



## **POLICY & PROCEDURE DOCUMENT**

NUMBER: 0.2050

DIVISION: General University

TITLE: INSTITUTIONAL CONFLICT OF INTEREST POLICY AND PROCEDURES

DATE: October 14, 2013

Authorized by: Administrative Council

### **I. Purpose and Scope**

In pursuit of its mission as a public institution of higher education, WKU seeks excellence in the quality of its research, in the teaching and education it provides to its students, and in the service it provides to the broader community. Accomplishment of its missions inevitably leads to increasingly close relationships between WKU and those with outside interests in the broader community, including financial interests. The benefits that potentially accrue from this proximity are accompanied by real or apparent risks that external interests might compromise University decisions by influencing the judgment of the Institution or one of its members. To guard against these external influences, the University has put procedures in place to identify and address institutional conflicts of interest. These procedures are not intended to discourage research, creative activity and scholarship.

This policy governs institutional conflict of interest at the WKU and applies to University officials, as defined below, department/unit heads, and other individuals as required by administrative policies and procedures. This policy covers academic, business, and research transactions and activities conducted under the auspices or for the benefit for the WKU.

### **II. Definitions**

- A. **University Official.** Persons holding administrator positions, including those holding these positions in a temporary capacity. This term includes, but is not limited to individuals serving as: President, Chief of Staff, General Counsel, Senior Division Administrators, Associate Vice Presidents, and Assistant Vice Presidents, members of the Council of Deans, Associate Deans, and Assistant Deans; Directors; University Compliance Officers; Vice Provosts, Associate Vice Provosts, and Assistant Vice Provosts; and chairs of the Institutional Review Boards, and other similar committees that might be created in the future.
- B. **Financial Interest.** Anything of monetary value including, but not limited to: an interest in a business consisting of any stock (other than through mutual fund purchase), stock option, or similar ownership interest in such business, but excluding any interest arising solely by reason of investment in such business by a mutual, pension, or other

institutional investment fund over which the employee does not exercise control; or receipt of, or the right or expectation to receive, any income in one or more of the following forms: a consulting fee, honoraria, salary, allowance, forbearance, forgiveness, interest in real or personal property, dividend, royalty derived from the licensing of technology or other processes or products, rent, capital gain, or any other form of compensation.

- C. **Sponsored Project.** Means research, training, and instructional projects involving funds, materials, other compensation, or anything else of value from outside sources under agreements that contain any of the following: the agreement binds the Institution or an affiliated institution to a line of scholarly or scientific inquiry specified to a substantial level of detail; a line-item budget is involved; financial reports are required; the award is subject to external audit; unexpended funds must be returned to the sponsor at the conclusion of the project; or the agreement provides for the disposition of either tangible or intangible properties that may result from the activity.

### **III. Policy**

This policy governs conflicts of interest and applies to situations involving WKU, as a whole, as well as University Officials. It is the policy of WKU to ensure its transactions are conducted with integrity. This policy, and its associated procedures, outlines the guiding principles and procedures utilized by WKU to identify and manage conflicts of interest that present a significant risk to the actual or perceived objectivity of transactions conducted in the name of WKU.

Potential institutional conflicts of interest typically may arise in one of four areas:

- A. When an entity that has an academic, business, or research relationship with the University also donates a gift to the Institution;
- B. When the University owns equity in an entity and the entity has an academic, business, or research relationship with the Institution;
- C. When the University licenses an invention to an entity that also has an academic, business, or research relationship with the Institution; and
- D. When an University Official has an external and/or professional relationship with an entity and the entity has an academic, business, or research relationship with the Institution.

### **III. Procedure**

This procedure governs conflicts of interest and applies to situations involving the University and University Officials. The University and University Officials must also comply with all applicable federal and state laws related to conflict of interest.

University administrators, due to their supervisory and institutional decision-making functions, frequently encounter conflict of interest situations beyond those faced by most Covered Individuals. They often do not directly conduct Sponsored Projects, teach or conduct outreach in their administrative capacities but may be in a position to influence how these activities are conducted and reported. Their external interests and activities must be disclosed to prevent any real or perceived institutional conflicts of interest.

#### **A. DISCLOSURE REQUIREMENTS**

##### **1. ADMINISTRATIVE COUNCIL / COUNCIL OF DEANS**

- a) Integrity, objectivity, and absence of self-dealing are essential at all levels and in all aspects of governmental and private activities. Members of the Administrative Council and the Council of Deans must be committed to conducting themselves and their activities in accordance with the highest standards of integrity and ethics. The University recognizes that actual or potential conflicts of interest may occur in the normal conduct of business. Thus, it is essential that conflicts of interest be avoided and that possible conflicts of interest be disclosed and reviewed by the University. After disclosure the University can make an informed judgment about a particular action / circumstance, and require appropriate oversight, limitations, or prohibitions in accordance with this policy.
- b) No member of the University's Administrative Council or Council of Deans shall him/herself or through a business in which s/he owns or controls an interest of more than five percent (5%), or by any other person for his/her use or benefit or on his/her account, undertake, execute, hold or enjoy, in whole or in part, any contract, agreement, lease, sale, or purchase made, entered into, awarded, or granted by the University. This prohibition shall not apply to purchases that are available on the same terms and conditions to the general public or which are made at public auction.
- c) A member of the Administrative Council and Council of Deans shall disclose to the President / Provost any direct or indirect interest in any undertaking that puts his/her personal interest in conflict with that of the University. This disclosure shall be made in writing. A member who is publicly required to disclose a direct or indirect interest shall abstain from all discussions and / or decisions concerning his/her interest, if the discussion / decision would affect him/her as a member of a business, profession, occupation, or group in a manner different from other members of the business, profession, occupation or group.
- d) Members of the Administrative Council and Council of Deans shall file a **Conflict of Interest Disclosure Statement** on an annual basis. (Appendix A.) It shall be the responsibility of the Administrative Council or Council of Dean member to re-execute the disclosure statement and/or financial disclosure statement as changes in information occur.

