staff (hereinafter referred to as “employees”) must not let outside financial interests interfere with or compromise their obligations to the University. This policy is intended to increase the awareness of employees to the potential for conflicts of financial interest, and to establish procedures whereby such conflicts may be avoided or properly managed. **This is not intended to be a regulatory document to inhibit professional activity or innovation but rather a disclosure and review policy to provide support to employees while protecting the interests of the University.** This policy does not supplant the need to secure approval for outside activities, as dictated by each college, but addresses issues of real or apparent financial conflict.

Applicable laws, rules, regulations, and policies that address conflicts of interest are outlined below.

1.1 State Law

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 of Regents or University) to sell real or personal property [including personal services] to certain political subdivisions of the state, including the employing political subdivision or an agency thereof. Certain exceptions are provided.

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.

Employees are required to file annual disclosure statements of business transactions with any state agency except for transactions in which the amount of a single transaction does not exceed \$250.00 and the aggregate of all transactions does not exceed \$9,000.00 per calendar year. The annual disclosure forms are available from the Department of Legal Affairs and must be submitted by January 31 to the Secretary of State.

1.2 Board of Regents Policies

1.2 (a) **Policy 802.16** states the following in regard to outside activities:

An employee of the University System of Georgia should avoid actual or apparent conflict of interests between his or her college or university obligations and his or her outside activities.

1.2 (b) **Policy 802.1602** states the following in regard to consulting:

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:

- 1. 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.*
- 2. A procedure for obtaining prior approval of the president or his designee.*
- 3. A procedure for defining and prohibiting conflicts of interest.*

As per the Board of Regent's charge, the following policy applies to all salaried employees and defines conflicts of interest, articulates a procedure for obtaining prior approval for activities that may present a conflict of financial interest, and specifies a plan for reimbursing the institution when the institution's personnel, facilities, equipment and/or materials are used in consulting activities. This policy extends the BOR's charge and addresses situations, in addition to consulting, which may present real or apparent conflicts of interest.

2. CONFLICT OF FINANCIAL INTEREST

2.1 Definition

A conflict of financial interest exists when an employee's direct or indirect financial interests conflict with or compromise his or her employment responsibilities and affects or provides an incentive to affect the employee's conduct of his or her University activities. Employees may not use their institutional position or affiliation for personal gain, or for the benefit of immediate family members (defined as parents, spouse and/or children), to the detriment of the University. It is equally recognized that conflicts of commitment pose as serious a threat to the reputation and operation of the University as conflicts of financial interest. Conflicts of commitment occur when an employee's commitment to external activities, paid or unpaid, adversely affect his or her capacity to meet University responsibilities. As potentially serious as conflicts of commitment are, they are not addressed in this policy. Rather, potential conflicts of commitment are disclosed in the processes of securing approval for outside activities and during annual performance evaluations. Additionally, this policy does not infringe on the constitutional right to free speech.

For the purposes of this policy, "employee" is anyone who receives an IRS W-2 form from the University. "Significant financial interest" refers to 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, trademarks, copyrights and royalties from such rights). The monetary value is considered significant if the employee and/or any member of his or her immediate family owns shares whose total market value is greater than \$50,000 or if these shares represent an ownership interest of 5% or more. The term does NOT include:

- salary, royalties or other remuneration from the University
- income from seminars, lectures, or teaching engagements sponsored by public or nonprofit entities; or
- income from services on advisory committees or review panels for public or nonprofit entities.

The principles guarding against a conflict of financial interest prohibit any employee from:

- a) allowing direct or indirect financial interests to affect the design, conduct or reporting of research or scholarly activity
- b) allowing direct or indirect financial interests to influence decisions which compromise the comport of University responsibilities

- c) conducting business with the state, except as expressly permitted by law
- d) directly or knowingly asking, accepting, demanding, extracting, soliciting, seeking, assigning or receiving anything of value for himself or herself or for another person in return for being influenced in the performance of University responsibilities

The purpose of this policy is to inform employees of situations that may pose the potential for or appearance of conflicts of financial interest. Employees assume personal responsibility for evaluating their own situations and knowing when activities and interests need to be disclosed. **Employees need to disclose any activity for which they receive remuneration in excess of \$250.00 from a state agency (O.C.G.A. 45-10-20 through 45-10-28), more than \$1,000 aggregate from non-state agency sources, or that presents the possibility for a conflict of financial interest.**

Appendix A contains examples of activities that would presumptively **not** be allowed because they present a real conflict of financial interest.

