

Office of University Development
CONFLICTS OF INTEREST AND CONFLICTS OF COMMITMENT POLICY
EXECUTIVE SUMMARY

Principles (pg. 2) – employees are to act with honesty, integrity and in the best interest of the University when performing his/her duties and to abide by the highest standards of conduct

Potential Conflicts Disclosure (pg. 3) – employees must disclose any potential conflicts of interest or conflicts of commitment in writing to his/her supervisor and to Finance and Administration (F&A) -- potential conflicts of interest associated with acceptance of hospitality from vendors or donors need to be submitted to his/her supervisor only

Gifts (pgs. 3-4) – gifts, gratuities and entertainment are defined as anything given directly to staff as a result of a business relationship for which the recipient does not pay fair market value. It is always a conflict of interest to accept a gift of any amount where the external person or organization intends to create a *quid pro quo* arrangement with the staff member.

- **Vendors** – OUD employees should not accept personal gifts, services or gratuities from vendors or other non-donors for any value or amount other than nominal value. Employees may accept invitations to business meals, provided there is a clear business purpose. If the value of the meal exceeds \$50, information regarding the name of the vendor, date of the hosting and the meal amount should be reported to his/her supervisor.
- **Donors**
 - Personal Gifts – if more than nominal value, the gift should be returned or the offer declined
 - Acceptance of Hospitality – generally not the preferred practice. There may be some instances where it is appropriate to accept the offer of hospitality. All acceptances should be disclosed to his/her supervisor and whenever possible, prior to accepting an invitation. Repetitive acceptance from the same donor will receive special scrutiny by management.

Guiding Questions (pg. 5) – a list of questions is provided to help employees weigh the business interest of a potential conflict of interest or commitment against the possible public perception

Evaluating Disclosures/Managing Conflicts (pgs. 5-6) – the Assistant Vice President of Talent Management and Finance & Administration (TMF&A), or the Director of Finance & Administration will evaluate all disclosed potential conflicts with the exception of those associated with the acceptance of hospitality. The immediate supervisor will make an evaluation on hospitality situations and will forward to TMF&A those situations determined to be conflicts that require a management plan. A management plan will be developed for all potential conflicts that are determined to require special management actions or should be eliminated.

Record-Keeping and Issues of Confidentiality and Privacy (pgs. 6-7) – the documentation related to a disclosure will be purged 3 years after the potential conflict no longer exists. Facts of the disclosure and the management plan actually implemented will be kept for 7 years after the conflict no longer exists. Personal financial or associational documents will be held in a secure file.

Resolving Disputes, Training, and Violations (pg. 7) – processes are defined for these areas and employees should familiarize themselves with the options they have and the steps that could be taken if there are violations of the policy

Policy Review/Revision and Other Governing Policies (pg. 8) – references to other relevant policies

Office of University Development
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Introduction

SPG 201.65-1 requires the deans of the schools or colleges and the directors of administrative units to articulate and disseminate implementation policies that apply to faculty and/or staff within those units. The implementation policy and procedures for the Office of University Development are provided below. This policy and its procedures apply to all full-time staff, whether permanent or temporary, and to all permanent part-time staff in the unit. The University expects all staff to be familiar with the contents of SPG 201.65-1 and with the applicable set of unit implementation procedures.

A. Statement of Principles for Office of University Development Policy

The policy section of SPG 201.65-1 outlines a set of key principles relevant to conflicts of interest and conflicts of commitment, including the principles stated below.

All staff members are to act with honesty, integrity, and in the best interest of the University when performing their duties, and to abide by the highest standards of research, educational, professional, and fiscal conduct. Outside activities should not interfere with an individual's University obligations. Staff must not use their official University positions or influence to further gain or advancement for themselves, parents, siblings, spouse or partner, children, dependent relatives, or other personal associates, at the expense of the University. In accordance with its mission; however, the University of Michigan allows and encourages staff to engage in outside activities and relationships that enhance the mission of the University. As a result, potential conflicts of interest and commitment are inevitable, but these potential conflicts are not necessarily problematic. Rather, the essential point is that faculty and staff must disclose these potential conflicts of interest so that they can be evaluated and, if necessary, managed or eliminated.

