



TRANSMITTAL LETTER

The University of North Carolina
Office of the President

Transmittal Number 40
September 14, 2005

Subject: Amendment to Chapter III of *The Code*

300.1.6.2. Administrative Separation of the President and Chancellors

**300.2.2. Conflicts of Interest and Commitment Affecting Faculty and Non-Faculty
EPA Employees**

**300.2.2.1[R]. Regulations on External Professional Activities for Pay by Faculty and
Non-Faculty EPA Employees**

**300.2.2.2[R]. Regulations for Senior Academic and Administrative Officers on
External Professional Activities for Pay and Honoraria**

**300.2.9[R]. Regulations on Interpreting the Special Annual Leave Bonus
Appropriations Act Provisions**

**300.6.1. External Professional Activities of Faculty and Other Professional Staff -
Repealed**

**500.1. University Research Relations with Government Agencies and Private
Entities**

**500.1.1. Designation of a Classified Information Committee and Managerial Group
and Resolution to Exclude Certain Other Personnel – Repealed**

This letter transmits an Amendment to Chapter III of The Code, two amended policies, two rescinded policies, one newly adopted policy, two newly adopted regulations, as well as one amended regulation.

Amendment to Chapter III of The Code. This amendment was approved by the Board of Governors on August 12, 2005. Please contact Leslie Winner, Vice President and General Counsel, at 919-962-4588 with any questions.

300.1.6.2. Administrative Separation of the President and Chancellors. This policy was adopted by the Board of Governors at its meeting on August 12, 2005. Please contact Gretchen Bataille, Senior Vice President for Academic Affairs, at 919-962-4614 with any questions.

300.2.2. Conflicts of Interest and Commitment Affecting Faculty and Non-Faculty EPA Employees. This amended policy was approved by the Board of Governors at its meeting on August 12, 2005. Please contact Gretchen Bataille, Senior Vice President for Academic Affairs, at 919-962-4614 with any questions.

300.2.2.1[R]. Regulations on External Professional Activities for Pay by Faculty and Non-Faculty EPA Employees. This regulation was approved by the President on August 12, 2005. Please contact Gretchen Bataille, Senior Vice President for Academic Affairs, at 919-962-4614 with any questions.

300.2.2.2[R]. Regulations for Senior Academic and Administrative Officers on External Professional Activities for Pay and Honoraria. This amended regulation was approved by the President on August 12, 2005. Please contact Gretchen Bataille, Senior Vice President for Academic Affairs, at 919-962-4614 with any questions.

300.2.9[R]. Regulations on Interpreting the Special Annual Leave Bonus Appropriations Act Provisions. This regulation encapsulates the appropriations act provisions for the years 2001, 2003 and 2005 relating to the Special Annual Leave Bonus. **Please note that the former regulation 300.2.9[R] and 300.2.12[R] should be removed from the Policy Manual as this regulation includes the material covered in those previously promulgated regulations.** Please contact Kitty McCollum, Associate Vice President for Human Resources and University Benefits Officer, at 919-962-4651 with any questions.

300.6.1. External Professional Activities of Faculty and Other Professional Staff. This policy was repealed by the Board of Governors at its meeting on August 12, 2005. Please contact Gretchen Bataille, Senior Vice President for Academic Affairs, at 919-962-4614 with any questions.

500.1. University Research Relations with Government Agencies and Private Entities. This amended policy was approved by the Board of Governors at its meeting on August 12, 2005. Please contact Alan Mabe, Vice President for Academic Planning, at 919-962-4589 with any questions.

500.1.1. Designation of a Classified Information Committee and Managerial Group and Resolution to Exclude Certain Other Personnel. This policy was repealed by the Board of Governors at its meeting on August 12, 2005. Please contact Alan Mabe, Vice President for Academic Planning, at 919-962-4589 with any questions.

SECTION 300. ESTABLISHMENT AND MEMBERSHIP OF COMMITTEES.

- A. The Board of Governors may establish such standing committees as it may deem necessary. Standing committees shall be established and their duties prescribed by a vote of two-thirds of the voting membership of the Board of Governors then in office. Special committees may be created by the Board of Governors or the chair of the board to perform specific functions not requiring the continuous existence of a committee.
- B. Each voting member of the board shall at all times serve on one of the standing committees designated in subsections 301 B-E below.
- C. Special members of the board may be assigned to such standing or special committees as the chair of the Board of Governors may from time to time see fit.
- D. The chair of the board may, upon request of a standing committee chair, appoint any voting member to serve temporarily as a voting member of a subcommittee of a standing committee when the chair of the board deems the work of the subcommittee to require such an appointment.
- E. The vice chair of the Board of Governors shall at all times be a voting member of a standing committee. The vice chair shall be assigned to a committee by the chair of the board following consultation between the chair and the vice chair. The vice chair's membership on a standing committee shall be in addition to the prescribed regular membership of the committee.
- F. The chair of the Board of Governors shall be a voting member of all standing and special committees, but the chair's membership shall not be counted in determining a quorum.

SECTION 301. THE STANDING COMMITTEES' JURISDICTION.

301 A. The standing committees of the Board of Governors shall be: the Committee on Budget and Finance; the Committee on Educational Planning, Policies, and Programs; the Committee on Personnel and Tenure; the Committee on University Governance, and the Committee on Public Affairs.

