

APPENDIX O

The UNC Policy Manual
300.2.2
Adopted 04/16/93
Amended 08/12/05
Amended 06/09/06
Amended 06/15/12¹
Amended __/__/24

Conflict of Interest and Commitment

i. Purpose. It is the policy of the University of North Carolina that activities undertaken by its faculty, staff, and students in furtherance of the mission of the University shall be conducted in an ethical and transparent manner consistent with federal and state law and university policy. As outlined herein, all Covered Employees are expected to disclose actual or potential conflicts of interest and conflicts of commitment that have the potential to affect the University's interests or compromise their objectivity in carrying out their University Employment Responsibilities. Constituent Institutions shall have policies and procedures in place to identify, review, and manage activities and interests that could give rise to conflicts of interest and conflicts of commitment in accordance with the provisions of this Policy.

ii. Definitions

A. Constituent Institution, for the purposes of this policy, includes affiliated entities or other agency units of the University of North Carolina, a constituent institution, the UNC System Office, and units associated with the UNC System Office. Affiliated entities and other units of the UNC System Office may implement Conflict of Interest policies consistent with this policy or adopt the policy of one of the constituent institutions.

B. Conflict of Commitment relates to situations in which an employee engages in activities external to the University, or assumes commitments external to the University that compromise, may appear to compromise, or have the potential to compromise their ability to fulfill their University Duties.

C. Conflict of Interest relates to situations in which a Covered Employee's financial or other personal interests or relationships may compromise, may involve the potential for compromising, or may have the appearance of compromising, a Covered Employee's objectivity in fulfilling their University Employment Responsibilities or University Duties, including research, service and teaching activities, and administrative duties. A Covered Employee may have a Conflict of Interest when they, or any member of their immediate family, has a financial or personal Interest in an activity that may affect decision making with respect to their University Employment Responsibilities. For the purposes of this Policy, a Covered Employee's immediate family includes that person's spouse and dependent children.

D. Covered Employee is generally defined as a faculty, SAAO, or EPS employee of the University of North Carolina or a Constituent Institution. However, the implementing policies of Constituent Institutions may further define Covered Employee to include additional classifications of persons and students, or otherwise exempt classification of persons, provided such additional classifications or exemptions are consistent with applicable state or federal law, regulation, or rule.

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Deleted: The Code of the University of North Carolina affirms that the basic mission of the faculty is "the transmission and advancement of knowledge and understanding." Faculty employment entails the core responsibilities of teaching, scholarly research and publication, and other professional service to the institution and to society. Realization of those objectives is facilitated and encouraged by certain distinctive characteristics of employment within an academic community, which differs markedly from the conventional work-day and work-week employment models in most business and industrial settings. Faculty members pursue their specialized professional interests in other contexts, collateral to their immediate University employment. They hold memberships in and attend meetings of professional associations and learned societies; they serve on review or advisory panels; they present lectures, papers, concerts and exhibits; they participate in seminars and conferences; they review and edit scholarly publications; and they participate in accreditation reviews. Faculty and non-faculty EPA employees ("Covered Employees") have opportunities to use their specialized competencies in secondary professional employment, as paid consultants to public and private agencies, and thereby contribute to the transfer and application of knowledge. As relationships between Covered Employees and private industry, federal and state governments, and nonprofit agencies have grown in number and scope, there has been a corresponding increase in concern about conflicts of interest and commitment. While these Covered Employees are encouraged to engage in appropriate relationships with public and private agencies outside of the University, there is a need for commonly understood principles and corresponding procedures that will identify, address and manage potential conflicts that would detract from or interfere with a Covered Employee's dedication of unbiased primary professional loyalty, time, and energy to University teaching, research, and service. All members of the University community are expected to avoid conflicts of interest and conflicts of commitment that have the potential to directly and significantly affect the University's interests or compromise their objectivity in carrying out their University Employment Responsibilities, including research, service and teaching activities and administrative duties, or otherwise compromise performance of University responsibilities, unless...

As relationships between Covered Employees and private industry, federal and state governments, and nonprofit agencies have grown in number and scope, there has been a corresponding increase in concern about conflicts of interest and commitment. While these Covered Employees are encouraged to engage in appropriate relationships with public and private agencies outside of the University, there is a need for commonly understood principles and corresponding procedures that will identify, address and manage potential conflicts that would detract from or interfere with a Covered Employee's dedication of unbiased primary professional loyalty, time, and energy to University teaching, research, and service. All members of the University community are expected to avoid conflicts of interest and conflicts of commitment that have the potential to directly and significantly affect the University's interests or compromise their objectivity in carrying out their University Employment Responsibilities, including research, service and teaching activities and administrative duties, or otherwise compromise performance of University responsibilities, unless...

