



## Winona State University

### WSU Conflicts of Significant Financial Interests as Related to Grants and Sponsored Research Projects

**(Mandated by Federal Regulations)**

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1. This policy sets forth procedures and guidelines to be followed in resolving actual and potential grant applicants' conflicts of financial interests pertaining to grants and sponsored research projects funded by: 1) commercial sponsors, 2) federal agencies having specific conflicts of interests requirements, such as the National Science Foundation and the Public Health Service, and 3) purchase orders and subcontracts issued by Winona State University (WSU) for such projects regardless of the source of funds.

WSU benefits from faculty and staff participation in grants and sponsored research projects and in other public and private activities. The University has no interest in setting forth detailed rules that may interfere with faculty and staff outside interests. However, full-time and part-time faculty and staff must ensure that their outside financial interests, and participation in outside activities, do not conflict or interfere with their obligations to the university.

2. This policy specifically addresses Conflicts of Financial Interests, situations in which grant applicants may have the opportunity to influence the University's business decisions in ways that could lead to personal gain or give improper advantage to themselves, co-applicants (anyone involved in the design, conduct and reporting of the research results), or their spouses or dependents. Such conflicts could affect the design, conduct or reporting of research results. A financial interest is defined as 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, royalties from such rights). A "significant" financial interest would exceed \$10,000 in value (in terms of income) or would represent more than 5% ownership in a given organization.
3. When the University engages in or intends to engage in a sponsored project with an external organization, or has subcontracted or intends to subcontract with an external organization under a sponsored project, a significant conflict of financial interest may occur when a grant applicant's affiliation with the external organization meets any of the following criteria:
  - A. The grant applicant is an officer, director, partner, trustee, employee, advisory board member, or agent of the external organization or corporation either funding a sponsored project or providing goods and services under a sponsored project on which the applicant is participating in any capacity.
  - B. The grant applicant is the actual or beneficial owner of more than five percent (5%) of the voting stock or controlling interest of such organization or corporation.
  - C. The grant applicant has dealings with such organization or corporation from which he or she derives income of more than \$10,000 per year, exclusive of dividends and interest.
  - D. The grant applicant's or co-applicants' spouse or dependents (dependent children or other relatives living at the same address as the applicant or co-applicant) meet any of the criteria stated in A. - C. above.

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4. Each grant applicant and co-applicant participating in a sponsored project covered by this policy must disclose whether or not he or she has external affiliations that may constitute a conflict as described above. A disclosure form is to be completed and submitted to the Office of Grants and Sponsored Research at the same time the required Transmittal Form (See WSU Regulation 2-8) is submitted for institutional approval. The form must be updated on an annual basis and whenever new financial interests are secured. Negative disclosures will be filed in the Office of Grants and Sponsored Research, with no further review required. Positive disclosure forms will be reviewed by a Conflict Review Committee consisting of the appropriate Vice President, one MSUAASF representative, and one faculty representative. The review must be completed prior to the University's acceptance of the sponsored project or issuance of purchase orders or subcontracts for the acquisition of goods and services.
5. In reviewing positive disclosures, the Conflict Review Committee will be guided by the following:
  - A. Assure adherence to relevant state law and University policies such as Minnesota Statute 43A.38, Code of Ethics for employees in the executive branch; Minnesota State University Association of Administrative and Service Faculty (MSUAASF) bargaining agreement provisions on Ethical Standards and Outside Employment; and Inter Faculty Organization (IFO) bargaining agreement provisions on Ethical Standards related to External Employment and Other Activities, Conflict of Interest, Confidentiality, and Patents and Intellectual Property; and other University documents the Conflict Review Committee may deem appropriate.
  - B. Consider the nature and extent of the financial interests in the relationship of the applicant, co-applicants and their spouses or dependents and the external organization.
  - C. Give special consideration to the terms and conditions of sponsored project agreements that may mitigate or complicate the given situation.
  - D. Consult with and obtain additional information from the applicant or co-applicant as either the Conflict Review Committee or the applicant or co-applicant feel may be helpful in resolving actual or potential conflicts.
  - E. Act in a timely manner so as not to delay unduly the conduct of a sponsored project.
  - F. Identify possible actions the University might take to ensure that financial interests will be appropriately managed, reduced or eliminated the conflict.
6. Based on the Conflict Review Committee's recommendation, the University administration may take one of the following actions:
  - A. Accept the sponsored project award.
  - B. Not accept the sponsored project award.
  - C. Accept the sponsored project award subject to suitable modifications in the award document or in the applicant's, co- applicants', or their spouses' or dependents' affiliation with the external organization involved. Such modifications might include:
    - a. Making public disclosure of the financial interests.
    - b. Review of data and research results by in-house or external independent reviewers identified by the committee and the applicant(s).
    - c. Modification of the research plan.
    - d. Disqualification from participation in a portion of the research.
    - e. Divestiture of significant financial interests.
    - f. Severance of relationships that create actual or potential conflicts.