301 B. The Committee on Budget and Finance shall consist of seven voting members. The committee shall advise and consult with the president concerning budget policy and preparation. The committee shall consider the budget proposed by the president and, upon its approval, shall submit the budget to the Board of Governors for final action. The committee shall make recommendations to the board for the allocation of funds appropriated to the board. It shall also advise and assist the president, and submit recommendations to the board, with respect to real property transactions, investments, endowments, and other fiscal and property matters in accordance with valuation limits established in board policy and within the jurisdiction of the Board of Governors.

301 C. The Committee on Educational Planning, Policies, and Programs shall consist of nine voting members. It shall receive the advice and recommendations of the president and make recommendations to the board in all areas pertaining to the development of a coordinated system of higher education in North Carolina, including: (a) the definition of mission and assignment of functions of each constituent institution; (b) the review of requests for the initiation of new degree programs and recommendations for the termination of existing programs; (c) the provision of supportive services, facilities, and other resources for the instructional, research, and public-service programs of the constituent institutions; (d) the review of policies affecting educational programs and academic affairs; (e) matters concerning the involvement of students in the University and in university life; (f) review of matters concerning health affairs in the University;

and (g) review of matters concerning the utilization of information technology in furtherance of the University's mission. The committee shall also advise and assist the president and the board in maintaining close liaison with the State Board of Education, the State Board of Community Colleges, and the private colleges and universities, including the review of all requests for state aid to the private institutions. It shall further recommend to the board procedures and standards for the licensing of non-public educational institutions.

301D. The Committee on Personnel and Tenure shall consist of seven voting members. Upon recommendation of the president, it shall review and make recommendations to the board with respect to the appointment and compensation of all vice chancellors, senior academic and administrative officers, and persons with permanent tenure. Notwithstanding the provision above, the committee shall not review or recommend the appointment and compensation of vice chancellors, senior academic and administrative officers, and persons with permanent tenure for those campuses delegated the authority to appoint and set compensation for such employees so long as the boards of trustees act consistently with the policy and compensation ranges established by the Board of Governors. Further, the committee shall advise and assist the president in the review and evaluation of tenure policies and regulations which the president shall periodically conduct, and it shall review all appeals from faculty members of the constituent institutions which involve an institution's decision to not to reappoint a faculty member, to deny tenure, to discharge a tenured faculty member, or to impose a serious sanction pursuant to the provisions of Chapter VI of this *Code*.

301 E. The Committee on University Governance shall consist of seven voting members. It shall keep under continuous review the application and interpretation of *The Code of the University of North Carolina* and all delegations of authority under that code, and it shall make such recommendations to the Board of Governors for the amending of *The Code* or delegations of authority as may seem appropriate for the effective and efficient operation of the University of North Carolina and its constituent institutions. The committee shall make nominations to the Board of Governors for elections to the boards of trustees of the constituent institutions. The committee shall receive all requests from students of the constituent institutions for appellate review by the Board of Governors pursuant to Section 502 D(3) of this *Code* and from non-faculty employees of the University who are exempt from the State Personnel Act pursuant to Section 609 C of this *Code*.

301 F. The Committee on Public Affairs shall consist of a number of voting members to be determined by the chair of the board. A voting member serving on this committee shall also serve on another standing committee. The Committee on Public Affairs shall assist the President in maintaining a positive relationship with the Governor, the North Carolina General Assembly, the United States Congress, and other governmental entities which affect the ability of the University to carry out its mission. The committee will review all state and federal non-budget legislative priorities of the University.

SECTION 302. GENERAL PROVISIONS CONCERNING STANDING COMMITTEES.

302 A. Appointment of Members.

The chair of the Board of Governors shall appoint voting members of the board to standing committees. The term of each voting member of a standing committee shall normally be two years, commencing upon the effective date of the appointment to the committee and extending until a successor is appointed. The voting membership of each committee shall be

divided into two classes, with the terms of approximately one-half of the members expiring each year. To achieve balance and efficiencies in the committee system, the chair may appoint members to one-year terms or reassign members who have served one year of a two-year term. The chair shall appoint members of standing committees to take effect at the first meeting of the committee after July 1. If a voting member has served on a standing committee for four consecutive years, the member shall be, for a period of one year, ineligible for reappointment to the same standing committee. If a vacancy occurs on a standing committee during a term, the chair of the board may appoint a voting member of the board to fill the remainder of the unexpired term.

302 B. Officers of Standing Committees.

A chair, vice chair, and secretary of each standing committee shall be elected by the committee membership each year at the first meeting after July 1. No person may serve more than two successive terms as chair of the same standing committee.

302 C. Meetings of Standing Committees.

Each standing committee shall meet at such times as either the chair of the standing committee or the Board of Governors shall designate. Written notice of each meeting of a standing committee shall be mailed to members of the Board of Governors by the Secretary of the University at least five days in advance of the meeting date; but any notice which complies with the North Carolina Open Meetings Law may be given by telephone or other reliable means when, in the judgment of the chair of the committee or the chair of the Board of Governors, a necessity exists. The agenda for a meeting of a standing committee shall be prepared by the President with the approval of the chair of the committee, and, if practicable, a copy shall be mailed to the members of the Board of Governors, or transmitted by other reliable means, at least five days in advance of the meeting date; however, if such advance notice is not practicable in the judgment of the chair, the agenda shall be presented to the members of the committee and other members of the Board of Governors who are attending the meeting at the commencement of the meeting. Such materials as the committee may designate by standing rule, or as the chair of the committee may designate in the absence of a standing rule, shall be sent with the agenda and notice of the meeting.