2.2 Potential Conflicts of Financial Interest

There are certain cases in which the appearance of conflict of financial interest is present even when no financial conflict actually exists. Such apparent conflicts can do almost as much damage as actual ones, undermining the credibility of research and scholarship or of University financial decisions and calling into question the integrity of an employee or the University or both. For this reason, it is important for an employee, in evaluating a potential conflict of financial interest, to consider how it might be perceived by others. An appearance of conflict exists when a reasonable person would conclude from the circumstances that the employee's ability to act in the University's best interests or perform contractual obligations is compromised by financial interests. The University may require employees to desist from certain activities that create the appearance of a conflict of interest. However, **upon appropriate disclosure and review, any of the activities which present the potential for a conflict of interest may be deemed acceptable and not a conflict of interest.**

Appendix B contains examples of activities that **may**, but do not necessarily, result in conflicts of interest.

2.3 Assumed Non-Conflict

Activities that do not compromise the objectivity of research results, the integrity of employee-student interactions, and other interests of the University should not present the potential for a conflict of financial interest. Although these activities may be outside the employee's commitments to the University, they do not need to be disclosed as per this policy.

The following are examples of activities that are **assumed NOT** to present a conflict of interest and do not need to be disclosed under this policy. (Note: Some of the activities listed may need to be disclosed under other University policies.)

2.3.A. Earning passive income, including receiving royalties for published scholarly works and other materials, investments, and so forth.

2.3.B. Membership in and service to professional associations and learned societies; public service; membership on professional review or advisory panels; presentation of lectures, papers, concerts, or exhibits; participation in seminars and conferences; reviewing or editing scholarly publications and books; and service to accreditation bodies that are performed for nominal honoraria or reimbursement of expenses are permitted, provided that the receipt of nominal honoraria (less than \$250.00 from a state agency or \$1,000 from another source) or reimbursement of expense is not in conflict with other applicable University, state, or federal policy, rule, or regulation.

2.3.C. Ownership of or equity in a corporation used solely for the employee's consulting activities.

2.3.D. Requiring or recommending one's own textbook or other teacher aids, materials, software, equipment or the like to be used in connection with University instructional programs, or texts, aids, materials, software, or equipment of a member of his or her family.

2.4 Disclosure and Review

To effectively prevent conflicts of financial interest or the appearance thereof, this policy requires:

a) disclosure to designated administrators of financial interests which might give rise to conflicts, and

b) readily available advice and counsel to employees and department/unit heads on any conflict situation.

Disclosure and permission to engage in the activity may resolve situations that involve the appearance of or potential for conflict of financial interest. If necessary, at the beginning of each academic year, employees should complete disclosure statements identifying potential conflicts of interest (as described in Section 2.2), including but not limited to participation in activities contained in Appendix B of this document. It is acknowledged that faculty are charged with providing service to their professions and disclosure forms do not need to be filed for honoraria from an occasional lecture or from isolated, non-recurring activities that result in payments which do not exceed \$250* from a state agency or \$1,000 from another source during any calendar year. The disclosure form should be

supplemented during the year if potential conflicts arise. [Disclosure forms](#) and [Supplemental Disclosure forms](#) can be filed in written format or electronically. Electronic versions of the forms are available from the GSU website. If the employee cannot disclose enough information for the University to determine whether a conflict exists, then the employee must forego the outside engagement.

Several avenues exist for securing advice regarding potential conflicts of interest. Department/ unit heads are responsible for informing employees within the department/unit of the conflict of financial interest policies and procedures and for reminding them to complete annual and supplemental disclosure forms. Department/unit heads will advise employees in avoiding conflicts of interest or situations that may adversely affect the university. If the department/unit head needs clarification or another opinion, s/he should meet with the appropriate dean/supervisor of the college, school or unit to discuss the particular situation. Deans/supervisors may consult with the Department of Legal Affairs in determining the existence or lack of conflict of interest. Additional advice is available for employees from the Office of the Vice President for Research and Sponsored Programs.

