

Conflicts of Interest

HR-07-40



About This Policy

Effective Dates:

06-01-2004

Responsible University Administrator:

Vice President and Chief Financial Officer

Policy Contact:

[University Human Resources](#)

hrpolicy@iu.edu

Scope

This policy applies to all Staff and Temporary employees of Indiana University, whether part-time or full-time.

Policy Statement

1. It is the policy of Indiana University that its employees conduct the affairs of the university in accordance with the highest legal, ethical and moral standards.
2. It is the policy of Indiana University that conflicts of interest should be avoided where possible, or otherwise disclosed and managed.
3. It is the policy of Indiana University that employees shall not use their university position to secure personal financial benefits for themselves or any member of their immediate family. A conflict of interest arises whenever the employee has the opportunity to influence university operations or business decisions in ways that could result in a personal financial benefit to the employee or a member of an employee's immediate family. Although certain specific examples of conflicts of interest are provided in this policy, they are meant only as illustrations, and supervisors and employees are expected to use good judgment to identify possible conflicts of interest and to manage such so as not to adversely influence Indiana University operations.
4. Nothing in this policy shall be construed to permit, even with disclosure, any activity that is prohibited by law.

Reason For Policy

1. The participation of employees in external activities that enhance their professional skills or constitute public service can be beneficial to Indiana University as well as the individual employee. External activities provide an opportunity to discover and pass on new knowledge, with the formation of alliances that enhance the university's academic and research missions.
2. External activities can lead to conflicts of interest with regard to an employee's university responsibilities. As such, this policy is intended to provide a framework for recognizing and managing employee conflicts of interest, and whenever possible, to prevent even the appearance of conflicts of interest. While the primary goal of this policy is to prevent an employee's external activities from adversely influencing Indiana University operations, this policy is also intended to protect employees from undue suspicion that their external activities may improperly influence university operations.

Procedure

1. This policy references an Indiana University policy on conflicts of interests related to research programs, which requires the disclosure of certain financial interests for employees who are engaged in the design, conduct or reporting of research, and the IU Purchasing Department policy for employees with purchasing authority.

2. An employee shall disclose to his or her unit head any situation in which the employee has a real or potential conflict of interest. The unit head shall determine an appropriate way to manage the conflict of interest and ensure that university business is not improperly influenced or adversely affected. In the event that the unit head concludes that there is no reasonable way to manage a conflict of interest, then the employee may be prohibited from participating in related university affairs. In other words, employees have a responsibility to immediately disclose any real or potential conflicts of interest, and unit heads have a duty to manage the conflicts in the best interests of the university.
3. An employee shall disclose conflicts of interest in writing on the university's [Conflicts of Interest Disclosure Form](#), including a brief statement of the nature and extent of the conflict, which shall be submitted for review by the associated unit head. This disclosure should be completed at least annually, on a form designated by the university for such purposes. A new disclosure form should also be completed whenever there is a significant change. See the following Web site for this disclosure form: https://vpgc.iu.edu/doc/services/state_coi_form.pdf.
 - a. If a unit head becomes aware of a conflict of interest that an employee has not disclosed, the unit head shall discuss the situation with the employee, require that a written disclosure be made as provided in this policy, and manage the conflict. The unit head may also take appropriate action under Section F of this policy.
 - b. Unit heads shall carefully evaluate all circumstances relating to a potential conflict of interest before acting to approve or disapprove the associated activities.
4. The following are examples of conflicts of interest requiring employee disclosure. These examples are illustrations only and are not meant to be exclusive. (Also see reference to the Indiana Code regarding conflict of interest.)
 - a. Employee or immediate family member owns, in whole or in part, a business entity with which the university does or proposes to do business, and the employee is in a decision-making role or otherwise is in a position to influence the university's business decisions regarding the business entity. Business entity examples for which an employee disclosure is required:
 - i. Finance or accounting services
 - ii. Athletic equipment services
 - iii. Consulting
 - iv. Counseling
 - v. Catering
 - vi. PC or other hardware services
 - vii. Programming
 - viii. Architectural services
 - ix. Legal services
 - x. Grant preparation
 - xi. Temporary personnel services
 - xii. Office or lab supplies
 - xiii. Painting services
 - xiv. Lawn and grounds services
 - a. Employee holds or assumes an executive, officer or director position in a for-profit or not-for-profit business or entity engaged in commercial, educational, or research activities similar to those in which the university engages.
 - b. Employee participants in consultation activities for a for-profit or not-for-profit business or entity engaged in commercial, educational or research activities similar to those of the university.
5. The activities listed below are prohibited. (This section does not apply to activities determined by the employee's unit head to be within the employee's university responsibilities.)

