

OFFICE OF THE PRESIDENT

POLICY FOR EXECUTIVE OFFICERS AND PRESIDENTIAL DIRECT REPORTS ON CONFLICTS OF INTEREST AND CONFLICTS OF COMMITMENT October 3, 2006

This policy is applicable to all executive officers of the University of Michigan, including chancellors of the Dearborn and Flint campuses, and to other officers reporting directly to the president, including the Director of Athletics, the Director of University Audits, and the Director of Michigan Public Media. For the purposes of this policy only, all of these individuals will be referred to collectively as “executive officers.”

A. Identification of Potential Conflicts of Interest and Commitment

Potential conflicts of interest and commitment are inevitable where executive officers are engaged, as they ought to be, with persons, entities and institutions outside the University. Nor are these potential conflicts necessarily problematic. In fact, the University allows and encourages executive officers to engage in outside activities and relationships that enhance the University’s mission. It is nevertheless important that executive officers disclose any potential conflicts of interest or commitment as soon as they arise so that they can be evaluated and, if necessary, managed or eliminated. Executive officers must also disclose potential conflicts resulting from the activities of their families or associates, as defined in Regents Bylaws Sec. 1.14, to the extent that the executive officer is or should be aware of the family member’s or associate’s activity.

A potential conflict of interest arises when external ties might appear to bias an executive officer’s judgment in performing his or her University obligations or when an executive officer may receive a material, financial or other benefit from knowledge of information confidential to the University. (See Regents Bylaws Sec. 1.14 and SPG 201.65-1.)

A potential conflict of commitment arises when an executive officer engages in external activities or assumes external commitments that might appear to compromise his or her ability to fulfill the responsibilities of his or her University position. (See SPG 201.65-1.)

An executive officer shall abide by all policies and requirements applicable generally to the executive officer’s own staff. Further, an executive officer shall be especially careful to disclose potential conflicts between his or her role in supervising and evaluating staff members and any personal or external activities or interests. These activities may include entering into or facilitating business activities that are shared with individual staff or that are in conflict with business activities of individual staff.

Some areas in which executive officers should be alert for possible conflicts are listed here; these items are given as examples, and the list is not meant to be exhaustive:

- Acceptance of honoraria or speaking fees
- Acceptance of gifts
- Entertainment paid by others
- Involvement in sponsored or organized research or technology transfer
- Involvement with University policy development, contracting or purchasing, including involvement in decisions about University policies, contracts or partnerships with external entities in which the executive officer or his or her family or associate has financial holdings, ownership, or other financial relationship
- Service on external boards, commissions, or committees. Approval from the president should be sought for appointment to external boards of directors.
- Service in a significant advisory or consultative capacity to entities outside of the University.

B. *Disclosure, Evaluation, and Management of Potential Conflicts of Interest and Commitment*

1. Disclosure of Potential Conflicts

In general, each executive officer must promptly disclose potential conflicts of interest or commitment to the vice president and secretary of the University and the president in writing as they arise. Executive officers should prospectively disclose situations that could potentially involve conflicts — e.g., in the planning stages of a University agreement with an external party where the agreement itself would potentially involve a conflict. E-mail will suffice, if written from the executive officer's University e-mail account to the vice president and secretary's University e-mail account and the president's e-mail account.

Recurring or long-term commitments made by an executive officer must also be described and reported to the president in writing at the time of the executive officer's annual performance evaluation with the president. Each executive officer will be given a standard form for annual disclosure, which will include a record of current recurring and long-term conflicts previously disclosed, and their dispositions, reported in a manner consistent with confidentiality requirements outlined below.

Disclosure generally need not be made where there is no violation of the general approaches outlined within the policy applicable to the executive officer's own staff. Disclosure should be made, however, whenever there is any question whether the matter in question falls within the generally permitted, *de minimis* situations described within the executive officer's staff policy or when it falls within special situations created by your position such as those described above.

2. Management of Potential Conflicts

Upon disclosure of a potential conflict of interest or commitment, the president will evaluate the extent of the potential conflict to determine whether it is necessary to manage or eliminate it. The president may ask the executive officer to provide additional information or documentation if necessary.

In some circumstances, evaluation of the potential conflict will require consultation with and processing by central administration offices. For example, centralized processing is necessary in the following circumstances:

- Where the disclosure involves sponsored research or technology transfer, by the Office of the Vice President for Research;
- Where there may be a conflict between two academic units, by the Provost's Office;
- Where the disclosure involves a purchase of goods or services, by Purchasing.