When implementing SPG 201.65-1, academic and administrative units must also consider both particular rules of conduct within the University and rules that govern outside activities applicable to the staff of the Office of University Development. These include:

- Regents' Bylaw 5.13, related to governmental elective/appointed service;
- SPG 201.12, related to misconduct and discipline;
- SPG 201.23, related to hiring of relatives or those with a close personal relationship; and
- SPG 201.85, related to work performed for other University units.

The specific definitions for a *potential conflict of interest* and *potential conflict of commitment* in Section II.A of SPG 201.65-1 also apply to the procedures described below. Broadly defined, a potential conflict of interest encompasses external ties that may or may appear to improperly bias a staff member's judgment in performing his or her University job responsibilities. A potential conflict of commitment, broadly defined, encompasses situations in which a staff member's external relationships or activities may or may appear to interfere or compete with the University's mission, or with the staff member's ability or willingness to perform his or her job responsibilities.

B. Disclosing, Evaluating, and Managing Potential Conflicts of Interest and Conflicts of Commitment

1. Disclosing potential conflicts of interest and conflicts of commitment

Whenever a potential conflict of interest or conflict of commitment exists for a staff member, he or she must promptly disclose it, in writing, to his or her supervisor, the Assistant Vice President of Talent Management, Finance & Administration and/or the Director of Finance and Administration. If the potential conflict of interest or conflict of commitment is the acceptance of hospitality, the staff member should submit only to his or her supervisor who will determine whether a conflict exists. If the supervisor determines a conflict does exist, the disclosure should also be submitted to the Assistant Vice President of Talent Management, Finance & Administration and/or the Director of Finance and Administration for further evaluation (SPG 201.65-1, Section III.A.3.).

Examples of potential conflicts include (but are not limited to):

- Performing work for other University departments or units for additional pay;
- Participating in decisions or deliberations where your own personal financial interests are or could be affected;
- Participating in decisions or deliberations where a family member is or could be affected, financially or otherwise (Note: As stated in SPG 201.65-1, family members include parents, siblings, a spouse or partner, children, and dependent relatives.);
- Performing activities for non-University entities for pay;
- Accepting gifts, entertainment, or other items of value from vendors or other third parties that do or have business with the University or from donors or prospective donors (also see below);
- Accepting an incentive or benefit to gain access to a staff member's supervisor;
- Use or disclosure of confidential University development information for personal benefit or for the benefit of other non-profit organizations or outside parties;
- Serving on the fundraising boards/committees of non-University of Michigan organizations in a fundraising capacity.

Gifts

The following policy is meant to offer further definition and clarification to the existing language contained in Regents' Bylaw 2.16 (Gifts to Regents and University Employees) and the Gifts and Gratuities section of the University of Michigan Standard Practice Guide (Section 507.1: Purchasing - General Policy and Procedures). It is intended to clarify the limits of acceptable employee behavior and in no way exempts employees from conformance with specific Codes of Conduct for their respective professions.

Gifts, gratuities, and entertainment are defined as anything given directly to staff as a result of a business relationship for which the recipient does not pay fair market value. This includes such things as meals, material goods, travel and accommodations, tickets to sporting or cultural events, golf outings, and any other merchandise or services.

Typically, business gifts, services, gratuities, and entertainment are forms of courtesies designed to build and/or enhance teamwork, partnerships, and goodwill between various business entities. Ethical problems arise when these items compromise an individual's ability to make objective and fair business decisions. Unfortunately, even the perception of compromise to an outside observer can be very damaging to the University and is inconsistent with overall operating principles.

It is always a conflict of interest for a staff member to accept a gift of any amount where the external person or organization intends to create a *quid pro quo* arrangement with the staff member. In other words, it is never appropriate to receive a gift that is given with the expectation of receiving some favor or benefit in return. OUD staff and their family members are prohibited from requesting gifts, services, gratuities, or access to entertainment activities from any vendors or donors for their personal benefit.