If notice of an agenda item is not provided to the members of the Board of Governors at least 48 hours before the committee meeting, then any recommended action resulting from that item shall not be placed on the consent agenda of the Board of Governors. In the Committee report the chair shall state that the recommended action was added to the committee agenda.

A majority of the elected committee membership shall constitute a quorum for the conduct of business of a standing committee. The chair of the standing committee shall preside at all committee meetings; in the absence of the chair, the vice chair shall preside. The procedures and rules of order governing the conduct of committee business shall be the same as those applicable to meetings of the Board of Governors. Minutes of every meeting of a standing committee shall be kept by the Secretary of the committee.

302 D. Subcommittees.

Each standing committee may establish from its elected membership such subcommittees as it may deem necessary and appropriate for the effective discharge of its assigned responsibilities. The chair of the standing committee shall appoint the chair and the members of each subcommittee and shall report to the board the establishment of any subcommittee.

302 E. Report of Standing Committees.

Each standing committee shall make a written report to the Board of Governors at least annually, reviewing the work of the committee during the preceding year.

302 F. Closed Sessions.

All meetings of committees shall be open to the public unless, consistent with the requirements of state law, a meeting of a committee is closed to the public by a motion duly made and adopted by the committee in an open meeting.

SECTION 303. SPECIAL COMMITTEES OF THE BOARD OF GOVERNORS.

Special committees may be created by the Board of Governors or the chair of the board to perform specific functions not requiring the continuous existence of a committee. The size, function, and procedures of special committees shall be determined either by majority vote of the board or by the chair of the board. The chair and members of a special committee shall be appointed by the chair of the board from the voting membership of the board unless the Board of Governors otherwise provides. Special committees shall cease to exist when their functions have been discharged; however, every special committee shall cease to exist one year after the date of its creation, unless continued by affirmative action of the board or the chair of the board. Notwithstanding the above, the size, function, procedures, membership, and selection of the chair of a presidential search committee shall be determined by majority vote of the Board of Governors.

Administrative Separation of the President and Chancellors

1. **Retreat to a faculty position:** If a chancellor resigns from the position of chancellor, or if the president resigns from the position of president, after having served in that position for at least five years, if the chancellor or the president will assume a tenured or non-tenured faculty position at a constituent institution of the University of North Carolina, and if there is not good cause to terminate the chancellor's or the president's service at the time that the chancellor or president resigns, then the chancellor or president will receive a one year research leave at the chancellor's or the president's most recent administrative salary. Non-salary compensation such as a house and an automobile will not be continued during the one year research leave.

At the end of the research leave, the chancellor or president will assume the faculty position with a nine month appointment, with duties and responsibilities in accordance with departmental expectations. The initial annual faculty salary will be the greater of 60% of the most recent annual administrative salary or a salary that is commensurate with the salaries of comparable faculty members in comparable positions.

2. **Separation from the University.** In some cases, a chancellor or a president may not be assuming a faculty position. It may be in the best interest of the University and a chancellor for the University to negotiate a severance agreement with a chancellor. In these circumstances, the president may, at the president's discretion, determine that the circumstances justify providing severance pay in the amount of the chancellor's full administrative pay for up to 90 days. Non-salary compensation such as a house and an automobile will not be continued during this period of full compensation, although the president may allow the chancellor a reasonable amount of time to vacate the chancellor's house. Any agreement that results in a longer period of compensation must be approved by the Board of Governors.

The Board of Governors may, in its discretion, negotiate a severance agreement with a president who is resigning and is not assuming a faculty position.

3. **Separate agreement:** If the Board of Governors enters into a written agreement with a president or a chancellor, the terms of that agreement shall supercede this policy.

300.2.2

Adopted 4/16/93

Amended 8/12/05

Amended 06/09/06

**CONFLICTS OF INTEREST AND COMMITMENT
AFFECTING FACULTY AND NON-FACULTY EPA EMPLOYEES**

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 three 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.

Within the academy, time-specific assignments, such as classroom contact hours, constitute only a limited part of the workload. Typically, actual teaching hours account for no more than one quarter of a professor's time. However, activity directly affecting the education of students also includes class preparation and student evaluation, scheduled and unscheduled office hours for individual student counseling, and meetings of committees within departments, divisions and schools of the institution which are responsible for curriculum development, syllabus preparation, and program evaluation. In addition, the collective faculty has extensive authority and responsibility for the governance of the institution. Such work usually is accomplished through membership on various committees, at the department, division, school and institutional levels, which address personnel, financial and other administrative issues. Finally, every member of the faculty is expected to pursue research or creative activity in his or her area of specialization. Such scholarly activity may be specifically relevant to instruction, it may add generally to the body of information and understanding in a particular field, or it may have direct practical applications, as in business, industry, government, primary and secondary education, public health, national defense, and the arts.

Faculty members and EPA non-faculty employees (those UNC employees who are not subject to the State Personnel Act, herein after referred to as 'EPA employees'), also 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. EPA employees also 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 University 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 commitment and interest. While EPA 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 and address conflicts that would detract from or interfere with an

employee's dedication of primary professional loyalty, time, and energy to University teaching, research, and service.