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E. Department means an academic department, a professional school without formally established departments, or any other administrative unit designated by the chancellor or chief administrative officer of a Constituent Institution, or by the UNC System Office, for the purposes of implementing this policy. "Supervisor" refers to the person with supervisory responsibility for the Covered Employee, whether in an academic or non-academic department.

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F. University Employment Responsibilities, or University Duties consist of assigned teaching, scholarship, research, institutional service requirements, administrative duties, and other assigned employment duties. University Employment Responsibilities may include professional affiliations and activities traditionally undertaken by Covered Employees outside of the immediate University employment context. Constituent Institutions must set parameters for which of these activities undertaken by Covered Employees constitute University Employment Responsibilities, including the receipt of honoraria, remuneration or time, and which activities constitute External Professional Activities and are subject to Sections III and IV below.

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G. External Professional Activities is defined as any activity that:

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1. is not included within one's University Employment Responsibilities;
2. is performed for any entity, public or private, other than the University employer;
and
3. is based upon the professional knowledge, experience and abilities for which the University employer employs the Covered Employee.

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Covered Employees who engage in external activities not involving such professional knowledge, experience, and abilities are not required to follow the advance disclosure and approval requirements of Section IV of this policy for such external activities. However, Covered Employees and their Supervisors shall ensure that any such activities do not result in the neglect of their University Duties, create unmanageable Conflicts of Interest in accordance with Section III of this Policy, create unmanageable Conflicts of Commitment in accordance with Section IV of this Policy, involve inappropriate uses of the University name or resources, or include claims of University responsibility for the activity.² Notwithstanding the foregoing, the implementing policies of Constituent Institutions may further define External Professional Activities to include additional requirements, such as the External Professional Activity being for pay, provided such definition is consistent with applicable state or federal law, regulation, or rule. External Professional Activities performed for another UNC Constituent Institution or agency of the State of North Carolina also must comply with applicable State policies governing dual employment and compensation, unless an exception to those State policies is expressly authorized by the chancellor of the primary employing institution or the President.

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Deleted: result from a Financial Interest of a Covered Employee who is in a position to make a supervisory, academic, or administrative decision which may be compromised because of potential financial gain from a Financial Interest.

H. Financial Interest is defined as:

1. Income received, such as dividends, royalties, payment for services, consulting fees, honoraria, and paid authorships, by the Covered Employee or members of their immediate family from an entity other than the Constituent Institution employer;

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2. Equity or other ownership interest in publicly or non-publicly traded entities (e.g., stock, stock options, warrants or other ownership interest) held by the Covered Employee or members of their immediate family; or

3. Intellectual property rights and interests upon receipt of income related to such rights and interest, held by the Covered Employee or members of their immediate family. This includes intellectual property rights assigned to the Constituent Institution and subject to a share in royalties related to such rights.

Income from investment vehicles, such as mutual funds or retirement accounts, in which the Covered Employee or member of their immediate family do not directly control or advise the investment decisions, are excluded from the definition of Financial Interest. Notwithstanding the foregoing, the implementing policies of Constituent Institutions may further define Financial Interests to establish a de minimis value for Financial Interests, provided such definition is consistent with applicable state or federal law, regulation, or rule. Covered Employees are required to disclose Financial Interests in a timely and accurate manner consistent with the implementing policies of the Constituent Institution.

I. Foreign Government Talent Recruitment Program is an effort organized, managed, or funded by a foreign government, or a foreign government instrumentality or entity, to recruit science and technology professionals or students (regardless of full-/part-time status, citizenship, or national origin), or as may be defined by applicable government or funding agency.

J. Use of University Resources means using any University or constituent institution services, facilities, equipment, supplies or personnel which members of the general public may not freely use.