It is permissible to accept unsolicited promotional materials of a general nature and nominal value, (e.g., items that are imprinted such as pencils, memo pads, calendars or other similar items). These types of gifts are permitted, provided they are given as a gesture of a professional relationship, and do not involve a commitment having to do with the transaction of business. To the extent possible, these gifts should be shared within the office. If it is not the type of gift that can be shared, please contact the OUD Finance and Administration Office to discuss the appropriate action.

The specific gift policy for vendors and donors is detailed below:

VENDORS: OUD employees should not accept personal gifts, services or gratuities from vendors or other non-donors for any value or amount other than nominal value. Employees may accept invitations to business meals, provided that there is a clear business purpose. If the value of the meal exceeds \$50, information regarding the name of the vendor, date of the hosting and the meal amount should be reported to your supervisor.

DONORS: Generally, OUD employees should not accept personal gifts, services or gratuities from donors for any value or amount other than nominal value. Due to the myriad of business situations encountered daily, one policy cannot cover every eventuality that an employee may encounter. The expectation is that all OUD employees are professionals with the capacity to exercise sound business judgment. A decision to accept or decline invitations or gifts from donors requires common sense and careful judgment. These situations often fall into two categories:

Personal Gifts – these types of gifts where there is more than nominal value and an ongoing benefit either for the employee or their family (e.g., an expensive golf club or use of a donor’s condominium when the donor is not present) are not acceptable and should be returned or the offer declined.

Acceptance of Hospitality – donors may choose to offer hospitality at their expense in a wide variety of ways. Generally, accepting such hospitality is not the preferred practice. There may be instances, however, where it is appropriate to accept the invitation of a donor. All acceptances of hospitality should be disclosed to your supervisor. Whenever possible, staff should discuss with and obtain management approval for such hospitality *before* it occurs. Obtaining approval prior to acceptance of the invitation is always desirable but in particular when donors offer to provide overnight accommodations; host at their golf club, sporting, or entertainment event; or, provide flights on their private planes. Occasional acceptance of an invitation from a donor is acceptable; however, staff can expect that repetitive acceptance of invitations from the same donor will receive special scrutiny by management -- employees are expected to bring such instances of repetitive acceptance to the attention of their supervisor for special review (in addition to prior approval). In the acceptance of any offer from a donor, there should not be the creation of a *quid pro quo* situation.

Whether a vendor or a donor, employees must carefully weigh the business interest involved against the possible public perception. In difficult situations, the following guiding questions can be asked:

- *Is it clearly related to the conduct of business?*
- *Is it moderate, reasonable, of nominal value?*
- *Would I feel comfortable owning up to the giving or receipt of this gift in front of other vendors or donors? Other employees? My manager? My family? The media?*
- *Do I feel any pressure to reciprocate or grant special favors as a result of this gift?*
- *Am I certain the gift does not violate any law or business regulation?*
- *Am I crossing the line from professional to personal relationship?*
- *Will this hamper my ability to press for a decision from a donor?*

If employees are still uncertain about specific situations, they should consult their managers to obtain an objective perspective of the situation and should always choose the most cautious approach to avoid even perceptions of impropriety.

2. Evaluating disclosures of potential conflicts of interest or conflicts of commitment

The Assistant Vice President of Talent Management and Finance & Administration and/or the Director of Finance and Administration shall evaluate all disclosed potential conflicts of interest or conflicts of commitment. The one exception to that requirement will be for potential conflicts associated with the acceptance of hospitality – these disclosures will be evaluated by the staff member’s supervisor and forwarded to Talent Management and Finance & Administration if the supervisor determines an actual conflict exists. The supervisor, Assistant Vice President of Talent Management and Finance & Administration and/or Director of Finance and Administration may require the staff member to provide additional information or documentation that may be relevant to evaluating the potential conflict of interest or conflict of commitment.