## 2. Financial Conflict of Interest in Extramural Contracts & Grants

Potential / actual conflicts of interest that arise in the context of research, grants and/or contracts shall be governed by WKU Policy & Procedure: 2.7500, *Financial Conflict of Interest in Extramural Contracts & Grants*, and *Financial Conflict of Interest Policy for WKU Office of Sponsored Programs*. <http://www.wku.edu/sponsoredprograms/policy-conflict-of-interest.php>

## 3. EXTERNAL BOARD RELATIONSHIPS

Note: This policy does **not** apply to service on the board of a local religious congregation; neighborhood association; public or private school; youth sports or recreation league; affinity groups; and other similar external boards the service on which is primarily personal rather than professional in nature and does not require significant time away from University responsibilities.

It is anticipated that University Officials will be asked to serve on particular outside boards because of their University related areas of expertise or the offices or positions they hold. External board service is generally deemed to be in the best interest of WKU because it broadens the experience of the Officials involved and exposes WKU to a larger audience of business, civic, professional, and social leaders. However, the participation in the external board may not create an unmanageable conflict of interest

and may not impose an unreasonable time requirement. A University Official may not use his/her role on the board, in conjunction with his/her Institutional role, to influence business, academic, and / or research practices at WKU.

Before accepting a position on an external board, the University Official wishing to accept the position shall first advise his/her immediate supervisor of the position and disclose the number of hours normally required or expected by the service, either monthly, quarterly or annually; and amount of compensation, if any. The immediate supervisor shall evaluate any potential conflict of interest and approve the appointment, if appropriate. The immediate supervisor may not unreasonably withhold approval.

#### 4. PURCHASES

Buyers and staff in the Department of Purchasing may identify potential institutional conflicts when they participate in or review purchasing decisions. Any potential conflicts identified should be forwarded to the Director of Purchasing. Other individuals concerned about possible institutional conflicts of interest in purchasing may report situations to the Director of Purchasing. If the conflict cannot be adequately addressed and managed, the purchase will not be approved.

When a University Official maintains a relationship with a vendor that provides instructional materials for University coursework, the Official in the position to directly influence teaching, outreach or other activities must not make final decisions regarding adoption of the instructional materials for the affected courses.

#### **IV. Related Policies**

See also:

WKU Policy & Procedure Document 4.2303, *Employee Relationships / Employment of Relatives*

WKU Policy & Procedure Document 1.2091, 2.2091, *Faculty Workload and Compensation*

WKU Policy & Procedure Document 3.5111, *Purchasing from Employees*

WKU Policy & Procedure Document 4.4500, *Consulting and Other Professional Activities*

WKU Policy & Procedure Document 3.5011, *Purchasing Department Code of Ethics*

Western Kentucky University Foundation - Code Of Ethics And Standards Of Conduct

Appendix A

**Western Kentucky University  
Administrative Council – Council of Academic Deans  
Conflict of Interest Disclosure Statement**

**As a member of the Administrative Council and/or Council of Academic Deans of Western Kentucky University I make the following disclosures about any real or potential conflicts I may have between my personal interests and my duties as a administrator of the University.**

**For the purposes of this Disclosure Statement, “family member” shall mean spouse, parent, sibling, child, father-in-law, mother-in-law, brother-in-law, or sister-in-law. “Business relationship” shall mean one in which the employee or a member of his or her family serves as an officer, director, employee, partner, trustee or controlling stockholder of a legal entity that does business with Western Kentucky University.**

1. I am unaware of any relationship between myself or a member of my family and Western Kentucky University that would create a real or potential conflict of interest, except the following: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

(If none exists write “none.”)

2. During the past twelve (12) months, neither I nor a member of my family have received any gifts, loans, acts of hospitality or other assets or benefits which (in each instance) are equal to or exceed a value of \$200 from any source from which the Western Kentucky University buys goods or services or has a business relationship, except the following:

\_\_\_\_\_  
\_\_\_\_\_

(If none exists write “none.”)

3. I have reported to my supervisor, prior to acceptance, the receipt of any gifts, loans, acts of hospitality or other assets or benefits which (in each instance) were valued between \$50 and \$200 from any source from which the Western Kentucky University buys goods or services or has a business relationship and which were received during the past twelve (12) months, except the following: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_(If none exists write “none.”)

I certify that the above information is true and complete to the best of my knowledge.

\_\_\_\_\_  
Name Printed

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date