

**RESOLUTION TO REVISE POLICY 13010  
INDIVIDUAL CONFLICTS OF INTEREST AND COMMITMENT**

**WHEREAS**, over the last 30 years, federal agencies have encouraged the commercialization of intellectual property developed at universities and medical centers through policy changes, small business development grants, and other funding incentives, resulting in a dramatic increase in the number of faculty-owned businesses and faculty consulting with external entities; and

**WHEREAS**, the increasing complexity of relationships among faculty researchers, sponsored research, and involvement with outside corporations has given rise to considerable public concern about conflicts of interest and heightened scrutiny by federal agency sponsors; and

**WHEREAS**, the Public Health Service (PHS) issued new regulations in 2011 to promote objectivity in research for recipients of PHS grants, with full compliance by institutional recipients required by August 24, 2012; and

**WHEREAS**, university policy 13010 on conflict of interest and related Faculty Handbook policies required major revision to address the dramatically changed entrepreneurial, research, and regulatory environment; and

**WHEREAS**, the University Task Force on Consulting and Conflicts of Interest worked through a careful and thorough process to benchmark Virginia Tech policies against policies of major research universities and to address new federal regulations; and

**WHEREAS**, policy revisions are intended to improve the clarity of expectations for faculty members and to provide extensive guidance on what financial interests and activities must be disclosed, how potential conflicts of interest may be managed or eliminated, and how the interests of graduate students may be better protected, in order to assure the integrity of research conducted at Virginia Tech; and

**NOW, THEREFORE, BE IT RESOLVED**, that policy 13010, Faculty Conflicts of Interest and Commitment, be revised as attached and that the 2012 Faculty Handbook be revised to incorporate the necessary changes related to the new policy.

**RECOMMENDATION:**

That revised policy 13010, Individual Conflicts of Interest and Commitment, be approved effective August 10, 2012.

June 4, 2012

**Virginia Polytechnic Institute and State University**  
**Policy and Procedures**

**No. 13010 Rev.: 5**  
**Date: August 10, 2012**

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**Subject: Individual Conflicts of Interest and Commitment**

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## **1. Purpose**

Virginia Tech recognizes that external activities congruent with the professional expertise of faculty and consistent with the mission of the affiliated department can enhance professional development of the faculty member and enrich the academic experiences of students. Activities such as licensing of technology, consulting, or business start-ups can be critical to promoting economic development and meeting society's needs. Given these potential benefits, Virginia Tech has encouraged innovation and entrepreneurial activity in support of the broad missions of the institution. However, the primary professional allegiance of the faculty must be, both in fact and in perception, to the university, and the primary commitment of the faculty member's time and intellectual energies must be devoted to the education, research/scholarship, and outreach programs of Virginia Tech. While external activities are encouraged, the integrity of the institution and of the research conducted by individual faculty members and students depends on a high degree of transparency and appropriate oversight of relationships with outside entities. Elimination or careful management of disclosed potential conflicts of interest provides assurance to research sponsors, subjects, and the broader public that possible personal gain has not influenced the design, conduct, or outcomes of the research, nor inappropriately biased decision making in other university activities. This policy provides the basic framework for assessing potential conflicts of interest or commitment and outlines related procedures for the management and monitoring of external activities in a manner that will both promote and safeguard the interests and reputation of Virginia Tech, its faculty and students, and their research.

## 2. Policy

All faculty members must be committed to conducting themselves in accordance with the highest standards of integrity and ethics, described in Professional Responsibilities and Conduct in the Faculty Handbook as well as in other university policies. These standards also include identification of the potential for *conflicts of interest and commitment*, and the assurance that participation in external activities does not improperly affect the faculty member's teaching and research, relationships with students or colleagues, or otherwise jeopardize the reputation of the university. While this policy refers to "faculty," its provisions apply to all employees, including all types of faculty, staff, or employed students, whether full- or part-time. Issues of conflict of interest and commitment are also addressed in the Statement of Business Conduct Standards; all employees must acknowledge receipt of the statement and agree to abide by the standards.

A *conflict of commitment* arises when the external activities of a faculty member or employee are so demanding of time, attention, or focus that they interfere with the individual's responsibilities to the university.

The Faculty Handbook provides stated limitations on consulting activities and further guidance on assessing and managing conflicts of commitment and outside employment for faculty members. Special consulting policies apply for faculty with Cooperative Extension appointments and for all faculty members in the College of Veterinary Medicine; these policies are included in unit specific policy and procedure documents. Policy 4070 addresses outside/additional employment for classified and university staff. Please see these documents for a more complete discussion of conflicts of commitment and expectations of employees.

An *individual conflict of interest* occurs when a faculty member is in a position to advance one's own interests or that of one's family or others, to the detriment of the university.

In essence, a conflict of interest may occur when an individual's private interests influence his or her professional obligations such that an independent observer might reasonably question whether the individual's actions or decisions are determined by considerations of personal gain, financial or otherwise. A conflict of interest is assessed based on the factual context of the situation; it is not based on any implied judgment about the character or intent of the individual.

