Financial Conflict of Interest Policy for External Funding

When Minnesota North College 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 the affiliation between senior project personnel and the external organization meets any of the following criteria:

a. The Project Director/Principal Investigator or co-applicant (PD/PI or Co-PD/Co-PI) is an officer, director, partner, trustee, employee, advisory board member, or agent of the external organization, agency, or corporation either funding a sponsored project or providing goods and services under a sponsored project on which the PD/PI is participating in any capacity. See PD/PI definition on page 3 of this policy document.
b. The PD/PI or co-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 PD/PI or co-applicant has dealings with such organization or corporation from which they derive income of more than $10,000 per year, exclusive of dividends and interest.
d. The PD/PI's or co-applicant's spouses or dependents (dependent children or other relatives living at the same address as the PD/PI or co-applicant) meet any of the criteria stated in a. - c. above.

Per Title 42 Code of Federal Regulations (CFR) Part 50 Subpart F (grants and cooperative agreements) and Title 45 CFR Part 94 (research contracts), the College must:

- Create and maintain a written and enforced policy stating the procedures for implementing the regulation.
- Inform each Project Director/Principal Investigator (PD/PI) and co-applicants of the FCOI (Financial Conflict of Interest) regulation, the College's policy, and the PD/PI disclosure responsibilities under the regulation and the policy.

Violations of this policy, such as willful concealment of financial interests or failure to comply with agreed upon modifications to manage, reduce, or eliminate conflicts of financial interests, may result in sanctions being imposed upon the violating individual in accordance with the appropriate collective bargaining agreement.

Procedures:
Each PD/PI and co-applicant participating in a sponsored project covered by this policy must disclose if they have external affiliations that may constitute a conflict as described above. A conflict of interest disclosure form is to be completed and submitted to the Grant Services Director at the time that the required External Funding Approval Form is submitted for institutional approval. This form must be updated on an annual basis for each grant the PD/PI and Co-PD/Co-PI is overseeing and whenever new significant financial interests relevant to a project are secured.

Negative Disclosure:
Negative disclosures will be filed in the Grant Services and Business Services Offices with no further review required.

Positive Disclosure:
Positive disclosure forms will be held by Business Services as sealed confidential material while a proposal is pending. The review of a positive disclosure must be completed by the Vice President of Finance and Facilities prior to the College's acceptance of a sponsored project or issuance of purchase orders or subcontracts for the acquisition of goods and services.

In reviewing positive disclosures, the Vice President of Finance and Facilities will be guided by the following:

- Assure adherence to relevant state law and College policies such as Minnesota Statute 43A.38, Code of Ethics for employees in the executive branch; Minnesota State College Faculty (MSCF) bargaining agreement provisions on Ethical Standards related to External Employment and Other Activities, Conflict of Interest, Confidentiality, and Patents and Intellectual Property; and other College documents Business Services may deem appropriate.
- Consider the nature and extent of the financial interests in the relationship of the PD/PI, co-applicants, and their spouses or dependents to the external organization.
- Give special consideration to the terms and conditions of sponsored project agreements that may mitigate or complicate the given situation.
- Consult with and obtain additional information from the PD/PI or co-applicant that may be helpful in resolving actual or potential conflicts.
- Act in a timely manner so as not to delay unduly the conduct of a sponsored project.
- Identify possible actions the College might take to ensure that financial interests will be appropriately managed or reduced, or the conflict eliminated.

Based on the review, the College administration may take one of the following actions:

1. Accept the sponsored project award.
2. Not accept the sponsored project award.
3. Accept the sponsored project award subject to suitable modifications in the award document or in the PD/PI's, co- applicants', or their spouses' or dependents' affiliation with the external organization. Such modifications may include
   - Appropriate public disclosure of financial interests.
   - Review of data and research results by in-house or external independent reviewers identified by the committee and the PD/PI(s).
   - Modification of the project work plan.
   - Disqualification from participation in a portion of the project.
   - Divestiture of significant financial interests.
   - Severance of relationships that create actual or potential conflicts.

Appeals Process:
If the PD/PI or co-applicant(s) are dissatisfied with the findings, an appeal may be made to the President, who will consult with the PD/PI and Vice President of Finance and Facilities as deemed necessary and appropriate to the particular circumstance. The decision of the President upon appeal shall be final.

The Vice President of Finance and Facilities 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 PD/PI(s) or co-applicants, Business Services, Grant Services, 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 establish 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.

Examples of Potential Financial Conflicts of Interest

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 a PD/PI or co-applicant to influence the College's dealings with an outside organization in ways leading to personal gain or improper advantage for the PD/PI 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 likely to be unacceptable*
    - Use for personal profit of unpublished information emanating from sponsored agreements or confidential College sources or assisting an outside organization by giving it exclusive access to such information, or consulting with outside organizations that impose obligations upon the PD/PI or co-applicant that conflict with the College's patents and intellectual property policies or the College's obligations under sponsored projects agreements.

    - The PD/PI 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 PD/PI or co-applicant is participating in any capacity.

    - The PD/PI 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 PD/PI 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.

Terms and Definitions

- ***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, royalties from such rights).
- ***Significant Financial Interest*****:** anything of monetary value that would exceed $10,000 (per project) in terms of income or would represent more than 5% ownership in a given organization (42 CFR Part 50; Subpart F).
- ***Negative Disclosure:*** a good faith revelation of a fact (or an item of information that is not generally known) on a disclosure form that does NOT lend itself to further review.
- ***Positive Disclosure:*** a good faith revelation of a fact (or an item of information that is not generally known) on a disclosure form that may lend itself to further review.
- ***Project Director/Principal Investigator (PD/PI):*** the person responsible for the design, conduct, and/or reporting of an externally funded project or proposed for such funding, including individuals working for subgrantees/contractors/subcontractors/collaborators. The term Project Director/Principal Investigator includes the Project Director/Principal Investigator's spouse and dependent children.