

Kentucky Wesleyan College

Policy & Procedure Manual

Individual Conflict of Interest Policy

Approval: Board of Trustees

Policy Type: College

Policy Owner: Vice President of Finance

Responsible Office: Director of Human Resources

Revision History

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1. Purpose

- 1.1. This policy governs individual conflicts of interest and applies to covered individuals whose relationships with business entities relate to their Kentucky Wesleyan College employment or association. This policy establishes procedures and guidelines that are to be followed in resolving actual and/or potential conflicts of interest.

2. Scope

- 2.1. Covered individuals include Kentucky Wesleyan College employees (including faculty and staff, full-time and part-time), volunteers, independent contractors, and members of the Board of Trustees.

3. Definitions

- 3.1. Conflicts of interest are defined as situations in which covered individuals may have the opportunity to influence the College's business decisions in ways that could lead to personal gain or give improper advantage to members of the covered individual's family or to the covered individual's associates.
- 3.2. In those circumstances in which the College is engaged in or intends to engage in business transaction or a sponsored project with a commercial organization, or has subcontracted or intends to subcontract to an external organization in regards to business transactions or sponsored projects, a conflict of interest may occur when a covered individual's affiliation with the external organization meets any one of the following criteria:
 - 3.2.1. When the covered individual is an officer, director, partner, trustee, employee, advisory board member, or agent of an external organization or corporation either a) related to the responsibilities of the covered individual or b) funding a sponsored project or providing

goods, services, and/or travel reimbursements under a sponsored project on which the covered individual is participating in any capacity.

- 3.2.2. When the covered individual is the actual or beneficial owner of more than five percent (5%) of the voting stock or controlling interest of such organization or corporation or voting stock of such organization or corporation that exceeds \$5,000 in value as determined by reference to public prices or other reasonable measures of value.
 - 3.2.3. When the covered individual has dealings with such organization or corporation from which he or she expects to receive salary, royalties, or other payments of more than \$5,000 during the next twelve months or had received salary, royalties, or other payments of more than \$5,000 during the past twelve months.
 - 3.2.4. When the covered individual's immediate family (defined as spouse, domestic partner, parents, parents-in-law, siblings, children, or other relatives living at the same address as the covered individual) or the covered individual together with all members of his or her immediate family meet any of the criteria stated in 3.2.1 – 3.2.3 above.
- 3.3. In addition to the above specific instances, there may be additional circumstances in which a conflict is found to exist. Any covered individual who feels that he or she may have a conflict, now or in the future, should report it to the Director of Human Resources or to the President's Office using the Disclosure Statement (included later in this policy).

4. Policy

4.1. Disclosure Required Annually

4.1.1. Business Transactions

- 4.1.1.1. Each covered individual who is in a position to influence the College's business must disclose when he or she has external affiliations that may constitute a conflict of interest falling within the criteria stated in Section 3. Faculty, staff, volunteers, and other constituents must complete a Disclosure Statement and submit it to the Director of Human Resources, members of the Board of Trustees must submit forms to the President's Office. These disclosures must be made annually.

4.1.2. Sponsored Projects

- 4.1.2.1. Each covered individual who is participating in a sponsored project must disclose whether or not he or she has external affiliations that may constitute a conflict of interest falling within the criteria stated in Section 3. These individuals must complete a Disclosure Statement and submit it to the Director of Human Resources.
- 4.1.2.2. For sponsored projects, a disclosure must be completed both (1) prior to the College's (a) submission of a proposal to any federal granting agency or private foundation (b) acceptance of the sponsored project or (c) issuance of a purchase order or subcontract for the acquisition of goods and services and (2) during any sponsored project, whenever the covered individual has a new external affiliation that may constitute a conflict of interest by falling within the criteria stated in Section 3 above.

4.2. Review of Disclosures of Conflicts

4.2.1. Reviewers

4.2.1.1. Disclosure Statements received by the Director of Human Resources will be reviewed by the Vice President of Finance and the Vice President for Academic Affairs (the “Reviewers”). If either or both of these Reviewers are involved in the conflict of interest, the first alternate Reviewer shall be the Vice President of Advancement and the second alternate Reviewer shall be the Vice President of Student Services.

4.2.1.2. Board of Trustees Disclosure Statements will be received by the President’s office and referred to the Executive Committee of the Board of Trustees who will review and resolve issues within 30 business days. If a member of the Executive Committee is involved in the Conflict of Interest, they will be recused from the review.