State and federal law define differently a *significant financial interest* and the conditions under which a conflict of interest may be deemed acceptable. The *Virginia State and Local Government Conflict of Interests Act* defines a prohibited conflict of interest when an employee, or a company in which an employee or member of the employee's immediate family, has a personal interest contract directly or through a subcontract with a state institution of higher education. In this instance, a *personal interest* is defined as owning three percent or more of the equity in the company or receiving payments from the entity of \$10,000 or more annually from consulting fees, salary, royalties, honoraria, rent, or other income.

In the case of grants and contracts, federal agency guidelines on conflict of interest disclosure apply in addition to state requirements. As a result, investigators are required to disclose personal financial interests beyond that required by state law in order to comply with sponsoring agency regulations. For publicly traded entities, a significant financial interest exists if the value of any remuneration received from the entity in the twelve months preceding the disclosure and the value of any equity interest in the entity as of the date of disclosure, when aggregated, exceeds \$5,000. For non-publicly traded entities, the threshold is \$5,000 for remuneration or when the investigator or investigator's spouse or immediate family members hold *any* equity interest (e.g. stock, stock option, or other ownership interest). A detailed definition of significant financial interest and a list of income and investments excluded from disclosure requirements are included in section 6 (Definitions) of this policy and on the Conflict of Interest (COI) website maintained by the vice president for research.

The required disclosures are those that are reasonably related to the investigator's institutional responsibilities. Institutional responsibilities are defined broadly and include but are not limited to teaching, advising, research and scholarly activities, outreach, administrative and institutional committee service, and service to professional associations or on panels such as peer, institutional, or accreditation review boards.

Individuals in administrative positions have substantial influence by virtue of their roles in professional appointments, promotions, tenure decisions, allocations of space, determinations of salary, execution of business contracts, etc., and they must take particular care to avoid relationships that have the potential to advantage the individual but adversely affect the university's interests or inject inappropriate considerations into administrative decisions. Administrators must be vigilant in exercising their authority so that their decisions are not in fact, nor do they appear in the perception of others to be, colored by personal financial interests.

## **2.1 Potential Conflicts Involving Research and Development Contracts or Commercialization of Intellectual Property**

To ensure compliance with federal regulations and to provide consistent institutional policies and practices in relation to all research sponsors, investigators engaged in sponsored research must disclose any financial interest that meets or exceeds the federal definition of significant financial interest as detailed in the Definitions section of this policy. The investigator must present a complete picture of his or her financial interests, not just those interests related to a specific funded project. Examples of potential conflicts of interest in research and development (R&D) that must be reported by investigators are available on the COI website. Investigator obligations for disclosure extend to collaborators, consultants, and subcontractors on a sponsored project, who must certify disclosure and compliance with conflict of interest policies promulgated by their home institution or, in the absence of relevant institutional policies, must disclose in accordance with Virginia Tech policies and procedures.

Contracts between employee-owned businesses and the university that involve research and development activities and/or commercialization of intellectual property are permitted by state law provided that disclosure and approval requirements of this policy are followed. In the case of a sponsored project funded by an employee-owned business, the role of the faculty-owner in relation to the university research project must be carefully examined. The faculty-owner may only serve as principal investigator with an independent co-principal investigator responsible for financial oversight of the project, never as sole PI. Work done on behalf of a faculty owner's company in a university facility must be done in accordance with the provisions of Policy 5000, [University Facilities Usage and Event Approval](#). Because of the high potential for appearance of an irresolvable conflict of interest in the case of an SBIR/STTR (Small Business Innovation Research or Small Business Technology Transfer) project, an individual may not serve as both the small business PI and the university subcontract PI (or co-PI), nor may the employee contribute to both the small business and university components of a single project as an employee, investigator, or consultant.

Organizational conflicts of interest may occur where the involvement of a faculty member in a consulting or advisory services contract with a federal agency may bar other faculty members from participating in a subsequent contract or grant from that agency. The limitation is based on a perceived institutional advantage derived from that prior involvement. The Office of the Vice President for Research, in consultation with the department head, dean, or unit leader as appropriate, is responsible for determining whether the risk of exclusion from bidding on a subsequent contract should result in denial of the faculty member's involvement in the initial consulting or advisory services contract.

Virginia Tech is committed to the free and open exchange of ideas and the timely dissemination of research results to the broader scholarly community and public. Providing preferential access to an outside entity to research results, materials, or products generated from university teaching, research, or administrative activities for personal financial gain is prohibited. University resources, including facilities, personnel, equipment, email, or confidential

information, may not be used for faculty consulting or other non-university purposes. University letterhead may only be used for university business and not for outside consulting or other personal purposes. Employees must separate clearly and cleanly the personal financial aspects of their entrepreneurial activities from their university activities. Even though permitted, entrepreneurial activities should not be confused with assigned duties of the university.

## **2.2 Potential Conflicts Involving Spouses and Immediate Family Members**

As a matter of state law, employees must avoid being in a position of authority over a spouse or a member of the immediate family who is also employed by the university where the spouse or family member earns \$10,000 or more during a fiscal year. An employee and his or her spouse or another member of the immediate family may both be employed by the university so long as the employee does not exercise any control over the employment conditions and activities (such as initial appointment, retention, promotion, tenure, salary, travel approval, leave of absence, or grievance review) of the spouse and is not in a position to influence those activities. Proposed exceptions and alternate reporting relationships are reviewed and approved by the senior vice president and provost (or relevant vice president for a non-academic appointment) prior to submission to the board of visitors for approval.