III. Conflicts of Interest, Constituent Institutions must establish and maintain policies and procedures sufficient to permit institutions and their employees to recognize, disclose, and manage actual and potential Conflicts of Interest in accordance with all applicable state and Federal laws and regulations. These policies and procedures must:

A. Require that a Covered Employee’s professional activities and financial or personal interests must be arranged to avoid circumstances that do or may prevent or limit objectivity in the performance of University Employment Responsibilities or that otherwise do or may adversely affect any Constituent Institution interests;

B. Include clear explanations of permissible and impermissible conduct;

C. Include a process for disclosure, review, and management of Conflicts of Interest that includes:

1. A form for disclosing potential Conflicts of Interest;

2. A review by designated Constituent Institution officials of a disclosed Conflict of Interest in the context of the Covered Employee’s University Employment Responsibilities and determination whether the activity or affiliation in question actually presents a Conflict of Interest and, if so, what safeguards or remedial actions should be taken;

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Deleted: Conflict of Commitment relates to an individual's distribution of time and effort between obligations to University employment and participation in other activities outside of University employment. The latter may include such generally encouraged extensions of professional expertise as professional consulting (i.e. External Professional Activities for Pay). Such activities promote professional development and enrich the individual's contributions to the institution, to the profession, and to society. However, a conflict of commitment occurs when the pursuit of such outside activities involves an inordinate investment of time or is conducted at a time that interferes with the employee's fulfillment of University Employment Responsibilities.

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External Professional Activities

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University Employment Responsibilities

Deleted: for Pay is defined as any activity that 1) is not included within one's University employment responsibilities 2) is performed for any entity, public or private, other than the University employer; 3) is undertaken for compensation; and 4) is based upon the professional knowledge, experience and abilities of the employee. Activities for pay not involving such professional knowledge, experience and abilities are not subject to the advance disclosure and approval requirements of Section III of this policy, although they are subject to the basic requirement that outside activities of any type must not result in the neglect of primary University duties, creation of Conflicts of Interest, involve inappropriate uses of the University name (... [3])

Deleted: include "Primary Duties" and "Secondary Duties." Primary Duties consist of assigned teaching, scholarship, (... [4])

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3. A final ruling by a designated Constituent Institution official (or committee), subject to any prescribed rights of appeal in the Constituent Institution’s implementing policies and procedures;

4. A requirement that Covered Employees supplement the information elicited by the Conflict of Interest questionnaire within thirty (30) calendar days of the acquisition of a new financial or personal interest might entail a possible Conflict of Interest.

D. Require that in the event federal agencies or other external sponsors impose additional disclosure requirements on Constituent Institutions, disclosure to the sponsor must also include disclosure to the University;

E. Require periodic training on its policy, the audience, content and frequency designated by the Constituent Institution; and

F. Require that the institution and its Covered Employees comply with all applicable state and Federal law and regulation.

Each Constituent Institution shall submit to the President a copy of its institutional policies and procedures on individual Conflicts of Interest, including definitions of Conflicts of Interest, methods for publicizing the policy and training Covered Employees on institutional definitions and requirements, and procedures and questionnaires for disclosing relationships and circumstances that may raise questions about Conflicts of Interest. Any substantial modifications of the Constituent Institution’s policies and procedures for individual Conflicts of Interest should also be forwarded to the President after approval by the Constituent Institution.

IV. Conflicts of Commitment. Constituent Institutions must establish and maintain policies and procedures sufficient to permit Constituent Institutions and their employees to recognize, disclose, and address potential or actual Conflicts of Commitments in accordance with all applicable state and Federal laws and regulations. These policies and procedures must:

A. Require that a Covered Employee’s professional activities be arranged to avoid circumstances that do or may create conflicting obligations and interfere with the Covered Employee’s fulfillment of University Employment Responsibilities;

B. Define and prohibit the impermissible Use of University Resources in the conduct of external activities, including:

1. The use of the name or marks of the University of North Carolina or any of its Constituent Institutions for any purpose other than for identification purposes;

2. Claim, explicitly or implicitly, any Constituent Institution or institutional responsibility for the conduct or outcome of an external professional activity; and

3. Receipt of remuneration from both the Constituent Institution (including State-reimbursed travel, work time, or resources) and an external entity for the same activity. In addition, Covered Employees classified as senior academic and administrative officers

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Each constituent institution must adopt policies and procedures that:¶
effectively impart a clear understanding of permissible and impermissible conduct;¶
provide for disclosure of Financial Interests, review of disclosures in the context of University Employment Responsibilities and processes to manage or mitigate conflicts of interest;¶
provide for

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provide for compliance with applicable federal regulations.¶
Critical to the success of any program established to address Conflicts of Interest is employee understanding of the potential problems, so that individuals are equipped to avoid such conflicts on their own initiative. While in many situations the conflict of interest would be obvious to all, in other situations the potential difficulty would not be so apparent. Since concern about Conflicts of Interest appropriately embraces situations in which there is a potential for or appearance of conflict, as well as actual conflict, there may be differing views about what is or is not a problematic activity or affiliation. Thus, the faculty and administration of each Constituent

Deleted: must establish basic definitions of activities and circumstances with a potential to create Conflicts of Interest and then must ensure that all affected employees are fully informed, on a regular and continuing basis, through training and distribution of institutional policies and procedures on individual Conflicts of Interest and Conflicts of Commitment.