As needed, the Assistant Vice President of Talent Management and Finance & Administration and/or Director of Finance and Administration will consult with appropriate central administrative offices (e.g., Office of the Provost and Executive Vice President for Academic Affairs, Office of Human Resources and Affirmative Action, Office of the Vice President for Research, Office of the Vice President and General Counsel). (See also Section B.4, below.) As needed, he or she will also consult with the Vice President of Development.

3. Developing plans to manage potential conflicts of interest and conflicts of commitment

When the Assistant Vice President of Talent Management and Finance & Administration and/or Director of Finance and Administration has determined that a potential conflict of interest or conflict of commitment exists that must be managed or eliminated, he or she must develop, in consultation with the employee, a recommended plan for managing the potential conflict. The Assistant Vice President of Talent Management and Finance & Administration and/or Director of Finance and Administration will then provide the plan to the employee’s supervisor, who has authority for approving it. The supervisor will provide the employee with a copy of the approved conflict management plan and will discuss any related ambiguities or issues that arise. If the newly discovered potential conflict of interest is immediately discontinued, that should be documented in lieu of the establishment of a formal plan.

4. *Involving other University individuals or offices, as required*

Purchasing

When a potential conflict involves a purchase of goods or services, the Assistant Vice President of Talent Management and Finance & Administration and/or Director of Finance and Administration must also disclose the conflict to the appropriate staff person in the University's Office of Purchasing Services, and also to the unit staff member responsible for handling unit purchases. If the Assistant Vice President of Talent Management and Finance & Administration and/or Director of Finance and Administration determines that a potential conflict exists that must be managed or eliminated, he or she will consult with these individuals in developing a plan to manage the situation.

Research

When a potential conflict involves work performed for a research project, the Assistant Vice President of Talent Management and Finance & Administration and/or Director of Finance and Administration must inform the head of the research project. If the Assistant Vice President of Talent Management and Finance & Administration and/or Director of Finance and Administration determines that a potential conflict exists that must be managed or eliminated, it is his or her responsibility to ensure, in consultation with the head of the research project, that the conflict management plan does not conflict with requirements related to the research or to research funding.

C. Administering the Policy

1. Record-Keeping and Issues of Confidentiality and Privacy

When personal financial or associational documents are provided to the Assistant Vice President of Talent Management and Finance & Administration and/or Director of Finance and Administration, the documents shall be placed in a secure file accessible only to the Assistant Vice President of Talent Management and Finance & Administration and/or Director of Finance and Administration and the unit supervisor. Where any other staff member has a legitimate business reason to access the documentation, then either the Assistant Vice President of Talent Management and Finance & Administration and/or Director of Finance and Administration or the unit supervisor may authorize access to the file and provide either copies and/or information, as may be required for the stated business purpose. If the Assistant Vice President of Talent Management and Finance & Administration and/or Director of Finance and Administration provides copies of information in the files to a staff member, he or she must also ask that staff member to maintain the same level of confidentiality for the copied information as applies to the original information or documents. Except where University record retention policies require a longer period, the documentation related to a disclosure will be purged 3 years after the potential conflict no longer exists. Facts of the disclosure and the management plan actually implemented will be kept for 7 years after the conflict no longer exists.

Documentation of the staff member's disclosure and action taken shall be included within the secure file. The documentation may be as simple as identifying the disclosure and, when no further action was required, including a notation to that effect on the disclosure description.

In some circumstances, the University is required to disclose potential conflicts to people within or outside the University. For example, if a conflict exists within the context of a federally sponsored project, the University *is required* both to disclose the existence of that conflict (without providing identifying information) to the federal government and to indicate whether it has managed the conflict.

Also, the University may be legally required to disclose information in response to requests made under the Michigan Freedom of Information Act (FOIA). In addition to the people listed above, should any other individual have a legitimate educational or business reason to access the confidential records, whether in the context of a federally sponsored project, a FOIA request, or otherwise, the Assistant Vice President of Talent Management and Finance & Administration and/or Director of Finance and Administration or the unit supervisor may authorize access to the file, provide copies, or provide oral or written summaries of the information in the file. Where possible, the individual to whom the Assistant Vice President of Talent Management and Finance & Administration and/or Director of Finance and Administration or unit supervisor authorizes disclosure shall be required to maintain at least the same level of confidentiality as applies to the original information.