Faculty members have a responsibility to avoid potential conflicts of interest between their professional responsibilities in teaching, research, or administration and their personal interests in relationship to students who are also family members. The concern is assuring an absence of bias in evaluation of coursework and maintaining both the appearance and reality of fairness of treatment among all students in a class or an academic program. When there is no reasonable alternate course or instructor for a required course taught only by the conflicted faculty member, then the relevant academic associate dean and department head work with the faculty member to identify an alternate evaluator for the student-family member's work. It is the prerogative of the conflicted faculty member to agree to the selection of the faculty colleague for this alternate evaluator assignment. Graduate School policies prohibit faculty members from serving as advisor or committee member for family members (spouse or dependent immediate family member), or for individuals with whom they have a close personal relationship such as partner or extended family member, or close professional relationship such as business associate or supervisor.

Consensual relationships between faculty members (including GTAs) and students enrolled in their classes, or students for whom they have professional responsibility as advisor or supervisor, violate the policy on Professional Ethics and Responsibilities and may be a violation of Policy 1025, Anti-Discrimination and Harassment Prevention Policy.

## **2.3 Potential Conflicts Involving Students and Post-Doctoral or Other Trainees**

The impact of a perceived or actual conflict of interest or commitment of faculty members on their students (including post-doctoral fellows and other trainees) is of special concern to the university. In particular, the university is committed to maintaining the content and quality of the educational experience for students whose research is sponsored by a for-profit business and whose faculty advisors have a financial interest or a management role in that business. The concern is even greater if the dissertation work could potentially affect the value of a company in which the faculty member has an ownership or managerial interest. It is most important that students make acceptable progress towards their degree goals. Work on a sponsored project funded by a faculty company, or working directly for a faculty-owned enterprise (or consulting), must not inhibit the student's academic advancement.

This policy recognizes that the involvement of students in faculty-owned or managed businesses or consulting may yield substantial benefit to the student, provided that certain conditions are met. Faculty members must disclose the proposed involvement of students in their external activities or in company-sponsored research. Faculty members who intend to serve as PI or co-PI on sponsored projects and have graduate students or trainees conduct a portion of

the research under their supervision must develop a conflict of interest management plan to address protections for these early career scholars. Students, trainees, and lab personnel have a right to be fully informed about the source of their funding, the nature of the faculty member's personal interest or involvement, and, if relevant, any agreements concerning data collection, copyright, or patent protection arising from the research. Documentation of a discussion held with the student by the graduate program director or department head and the relevant associate dean is required to assure that the student has been informed of university and academic policies, the potential risks of the proposed involvement, and the channels available through the department or Graduate School to address perceived problems.

A faculty member with a significant financial interest in a company may not serve as sole advisor of a dissertation or thesis committee for a student who is funded through a university sponsored project supported by the advisor's company, or for a student who is employed directly by the faculty member's company. The faculty member with the conflict may serve as co-chair or committee member. If another co-chair is appointed, that faculty member must be of equal or greater rank, must not be involved with the sponsoring company, and must not be subject to undue influence by the faculty-owner.

If the student is engaged in longer term or more time-consuming participation in the advisor's consulting practice, or employed only during the summer months by the advisor-owned company, a co-advisor appointment may also be warranted, but is not automatically required.

The Graduate School shall receive a copy of any approved management plan involving a graduate student performing work for an advisor's company or consulting practice, and the signed student agreement acknowledging his or her understanding and voluntary participation. Every effort must be made by departmental and college officials to meet with the student prior to the start of the company-funded assistantship, or as quickly thereafter as possible, to review relevant policies and the terms of the student agreement. Copies of the signed student agreement should be distributed to all members of the student's graduate committee by the department head or graduate program director to encourage their active engagement in protecting the student and assuring the integrity of the research.

Careful monitoring of the approved management strategies and annual reports of academic progress for the student is the responsibility of the department head and graduate program director, with oversight by the relevant academic dean(s).

Full-time graduate assistants must notify the Graduate School about any additional employment agreement, including the period of employment, name and contact information for the employer, and job title or short description of duties. The Graduate School will review such proposed employment for potential conflicts of interest. International students are prohibited from taking on additional work beyond their assistantship by virtue of their student visa requirements.

## **2.4 Potential Conflicts Involving Other University Employees**

The involvement of other faculty or staff members in employee-owned businesses or faculty consulting also requires caution and careful consideration. Any such employment must be outside the scope, and schedule, of their regular university duties and must be approved by the department head and other administrators as required by this policy and policy 4070, Additional/Outside Employment for Classified or University Staff. The concerns may be a potential conflict of interest if the faculty member supervises and evaluates the staff member (or a less senior faculty member), creating an opportunity for bias (favorable or unfavorable) toward the individual based on their involvement in the faculty member's (or supervisor's) personal company or consulting. There is also a potential conflict of commitment, where the employee's effectiveness in his or her primary role at VT may be compromised by the outside employment. For university or classified staff, the department head will determine if the additional employment may adversely affect the employee's performance in the university salaried position and therefore

should not be approved. If a request is granted and job performance subsequently deteriorates, the department head may rescind permission for the outside/additional employment. The involvement of other faculty members in an employee-owned business or consulting is documented and approved as part of the disclosure by the employee-owner and by the faculty member's own request for involvement in external activities.