In situations where an employee has been denied permission by the department head and dean to engage in an activity or endeavor due to conflict of interest, s/he may appeal through established procedures. Faculty utilize procedures outlined in the "Faculty Appeals Procedures" and a copy may be obtained from the University Senate and Staff Council Office. Staff utilize grievance procedures as outlined in documents maintained by the Human Resources Department. Employees who do not comply with the conflict of interest policy may be subject to sanctions or other actions permitted by university policy, which shall be applied according to the provisions of employment, academic responsibility, and tenure.

3. REIMBURSEMENT OF THE UNIVERSITY

Arrangements for reimbursing the university must be made prior to using the institution's personnel, facilities, equipment and/or materials for outside activities. The reimbursement plan will include costs consistent with rates charged outside groups or persons.

*See [O.C. G. A.](#) 45-10-20 through 45-10-28

Appendix A

The following are examples of activities that present conflicts of financial interest and would presumptively not be allowed. Each of these examples involves direct or indirect financial incentive to compromise an employee's conduct related to his

or her University obligations. **This list of examples is not exhaustive; other situations that are not described can present a conflict of interest.**

2.1.A. Participating in University research involving a technology owned by or contractually obligated (by license, option, or otherwise) to a business from which the employee or member of his or her family benefits financially, excluding a consulting relationship.

2.1.B. Assignment of students, postdoctoral fellows, or other trainees (in a situation where the person(s) would not feel free to refuse) to University projects sponsored by a for-profit or not-for-profit business in which the individual or a member of his or her family has a significant financial interest.

2.1.C. Assignment of students (in a situation where the student would not feel free to refuse) to any consulting relationship of the employee that involves a significant financial interest.

2.1.D. Making referrals of University work to an external business or professional office in which the employee or member of his or her family has a significant financial interest.

2.1.E. Associating one's name or one's work with an external activity in such a way as to profit monetarily by trading on the reputation or good will of the University or to imply sponsorship or endorsement by the University. Mere identification of the University as the employer of the employee and of the employee's position at the University is permitted, provided that such identification is not used in a manner that implies sponsorship or endorsement by the University.

2.1.F. Publishing or formally presenting results of research under University auspices, or providing expert commentary on a subject, without simultaneously disclosing any significant financial interest relating to such results or subject.

2.1.G. Unauthorized use of privileged information acquired in connection with one's University responsibilities. This does not apply to standard publication activity.

2.1.H. Influencing the negotiation of contracts between the University and an outside organization with which the employee or family member has a significant financial interest.

2.1.I. Receipt of gifts in violation of the Executive Order available from the Office of Legal Affairs. The Executive Order regarding ethics in government is also available from the state government website.

Appendix B

The following examples may, but do not necessarily, result in conflicts of interest. If the situations in these examples provide direct or indirect financial benefit to and employee or his or her family, there may be a conflict of interest. With appropriate disclosure and review, the activities listed may be deemed to be free of conflict of interest. **This list of examples is not exhaustive; other situations that are not described could present the potential for a conflict of interest.**

2.2.A. Using University resources, including letterhead, when engaging in outside activities other than those that constitute an uncompensated service to the employee's profession. Use of the library for reference and research purposes is permissible.

2.2.B. Accepting salaried employment from other branches of the university system or other state agencies while employed by the University. Exempt from consideration are non-contract periods (e.g., summer, leaves of absence).

2.2.C. Receiving, through contract or grant, research support under University auspices (whether in dollars or in kind) for research from a business in which the employee or member of his or her family has a significant financial interest, excluding a consulting relationship.

2.2.D. Purchasing goods or services for the University from businesses in which the employee or employee's family members have an interest.

2.2.E. Assuming an executive position or having a significant financial interest in a for-profit business engaged in commercial or research activities in an area related to the employee's University responsibilities.

2.2.F. Obtaining significant financial benefit from the participation of University students in consulting relationships.

2.2.G. Influencing students to make decisions that could result in financial gain for the employee.

2.2.H. Providing consulting or testing services as a private venture if such services are currently offered by the University for a fee, except to the extent that such services constitute educational training.

2.2.I. Engaging in business activities with outside parties who are competing against the University for government or private funds.

2.2.J. An employee shall recuse himself or herself from participation in any official proceeding in which the employee's impartiality might be questioned due to personal or financial relationship with any participant in the proceeding.

Again, upon appropriate disclosure and review, any of these activities may be deemed acceptable and not a conflict of interest.