I. Definitions

- A. *Conflict of commitment* relates to an individual's distribution of effort between obligations to one's University employment and one's participation in other activities outside of University employment. The latter may include such generally encouraged extensions of professional expertise as professional consulting. 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 that interferes with the employee's obligations to students, to colleagues, and to the missions of the University.
- B. *Conflict of interest* relates to situations in which financial or other personal considerations may compromise, may involve the potential for compromising, or may have the appearance of compromising an employee's objectivity in meeting University duties or responsibilities, including research activities. The bias that such conflicts may impart can affect many University duties, including decisions about personnel, the purchase of equipment and other supplies, the collection, analysis and interpretation of data, the sharing of research results, the choice of research protocols, the use of statistical methods, and the mentoring and judgment of student work. An EPA employee may have a conflict of interest when he or she, or any member of that person's immediate family, has a personal interest in an activity that may affect decision making with respect to University teaching, research, or administration.
- C. *External professional activities for pay* means 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 EPA 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 not result in neglect of primary University duties, conflicts of interest, inappropriate uses of the University name or resources, or claims of University responsibility for the activity.
- D. *University employment responsibilities* include both "primary duties" and "secondary duties." Primary duties consist of assigned teaching, scholarship, research, institutional service requirements, and other assigned EPA employment duties. Secondary duties consist of professional affiliations and activities traditionally undertaken by EPA employees outside of the immediate University employment context that redound to the benefit of the profession and to higher education in general. Such endeavors, which may or may not entail the receipt of honoraria (see additional regulations, *UNC Policy Manual*, 300.2.2.2 [R]) or the reimbursement of expenses, include membership in and service to professional associations and learned societies; membership on professional review or

advisory panels; presentation of lectures, papers, concerts or exhibits; participation in seminars and conferences; reviewing or editing scholarly publications and books; and service to accreditation bodies. Such integral manifestations of one's membership in a profession are encouraged, as extensions of University employment, so long as they do not conflict or interfere with the timely and effective performance of the individual's primary University duties.

- E. *EPA employees* refers to any person – faculty or non-faculty – who is employed by the University of North Carolina or a constituent institution or other agency or unit of the University of North Carolina and who is not subject to the State Personnel Act (see *UNC Policy Manual*, 300.2.2.1[R], Section I, Item B for exceptions that may apply to academic year appointments).
- F. *Department* means an academic department, a professional school without formally established departments, or any other administrative unit designated by the chancellor of an institution or by the Office of the President, for the purposes of implementing this policy. “Department Head” refers to the person with supervisory responsibility for the employee, whether in an academic or non-academic department.
- G. *Inappropriate use or exploitation of University resources* means using any services, facilities, equipment, supplies or personnel which members of the general public may not freely use. A person engaged in external professional activities for pay may use, in that connection, his or her office and publicly accessible facilities such as University libraries; however, an office shall not be used as the site for compensated appointments with clients, e.g., for counseling or instruction. Under no circumstances may a supervisory employee use the services of a supervised employee during University employment time to advance the supervisor's external professional activities for pay.

II. Conflicts of Commitment

Questions about conflict of commitment are more easily resolved than questions about conflicting interests. Although full-time faculty and other EPA employment is not amenable to precise, time-clock analysis and monitoring, administrators at the department and school levels are able to and regularly do evaluate the work of employees within their jurisdiction. The formal occasions for determining whether an individual is devoting sufficient time and energy to University employment include regular reviews of performance in connection with annual salary decisions and scheduled reviews incident to promotion, reappointment or tenure decisions. In addition, complaints from students, colleagues, or administrators about possible failures to meet assigned responsibilities may arise and require investigation. The issue, in each case, is whether the employee is meeting the requirements of the job. If presented with evidence that he or she is not meeting full-time responsibilities to the University, *The Code* prescribes that "neglect of duty" is a ground for disciplinary action, including the possibility of discharge. The following describe instances of activities that require specific monitoring to demonstrate the absence of conflict.

A. External Professional Activities for Pay

The University of North Carolina and its constituent institutions seek to appoint and to retain, as faculty and non-faculty EPA employees, individuals of exceptional competence in their respective fields of professional endeavor. Because of their specialized knowledge and experience, such persons have opportunities to apply their professional expertise to activities outside of their University employment, including secondary employment consisting of paid consultation with or other service to various public and private entities. Through such practical, compensated applications of their professional qualifications, University employees enhance their own capabilities in teaching, research, and administration. Thus, participation of EPA 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, such external professional activities for pay are to be undertaken only if they do not:

1. Create a conflict of commitment by interfering with the obligation of the individual to carry out all primary University duties in a timely and effective manner; or
2. Create a conflict of interest vis-a-vis the individual's status as an employee of the University; or
3. Involve any inappropriate use or exploitation of University resources; or
4. Make any use of the name 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 institutional responsibility for the conduct or outcome of such activities.

The *UNC Policy Manual*, 300.2.2.1 [R], contains regulations and procedures established to monitor possible conflicts of commitment. An EPA employee who wishes to engage in external professional activity for pay must adhere to these regulations to provide satisfactory assurances that such activity will not interfere with University employment obligations. These regulations may not apply to EPA employees serving on academic year (9-month) contracts, if the external professional activity for pay is wholly performed and completed outside of the academic year and the activity does not conflict with the policy statements of the institution or Board of Governors and is not conducted concurrently with a contract service period for teaching, research, or other services to the institution during a summer session.

In those instances when State-reimbursed travel, work time, or resources are used or when the activity can be construed as related to the employee's State position or official duties on behalf of the State, the employee shall not receive an honorarium. In these instances the employee may request that the honorarium be paid to the University. The honorarium may be retained by the employee only

for activities performed during non-working hours or while the employee is on annual leave, if all expenses are the responsibility of the employee or a third party that is not a State entity and the activity has no relation to the employee's State duties. In addition, senior academic and administrative officers may also be subject to special regulations regarding honoraria which require leave to be taken when external activities for pay will take place during the regular work week. Please refer to the *UNC Policy Manual*, 300.2.2.2 [R].