## 2.5 Faculty Authored Instructional Materials

A faculty member teaching a course may not receive a royalty and/or other fees beyond direct cost of production and sales for any material used as part of class activity, except for material that has received an independent external review, that has been copyrighted, and a portion of the copyright is owned by a publisher other than the author. Faculty accused of abusing the distribution of classroom material for personal financial gain are subject to review by the Committee on Faculty Ethics.

## 2.6 Procurement-Related Conflicts and Gifts to Employees

The purchase of goods or services by the university from an entity owned by an employee of the university, or by a member of the employee's immediate family, is a prohibited conflict of interest under state law. The conflict exists even if the purchase is being made by a department/unit other than the employee's home department. A business owned by an employee's spouse or immediate family member is thus barred from doing business with Virginia Tech to prevent any perception of inappropriate favoritism. Any proposed exception must be handled in accordance with the Virginia Public Procurement Act.

The university seeks to maintain the highest level of public trust in its procurement processes, which includes avoiding perceptions of conflicts of interest that might be generated by contracting with firms where employees were previously employed or with whom they have a close personal relationship when the employee is in a position to influence a purchasing or contracting decision. Decision makers with potential conflicts should recuse themselves from participation in the evaluation and selection process.

The university's Business Conduct Standards apply to all employees, and they prohibit the acceptance of gifts and gratuities or promises of future employment from contractors or individuals seeking to do business with the university. Meals and travel offered by vendors are included in this prohibition. Nominal gifts (such as pens, calendars, note pads, other give aways, or reception food provided by vendors at a public event such as a conference) may be accepted.

More information and examples of potential conflicts related to procurement and gifts can be found on the Purchasing website: <http://www.purch.vt.edu/Department/Ethics.html>.

## 2.7 Disclosure Requirement

State law and federal law require that faculty members fully disclose personal financial interests that present a potential conflict of interest with one's university responsibilities. Involvement with external activities, such as consulting or outside employment, or financial relationships with external entities related to one's professional responsibilities must be approved in advance. All employees (or their immediate family members) who have a private company (or personal ownership interest meeting or exceeding state limitations) that wishes to do business with Virginia Tech must disclose this financial interest annually. All investigators (or their immediate family members) who own or have ownership interest in a private business that would reasonably appear to be related to their institutional responsibilities must disclose that financial interest and have it evaluated for potential conflicts of interest or commitment, whether or not that company intends to do business with Virginia Tech. A renewal application must be filed annually for those approved activities that extend beyond one year. When a conflict management plan is required by the circumstances, full and immediate compliance is essential to assure the integrity of university-sponsored research, teaching, outreach, and administrative activities. University officials, not

the faculty member, ultimately determine whether a reported financial interest constitutes a conflict and whether an award can be accepted or must be declined given the possible unresolved issues.

Virginia Tech will follow regulations contained in the Code of Federal Regulations (cited in the Reference section) and state law to respond to a written request for information concerning disclosed financial conflicts of interest related to research projects funded by the Public Health Service.

## 2.8 Training Requirement

The complexity and importance of managing potential conflicts of interest warrant the full attention of members of the university community. Initial and periodic training concerning applicable university policies and state and federal law and the investigator's responsibilities for disclosure is required for all faculty engaged in sponsored research. Federal regulations require all Public Health Service investigators to complete training prior to the award of a grant or contract. Initial training for other investigators must be completed in conformance with procedures issued by the Vice President for Research.

Retraining related to conflict of interest is required every four years and/or whenever there is significant change in university policy related to investigator responsibilities. Any investigator found to be in non-compliance with disclosure requirements will also be required to complete immediate training.

This policy must be read in conjunction with related university policies and procedures, such as intellectual property, use of facilities and university resources, procurement, and Faculty Handbook sections on consulting, outside employment, and conflict of interest and conflict of commitment. Policy guidance is provided on the Conflict of Interest (COI) website maintained by the Office of the Vice President for Research and the Standards of Conduct and Ethics website maintained by the Purchasing Department.

## 3. Procedures

### 3.1 Disclosure of External Activities

University policy requires reporting of a wide variety of external activities, whether they generate additional income for the faculty member, or an immediate family member, or not. Certain traditional scholarly-related activities do not require reporting, such as serving on a peer-review panel, guest lecturing at another institution, serving as a speaker or panelist at a professional society meeting or conference, or editing a scholarly journal, even when the faculty member receives an honorarium for such service. A list of common activities that do not need to be reported is available on the COI website.