In many cases, consultation with central administration offices, even when processing by those offices is not required, may help determine how to respond to a given disclosure. Examples of potentially appropriate consultation might include the following: where legal obligations or potential liability may be involved, with the General Counsel's Office; where the disclosure involves sponsored research or technology transfer, with the Office of the Vice President for Research; where there may be a conflict between two academic units, with the Provost's Office; and where the disclosure involves a purchase of goods or services, with Purchasing.

In response to disclosure of a potential conflict, the president may, after consulting with the executive officer, determine that no action is necessary. In other cases, the president may decide that it is sufficient to document the disclosure and his or her determination that no further management is required. If the president determines that management of the potential conflict is necessary, however, he or she will develop a conflict management plan in consultation with the executive officer. For executive officers with faculty appointments or responsibilities, to the extent a particular potential conflict involves these responsibilities, development of the management plan will include a review of policies from the applicable academic area and consultation, as appropriate, with the conflict management body in the area. That plan may include, but is not limited to:

- Disclosing the potential conflict to appropriate sources inside and outside the University;
- Modifying or limiting the executive officer's duties to minimize or eliminate the conflict;
- Securing the executive officer's agreement to modify or suspend outside activity, use of University resources, or other activities that create the potential conflict;

- Prohibiting certain outside activity as inconsistent with the executive officer's obligations to the University; or
- Working within the conflict management procedures associated with a specific academic area.

3. Record-Keeping and Issues of Confidentiality and Privacy

The president or president's designee will keep a record of action on disclosures made under this policy, in part to help develop a consistent practice of treating like cases alike. Appropriate records may also be kept in the individual executive officer's personnel file. The president will make all reasonable efforts to preserve the privacy and confidentiality of personal information revealed as part of this process; to that end, the president will keep all records that include personal information about named individuals in a secure file accessible only to himself or herself and the vice president and secretary. Pertinent records of conflict disclosures and management for executive officers will be retained at least 3 years after the termination of the appointment.

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 that conflict. Also, the University may be legally required to disclose information in response to requests made under the Michigan Freedom of Information Act (FOIA). 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 president may authorize access to the file, provide copies, or provide oral or written summaries. Where possible, the individual to whom the president authorizes disclosure will be required to maintain at least the same level of confidentiality as provided for the original information.

C. *Dispute Resolution*

An executive officer may request the president to reconsider decisions or actions taken pursuant to this policy.

D. *Education and Training*

This policy will be provided to new executive officers at the time they assume the position of an executive officer. At that time, the president or his or her designee will discuss the policy with the executive officer.

This policy will be circulated annually to all executive officers, including interim appointments in conjunction with the notification required by Regents' Bylaw 1.14 concerning conflicts.

Whenever there is a reason to think it necessary, the president will remind the executive officers as a whole, or an individual executive officer, of the requirements of the policy.

E. *Violations*

Any failure to comply with SPG 201.65-1, its procedures, or this implementing policy may lead to disciplinary action, up to and including termination of appointment in accordance with those disciplinary procedures applicable to the executive officer. Possible violations that may lead to disciplinary action include, but are not limited to, the following: failure to disclose fully a potential conflict; failure to comply fully with a required conflict management plan; failure to maintain the confidentiality of conflict documentation and information; and failure to complete any required training or education regarding the policy.

F. *Policy Review and Revision*

The president or his or her designee will annually review all actions taken under this policy to evaluate the need for any revisions to the policy or any need for increased education. Any revisions in policy or practices will be discussed with the executive officers. If the president determines that any of the changes he or she would like to adopt will materially change the policy, the modification will be adopted by the same procedures that were followed in adopting the original policy prior to final adoption. [<http://www.umich.edu/%7Ehraa/procedures/spg201-65-1.htm>] A current version of this policy will be on file with the President's Office at all times.

G. *Governing Policies*

This policy implements Standard Practice Guide ("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 the Unit 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 1.14, regarding conflict of interest;
- Regents' Bylaw 5.12, regarding outside employment of University faculty;
- Regents' Bylaw 5.13, regarding governmental elected or appointed service;
- Regents' Bylaw 5.14, regarding leaves of absence;
- 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; and
- Michigan Compiled Laws § 15.321 et seq., regarding contracts of public employees with their employers.

In the event of any inconsistency between this policy and other University or external requirements, those other requirements will prevail. In interpreting this policy the president will be attentive to preserve the principle of academic freedom of speech and thought. In addition, policy administrators will make every reasonable effort to preserve confidentiality and protect the privacy of all parties in the course of investigating and managing a potential conflict of interest or commitment.