

<b>ADMINISTRATIVE DIVISION</b> BTRU Board of Trustees		<b>POLICY NUMBER</b> BTRU 1.18
<b>POLICY TITLE</b> Conflicts of Interest and Commitment		
<b>SCOPE OF POLICY</b> USC System		<b>DATE OF REVISION</b> October 19, 2018
<b>RESPONSIBLE OFFICER</b> Secretary of the Board of Trustees		<b>ADMINISTRATIVE OFFICE</b> Board of Trustees

**PURPOSE**

This policy provides a framework for recognizing, disclosing and managing conflicts of interest and commitment as well as situations involving the appearance of a conflict of interest. All trustees, officers, faculty, administrators, and staff of the University of South Carolina, including all full-time, part-time, temporary, research grant, time-limited and contract employees, are subject to the requirements of this policy.

**DEFINITIONS AND ACRONYMS**

For purposes of this policy, the following terms shall have the meaning set forth herein:

**Conflict of Commitment** – means a situation in which an individual engages in external activities, either paid or unpaid, that may interfere with his/her primary obligation and commitment to the University.

**Conflict of Interest** – means a situation in which an individual has financial, professional, or personal considerations that may directly or indirectly affect, or have the appearance of affecting, an individual’s professional judgment in exercising any University duty or responsibility. A conflict of interest may arise when an individual has the opportunity or appears to have the *opportunity to influence* the University’s business, administrative, academic, research, or other decisions in ways that could lead to financial, professional, or personal gain or advantage of any kind, whether the value is readily ascertainable.

**Entity** – means any outside business or organization, including any public, private or non-profit entity.

**Extended Family Members** – means the employee’s spouse/partner, children, parents, in-laws, siblings, or other individuals living in the household.

**Financial Interest** – means any monetary interest including, but not limited to salary, consulting fees, honoraria, gifts, dividends, paid authorship, ownership interest, stock or stock options, intellectual property rights, royalties, or paid travel (unless reimbursed by federal, state or local government, an institution of higher education, an academic medical center, research institute or professional organization affiliated with institutions of higher education). Financial interest does not include a financial interest arising solely by means of investment in a mutual, pension, or other institutional investment fund over the management and investments of which the employee or an

associated immediate family member does not exercise control; or investments in publicly traded entities as long as the value of the employee's equity interest in the entity is less than \$5,000.

**Immediate Family Members** – means the employee's spouse/partner or children.

**Institutional Responsibilities** – An individual's professional obligations carried out on behalf of the University.

**Personal Relationships** – means an employee's relative, friend, partner or romantic interest, or any other individual with whom the employee has a relationship which could be perceived by a reasonable person as limiting the employee's objectivity with respect to University decisions.

**University Employees** – means members of the University of South Carolina Board of Trustees, and University officers, faculty, staff and other individuals employed by the University regardless of classification, including all full-time, part-time, temporary, research grant, time-limited and contract employees.

## **POLICY STATEMENT**

### **I. Preamble**

The relationships between the University of South Carolina, its employees, private industry, federal and state governments, and the not-for-profit sector are increasingly complex. As a result, there are opportunities for professional interactions that may benefit the University and its employees, but which may also present a conflict or appearance of conflicting loyalties and responsibilities for the individuals within the University. Conflicts of interest, therefore, may arise from ordinary and appropriate activities as a part of assigned duties, so the existence of a conflict should not imply wrongdoing. When conflicts arise, however, they must be recognized, disclosed, managed or eliminated.

The specific requirements for disclosing conflicts of interest and other activities are determined by the employee's employment classification or status (e.g., faculty, staff, research faculty, etc.). Section IV of this policy directs University employees to the specific policy governing their disclosure requirements. This policy is not intended to amend any such existing University policy.

The South Carolina Ethics, Government Accountability and Campaign Reform Act, South Carolina Code of Laws Section 8-13-100 et seq. (the "Ethics Law"), makes it unlawful for public officials, public members, and public employees to use their position to obtain an economic interest or to have a financial interest in any contract or purchase connected with the University, unless otherwise authorized by the Ethics Law. The requirements of this policy are in addition to and do not supersede the provisions and restrictions set forth in the Ethics Law. (University Policy HR 1.02 <http://www.sc.edu/policies/hr102.pdf>).

This policy is not intended to prohibit approved, appropriately managed and disclosed (if necessary) economic development activities related to University generated intellectual property, including employee involvement with startup companies, Small Business Administration (SBIR/STTR) funded research and Centers of Economic Excellence Activities.

Nothing in this policy shall be construed to permit, even with disclosure, any activity that is prohibited by law.