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7. If the grant applicant or co-applicant(s) are dissatisfied with the Conflict Review Committee's findings, the applicant may appeal to the President who will consult with the applicant and Conflict Review Committee as deemed necessary and appropriate to the particular circumstance. The decision of the President upon appeal shall be final.
8. Violations of this policy, such as willful concealment of financial interests, or failure to comply with agreed-upon modifications to manage, reduce or eliminate financial interests, may result in sanctions being imposed upon the violating individual in accordance with the appropriate collective bargaining agreement.
- T9. The Office of Grants and Sponsored Research shall maintain records pertaining to each disclosure in accordance with the requirements of the Minnesota Data Practices Act. Access to such records will be limited to the applicant(s), the Conflict Review Committee, the President and others who have a legal right to review the records, in accordance with the appropriate collective bargaining agreement. Certain sponsors, particularly federal agencies, may have requirements that differ from this policy with regard to the timing and frequency of disclosures and other conflict considerations as well. In the case of such discrepancies, the sponsors' requirements will generally prevail.

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### APPENDIX

The following list of examples serves as a guide for identifying potential conflicts of interests. It is not intended to be a comprehensive list of all potential conflicts.

#### 1. ACTIVITIES THAT ARE CLEARLY PERMISSIBLE

- Outside employment, service on boards and committees of public or private organizations, service as a consultant to outside organizations, or other outside activities as allowed by the terms of the appropriate collective bargaining agreement, provided the income generated from any organization through such activities does not exceed the \$10,000 threshold.
- Acceptance of royalties for published works and patents, payment for the creation of computer software or artistic works, or of honoraria for occasional speeches.
- Acceptance of income from seminars, lectures, or teaching engagements sponsored by public or nonprofit entities.
- Service on boards and committees of public or private organizations and acceptance of income for service on advisory committees or review panels for public or nonprofit entities.

#### 2. ACTIVITIES THAT PRESENT THE POTENTIAL FOR CONFLICTS

- Relationships that might enable an applicant or co-applicant to influence the University's dealings with an outside organization in ways leading to personal gain or improper advantage for the applicant or co-applicant's spouses or dependents. (Note: Making full disclosure of such relationships and making appropriate arrangements to manage, reduce or eliminate potential conflicts would resolve such potential problems.)

#### 3. ACTIVITIES THAT ARE VERY LIKELY TO BE UNACCEPTABLE

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- Use for personal profit of unpublished information emanating from sponsored agreements or confidential university sources, or assisting an outside organization by giving it exclusive access to such information, or consulting with outside organizations that impose obligations upon the applicant or co-applicant that conflict with the University's patents and intellectual property policies or the University's obligations under sponsored projects agreements.
- The applicant or co-applicant or their spouses or dependents is an officer, director, partner, trustee, employee, advisory board member, or agent of an external organization or corporation either funding a sponsored project or providing goods and services under a sponsored project on which the applicant or co-applicant is participating in any capacity.
- The applicant or co-applicant or their spouses or dependents is the actual or beneficial owner of more than five percent (5%) of the voting stock or controlling interest of such organization or corporation.
- The applicant or co-applicant or their spouses or dependents has dealings with such organization or corporation from which he or she derives income of more than \$10,000 per year, exclusive of dividends and interest.

This WSU Regulation supersedes WSU Regulation 3-28 dated October 12, 1998.

AUTHENTICATED BY:

Darrel W. Krueger  
Darrell W. Krueger  
President

October 1, 2002  
Date of Adoption

Authoritative References:

[Code of Federal Regulations, 42 Title 42, Part 50](#), Subpart F Responsibility of Applicants for Promoting Objectivity in Research for Which PHS Funding is Sought, HHS  
[NSF Grant Policy Manual](#), Section 510 – Conflicts of Interests Policies, NSF  
President

Initial Date of Adoption: 10/12/98

Date of Revisions: 10/12/88, 10/1/02

LIST OF ATTACHMENTS

[Disclosure Statement Regarding Conflicts of Financial Interests](#)