Deleted: Each Constituent Institution must establish procedures that elicit information in a timely manner about potential Conflicts of Interest related to the Covered Employee’s University Employment Responsibilities. Designated administrative officials or faculty, as defined by the Constituent Institution’s implementing policies and procedures shall analyze the disclosed financial interest in the context of the Covered Employee’s University Employment Responsibilities and decide whether the activity or affiliation in question actually presents a Conflict of Interest and, if so, what safeguards or remedial actions should be taken. Covered Employees shall be required to supplement the information elicited by the Conflict of Interest questionnaire at any time during the academic year when a new Financial Interest might entail a Conflict of Interest. In each case a designated administrative officer would provide a final ruling, subject to any prescribed rights of appeal in the Constituent Institution’s implementing policies and procedures.¶ ... [8]

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Questions about conflict of commitment are more easily recognized and resolved than questions about Conflicts of Interests. Although full-time faculty and other non-faculty... [9]

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are subject to UNC Policy 300.2.2[R] Regulation for Senior Academic and Administrative Officer on External Professional Activities for Pay and Honoraria.

C. Provide for appropriate monitoring of Covered Employee work within their units, to include regular reviews of performance in connection with annual salary decisions and scheduled reviews incident to promotion, reappointment or tenure decisions, and complaints from students, colleagues, or administrators about possible failures to meet assigned responsibilities may arise and require investigation.

D. Require Covered Employees to disclose external activities that may give rise to a Conflict of Commitment, including those External Professional Activities governed by UNC Policy 300.2.2.1[R];

E. Identify which external activities, if defined as University Employment Responsibilities, must be reported by the Covered Employee pursuant to applicable law or regulation and specify the process for reporting them, such as a Foreign Government Talent Recruitment Program; or situations where a Covered Employee commits to sharing information with an external entity without appropriate institutional approval, or not sharing information with the institution or funding entities; and

V. Other Matters.

A. Effective Date. The requirements of this policy shall be effective upon adoption by the Board of Governors.

B. Relation to Other Laws. This policy is designed in supplement, and does not purport in any way to supplant or modify, those statutory enactments and rights which may govern or limit the political activities of employees of the State of North Carolina.

C. Regulations and Guidelines. This policy shall be implemented and applied in accordance with such regulations and guidelines as may be adopted by the president.

¹ Supersedes Policy 300.2.2 originally entitled "Conflicts of Interest and Commitment Affecting Faculty and Non-Faculty EPA."

² External activities of employees covered by the North Carolina Human Resources Act are addressed in the North Carolina Human Resources Act, Employment and Records, Secondary Employment Policy.

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Deleted: <#>External Professional Activities for Pay¶
The University of North Carolina and its Constituent Institutions seek to appoint and to retain, as employees, individuals of exceptional competence in their respective fields of professional endeavor. Because of their specialized knowledge and experience, these individuals have opportunities to apply their professional expertise to activities outside of their University employment, including secondary employment consisting of paid consultation or other service to various public and private entities. These practical compensated applications of their professional qualifications enhance capabilities in teaching, research, and administration. Thus, participation of employees in external professional activities for pay, typically in the form of consulting, is an important characteristic of academic employment that often leads to significant societal benefits, including economic development through technology transfer. However, External Professional Activities for Pay are to be undertaken only if they do not:

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Deleted: in a timely and effective manner;¶
2.->Create a Conflict of Interest because of the individual's status as a

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3.->

Deleted: Involve any inappropriate use or exploitation of University resources;¶
4.->Make any use of the name or marks of the University of North Carolina or any of its Constituent Institutions for any purpose other than professional identification; or¶
5.->Claim, explicitly or implicitly, any University or

Deleted: responsibility for the conduct or outcome of the External Professional Activities for Pay.¶ (... [10])

Deleted: at appropriate university levels of External Professional Activities for Pay. A faculty or non-faculty EPA employee who wishes to engage in External Professional (... [11])

Deleted: University Employment Responsibilities. These regulations may not apply to faculty and non-faculty EPA employees serving on academic year (9-month) contracts, if the External Professional Activity for Pay is wholly performed (... [12])

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