Advance approval is required for consulting or outside employment. Use form 13010 for disclosure and approval of such activities on an annual basis each fall, or as needed for new activities. Include sufficient information for department and college officials to review and evaluate the proposed activities for conflict of interest or commitment. A single form may be submitted for on-going consulting activity with a single entity during the fiscal year. Continuation of that same consulting activity beyond the current fiscal year must be reported and approved annually. Separate disclosures are required for each consulting client so that potential conflicts of interest or commitment can be properly evaluated. A single disclosure denoting ownership of a consulting company with multiple unidentified clients does not allow an adequate assessment and is considered insufficient and unacceptable. Proposed external activities must be reported sufficiently in advance to allow a meaningful evaluation and approval process, including development of a management plan in the case of a conflict of interest or other legal issues posed by the proposed activity.

External activities with no anticipated impact on related sponsored research, or employment or funding of students or trainees, and within stated limitations of university policies on consulting and/or outside employment may be



approved by the department head and relevant dean or senior administrator. Exceptions to the time limitations on consulting and outside or additional VT employment require approval by the provost, or the relevant vice president. The original approved form is kept in the employee's departmental personnel file. Copies are sent to the employee and the designated conflict of interest officer, and retained by the relevant dean or vice president's office.

Staff members may request approval for outside employment and/or additional employment at Virginia Tech in accordance with Policy 4070 using the form *Request for Additional/Outside Employment for Classified or University Staff*.

### **3.2 Disclosure of Potential Conflicts of Interest**

Form 13010 is also used to disclose annually external activities, or relationships with external entities, that may involve a potential conflict of interest. Examples of activities that generally require disclosure are available on the COI website, such as employee (or family) ownership of a private business seeking to sponsor research at Virginia Tech, or utilizing students, trainees, or other university employees in the faculty member's private business or consulting. A newly acquired significant financial interest, such as might occur through marriage, inheritance, or establishment of a new company, must be disclosed within 30 days. Disclosures must be filed and approved prior to submission of a related proposal for sponsored research.

For faculty members with PHS/NIH funding, reimbursed or sponsored travel paid for by an external entity must also be disclosed. Disclosure includes at a minimum the purpose of the trip, identity of the sponsor/organizer, the destination, and duration. Disclosure is not required for travel reimbursed by the university from any source of university funds (e.g. departmental, foundation, sponsored project), or travel paid for (or reimbursed) by a federal, state, or local government agency, an institution of higher education, affiliated research institute, or academic teaching hospital. Special rules concerning reporting of travel apply to those employees who must complete the annual Commonwealth Statement of Economic Interest forms.

It is essential that the employee describe in detail the totality of the relationship with the external entity, including but not limited to the extent of personal or family financial interest, any involvement of students or other employees, and any project-specific considerations. Disclosures will be reviewed initially by the department head or the designated administrator for employees in non-academic units. Guidance on how to assess reported activities or relationships for potential conflicts of interest is available on the COI website. A management plan must be drafted if the faculty member expects related future research involvement with the entity.

Once approved by the department or unit head, the form is routed for review and approval by the relevant dean or vice president's office. Review and approval by the Office of the Vice President for Research is required for disclosures involving business ownership interests of investigators (or their family members), significant financial interests related to sponsored research, employment or funding of students/trainees/staff, and any proposed management plan.

When the Office of Sponsored Programs receives a proposal involving an employee-owned business either as a research sponsor or subcontractor, relevant disclosures (completed form 13010, management plan, Virginia Statement of Economic Interest) are collected and reviewed by the designated COI officer for sufficiency. A summary of the proposed award and nature of the financial interest is prepared for further review by university legal counsel, the vice president for research, the provost, and president. Contracts approved by the president are subsequently reported to the board of the visitors.

A fully approved disclosure and management plan, if relevant, must be in place prior to execution of a related sponsored award. An investigator's significant financial interest related to a sponsored project and key elements of the management plan are reported by the designated conflict of interest officer to the federal agency sponsor in accordance with agency requirements.

Should a significant financial interest be identified subsequent to project initiation, the COI officer will promptly review the financial interest and its relationship to the project and implement an interim management plan to mitigate the potential conflict, including suspending further project expenditures pending a more complete review and determination of appropriate action.

### 3.3 Virginia Statement of Economic Interest

The Commonwealth of Virginia requires separate, additional reporting of economic interests by members of the boards of visitors, senior administrators, select others with financial decision making authority, and employee business owners whose companies seek to contract with the university for research and development or commercialization of intellectual property. The *Statement of Economic Interest* is completed annually and submitted on or before January 15, and as needed in the case of a new research contract. The form must be notarized and filed with the associate vice president for human resources, who will submit it to the commonwealth authorities. For disclosures related to a pending research contract, a copy of the employee's completed statement is sent to the designated COI officer in the Office of the Vice President for Research. A current, completed statement must be filed prior to execution of an award for a related research contract.