Instead of using annual leave as set out above, pursuant to principles of public accountability, employees who are exempt from the Fair Labor Standards Act and who are out of work due to an external professional activity for pay, or who wish to retain an honorarium, may choose to use periodic uncompensated leave rather than annual leave. The periodic uncompensated leave may be taken in full days and partial days.

External professional activities for pay performed for another institution or agency of the State of North Carolina also must comply with State policies governing dual employment and compensation, unless an exception to those State policies is expressly authorized by the chancellor or the President.

The Board has also established rules for monitoring and regulating the involvement of University employees in political candidacy and office-holding that could interfere with full-time commitment to University duties. Please refer to *UNC Policy Manual*, 300.5.1 et seq. for specific policy details.

III. Conflicts of Interest

Conflicts of interest are more difficult to define, detect, and resolve than conflicts of commitment. The challenge is to establish some basic parameters of general applicability throughout the University of North Carolina that will permit institutions and their employees to recognize more readily and clearly those situations that are improper or that may be questionable, and to institute basic procedures for avoiding or rectifying any problems. Thereafter, the constituent institutions, through collaborative faculty and administrative efforts, should develop more detailed policies and procedures that will accommodate any special conditions and needs of a particular campus or particular EPA employee.

An EPA employee's professional activities and financial interests must be arranged to avoid circumstances that do or may prevent or limit objectivity in the performance of University responsibilities or that otherwise do or may affect adversely any University interests.

A. Categories of potential conflicts of interest

Activities that may involve conflicts of interest can be categorized under three general headings: first, those that are allowable and do not need to be reported because, although they appear to involve such a conflict, they in fact do not; second, those that are questionable and must be reported, but that may be allowable with administrative approval; and third, those that generally are not

allowable. The following examples are merely illustrative and do not purport to include all possible situations within the three categories:

1. Activities allowable, with no reporting required

The examples cited below involve activities external to University employment, and thus may present the appearance of a technical conflict, but they in fact do not have the potential for affecting the objectivity of the EPA employee's performance of University responsibilities; at most, some such situations could prompt questions about conflicts of commitment.

- An EPA employee receiving royalties from the publication of books or for the licensure of patented inventions subject to the UNC Patent and Copyright Policies.
- An EPA employee having an equity interest in a corporation, the exclusive function of which is to accommodate the employee's external consulting activities.
- An EPA employee receiving nominal compensation, in the form of honoraria or expense reimbursement, in connection with service to professional associations, service on review panels, presentation of scholarly works, and participation in accreditation reviews.

2. Activities requiring disclosure for administrative review

The examples cited below suggest a possibility of conflicting loyalties that can impair objectivity, but disclosure and resulting analysis of relationships may render the activity permissible, perhaps with certain types of limitation or monitoring.

- An EPA employee requiring students to purchase the textbook or related instructional materials of the employee or members of his or her immediate family, which produces compensation for the employee or family member.
- An EPA employee receiving compensation or gratuities (other than occasional meals, gifts of desk copies of textbooks, and the like) from any individual or entity doing business with the University. Note that no university employee may seek or receive any gift, reward, or promise of reward for recommending, influencing, or attempting to influence the award of a contract by his or her employer (See G.S. 14-234).
- An EPA employee serving on the board of directors or scientific advisory board of an enterprise that provides financial support for University research, and the employee or a member

of his or her immediate family may receive such financial support.

- An EPA employee serving in an executive position in a for-profit or not-for-profit business which conducts research or other activities in an area related to the University duties of the employee.
- An EPA employee having significant equity in a for-profit business which conducts research or other activities in an area related to the employee's University duties.
- An EPA employee having a financial interest in a business that competes with services provided by the University.
- An EPA employee accepting support for University research under conditions that require research results to be held confidential, unpublished, or inordinately delayed in publication. Research conducted by faculty or students under any form of sponsorship must maintain the University's open teaching and research philosophy and must adhere to a policy that prohibits secrecy in research. Such conditions on publication must be in compliance with *UNC Policy Manual*, 500.1 and 500.2, and with campus Intellectual Property policies.

3. Activities or relationships that are generally not allowable

The examples cited below involve situations that are not generally permissible, because they involve potential conflicts of interest or they present obvious opportunities or inducements to favor personal interests over institutional interests. Before proceeding with such an endeavor, the EPA employee would have to demonstrate that in fact his or her objectivity would not be affected and University interests otherwise would not be damaged.

- An EPA employee participating in University research involving a technology owned by or contractually obligated to (by license or exercise of an option to license, or otherwise) a business in which the individual or a member of his or her immediate family has a consulting relationship, has an ownership interest, or holds an executive position.
- An EPA employee participating in University research which is funded by a grant or contract from a business in which the individual or a member of his or her immediate family has an ownership interest.
- An EPA employee assigning students, post-doctoral fellows or other trainees to University research projects

sponsored by a business in which the individual or a member of his or her immediate family has an ownership interest.

- An EPA employee making referrals of University business to an external enterprise in which the individual or a member of his or her immediate family has a financial interest.
- An EPA employee associating his or her own name with the University in such a way as to profit financially by trading on the reputation or goodwill of the University.
- An EPA employee making unauthorized use of privileged information acquired in connection with one's University responsibilities.