- a. Using university property, facilities, equipment or other resources in any manner that results in personal financial benefit to an employee or a member of an employee's immediate family.
- b. Using university property, facilities, equipment or other resources in any manner to support a not-for-profit entity unless special permission is provided by the associated unit head.
- c. Using university stationery or letterhead in connection with outside activities, other than activities having a legitimate relationship to the performance of university business.
- d. Using university facilities or the employee's position at the university for the purpose of advocating, endorsing, or marketing the sale of any goods or services, other than as part of the employee's university responsibilities, without the prior approval of the associated unit head.
- e. Using the university's name, trademark or trade name for personal business or economic gain to the employee or a member of the employee's immediate family.
- f. Using any university data or information for personal financial benefit to the employee or a member of the employee's immediate family.
- g. Using any university employee for any outside activity during normal work time for which he or she is receiving compensation from the university (not applicable when employees are on a paid or unpaid leave).
- h. Participating in the selection or awarding of a contract between the university and any entity with which an employee is seeking employment or has been offered employment.
- i. Other activities may be prohibited if a unit head concludes that there is no reasonable way to manage an associated conflict of interest.

6. Employee responsibilities

- a. Employees shall not engage in the prohibited activities listed above or in any other activity that the employee's unit head has prohibited following review of an employee's conflict of interest disclosure.
- b. Employees shall disclose a conflict of interest as described above:
 - i. As soon as the employee knows of the conflict, and then annually thereafter for as long as the conflict continues to exist
 - ii. In writing on the university's [Conflict of Interest Disclosure Form](#)
 - iii. To the associated unit head
- c. Employees shall avoid any involvement with all related university activities and decisions until the associated unit head has evaluated and approved the reported conflict of interest.
- d. If there is any question whatsoever about an external activity representing a conflict of interest, then the employee should consult with his or her supervisor for directions. If the employee's supervisor is not available within a reasonable period of time, then the employee should contact the associated unit head for directions.

7. Unit head responsibilities

- a. Unit heads shall ensure that all new employees are informed of this policy.
- b. Unit heads shall ensure that all current employees are reminded of this policy on a periodic basis, but no less frequently than every two years.
- c. Unit heads shall evaluate and manage reported conflicts of interest.
- d. In the event that a reported conflict of interest is approved, the unit head shall ensure there is an appropriate management strategy in place to monitor and manage the situation so that university resources are used in an appropriate manner and that there is no improper influence on university decisions.
- e. Unit heads shall ensure that Conflicts of Interest Disclosure forms are retained for future reference. Upon an employee's transfer from the unit or termination from the university, associated Conflict of Interest forms shall be forwarded to the campus HR office, for inclusion in the employee's official personnel file. All information disclosed regarding conflicts of interest shall be considered part of the employee's personnel file and shall be deemed confidential. To the extent allowed by Indiana statutes, any information disclosed

by an employee as required by this policy shall be used solely for the purpose of administering this policy and shall not be used for any other purpose unless required by law.

- f. Unit heads shall establish and maintain a work environment that encourages employees to ask questions about real or potential conflicts of interest.
 - g. If the unit head has any question whatsoever about an external activity representing a conflict of interest, then he or she should consult with the next higher level of university management.
8. Contact the University Purchasing Department in Bloomington to obtain the additional disclosure form required by Indiana State Law.

