

General Policy - Conflict of Interest

Policy:

Board of Higher Education Policy 611.4 states “an employee of the Board may not have an interest in any contract involving the expenditure of public or institutional funds entered into by the institution that the employee serves...unless the contract is approved by the institution’s chief financial officer...”. The Board policy places upon us the responsibility for identifying and monitoring potential conflict of interest situations involving the expenditure of College funds. In order to monitor these situations it is necessary that employees identify for BSC any business entity in which they have a business interest and notify Accounting Services anytime they are involved in a purchasing decision involving that entity, including preparation of product specifications.

The Following are Points to Consider:

Disclosure and Management - While certain activities are not permitted, a conflict of interest is not necessarily inappropriate or prohibited; what is inappropriate is the failure to disclose a conflict, and once disclosed, the failure to provide appropriate supervision and management of the identified conflict.

College personnel are expected and required to take the initiative to report promptly, with sufficient detail, all activities or situations which may involve, or appear to involve, a conflict of interest.

Any employee who fails to report any conflict of interest possibilities or violates this policy is subject to disciplinary action up to and including termination.

Definitions:

Business Entity- means a sole proprietorship, partnership, association, joint venture, corporation, firm, trust, foundation, or other organization or entity used in carrying on a business.

Business Interest- means any degree of ownership (except ownership of widely-held stock in major, publicly-held corporation), employment, or other mutual agreement for

economic gain, by the employee, or any member of the employee's close family (spouse, child, sibling, parent, relative-in-law).

Conflict of Interest-refers to a clash between public (College) interest and the private pecuniary interest of the individuals concerned. A conflict of interest exists when a College employee is involved in an activity, commitment, or interest that adversely affects, compromises, or is incompatible with the obligations that the employee has to BSC. It includes influencing the College in such a way as to lead to improper financial gain for the College employee or the College employee's spouse, children, siblings, parents, or relatives-in-law. It also includes involvement and commitment to outside-the-college activities which interfere or compete with the employee's obligation to students, colleagues, and the primary mission of the College.

Investigator- means the principal investigator, co-principal investigators, and any other person who is responsible for the design, conduct, or reporting of research or educational activities funded or proposed for funding by an external sponsor. For the purposes of this policy, as it relates to financial interest, "Investigator" includes the Investigator's spouse and dependent children.

Significant Financial Interest- means anything of monetary value, including but not limited to, salary or other payments for services (e.g. consulting fees or honoraria); equity interests (e.g., stocks, stock options or other ownership interest); and intellectual property rights (e.g., patents, copyrights, and royalties from such rights). The term does not include:

1. salary, royalties, or other remuneration from Bismarck State College;
2. income from seminars, lectures, or teaching engagements sponsored by public or nonprofit entities;
3. income from service on advisory committees or review panels for public or nonprofit entities; or
4. an equity interest that when aggregated for the Investigator and the Investigator's spouse and dependent children, meets both of the following tests: does not exceed \$10,000 in value as determined through reference to public prices or other reasonable measures of fair market value, and does not represent more than a five percent ownership interest in a single entity; or
5. salary, royalties or other payments that when aggregated for the Investigator and the Investigator's spouse and dependent children over the next twelve months, are not expected to exceed \$10,000.

Purchasing Procedures:

Disclosure:

All employees who have an actual or potential Conflict of Interest (ie. a business interest in a business entity as defined above) associated with a transaction administered by the

Accounting Services Office shall file a *“Notification of Business Interest”* form with the Grants Accountant. This form must be filed one time for each business interest. The filing of this form does not relieve the employee from additional responsibilities addressed herein. All new employees will be given a copy of this policy and must fill out the *“Notification of Business Interest”* if applicable. In addition, on an annual basis, an email re-addressing this policy will be sent to all employees and any changes that have occurred within the year will need to be filed in the Accounting Services Office with the Grants Accountant.