B. Avoiding conflicts of interest

Each constituent institution must adopt procedures (a) that effectively impart a clear understanding of impermissible or questionable conduct and (b) that provide for advance disclosure and periodic audits designed to permit analysis and avoidance of potential problems.

Critical to the success of any program established to address conflicts of interest is employee understanding of the problem, 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 institution first must reach agreement on and promulgate basic definitions, of the type suggested herein, and then must insure that all affected employees are fully informed, on a regular and continuing basis.

Obviously it is preferable to anticipate and avoid conflicts of interest rather than belatedly discover an existing conflict that requires remedial action, involving the possibility of charges of misconduct, the severance of institutional affiliations or the discontinuation of external activities, or other disruptions of professional or financial arrangements. Thus, an effective method of evaluating possible conflicts of interest, in advance, is indispensable. Each campus must establish procedures that elicit information in a timely manner about potential conflicts of interest related to the EPA employee's University responsibilities. Designated administrative and faculty officers and committees then would be equipped to analyze with the employee any apparent problem 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. Employees further would be required to supplement the information elicited by the questionnaire at any time during the academic year when a contemplated new venture might entail conflicts of interest. In each case a designated administrative officer would provide a final ruling, subject to prescribed rights of appeal.

In combination, the required advance definition and publicity and advance screening should help all EPA employees avoid any difficulties in the area of conflicts of interest.

Each constituent institution may adopt additional related internal policies, procedures, and guidelines consistent with this Policy. Each chancellor shall submit to the President, for review, a copy of proposed institutional policies and procedures, including definitions of conflicts of interest, methods for publicizing institutional definitions and requirements, and procedures and forms for disclosing relationships and circumstances that may raise questions about conflicts of interest. Such proposals shall be submitted and, subject to Presidential approval, shall be implemented on a schedule to be established by the President.

**Regulations on External Professional Activities for Pay by Faculty and
Non-Faculty EPA Employees**

In accordance with the Board of Governors' policy on Conflicts of Interest and Commitment Affecting Faculty and Non-Faculty EPA Employees (*UNC Policy Manual*, 300.2.2), UNC faculty and non-faculty EPA employees sometimes may engage in compensated activities that are not a part of University employment. Through such opportunities, employees apply their specialized knowledge and experience to activities outside of their University employment, thereby enhancing their own capabilities in teaching and research and contributing significant societal benefits, including economic development through technology transfer. These activities are encouraged if the intended activity complies with Section II, A of the corresponding policy 300.2.2, and do not create a conflict of interest (see definitions, *UNC Policy Manual*, 300.2.2, Section I).

An EPA employee who wishes to engage in external professional activity for pay must adhere to these regulations to provide satisfactory assurances that such activity will not interfere with University employment obligations.

I. Regulations

- A. Any EPA employee who plans to engage in external professional activity for pay shall complete the "Notice of Intent to Engage in External Professional Activity for Pay" (hereinafter referred to as "Notice of Intent," see Appendix 1), which shall be filed with the head of the department in which the individual is employed. A separate "Notice of Intent" shall be filed for each such activity in which an employee proposes to engage. Unless there are exceptional circumstances, the "Notice of Intent" shall be filed not less than ten (10) calendar days before the date the proposed external professional activity for pay is to begin.
- B. Approval of a "Notice of Intent" may be granted for a period not to exceed the balance of either 1) the fiscal year (in the case of 12-month employees and employees with contract service periods that include the summer session) or 2) the academic year (in the case of 9-month employees with no summer session contract period) remaining as of the date of approval; if the approved activity will continue beyond the end of the relevant fiscal or academic year in which it was begun, an additional "Notice of Intent" must be filed at least ten (10) days before engaging in such activity in the succeeding relevant year.
- C. Except as set out in paragraph D below, the "Notice of Intent" shall be considered as follows: If, after a review of the "Notice of Intent" and consultation with the EPA employee, the department head (or appropriate administrator, see definition *UNC Policy Manual*, 300.2.2, Section I, Item F) determines that the proposed activity is not consistent with the policy statements of the institution or Board of Governors, the faculty or other professional staff member shall be notified of that determination

within ten (10) calendar days of the date the "Notice of Intent" is filed. In the event of such notification by the department head, the EPA employee shall not proceed with the proposed activity but may appeal that decision to the administrative officer to whom the department chair reports, and then to the chancellor or the chancellor's designee (or, in the Office of the President, to the President). A decision on any such appeal shall be given to the EPA employee within ten (10) calendar days of the date on which the appeal is received. The decision of the chancellor (or of the President) shall be final. Appeals shall be made in writing.

- D. If question 8, question 9a, or question 9b on the "Notice of Intent" is answered in the affirmative, the procedure set out in paragraph 3 above shall be modified as follows: The decision of the department head to approve the activity shall be reviewed promptly and approved or disapproved within ten (10) days of receipt by the administrative officer to whom the department head reports, and appeal of a disapproval by that officer shall be to the chancellor or the chancellor's designee (or, in the Office of the President, to the President).
- E. Departmental summaries of all "Notices of Intent" filed and of actions taken in response to such "Notices of Intent" during the preceding fiscal year shall be submitted by department heads to the chancellor or the chancellor's designee (or, in the Office of the President, to the President) each July. On or before September 1 of each year, the UNC Office of the President, Office of Research and Sponsored Programs, will initiate the submission of annual summary reports from the chancellors to the President.
- F. External professional activities for pay performed for another institution or agency of the State of North Carolina also must comply with State policies governing dual employment and compensation, unless an exception to those State policies is expressly authorized by the chancellor or the President.
- G. In addition, senior academic and administrative officers may be subject to special regulations regarding honoraria. Please refer to the *UNC Policy Manual*, 300.2.2.2 [R].
- H. University employees not complying with these procedures will be subject to disciplinary action.