4.2.2. Manner of Review

4.2.2.1. In reviewing the disclosures, the Reviewers will be guided by the following practices and apply them as may be appropriate:

- Assure adherence to relevant College policies such as the Standards of Ethical Conduct, the Faculty Handbook, the Staff Employee Handbook, the Intellectual Property Policy, and other College documents deemed appropriate.
- Consider the nature and extent of the financial interest in the relationship of the covered individual and the external organization.
- Give special consideration to the terms and conditions of sponsored project or other agreements that may mitigate or complicate the given situation.
- Consult with and obtain additional information from the covered individual that may be helpful in resolving actual or potential conflicts.
- Consult with external experts in grants and contracts for opinions about the disclosure at hand.
- For Sponsored Projects, act in a timely manner so as not to delay unduly the conduct of the sponsored project.
- Conclude that the College may take one of the following actions:
 - Accept the business transaction or sponsored project award.
 - Do not accept the business transaction or sponsored project award.
 - Accept the business transaction or sponsored project, subject to suitable modifications in either the sponsored project award document or the external organizational affiliation(s) of the covered individual or covered individual's family.

4.2.3. Appeals of Decisions

- 4.2.3.1. If the covered individual is dissatisfied with the Reviewers' conclusion, the covered individual may appeal the decision to the President. The President will consult with the covered individual and the Reviewers as the President deems necessary and appropriate to the particular circumstance and will make a determination concerning the appropriateness of the Reviewers' decision. The President may uphold or change the Reviewers' decision. The decision of the President shall be final.

4.3. Violations

- 4.3.1. Violations of this policy, such as willful concealment of financial interests, may result in sanctions being imposed upon the violating individual. The Director of Human Resources will review alleged violations and make recommendations regarding the imposition of sanctions. For cases involving faculty members, the recommendation will be made to the Faculty Professional Interests Committee which will make appropriate recommendations to the Vice President of Academic Affairs. For cases involving staff members, volunteers, and other constituents, the recommendation will be made to the Officer responsible for the individual's area.

4.4. Records and Confidentiality

- 4.4.1. The Human Resources Office shall maintain the records pertaining to each disclosure in strict confidence. Access to such records will be limited to the covered individual, the Director of Human Resources, the Reviewers, and others as required by their institutional responsibilities.
- 4.4.2. 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 of interest considerations as well. In the case of such discrepancies, the sponsors' requirements will generally prevail.

4.5. Examples of Activities

- 4.5.1. The following list of examples identifies potential conflicts of interest. It is not intended as a comprehensive list of all potential situations that could present covered individuals and the College with difficulty.

- 4.5.1.1. Activities which clearly are permissible:

- Acceptance of royalties for published works and patents, or of honoraria for commissioned papers and lectures.
- Service as a consultant to outside organizations, provided that the time commitment does not exceed the then existing College policy, and that the arrangement in no way alters the covered individual's commitments incurred in the College's execution of a sponsored agreement on the covered individual's behalf.
- Service on boards and committees of organizations, public or private, that does not distract unduly from the covered individual's obligations to the College or that

does not interfere or appear to interfere with a covered individual's ability to conduct work under sponsored agreements objectively.

4.5.1.2. Activities that present the potential for conflict:

- Relationships that might enable a covered individual to influence the College's dealings with an outside organization in ways leading to personal gain or improper advantage for the covered individual, or his or her associates or family members. For example, a covered individual or family member could have a financial interest in an organization with which the College does business and could be in a position to influence relevant business decisions. Ordinarily, making full disclosure of such relationships and making appropriate arrangements to mitigate potential conflicts would resolve such problems.
- Situations in which the time or creative energy a covered individual may devote to external activities appear substantial enough so as to compromise the amount or quality of his or her participation in the instructional, scholarly, or administrative work of the College.
- Situations in which a covered individual directs students into a research area from which the covered individual may realize a financial gain. In such situations, the ability of a covered individual to render objective, independent judgment about the students' scholarly best interests may be diminished.

4.5.1.3. Activities which are very likely to present unacceptable conflicts:

- Situations in which a covered individual assumes executive responsibilities for an outside organization that might seriously divert his or her attention from College duties. Covered individuals should consult with the appropriate Vice President before accepting any outside management position.
 - 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 covered individual or the College that conflict with the covered individual's or College's Intellectual Property Policy or with the College's obligations under sponsored projects.
 - Circumstances in which a substantial body of research that could and ordinarily would be carried on within the College is conducted elsewhere to the detriment of the College and its legitimate interests.
 - Any activity that a covered individual may wish to undertake on an individual basis that (a) involves or appears to involve the College significantly through the use of its resources, facilities, or the participation of academic colleagues, students, and staff, (b) involves the use of the College's name or implied endorsement, or (c) is intended as a fraudulent activity.
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