

# 9.G Conflicts of Interest and Conflicts of Commitment

In a community as large and complex as the University, there is the possibility that faculty members pursuing individual interests could find their actions in conflict with those of the University. Because conflicts can arise in many different contexts, there are a number of sources of information about conflict of interest policies and regulations. These sources are listed at the end of this section.

As a general principle, the University's policy regarding conflict of interest is based on the premise that honesty and professional integrity are expected of all faculty and staff, and it would be a serious violation of this trust if the interests of the University were to be disregarded in the course of performing professional duties. Also inconsistent with University policy is the use of official position and influence to further either personal gain or that of families or associates. As with other ethical questions, the responsibility to recognize potential conflicts and prevent them rests with individuals. Faculty and staff members with significant exposure to potential conflict of interest situations are encouraged to develop a sensitivity to this issue and to seek guidance when appropriate. For additional information about University policy statements regarding conflict of interest or advice about a particular situation, faculty on the Ann Arbor campus should contact the Office of the Vice President and General Counsel.

In 2005, the University revised its policy on conflicts of interest (COI) and conflicts of commitment (COC); see Standard Practice Guide [201.65-1](#). In accordance with this revised SPG, the schools, colleges, and administrative units developed implementation policies, which are available on the provost's office website [http://www.provost.umich.edu/programs/COI\\_COC/units.html](http://www.provost.umich.edu/programs/COI_COC/units.html). This set of policies includes a policy that applies to the executive officers and presidential direct reports.

In addition, Regents' bylaw 1.14 *Regental and Executive-Senior Officer Conflict of Interest Policy* provides access to supplemental procedures for handling potential conflicts of interest involving a member of the Board of Regents or the president.

The University's conflict of interest and conflict of commitment policies are part of the University's comprehensive compliance program. See section [7.C Norms, Policies, and Regulations Guiding Scholarship and Research](#) for an overview of this important University effort. For additional information, visit the [Conflict of Interest section](#) of the online [Compliance Resource Center](#).

## **Policies, Regulations, Statutes, and Procedures Concerning Employees' Outside Interests and Related Issues**

### **State Statute**

#### State of Michigan Statute (P.A. 317 of 1968)

The State of Michigan statute on avoidance of Conflict of Interest prevents University employees from contracting with the University, either individually or on behalf of external business entities in which the University employee has an interest, unless the terms of any such proposed contract are disclosed in full to the executive officers and approved in advance by a two-thirds vote of the Regents.

### **Regental Policies**

#### Regental Policy on Outside Employment

Conditions governing permissible outside employment of a full-time instructional faculty member, including external consulting, are set forth in bylaw [5.12](#). Each of the governing faculties of the University is authorized to formulate unit policies implementing the bylaw. See also SPG [201.65-0](#) and sections [9.E](#) "[Working Outside the University](#)" and [9.G](#) "Conflicts of Interest and Conflicts of Commitment."

#### Regental Policy on Governmental Activities

Bylaw [5.13](#) describes University policy regarding the holding of public office (either elective or appointive) by a University staff member.

#### Gifts to Regents, Officers and Faculty

Bylaw [2.16](#) reads in its entirety, "No individual Regent, officer, member of the faculty, or other employee shall accept a gift of substantial value from a student or students enrolled in the University, and no such person shall accept a gift of substantial value from any person having business relations with the University."

#### Regental and Executive/Senior Officer Conflict of Interest Policy

Bylaw [1.14](#) describes when a Regent or executive/ senior officer is considered to have a conflict of interest and the steps to be taken in that event. The bylaw is in addition to any obligations imposed on a Regent or executive/senior officer by state law.

#### Regents' Policy Concerning Openness in Research Grants, Contracts and Agreements

The Regents' policy, approved on April 17, 1987, establishes guidelines for the acceptability of restrictions on openness in research grants, contracts, and agreements. SPG [303.01](#) contains both the text of the Regents' policy and the implementation guidelines for the policy.

#### Regents' Policy on Intellectual Properties: Including Their Disclosure, Commercialization, and Distribution of Revenues from Royalties and Sale of Equity Interest

Bylaw [3.10](#) deals with the "Ownership of Patents, Copyrights, Computer Software, Property Rights, and Other." This bylaw is amplified by a Regental policy that speaks to the objectives of the University's technology transfer/intellectual property development activities. The policy deals with disclosure to the institution, options for commercialization, acceptable provisions in assignment and license agreements, and distribution of revenue from royalties or sale of equity interest. (SPG [303.04](#))

#### Regents' Policy on Business Transactions

Bylaw [1.13](#) provides that as a general rule, Regents and University officers may not receive compensation from University funds for any business or professional activity except for board-approved compensation of officers.

### **SPGs**

#### University Policy on Work Outside the University

SPG [201.65-0](#) applies to all University employees. It allows work outside the University as long as this work does not detract from the individual's performance of University duties and responsibilities or create a conflict of interest.

### Appointment of Relatives or Others with Close Personal or External Business Relationships

SPG [201.23](#) contains University policy on appointment of individuals with close personal or external business relationships and procedures to assure equal opportunity and to avoid the possibility of favoritism.

### Limitation on Days of Additional Compensated Activities Within the University

University policy states that appointment as a full-time staff member generally precludes other employment at the University. Compensation for full-time appointments will cover all responsibilities to the University, including teaching, research, administrative and supervisory duties or other professional activities.

Additional U-M compensation, which is paid on a special stipend, may be approved for only the services that a U-M faculty member provides that are clearly above and beyond services associated with the faculty member's obligations. A dean or director normally should not approve special stipends for more than four days in any calendar month. Unusual circumstances justifying payments for more than four days should be explained (SPG [201.85](#)).

### Policy Statement on the Integrity of Scholarship and Procedures for Investigating Allegations of Misconduct in the Pursuit of Scholarship and Research

The policy defines serious academic misconduct and establishes a procedure for investigating and reporting allegations of misconduct. Among the categories of serious academic misconduct are falsification of data, abuse of confidentiality, and dishonesty in publication (SPG [303.03](#)).

### Purchasing Conflicts

It is the responsibility of each member of the University faculty and staff and of the Purchasing Department to assure that the University does not knowingly enter into a purchase commitment that could result in a conflict of interest situation (SPG [507.01](#)).

## **Other University Policies**

### Research Proposal Approval Form (PAF) Disclosure ("Negative Disclosures")

Every proposal for externally sponsored research requires an internal document called the Proposal Approval Form on which summary information about the proposal is collected. The form requires certain certifications and disclosures. It provides an opportunity for faculty investigators to provide certification that neither the proposed investigator on the sponsored project, nor his or her immediate family has a significant financial interest in the proposed research. PAF forms are available on the research website <[www.research.umich.edu](http://www.research.umich.edu)>, from ORSP, and from departmental offices.

### Policy and Procedures for Dealing with Financial and Outside Management Conflicts of Interest in Sponsored Projects and Technology Transfer ("Positive Disclosures")

When a faculty researcher on a proposed research project or a member of his or her immediate family has a significant financial or management interest in a sponsored project, formal disclosures are required. Disclosures are reviewed by designated faculty committees for determination of whether a conflict of interest exists and, if so, whether the conflict of interest might be managed. The disclosure form and the policy are available on the research website <[www.research.umich.edu](http://www.research.umich.edu)>.