II. Special Provision

These regulations shall not be required of EPA employees serving on academic year contracts, if the external professional activity for pay is wholly performed and completed outside of the academic year, provided that the activity does not conflict with the policy statements of the institution or Board of Governors and is not conducted concurrently with a contract service period for teaching, research, or other services to the institution during a summer session.

APPENDIX I

NOTICE OF INTENT TO ENGAGE IN EXTERNAL PROFESSIONAL ACTIVITIES FOR PAY

Date: _____

_____ (name) intends to engage in external professional activity for pay under the following conditions:

1. Name and address of contracting organization:

2. Nature of proposed activity:

3. Beginning date and anticipated duration of activity:

4. On average, how many hours per week will be devoted to this activity?

a. For 12-month employees, for the anticipated duration of the activity, within the current fiscal year ending June 30: _____

b. For 9-month employees, for each component part of the academic year, as applicable, within the current fiscal year ending June 30 (see above paragraph 2):

(1) Second summer session (post July 1) _____

(2) Fall semester _____

(3) Spring semester _____

(4) First summer session (pre July 1) _____

5. Total number of hours to be devoted to activity: _____

6. Identify any classes, meetings or other University duties that will be missed because of involvement in the proposed activity (respond separately for each applicable component part of the academic calendar if 9-month employee) and state what arrangements have been made to cover any such duties:

Duties Missed Arrangements to Cover

7. Use of University resources in connection with proposed activity:

a. Will the activity entail the use of any University resources (see *UNC Policy Manual*, 300.2.2, Section I, Item G)?
 Yes No

b. If yes, describe what resources will be used.

8. To your knowledge, does the contracting organization above provide funding which directly supports any of your University duties or activities?

Yes No

9. To be completed if the contracting organization is a private firm:

a. Do you or any member of your immediate family own an equity interest in the contracting organization?

Yes No

b. Do you hold an office in the contracting organization?

Yes No

10. Performance of the above described activity is consistent with the Board of Governors Policy on conflicts of interest and commitment and external professional activities (300.2.2).

Signature

Department

Academic Rank or Job Title

Administrative Title (if any)

Signature Department Head (or supervisor)

REGULATIONS FOR SENIOR ACADEMIC AND ADMINISTRATIVE OFFICERS ON EXTERNAL PROFESSIONAL ACTIVITIES FOR PAY AND HONORARIA

In accordance with the Board of Governors' policy on Conflicts of Interest and Commitment Affecting Faculty and Non-Faculty EPA Employees (*UNC Policy Manual*, 300.2.2), University personnel sometimes may engage in compensated activities that are not a part of University employment. For example, some sit on boards of directors of various private corporations, pursue opportunities that fall within the Board of Governor's definition of external professional consulting, or conduct official duties as a State employee for which an honorarium is received. In those instances when a Senior Academic and Administrative Officer (SAAO) engages in these types of activities, the following shall apply:

1. Pursuit of Private Interests in Which Activities are Compensated

For Senior Academic and Administrative Officers (SAAOs) who pursue activities for pay that are not a part of their University employment, it is important that overlapping compensation be avoided. If an SAAO engages in an activity from which external income is earned, that is not a part of their University employment, annual leave must be used if such activities take place within the conventional work week (i.e., between 8:00 a.m. and 5:00 p.m., Monday through Friday) SAAOs must also file appropriate notices of intent, in accordance with University regulations, to provide satisfactory assurances that such activity will not interfere with University employment obligations (please refer to *UNC Policy Manual*, 300.2.2 and 300.2.2.1[R] for requirements and procedures related to reporting).

2. Activities for Which an Honorarium is Received

Senior academic and administrative officers may engage in employment-related activities for which an honorarium is received. In those instances when State-reimbursed travel, work time, or resources are used or when the activity can be construed as related to the employee's State position or official duties on behalf of the State, the employee shall not receive an honorarium. In these instances the employee may request that the honorarium be paid to the University. The honorarium may be retained by the employee only for activities performed during non-working hours or while the employee is on annual leave, if all expenses are the responsibility of the employee or a third party that is not a State entity and the activity has no relation to the employee's State duties.

Regulations on Interpreting the Special Annual Leave Bonus Appropriations Act Provisions

(2005 Appropriations Act, Part XXIX. Salaries and Employee Benefits, Section 29.14A)
(2003 Appropriations Act, Part XXX. Salaries and Employee Benefits, Section 30.12B)
(Modifications to the 2001 Appropriations Act, Part XXVIII., Salaries and Employee Benefits, Section 28.3A)

The Appropriations Acts of 2005, 2003 and 2001 include provisions for SPECIAL ANNUAL LEAVE BONUS. Outlined below are regulations for implementing these provisions for Senior Academic and Administrative Officers defined by University policy 300.1.1 and Employees Exempt from the State Personnel Act defined by University policy 300.2.1.

