

## **NORTHERN ARIZONA UNIVERSITY – INTERIM POLICY**

### **FINANCIAL DISCLOSURE BY INVESTIGATORS ON SPONSORED PROJECT APPLICATIONS AND AWARDS**

Effective Date: September 15, 2009

#### **BACKGROUND AND PURPOSE**

Northern Arizona University (NAU), as a public institution, seeks to ensure that its faculty, staff, and administrators carry out their responsibilities with integrity and demonstrate the ethical behavior expected of public employees. The university expects that administrative officers and other employees of the University be independent and impartial in all actions involving the use of public resources, that public office not be used for private gain, and that there be complete public confidence in the integrity of the University. Arizona laws (A.R.S. 38-501 to -510) prohibit participation by University employees in any decision where the employee has a substantial interest in the decision of the University.

Furthermore, the university's acceptance of federal support for research, instruction, and other activities dictates that the institution abide by all federal regulations regarding conflicts of interest. The National Institutes of Health and other federal agencies have established specific requirements and mechanisms for disclosure of conflict of interest related to sponsored research; these agencies and the U.S. Congress mandate that conflicts must be disclosed and that the institution must actively manage any disclosed conflicts. The university's growing portfolio of sponsored projects, funded by private industry as well as federal, state, and other governmental entities, underscores the need for NAU faculty and staff to understand their responsibilities, fully disclose any actual or potential financial or other conflicts of interest, and cooperate in the management or mitigation of those conflicts.

The State of Arizona Auditor General reviewed conflict of interest policies at the three state universities in a 2008 performance audit of technology transfer activities and found that NAU needed to develop and implement appropriate policies and procedures with respect to conflict identification and management. Such policies and procedures must be concordant with conflict policy adopted by the Arizona Board of Regents (ABOR).

Therefore, this interim policy is an extension of existing State laws and ABOR policies specifying guidelines and procedures for identifying and managing conflict of interest associated with sponsored project applications and awards as required by Federal agencies.

#### **DEFINITIONS**

**Investigator:** a principal investigator, co-principal investigator, or any other agent of the University responsible for the design, conduct, or reporting of sponsored activities.

**Significant Financial Interest:** 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), including those of the investigator's spouse, domestic partner and/or dependents (as determined according to the definition of the Internal Revenue Service).

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;
- Income from service on advisory committees or review panels for public or nonprofit entities;
- An equity interest that, when aggregated for the investigator and the investigator's spouse, domestic partner and dependent children, meets both of the following tests:
  - does not exceed \$10,000 in value as determined through reference to public prices or other reasonable measures of fair market value, and
  - does not represent more than a 5% ownership interest in any single entity
- Salary, royalties or other payments that, when aggregated for the investigator and the investigator's spouse, domestic partner and dependent children, are not expected to exceed \$10,000 during the next twelve month period.

**Sponsored Project:** Externally-funded activity in which a formal written agreement is/will be entered into by NAU and an external sponsor. A Sponsored Project involves a specified statement of work with a related, reciprocal transfer of something of value (quid pro quo).

#### **APPLICABILITY**

This policy applies to all Investigators participating in or planning to participate in Sponsored Projects at NAU.

#### **POLICY**

- I. Investigators shall disclose any Significant Financial Interest, including those of the Investigator's spouse or domestic partner and dependent children, which would reasonably appear to be affected by a Sponsored Project, or in entities whose financial interests would reasonably appear to be affected by a Sponsored Project.
  - A. Such disclosure shall occur prior to the submission of an application for a Sponsored Project or, if a Significant Financial Interest subsequently develops, as soon as such Significant Financial Interest becomes known to the Investigator.
    - i. For applications resulting in awards, such disclosure shall be updated annually, whether or not any new Significant Financial Interest is known to the Investigator.
- II. The Office of Grant and Contract Services (OGCS) shall enforce the provision of this Policy which requires investigators to submit disclosures prior to submission of applications for Sponsored Projects by requiring disclosure forms to be submitted prior to the acceptance of any award by the University.
- III. The Vice President for Research (VPR) shall be designated to review and evaluate Investigator disclosures.
  - A. The Vice President for Research must report all disclosures of Significant Financial Interest to a sponsoring agency according to the requirements of that sponsoring agency.

- B. In evaluating disclosures, the VPR or designee may solicit additional information from the Investigator, the Investigator's unit head and/or Dean, as deemed necessary by the VPR or designee, for the purpose of evaluating the disclosure.
  - C. The VPR shall determine whether or not a real or potential conflict of interest exists.
- IV. The NAU Intellectual Property Committee (IP Committee) shall review any conflicts of interest as determined by the VPR. If any actual or potential conflict of interest exists, the NAU IP Committee must develop a management plan specifying how the conflict is to be managed, reduced, or eliminated. Such plan create or preserve an arm's length distance between the Investigator's Significant Financial Interests and the University's business and financial decisions; establish or maintain oversight that ensures adherence to the highest scientific and academic standards, and; protect the interests of other university employees or students who may be involved in the Sponsored Project.
- A. In developing a conflict management plan, the IP Committee may (but is not required to) consult with the Investigator, the Investigator's unit head, individuals associated with the Sponsored Project or other university officials.
  - B. Conflict management plans shall be written in the form of a Memorandum of Understanding (MOU) to which the Investigator, VPR and other individuals charged with aspects of managing the conflict shall be parties.
- V. The VPR shall review the MOUs developed by the IP Committee and may accept them as written by the IP Committee, may make modifications to them, or may return the MOUs to the IP Committee for modification.
- VI. The VPR shall be the authorized executor of the MOU.
- VII. The IP Committee shall annually review the Investigator's compliance with the terms of the management plan and shall report the results of such review to the VPR.
- A. If the IP Committee determines that an Investigator has failed to comply with the terms of a conflict management plan, the IP Committee shall recommend to the VPR that any or all of the following actions be taken: revision of the conflict management plan; removal of the individual from Investigator status on the applicable Sponsored Project; reporting to the unit head, Dean or Vice President; reporting to the external sponsor.
- VIII. To the extent permitted by University policy and State and Federal laws, all records relating to Investigator financial interest will be maintained confidentially. Notwithstanding the foregoing, the sponsoring agency has the right to obtain from the University all information related to the disclosures, the MOU's or conflict management plans, or any other information and/or action relating to the manner in which the University has handled the disclosure.
- A. The Office of Grant and Contract Services will maintain records, identifiable to each award, of all financial disclosures and all actions taken by the University for at least three years beyond the award termination date, or until resolution of any action by the sponsoring agency involving the records, whichever is longer.

## REFERENCES

National Science Foundation Award Administration Guide (NSF 09-29) (April 2009).

Department of Health and Human Services (HHS), Public Health Service (PHS), 42 Code of Federal Regulations (CFR) Part 50 Subpart F, "Responsibility of Applicants for Promoting Objectivity in Research for Which PHS Funding is Sought" for grants and cooperative agreements; and 45 CFR Part 94, "Responsible Prospective Contractors" for contracts.

Arizona Revised Statutes § 15-1635.01 and §§ 38-501 through -511

Arizona Board of Regents Policy Manual - 6-908, Intellectual Property Policy; 6-909.10, Technology Transfer Policy