### 3.4 Management of Potential Conflicts

A management plan is used to document the proposed strategies for eliminating, mitigating, or managing a potential conflict of interest. Approved strategies must reflect the commitment of the faculty member to university principles and values of transparency; strict adherence to the highest standards of professional ethics and conduct of research; appropriate and timely dissemination of research results; and protection of students, employees, and human subjects involved in the research. The management plan can call for implementation of several strategies designed to protect these values and the integrity of the research, research sponsors, the employee, and the university. Examples of frequently adopted strategies and sample management plans are available on the COI website. Management plans are typically project specific, reflecting the conditions of the proposed research. Management plans must fully describe the situation giving rise to the potential conflict, the proposed strategy to eliminate, mitigate, or manage the potential conflict, and the process by which the activities and the management plan will be monitored. Appropriate monitoring should include an oversight function to evaluate the effectiveness of and ensure compliance with the strategies specified in the management plan. In accordance with Public Health Service (PHS) regulations, disclosure of an investigator's significant financial interest must be made directly to the human subjects involved in the PHS-funded research project.

A faculty-owner may not serve as sole principal investigator on a university project that is funded wholly, or partially, by the external organization with which the faculty-owner is associated. The co-principal investigator must be a faculty member who is not in a subordinate position to the faculty-owner, nor associated with the faculty-owner's company, or in any way susceptible to potentially inappropriate influence by the faculty-owner. The faculty-owner may not have financial responsibility for the contract. Oversight arrangements must be carefully crafted for those cases where the faculty-owner remains involved in the sponsored research. Faculty consulting with an external entity which then sponsors research at the university involving that faculty member also presents a potentially serious conflict of interest which must be eliminated or carefully mitigated.

All management plans are reviewed and approved by the Office of the Vice President for Research to assure consistency and compliance with applicable sponsor regulations and university policy.

Awards will be contingent upon acceptance and implementation of the plan by the faculty member. While the faculty member bears primary responsibility for carrying out the plan, department heads and deans are expected to monitor compliance and assure that protections are provided for employees and students. The faculty member must submit a report annually and at the end of a related sponsored project to the department head and the Office of the Vice President for Research to demonstrate compliance with all conditions identified in the management plan. The

report must include certifications of compliance from other parties identified in the management plan, such as a research oversight committee. Such reports may also be required for submission to specific federal agency sponsors.

### 3.5 Participation of and Payment to Students

The participation of students in projects involving faculty-owners should be given particularly careful consideration. Work for faculty-owned companies or in faculty consulting provides valuable experience for undergraduate and graduate students. Nevertheless, such opportunities come with some risk that the student may be diverted from his or her educational goals or the perception that students are being used primarily for the benefit of those companies. For example, a faculty member who pressures a student to complete work related to the faculty member's company could easily affect the student's completion of graduate studies in a timely and appropriate way, thereby putting the faculty member's interest in obtaining proprietary results ahead of the student's academic or scholarly research activities. The concern is similar for the involvement of students in faculty consulting or other external activities. The risks and benefits of such involvement must be carefully weighed by departmental administrators responsible for evaluating the disclosure and approving the request, particularly where the involvement may be longer term and/or more time consuming. See section 2.3 for further discussion of issues related to student involvement in faculty members' external activities or outside businesses.

Where approved, students may be paid for involvement in faculty-owner activities in either of two ways:

1. Remuneration may be in the form of an assistantship and tuition, or wages funded by a sponsored project contracted to the university from the business or organization with which the faculty-owner is associated. The assistantship or wages are remuneration for work only within the agreed scope of that funded project and for no other tasks undertaken for the benefit of the external organization. This is no different from any other sponsored project that involves graduate research assistants or wage-earning students. In these circumstances, assistantships are constrained to payments within the scales published by the university.
2. Alternatively, the company or agency might engage students directly as employees. This is the situation experienced by most off-campus and part-time graduate students. However, it is envisaged that in the case of faculty-owned businesses, students will spend time in university facilities when not engaged in direct work for the company at the company site or in an off-campus location. [Students may not do work on behalf of the company in university facilities.] Remuneration is not limited to university scales when students are employed directly by the company and may include the cost of tuition.

Students who will be employed by either of the two methods of payment and have their research supervised by the faculty-owner must sign an agreement acknowledging that they have been informed by their graduate program director or department head and associate dean about the source of their funding, the potential concerns associated with conflict of interest, and their channels for redress if needed.

Any work done on behalf of the faculty-owner's company in university facilities must be done in accordance with sponsored program guidelines and/or Policy 5000, [University Facilities Usage and Event Approval](#).

## 4. Compliance

Virginia Tech expects its employees to comply fully and promptly with the policy. The Office of the Vice President for Research is responsible for overseeing the implementation of the policy and associated procedures. The designated conflict of interest officer will work cooperatively with investigators and others to resolve any minor issues of noncompliance.

Breaches of the disclosure process, including (a) failures to comply with such process, whether by virtue of an employee's refusal to respond or by his or her responding with incomplete or knowingly inaccurate information, (b) failures to remedy conflicts, and (c) failures to comply with a prescribed management plan, will be forwarded to the

appropriate university unit for investigation and appropriate action. Concerns about potential bias in the research will be reviewed in accordance with procedures established by the Office of the Vice President for Research and posted on the COI website.