2005 Provisions and Eligibility

1. Permanent full-time University employees who are eligible for annual leave as of **September 1, 2005**, shall receive **5 days** as an Annual Bonus, hereafter referred to as "bonus leave."
2. Full-time employees who are eligible for annual leave and who have other than 12 month appointments shall receive a pro rata amount of the **5 days, based on the term of the appointment.**
3. Permanent part-time employees (half-time or more) who are eligible for annual leave shall receive a pro rata amount of the **5 days.**
4. Employees on leave without pay shall be credited with the **5 days** upon their return based on their type of appointment at the time of leave without pay.

2003 Provisions and Eligibility

1. Permanent full-time University employees who are eligible for annual leave as of **July 1, 2003**, shall receive **10 days** as an Annual Bonus, hereafter referred to as "bonus leave."
2. Full-time employees who are eligible for annual leave and who have other than 12 month appointments shall receive a pro rata amount of the **10 days, based on the term of the appointment.**
3. Permanent part-time employees (half-time or more) who are eligible for annual leave shall receive a pro rata amount of the **10 days.**
4. Employees on leave without pay shall be credited with the **10 days** upon their return based on their type of appointment at the time of leave without pay.

2001 Provisions and Eligibility

1. Permanent full-time University employees who are eligible for annual leave as of **September 30, 2002**, shall receive **10 days** as an Annual Bonus, hereafter referred to as "bonus leave." **This includes employees separating on September 30, 2002.**
2. Full-time employees who are eligible for annual leave and who have other than 12 month appointments shall receive a pro rata amount of the **10 days.**
3. Permanent part-time employees (half-time or more) who are eligible for annual leave shall receive a pro rata amount of the **10 days.**
4. Employees on leave without pay shall be credited with the **10 days** upon their return based on their type of appointment at the time of leave without pay.

**Scheduling
Bonus Leave**

1. Bonus leave shall be taken only upon authorization of the agency head (or designee).
2. Bonus leave may be used for any purpose for which regular annual leave is used.
3. Bonus leave shall be charged in units of time consistent with regular annual leave guidelines.
4. The employee shall determine whether to charge approved leave to regular annual leave or bonus leave.

**Accounting for
the Annual
Bonus**

1. Bonus leave shall be accounted for separately from regular earned annual leave, but together with all of the bonus leave awarded under the statutory provisions referenced above.
2. Any balance of bonus leave at the end of the reporting year will be retained by the employee and transferred into the next year. It will not be considered as part of the maximum 30 days of annual leave that can be retained.
3. Bonus leave will not be subject to conversion to sick leave.

Transfer

Any balance of bonus leave will be transferred with the employee who transfers to another State agency eligible for bonus leave, subject to the receiving agency's approval.

**Separation/
Status
Change**

Bonus leave balance will be paid in addition to regular annual leave if the employee leaves state government or changes to a non-leave earning status.

**Miscellaneous
Provisions**

1. Bonus leave may be applied to negative balances of regular earned leave with the approval of the employee and the agency head (or designee).
2. Bonus leave is available to be donated as annual leave under the Voluntary Shared Leave provisions.
3. Agencies shall maintain records of bonus leave.

These regulations also apply to EPA faculty who are eligible for annual leave unless a constituent institution adopts an alternative policy that complies with **Section 29.14(A) of the 2005 Appropriations Act, Section 30.12B of the 2003 Appropriations Act, and Section 28.3A of the Modifications to the 2001 Appropriations Act.**

UNIVERSITY RESEARCH RELATIONS WITH GOVERNMENT AGENCIES AND PRIVATE ENTITIES

A. Appropriateness of University Research

All activities of the University of North Carolina, including research collaborations with private entities, foundations, and government agencies, must support its teaching, research, and public service missions. The University environment must allow faculty and students to freely pursue learning and research. The University must also maintain its independence and integrity to assure impartiality, and it may not agree to any inappropriate limits on the freedom to publish research findings. Most importantly, the University must retain the public's trust by engaging in research activities that are consistent in nature, quality, scope, and importance with its mission, and that are conducted under conditions that ensure its academic integrity. The chancellors are the responsible officers for the administration of this policy and they are to take such steps as are necessary to maintain it.

B. Proprietary Information

Faculty and students of the University must have the right to disseminate freely and openly their research findings, and research sponsors may not abridge this basic right. However, in certain exceptional cases, the sponsor may be in possession of proprietary and confidential information that the institution and the research sponsor must share to conduct the research project. A constituent institution, with the approval of its chancellor, may enter into agreements to guard the confidentiality of such proprietary information. Disclosure of information pursuant to an agreement to protect proprietary information must comply with the requirements of the North Carolina Public Records Act and Trade Secrets Act. Information in the public domain, or information that a constituent institution legally obtains from a third party, or information independently developed or possessed by a constituent institution is expressly excluded from the definition of proprietary information. Any agreement that involves the joint use of University facilities for proprietary purposes, or that purports to restrict faculty or students from publishing freely the results of their own work, shall be reported in writing to the President prior to its execution. No agreement, however, may interfere with the publication or oral defense of research theses and dissertations of graduate students.

The University Patent Policy provides that, under specified circumstances, publication may be delayed for not to exceed one year while patent protection is being secured.

C. Classified or Other Confidential Research Projects

Research conducted under any form of sponsorship must maintain the University's open teaching and research philosophy and must adhere to a policy that prohibits secrecy in research. However, in cases involving United States government classification which impose actual or potential limitations on publication or dissemination of research findings, or in any other case which clearly involves exceptional circumstances, the chancellor is authorized to waive this requirement if it is in the national, state, or institutional interest to do so. All such agreements must be reported in writing to the President prior to their execution.