

**Office of the President  
California State University, Chico**



**Executive Memorandum 18-023**

**August 13, 2018**

**From:** Gayle E. Hutchinson, President

**Subject:** Disclosing Potential and Actual Conflicts of Interest in Grants and Contracts with Nongovernmental and Certain Governmental Funders, Revision of EM 12-065

Upon the recommendation of the Academic Senate and the concurrence of the Provost, I approve Disclosing Potential and Actual Conflicts of Interest in Grants and Contracts with Nongovernmental and Certain Governmental Funders, effective retroactive to January 1, 2018.

<b>Policy Title:</b>	EM 18-022 Disclosing Potential and Actual Conflicts of Interest in Grants and Contracts with Nongovernmental and Certain Governmental Funders, Revision of 12-065
<b>Contact:</b>	Office of Research and Sponsored Programs
<b>Supersedes:</b>	
<b>Revision:</b>	EM 12-065
<b>Enabling Legislation or Executive Order:</b>	Integrated California State University Administrative Manual (ICSUAM) section 11000; CSU Chancellor's Office Coded Memorandum HR 2015-05

**SCOPE**

This policy intends to identify when campus personnel are required to file a California Fair Political Practices Commission (FPPC) Form 700-U (Statement of Economic Interests for Principal Investigators) or other Conflict of Interest documentation (COI) with the Office of Research and Sponsored Programs (RESP). For purposes of this policy, campus personnel includes California State University, Chico (University) employees and employees of its auxiliary organizations.

**POLICY**

**I. Introduction**

California State University, Chico (University) encourages campus personnel to engage in a variety of research, scholarly, creative and service activities. In order to facilitate these activities, campus personnel often seek out, by way of RESP, external funding or income from public agencies, private entities and individuals, and entrepreneurial ventures.

When campus personnel, who have principal responsibility for a research project, receive funding, income or other funds from a nongovernmental entity or certain governmental entities, they are required to file with RESP either a FPPC Form 700-U or COI, in compliance with the relevant governmental entity's requirements, to disclose potential or actual conflicts of interest. The University recognizes the obligation of individuals and the institution to ensure that instances of conflict of interest do not improperly affect university activities, including those conducted through auxiliary organizations.

This policy is developed in accordance with applicable state and federal laws, including Section 18755 of Title 2 of the California Code of Regulations, ICSUAM Section 11000 et seq., and the CSU Chancellor's Office Coded Memorandum HR 2015-05. Additionally, with the exception of EM12-065, which this policy supersedes, this policy is intended to work in conjunction with, and not supersede, interfere, or conflict with, any Conflict of Interest Policy maintained by the University.

## **II. General Principles and Policy**

1. This policy is based upon Section 18755 of Title 2 of the California Code of Regulations, ICSUAM Section 11000 et seq., the CSU Chancellor's Office Coded Memorandum HR 2015-05 (HR 2015-05), and the principle that institutions of higher education operate for the common good. Advancement of this mission requires that employees avoid conflicts of interest that may impair public trust and conflicts of commitment that may compromise their performance effectiveness. The University has a responsibility to manage, reduce, or eliminate any actual or potential conflicts of interest involving activities conducted under the authority of the University or its auxiliary organizations.
2. The Investigator, as defined below, who has principal responsibility for a research project, is required to file with RESP a FPPC Form 700-U or COI, which are designed to disclose a potential or actual conflict of interest. In no case shall the University or its auxiliary organizations accept funds from an external agency or a private entity or individual on behalf of an employee or project in the absence of the disclosures required in this policy and the satisfactory completion of actions required by the provisions of this policy, the applicable regulations and any findings approved by the President to manage, reduce or eliminate any conflicts of interest.
3. Department chairs, deans, or other administrators will disqualify themselves from approving a proposal for a project to be funded in whole or in part by a nongovernmental entity in which they have a financial interest. Also in keeping with CSU regulations, Investigators will not make, participate in, or in any way attempt to use the Investigator's position to influence the making of any governmental decision that foreseeably will have a material financial effect as specified in HR 2015-05 or any subsequent CSU rule or policy.

### III. Definitions

1. **Potential Conflict of Interest:** A potential conflict of interest occurs when a divergence develops between an individual's private interests and his or her professional obligations to the University or its auxiliary organizations 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.
  - A. Reviewer(s) of disclosure statements can find an actual or potential conflict of interest when it is determined that a financial interest of the Investigator could directly or significantly affect the assigned University or auxiliary activities and professional obligations of University or auxiliary personnel.
  - B. Investigators must disclose all financial interests that would reasonably appear to be affected by the proposed activities. For the purposes of this policy, disclosure of all financial interests includes the financial interests of the Investigator's spouse and dependent children.
2. **Investigator:** As used in this policy, Investigator means the following:
  - A. For funding received from a nongovernmental funder: any member of the campus community who is a full- or part-time, or temporary employee of University, or a university auxiliary organization, and who is assigned the principal responsibility for a research project.
  - B. For funding received from a Public Health Services (PHS) agency, as designated by the United States Department of Health and Human Services (DHHS): the project director or principal investigator and any other person, regardless of title or position, who is responsible for the design, conduct, or reporting of research funded by the PHS, or proposed for such funding, which may include, for example, collaborators or consultants.
  - C. For funding received from the National Science Foundation (NSF): the principal investigator, co-principal investigators/co-project directors, and any other person at the organization who is responsible for the design, conduct, or reporting of research or educational activities funded or proposed for funding by NSF.
3. **Nongovernmental funding source** refers to entities other than federal, state or local government agencies and their subsidiaries, and nonprofit entities exempted from the financial disclosure requirement as provided by Section 18755(d)(1) of Title 2 of the California Code of Regulations.
4. **Financial interest** refers to anything of monetary value, whether or not the value is readily ascertainable, including but not limited to salary or other payments for services (e.g., consulting fees or honorariums), equity interests (e.g., stocks, stock options or other ownership interests), reimbursed travel under some circumstances and intellectual

property rights (e.g., patents, copyrights, and royalties from such rights).