Specifications (Identifying the service or goods to be acquired):

Notification must be given to the Grants Accountant whenever an employee of the College is involved in preparing contract specification for goods or services that a Business Entity, in which the employee has a Business Interest, may obtain the contract or benefit from the same. Such notification may be indicated on the requisition itself or on a special attachment thereto, and may simply refer to a previously filed *“Notification of Business Interest”*. Preparing procurement specification includes not only the actual task of preparation but the ability to cause preparation or influence the nature of the specifications.

Authorization (Signing the purchase requisition):

An employee of the College shall not authorize a transaction with a Business Entity in which that employee has a Business Interest.

Acceptance and Approval for Payment:

If goods or services have been acquired from a business in which an employee has a business interest, then that employee shall not perform either of the functions of: (a) verifying the correctness and completeness of goods and services ordered for the College; or (b) approving such items for payment.

Sponsored Project Procedures:

Review and approval of actual or potential conflicts of interest that are related to sponsored projects (by employees or non-employees) shall utilize the process prescribed in the following sections of this policy.

Disclosure:

Special conditions apply to sponsored grants and contracts involving federal funds. An actual or potential conflict of interest exists when the reviewing authority reasonably determines that a significant financial interest could affect the design, conduct, or reporting of the research or educational activities funded or proposed for funding to a

federal agency. If a conflict of interest is believed to exist, the reviewing authority may choose to prohibit involvement in the proposed project or to attach conditions which will provide management of the conflict or oversight of the project. Prior to expenditure of any funds, and if required to do so by funding agency policy, the College shall notify the funding agency regarding the conflict of interest and provide assurance that the conflict of interest is being managed, reduced or eliminated in accordance with agency requirements.

In the event restrictions or conditions are imposed relative to a federal grant, the College shall inform the federal agency of any inability to manage satisfactorily a conflict of interest. Bismarck State College will maintain records of all financial disclosures and of all actions taken to resolve conflicts of interest until at least three years after the later of the termination or completion of the award to which they relate, or the resolution of any government action involving those records.

Specifications:

Current and potential investigators of proposals, grants, or contracts shall file a copy of their completed and approved "Certification of Filing of Financial Interest Disclosure Statement" form with the Grants Accountant on an annual basis. The document will be reviewed for compliance with this policy whenever a proposal, grant, or contract is submitted for College endorsement. It will be the responsibility of the investigator to update the "Financial Interests Disclosure Statement", to receive a new written determination, and to file a new "Certification of Filing of Financial Interests Disclosure Statement" form with the Grants Accountant whenever new reportable significant financial interests are obtained.

Initial disclosure shall be made to the Executive Vice President, who shall make a recommendation consistent with this policy. As an option, the Executive Vice President may refer the matter to the Executive Council for its recommendation. The Executive Vice President shall have final decision-making authority unless the matter is referred to the Executive Council on appeal; in that case, final determination will rest with the President of the College. Disclosures for the Executive Vice President shall be filed with the President who shall have final approval authority and may consult with the Executive Council.

References:

SBHE policy 611.4.

History of This Policy:

First policy draft and approved by the President's Cabinet on July 13, 2000.

Revisions – November 14, 2000; January 12, 2004; September 15, 2008; August 21, 2009.

**BISMARCK STATE COLLEGE
NOTIFICATION OF BUSINESS INTEREST**

In compliance with the Bismarck State College Conflict of Interest Policy, I disclose and submit the following concerning my business interest.

<u>Business Identification</u>	
Business Name:	_____
Street Address:	_____
P.O. Box:	_____
City – State – Zip:	_____
Telephone and Fax:	_____
Taxpayer ID#:	_____
<u>Describe Business Product or Service:</u>	
<u>Nature of Business Interest</u> (complete only those which apply)	
Personal Ownership-Percentage (if any):	_____
Relationship to Owner:	_____
Are you an employee? Yes/No	Position (if any): _____
Other: _____	Describe: _____

Print Name

Department Telephone #

Signature Date

Return to:
Accounting Services
Attn: Grants Accountant

The Grants Accountant will forward a copy of this notification to the head of the employee's department.