Instances of deliberate breach of policy - including failure to file a required disclosure form, knowingly filing an incomplete, erroneous, or misleading disclosure form, or failure to comply with prescribed monitoring procedures - will be adjudicated in accordance with applicable disciplinary policies and procedures of the university as described in the Faculty and Staff Handbooks. University procedures for imposition of a severe sanction or dismissal for cause described in section 3.6 of the Faculty Handbook provide appeal mechanisms for faculty members charged with serious breaches of university policies. Staff employees may appeal through the staff grievance process.

## **5. Record Retention**

All original signed disclosure forms and management plans related to conflicts of interest and commitment will be retained in the employee's departmental personnel file in accordance with university record retention guidelines. Copies of disclosure forms and management plans related to research will be maintained in the Office of the Vice President for Research in accordance with state and federal requirements.

## **6. Definitions**

1. "Business" means any corporation, partnership, sole proprietorship, firm, franchise, association, trust or foundation, or any other individual or entity carrying on a business or profession, whether or not for profit. The definition excludes the university or any other entity controlled by, controlling, or under common control with the university.
2. "Disclosure" is the full recording or specification of the employee's relationship with an external organization or involvement in external activities.
3. "Faculty member" is anyone who has faculty status at Virginia Tech, regardless of rank and including research faculty and administrative and professional faculty. The complete categories of faculty are defined in Section 2.1 of the Faculty Handbook. This policy also applies to staff employees and employed students where relevant.
4. "Family Member" means an employee's spouse or immediate family member who is a dependent of the employee (or of whom the employee is a dependent). A potential conflict of interest may arise when the party holding the "Financial Interest" as defined in (8) below is related to the employee in ways other than spouse and dependent children. Financial interests held by this party should be disclosed by the employee to the best of his or her knowledge.
5. "Institutional responsibilities" are defined broadly and include but are not limited to teaching, advising, research and scholarly activities, outreach, administrative and institutional committee service, and service to professional associations or on panels such as peer, institutional, or accreditation review boards.
6. "Investigator" means the project director or principal investigator and any other person, regardless of title or position, who is responsible for the design, conduct, or reporting of research. Collaborators, consultants, or subcontractors are considered investigators for the purposes of this policy, as is anyone identified as key personnel in the contract proposal and contract. Investigator disclosures must include the financial interests of their spouse and dependents.
7. "Organizational Conflict of Interest" exists when multiple university relationships with sponsors create an actual or perceived conflict of interest. Virginia Tech is treated as a single contractual entity in the federal contracting context. Separate sponsored projects and their principal investigators are considered part of the overall Virginia Tech contracting entity. Hence, the involvement of one faculty member in a consulting or

advisory services contract with the agency may preclude a subsequent related contract from that agency based on potential concerns that there may have been access to source selection criteria or confidential information not in the public domain in advance of an RFP or procurement, or that the organization might be evaluating its own work products and hence open to charges of biased judgment, or that the preparation of specifications or statements of work might have favored the institution. Organizational conflict of interest applies to more than one project and may affect all current or even future sponsored research with a particular federal sponsor.

8. "Significant financial interest" is defined differently by state law and federal regulation. The Virginia State and Local Government Conflict of Interests Act uses the term "Personal Interest" and the defined thresholds for disclosure apply to all employees not engaged in sponsored research. The definition for "significant financial interest" below applies to all investigators involved in sponsored research, regardless of the source of funds for that research.
  - a. "Personal Interest" as defined by the Virginia State and Local Governments Conflict of Interests Act: A financial benefit or liability accruing to an officer or employee or to a member of his immediate family. Such interest shall exist by reason of (i) ownership in a business if the ownership interest exceeds three percent of the total equity of the business; (ii) annual income that exceeds, or may reasonably be anticipated to exceed, \$10,000 from ownership in real or personal property or a business; (iii) salary, other compensation, fringe benefits, or benefits from the use of property, or any combination thereof, paid or provided by a business or governmental agency that exceeds, or may reasonably be anticipated to exceed, \$10,000 annually; (iv) ownership of real or personal property if the interest exceeds \$10,000 in value and excluding ownership in a business, income, or salary, other compensation, fringe benefits or benefits from the use of property; (v) personal liability incurred or assumed on behalf of a business if the liability exceeds three percent of the asset value of the business; or (vi) an option for ownership of a business or real or personal property if the ownership interest will consist of (i) or (iv) above.
  - b. "Significant Financial Interest": A financial interest consisting of one or more of the following interests of the investigator (and those of the investigator's spouse and dependent children) that reasonably appears to be related to the investigator's institutional responsibilities:
    1. With regard to any publicly traded entity, a significant financial interest exists if the value of any remuneration received from the entity in the twelve months preceding the disclosure and the value of the equity interest in the entity as of the date of disclosure, when aggregated, exceeds \$5,000. For purposes of this definition, remuneration includes salary and any payment for services not otherwise identified as salary (e.g., consulting fees, honoraria, paid authorship); equity interest includes any stock, stock option, or other ownership interest, as determined through reference to public prices or other reasonable measures of fair market value.
    2. With regard to any non-publicly traded entity, a significant financial interest exists if the value of any remuneration received from the entity in the twelve months preceding the disclosure, when aggregated, exceeds \$5,000, or when the investigator (or the investigator's spouse or dependent children) holds any equity interest (e.g., stock, stock option, or other ownership interest); or
    3. Intellectual property rights and interest (e.g. patents, copyrights), upon receipt of income related to such rights and interest;

PHS investigators must also disclose the occurrence of any reimbursed or sponsored travel (i.e. that which is paid on behalf of the investigator and not reimbursed to the investigator so that the exact monetary value may not be readily available), related to their institutional responsibilities. However, this disclosure requirement does not apply to travel that is reimbursed or sponsored by a federal, state, or local government agency, an institution of higher education, an academic teaching hospital, a medical center, or a research institute affiliated with an institution of higher education.