Definitions

1. *Conflicts of interest* occur when an employee or immediate family member receives personal financial benefit from the employee's university position in a manner which may inappropriately influence the employee's judgment or compromise the employee's ability to carry out university responsibilities or could be a detriment to the university's integrity.
2. *External activity* means involvement with any person, trust, organization, enterprise, government agency, or other entity that is not an entity associated with or under the control of Indiana University. (Associated entities include the IU Foundation, ARTI, and physician practice plans.)
3. *Immediate family* includes the employee's spouse, domestic partner, and dependent children and stepchildren.
4. *Manage and managing* means an affirmative action by supervisors and managers to monitor and direct an employee with regards to specific expectations.
5. *Personal financial benefit* is defined as anything of monetary value, including salary, commissions, fees, honoraria, equity interests, interests in real or personal property, dividends, royalty, rent, capital gains, intellectual property rights, and forgiveness of debt. "Personal financial benefit" does not include:
 - a. compensation received from Indiana University
 - b. payments from not-for-profit entities for participation in seminars, lectures or other educational activities
 - c. payments from government or not-for-profit entities for participation on advisory committees or review panels;
 - d. any financial interest arising solely by means of investment in a mutual, pension, or other institutional investment fund over the management and investments of which the employee or an associated immediate family member does not exercise control.
6. *Unit head* means the applicable dean, vice chancellor, chancellor, provost, associate or assistant vice president, vice president, or president, who has executive management responsibilities for supervising the employee.
7. *University* means Indiana University.
8. *University responsibilities* are defined as the responsibilities of a university employee to perform university activities as defined by university management, contract, or collective bargaining agreement.

Sanctions

1. This policy references [Indiana Code \(IC 35-44.1\)](#), which makes it a criminal offense for Indiana University employees to have a financial interest in most any contract or purchase connected with the university, unless certain exceptions apply.
2. [Indiana Code \(IC 35-44.1, Conflict of Interest\)](#) indicates that it is a criminal offense for Indiana University employees to have an aggregated financial interest of \$250 or more per year, or deriving an aggregate profit of \$250 per year from any contract(s) or purchase(s) connected with the university, unless certain exceptions apply. This Indiana state code indicates that a university employee who knowingly or intentionally has an economic interest in or derives a profit from a contract or purchase connected with the university, as indicated above, commits a conflict of interest, a felony. (Indiana state law applies regardless of whether or not employees are in a position to influence or make decisions regarding the contract or purchase at issue.) In order to avoid violating the state law, employees must disclose the conflict of interest to the Board of Trustees of Indiana University in

writing before the contracts or purchases are finalized, and obtain the Board's approval for the transaction to go forward. This disclosure process is separate from the disclosure process discussed in this policy. View the current act here <http://www.in.gov/legislative/ic/2010/title35/ar44.1/ch1.pdf>.

3. Violations of university policies, including the failure to avoid a prohibited activity or disclose a conflict of interest in a timely manner, will be dealt with in accordance with applicable university policies and procedures for Staff and Temporary employees, which may include disciplinary actions up to and including termination from the university.
4. Unit head decisions regarding a reported conflict of interest may be appealed to the next higher unit head, in accordance with the university's normal problem-grievance resolution procedures.
5. Refer to the personnel policies for the associated employee group.

Related Information

[IU Policy on Financial Conflicts of Interest in Research Employees](#) engaged in research programs may also be subject to the university's policy regarding financial conflicts of interest. Employees should consult the campus Sponsored Research office or campus Academic Affairs office with any questions.

[IU Policy on Conflicts of Commitment](#) Employees are expected to devote their university work activities to official functions of the university and to use university resources only in the interest of the university. See the [Policy on Conflicts of Commitment for Staff and Temporary employees](#).

[IU Purchasing Department Policies](#) Employees shall not use their purchasing authority for personal gain. See the subject [Purchasing Department policy](#).

[Vice President and General Counsel page on Conflicts of Interest](#).

[Brochure: Managing Interests and Commitments](#)

Related Forms

[Conflict of Interest Disclosure Form](#)