Administrators of this policy will make every reasonable effort to preserve confidentiality and protect the privacy of all parties in the course of investigating a potential conflict of interest or commitment and, as applicable, in developing a plan to manage the conflict. (See Regents' Bylaw 14.07 *Privacy and Access to Information* and SPG 201.46 *Personnel Records – Collection, Retention and Release*.)

Any faculty or staff member who becomes aware of the Assistant Vice President of Talent Management and Finance & Administration and/or Director of Finance and Administration or unit supervisor who has provided or may have provided unwarranted access to conflict documentation or information, as defined in this policy, should inform the Vice President for Development. To follow up, the Vice President for Development will investigate the allegation and, where appropriate, take personnel action.

2. Resolving Disputes

When a staff member disputes any action or decision related to a potential conflict of interest or conflict of commitment, the staff member should first ask that the action or decision be reviewed by his or her supervisor.

If, following the above review, the staff member remains unsatisfied with the action or decision; the staff member may initiate existing University policies and procedures for handling disputes, when available.

3. Conducting Education and Training

Upon hiring into or transfer into the unit, every staff member shall be provided the Office of University Development departmental policy. The policy will also be posted on the office intranet site (DEVNET) and office-wide communication will be sent when the policy is altered in any way. Completion of the University's Conflict of Interest online tutorial may also be required periodically of all OUD staff.

4. Violations

Any violation of SPG 201.65-1 or this OUD internal policy statement may be a cause for disciplinary action. In the first instance, the employee's supervisor shall evaluate the violation and take appropriate action, if needed, all in accordance with existing University policies and procedures. Consultation with the employee's Human Resources representative may be appropriate. The outcome of the supervisor's review and any actions taken shall be documented and included within the secure file maintained by the Assistant Vice President of Talent Management and Finance & Administration and/or Director of Finance and Administration. If appropriate, all relevant documentation may also be included within the employee's personnel file maintained as provided under SPG 201.46.

5. Policy Review and Revision

The Assistant Vice President of Talent Management and Finance & Administration and/or Director of Finance and Administration shall regularly review all potential conflict disclosures and actions taken with the Vice President for Development to ensure a consistent approach to potential conflicts within the unit. The Vice President for Development shall regularly consult and review potential conflict management issues. If the Vice President for Development determines that any of the changes he or she would like to adopt will materially change the policy, the Vice President for Development will follow the procedures used to adopt the original policy. In particular, the Vice President for Development will submit any materially revised policy for further review and approval and then to the President for formal adoption. A current version of Office of University Development's policy should be on file with the Vice President for Development at all times.

D. Other Governing Policies

This policy implements SPG 201.65-1, *Conflicts of Interest and Conflicts of Commitment*, incorporates SPG 201.65-1 in its entirety, and includes all elements required under that SPG. Implementation of SPG 201.65-1 within Office of University Development requires compliance with other University policies and procedures, including all Regents' Bylaws and SPGs, as well as with any relevant external rules of professional conduct and applicable law. Relevant policies, procedures, rules, and law include (but are not limited to) the following:

- Regents' Bylaw 2.16, regarding gifts to University employees;
- Regents' Bylaw 5.13, regarding governmental elected or appointed service;
- Regents' Bylaw 5.14, regarding leaves of absence;
- SPG 201.12, regarding misconduct and discipline;
- SPG 201.23, regarding appointment of individuals with close personal or external business relationships;
- SPG 201.65, regarding employment outside the University;
- SPG 201.85, regarding special stipends for work performed for other University units, the payment of honoraria, and the payment of travel expenses;
- SPG 500.01, 601.03-2, and 601.11, in particular to the extent that they address appropriate use of University resources, such as the libraries, office space, computers, secretarial and administrative support staff, and supplies;
- Office of Vice President for Research (OVPR) Policy on Conflict of Interest in Sponsored Research and Technology Transfer Agreements;
- Michigan Compiled Laws § 15.321 et seq., regarding contracts of public employees with their employers.