The term significant financial interest does not include the following types of financial interests:

- salary, royalties, or remuneration paid by Virginia Tech to the investigator, including intellectual property rights assigned to the institution and agreements to share in royalties related to such rights;
- income from investment vehicles, such as mutual funds and retirement accounts, as long as the investigator does not directly control the investment decisions made in these vehicles;
- income from seminars, lectures, or teaching engagements sponsored by a federal, state, or local government agency, and institutions of higher education; or
- income from service on advisory committees or review panels for a federal, state, or local government agency, an institution of higher education, an academic teaching hospital, a medical center, or a research institute that is affiliated with an institution of higher education.

## **7. References**

Code of Federal Regulations, 42 CFR chapter 1, subchapter D, part 50, and 45 CFR subtitle A, subchapter A, part 94

[Commonwealth of Virginia, Conflict of Interest Website](#)

Faculty Handbook, Section 2.14, Consulting and Outside Employment

Faculty Handbook, Section 2.15, Conflict of Commitment

Faculty Handbook, Section 3.6, Imposition of a Severe Sanction or Dismissal for Cause

Graduate Catalog, [Policy on Additional Employment for Students Holding a Graduate Assistantship Employment](#)

Policy 1025, Anti-Discrimination and Harassment Prevention Policy

Policy 4070, Additional/Outside Employment Policy

Policy 5000, [University Facilities Usage and Event Approval](#)

Policy 13000, Intellectual Property

[Standards of Conduct and Ethics, Virginia Tech Purchasing Department](#)

[Statement of Business Conduct Standards, Virginia Tech](#)

Vice President for Research, Conflict of Interest website, \_\_\_\_\_

[Virginia Statement of Economic Interests](#)

[Virginia State and Local Government Conflict of Interests Act, 2.2-3100 et seq.](#)

## **8. Approval and Revisions**

Recommended by the Commission on Research.

Approved by University Council: January 20, 1992

Approved by the President: January 20, 1992

- Revision 1

Change in Sections 2 and 3 to reflect changes in the Code of Virginia and to bring the university into compliance with current law.

Approved by the Board of Visitors, November 9, 1998

- Revision 2

Complete revision of policy in all aspects to reflect broader range of external activities, new reporting and approval mechanisms, and other changes.

Recommended by the Commission on Research: April 26, 2000

Approved by University Council: May 1, 2000

Approved by the President: May 1, 2000

Approved by the Board of Visitors: June 5, 2000

- Revision 3

April 23, 2002: References to Code of Virginia section numbers updated; position titles updated.

- Revision 4

May 13, 2008: Updates to position titles and/or responsibilities due to university reorganization.

Delegation of Authorities and Responsibilities approved by the Board of Visitors, March 31, 2008.

- Revision 5

Recommendations for complete revision made by the Taskforce on Consulting and Conflicts of Interest and Commitment charged by the senior vice president and provost. Substantive changes intended to improve understanding of the policy and thereby encourage faculty compliance; to update the policy in light of changing federal regulation and expectations of research sponsors; to increase protection of students; and to adopt best practices related to conflicts of interest as recommended by federal agencies, professional societies, and other major research institutions.

- Eliminated references to Categories I, II, and II for assessing external activities. An extensive set of examples of activities that do, and do not, need to be reported are now available on comprehensive COI website
- Eliminated section on Committee on Conflicts of Interest and Commitment and revised section on appeals
- Added requirements of newly promulgated federal regulations including adoption of \$5,000 threshold for disclosure of financial interests; mandatory training; prompt response to FOIA request concerning possible investigator conflict of interest related to an NIH research project; retrospective review for relevant cases of non-compliance; and annual reports for management plans.
- Added sections on potential conflicts involving students and postdoctoral fellows/trainees, other employees, and spouses and immediate family members.
- Added reference to organizational conflict of interest, and sections on Statement of Economic Interest, Faculty Authored Instructional Materials, and Procurement-Related Conflicts.
- Clarified procedures for disclosures and for development of management plans once a potential conflict has been identified.
- Changed oversight of conflict of interest reporting from the senior vice president and provost to the vice president for research.
- Revised policy title from “Faculty Conflicts of Interest and Commitment” to “Individual Conflicts of Interest and Commitment.”

Approved by the Commission on Research: February 8, 2012

Approved by University Council: March 19, 2012

Approved by the President: March 19 2012

Approved by the Board of Visitors: \_\_\_\_\_

Policy effective date: August 10, 2012