5. **Institution** means any domestic or foreign, public or private, entity or organization (excluding a federal agency) that is applying for, or that receives, external funding in the form of grants or contracts.
6. **Research** means a systematic investigation, study, or experiment designed to develop or contribute to generalizable knowledge relating broadly to a particular subject or field. The term encompasses basic and applied research.

#### IV. **Completion, Review, and Retention of the 700-U Form or COI**

1. An Investigator must complete, and file with RESP, either a Form 700-U or COI, regardless of whether or not the Investigator believes that a conflict of interest exists:
  - A. When applying for funding from a nongovernmental entity to fund research, the Investigator must complete the form 700-U in accordance with Section 18755 of Title 2 of the California Code of Regulations, and any amendments thereto.
  - B. When applying for funding from the National Institution of Health (NIH) to fund research, the Investigator(s) must complete a NIH COI, as required by Section 50.604 of Title 42 of the Code of Federal Regulations, and any amendments thereto, and disclose any significant financial interest as defined by Section 50.603 of Title 42 of the Code of Federal Regulations, and any amendments thereto.
  - C. In accordance with Section 510 of Chapter V of the National Science Foundation (NSF) Office of Budget, Financial & Award Management Grant Policy Manual (GPM), and any amendments thereto, when applying for funding from the NSF to fund research, the Investigator(s) must complete a NSF COI for the purpose of disclosing significant financial interests, as defined in that Section
    - 1) That would reasonably appear to be affected by the research or educational activities funded or proposed for funding by NSF; or
    - 2) In entities whose financial interests would reasonably appear to be affected by such activities.
2. Financial awards for research projects cannot be accepted until a completed Form 700-U or COI, whichever is applicable, is received by RESP, and any potential or actual conflicts are resolved.
  - A. Supporting documentation that provides details of the disclosures required on either the Form 700-U or the COI, and any other information the Investigator wishes to provide, should be attached to the disclosure form. Subject to IV.7.B below, if the Investigator would like the supporting documentation to remain confidential beyond those individuals who must review the documentation, then the Investigator should place the supporting documentation in a sealed envelope

labeled "Confidential" and include the Investigator's name.

- B.** If a financial award is received before the completed Form 700-U or the COI are received by RESP, or any conflicts are resolved, the award must be held and no expenditures may be charged against the award. If an Investigator begins incurring financial expenditures against an award without providing RESP a completed Form 700-U or the COI, the Investigator's college shall bear the financial expenditures until the completed Form 700-U or the COI are provided to RESP and any conflicts are resolved, and the college will not be entitled to a refund.
- 3.** When applying for funding from either the NSF or NIH, Investigators must complete the COI for either the NSF or NIH at the time of proposal submission. If the COI is not timely completed, the award will not be accepted pursuant to Subsection 2, of Section IV of this Policy.
  - A.** If during the course and scope of a project period funded by either the NSF or NIH, a significant financial interest (as defined in 42 CFR §50.604 or Chapter V, §510 of the GPM, respectively) develops, the Investigator must report this change within 30 days of the Investigator becoming aware of the change.
- 4.** When applying for funding from a nongovernmental entity, Investigators must complete the Form 700-U in accordance with Section 18755(b) of Title 2 of the California Code of Regulations, and any amendments thereto.
  - A.** An Interim 700-U must be filed within 30 days after funding from a nongovernmental entity is renewed, and shall disclose reportable investments, income and business positions held or received during the period between the date the initial statement was filed and the date the funding for the project was renewed.
- 5.** Upon receipt of the completed Form 700-U or COI form, the Associate Vice President for Research (AVPR), or their designee, will review the form for potential or actual conflicts of interest.
  - A.** If the AVPR, or their designee, determines that a potential or actual conflict exists, the AVPR shall notify the Investigator, and the AVPR shall determine a course of action to correct the conflict. The determination of the AVPR shall be final.
- 6.** If an Investigator willfully fails to disclose known conflicts, RESP will report the failure to disclose to the University Human Resources and the Office of the Provost for investigation and action. Disciplinary measures, if any, will be in keeping with applicable campus and system wide policies and procedures and collective bargaining agreements. Funding sources and other appropriate parties will be notified and kept informed as required by local, state and federal laws and regulations and Research and

Sponsored Programs award documents. Appropriate regulations will be followed in any such instance including further management and disclosure of financial conflicts of interest.

**7. Record Retention and Release**

- A.** RESP will maintain all 700-U and COI records as required by local, state, or federal laws or regulation, by funding documents, and in accordance with RESP record retention policies.
- B.** Any public information requests, or freedom of information act requests will be complied with as required by local, state, or federal laws or regulations, or as required by funder guidelines. If there is a conflict between local, state, or federal laws or regulations and funder guidelines, local, state, or federal laws or regulations shall control.

**V. Ethics Training**

- 1.** Prior to receiving funding, Investigators may be required to complete ethics training. RESP, in collaboration with the appropriate units in the University auxiliary organizations, shall ensure that Investigator(s) complete the proper ethics training required by federal and states laws, University and auxiliary policies, and any ethics training requirements maintained by funders.

**RESPONSIBILITIES**

This Policy will be administered through the Office of Research and Sponsored Programs.