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## I. CONFLICT OF INTEREST

### 3-901 Conflict of Interest

- A. All regents and board and university employees must comply with Arizona conflict of interest laws. Civil and criminal penalties under applicable laws may result to an individual who fails to comply with these laws. The following rules are provided to assist in that compliance.
1. A regent or employee who has, or whose relative has, a substantial interest as defined in Arizona law in any contract with, sale to, purchase from, service for, or decision by the board or university must do two things:
    - a. University employees must disclose their substantial interest pursuant to procedures developed by the employing university. Regents and System office employees must disclose their substantial interests to board counsel pursuant to System office procedures. All regents and employees must keep their disclosures current by updating them whenever the disclosed interest or relationship changes. In addition, regents and System office employees will be required to submit updated disclosures annually.
    - b. Except as otherwise permitted in this policy or in applicable law, the regent or employee also must refrain from participating in any manner in the contract, sale, purchase, or decision.
  2. A regent or employee may supply equipment, material, supplies, or services to the board or university only if the contract is awarded after public competitive bidding.
  3. During board or university service or employment and for 12 months after leaving board or university service or employment, a regent or employee may not represent another person for compensation before the board or university on a matter:
    - a. If the regent or employee was directly concerned with the matter while a regent or board or university employee,

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- b. If the regent or employee personally participated in the matter during his or her board or university service or employment, and
  - c. If the matter involved a substantial and material exercise of administrative discretion by the regent or employee.
- 4. During board or university service or employment and for two years after leaving the board or university, a regent or employee may not disclose or use for his or her personal profit any information disclosed to him or her in the course of his or her official board or university duties that has been clearly designated to him or her as confidential or that is declared confidential by law. An appropriate board or university representative may authorize exceptions to this prohibition.
- 5. A regent or employee may not receive or agree to receive compensation (other than as provided by law) for any service rendered in any matter pending at the board or university.
- 6. A regent or employee may not use or attempt to use his or her official position to secure any valuable thing or benefit that would not ordinarily accrue in the performance of his or her official duties, if the thing or benefit is of such character as to manifest a substantial and improper influence on the regent or employee.
- 7. Except as otherwise expressly permitted in this policy or in applicable law, if a regent or employee is significantly involved in initiating, negotiating, securing, drafting, or creating a contract on behalf of the board or a university:

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- a. The board or the university has the right to cancel the contract if the regent or employee is or becomes an employee or agent of any other party to the contract while the contract or any extension of the contract is in effect  
  
and
  - b. The board or the university has the right to cancel the contract if the regent or employee is or becomes a consultant with respect to the subject matter of the contract to any other party to the contract while the contract or any extension of the contract is in effect.
- B. Conflict management for transactions involving transfer of technology to employees or regents.
  - 1. Subject to this policy, a university may license or otherwise transfer board owned technology developed by a regent or employee of the board or a university to that regent or employee or to a private entity in which the regent or employee maintains a substantial interest.
  - 2. Prior to entering any agreement for the transfer of intellectual property:
    - a. The university must identify, on a case-by-case basis, individual and institutional conflicts of interest and conflicts of commitment that may arise as a result of the proposed transfer.
    - b. The university must determine whether the potential conflicts are manageable.
    - c. If the potential conflicts are manageable, the university must develop a conflict management plan and enter agreements as necessary for the appropriate management and oversight of the potential conflicts in conformance with board and university policy and the guidelines for conflict management adopted by the board.

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d. University counsel must approve the final agreement for license, assignment or transfer.

C. Duty of Candor

Regents and employees have a continuing duty to disclose and to provide accurate and complete information regarding potential conflicts of interest and other information necessary for the implementation of this policy.

D. Definitions

“Relative” and “substantial interest” have the definitions set forth in A.R.S. § 38-502.

E. Federal laws on objectivity in research

Each university will adopt policies and procedures to promote objectivity in research and to comply with federal disclosure requirements for federally funded research.



# GUIDELINES

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## **Guidelines for Reviewing Licensing and other Transfer Agreements with University or Board Employees and Officers or Entities in which an Employee or Officer has a Substantial Interest**

In reviewing a proposed technology transfer transaction as permitted under ABOR Policy 3-809, the university must consider the following issues. Not all issues are present in every transaction. Some issues may arise after the initial transaction and the university should have a process to monitor on an ongoing basis for changing circumstances.

1. The officer or employee must disclose financial and fiduciary interests of the employee or officer for a written determination by the appropriate conflict of interest committee of whether such disclosures present an individual or institutional conflict of interest under state or federal law. When such conflicts of interest are identified, the university will document how such conflicts of interest will be eliminated or managed in a written conflict of interest management plan (e.g., disclosure, non-participation in contracting on behalf of the university, updating disclosures, etc.)
2. If research will be conducted at the university, or by university faculty, post-docs or students, on behalf of the new entity involve human participants, animals, hazardous materials, or other areas subject to compliance obligations? If so, document how appropriate oversight of compliance will be managed and enforced.
3. Impose a duty for the officer/employee to update disclosures that relate to potential conflicts on at least an annual basis and more often if circumstances dictate; and require that such updates occur at any time in which there is a change in the disclosed interests of the employee or officer.
4. Will any university students be involved in research on behalf of the entity? How will each student's academic interests be protected?
5. Is each university employee and student who may be involved appropriately identified for purposes of revenue sharing (or waiver of revenue sharing) under the ABOR intellectual property policy? As the entity hires new employees who may have rights under ABOR policy, which is the process to ensure that this information is updated?
6. How are license fees, assignment fees, options, milestone payments, royalties and other agreement terms justified to the extent that they vary from the university's standard terms?



# GUIDELINES

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## **Guidelines for Reviewing Licensing and other Transfer Agreements with University or Board Employees and Officers or Entities in which an Employee or Officer has a Substantial Interest**

7. Identify the members of the university committee that has developed and approved the conflict management plan.
8. Identify which administrators at the university have reviewed the conflict management plan.
9. Identify the university attorney who has reviewed the transfer agreement.
10. Describe the process for monitoring adherence to the conflict management plan once adopted?
11. Provide written communication to the employee or officer stating the consequences for failure to comply with a conflict management plan.
12. If university facilities, equipment, space or other resources will be used by the licensee or transferee, are appropriate agreements with adequate consideration for that use in place?