## II. Policy Provisions

- A. A perceived and/or real conflict of interest arises whenever the employee has the opportunity to influence University operations or business decisions in ways that could result in a personal financial benefit or economic gain to the employee, a member of an employee's extended family, or individuals with whom the employee has a business or personal relationship.
- B. University employees must take particular care when relationships intersect with the University's interests and have the potential or appearance to influence factors to be considered in administrative decisions including, but not limited to hiring and procurement decisions. In particular, individuals who have University duties involving (i) procurement, or sale of goods, services, or other assets, (ii) the negotiation and formation of contracts or other commitments affecting the assets or interests of the University, (iii) the handling of confidential or privileged information, (iv) the performance of patient care, (v) the conduct or handling of any research results or transfer of technology, or (vi) the presentation of professional advice to the University, must be particularly conscious of conflicts of interest or the appearance of conflicts of interest.
- C. University employees cannot accept a gift or anything of value from a person or entity given as a result of a relationship established through their employment with the University with the following exceptions:
  - 1. Gifts given because of a relationship that existed before employment with the University.
  - 2. Gifts given by the employer or co-workers.
  - 3. Promotional, informational, or educational items with a value of less than \$10.
  - 4. A personalized trophy or plaque with a value of less than \$150.
  - 5. Items given to an employee or department not otherwise excluded from this rule which are not easily returned may be donated to a charity or, if food, placed in a common area for the benefit of all employees.

## III. Responsible Offices.

The following offices are responsible for administering the applicable conflict of interest and commitment disclosure processes:

- 1. Board of Trustees – Board Office
- 2. Faculty Disclosures – Office of the Provost

3. Research Disclosures – Office of the Vice President for Research
4. University Officers and Staff Members – Division of Human Resources
5. Procurement Solicitations – Purchasing Department

Employees with questions about their responsibilities should contact the appropriate office cited above.

#### IV. Policy Compliance

The University expects employees to be conscientious in their adherence to the provisions and policies of the University. Failure to make a complete disclosure, when necessary based on the requirements outlined in this policy and related policies below, as well as, failure to comply with actions required to mitigate or eliminate the conflict may be grounds for disciplinary action and/or sanctions pursuant to the relevant University policies.

Any member of the University Community may report a situation involving a conflict of interest or commitment, or a violation of this policy to an appropriate University official or anonymously through the USC Integrity Line at <http://www.sc.edu/uscingegrityline/>.

#### **PROCEDURES**

##### A. Employee Responsibilities.

1. University employees have a duty to immediately disclose, manage or eliminate any real or apparent conflicts of interest or commitment. If there is any question about whether an activity represents a conflict of interest or commitment, then the employee should disclose the activity for review.
2. University employees shall:
  - a. conduct the affairs of the University in accordance with the highest legal, ethical and moral standards.
  - b. abide by the Conflicts of Interest and Commitment Policy.
  - c. disclose conflicts of interest and those activities or interests that may have the appearance of a conflict.
  - d. not use their position to secure personal financial benefits and economic interest for themselves, any extended family member, and, any individuals with whom the employee has a personal relationship.
  - e. disclose outside professional activities as required by University Policy ACAF 1.50, *Outside Professional Activities for Faculty* or outside employment as required by University Policy HR 1.30, *Outside Employment*.

- f. comply with remedies prescribed by the University's assessment of the disclosed activities.
  - g. recuse himself/herself from the activity or decision until such a time as the conflict is eliminated if there is no reasonable way to manage the conflict of interest or commitment.
3. Employees that are required to annually complete a disclosure must do so whether or not they have anything to disclose. The specific disclosure policy governing an employee's disclosure requirements is as follows:
    - a. For members of the **Board of Trustees** – University Policy BTRU 1.03, *By-Laws of the Board of Trustees*
    - b. For **Faculty** – University Policy ACAF 1.50, *Outside Professional Activities for Faculty*
    - c. For **Employees Involved in Research** – University Policy RSCH 1.06, *Disclosure of Financial Interests and Management of Conflicts of Interest Related to Sponsored Projects (Research)*
    - d. For **Staff Members** – see Section VI of this policy
    - e. For **Members Acquiring Goods and Services** – University Policy FINA 2.14, *Acquisition and Payment of Goods and Services*
    - f. For **Employees with Outside Employment** – University Policy HR 1.30, *Outside Employment*
  4. University employees not subject to the annual conflict of interest and commitment disclosure process that have activities or relationships that present or have the appearance of a conflict of interest or commitment shall disclose as such using the Staff Disclosure procedures (Section VI of this policy) and the University's central reporting system prior to engaging in the activity. (Staff Conflict of Interest Disclosures)
  5. University employees shall update their disclosure prior to engaging in new activities that present or have the appearance of a conflict of interest or commitment. Employees shall avoid any involvement with related University activities and decisions until such time as the disclosure has been evaluated and the disclosed activity has been resolved.
  6. Employees responsible for assessing disclosed activities shall ensure they gain a full understanding of the activities and how to adequately remedy the conflict of interest or commitment.

## B. Disclosure Requirements

A University employee is required to complete a disclosure for the following circumstances and activities:

1. An employee is expected to disclose businesses with which the employee or their immediate family members have financial interests or are involved as an owner, operator, or as an executive officer, that is **directly involved with activities related to the employee's area of professional expertise or institutional responsibilities**. In general, there is a possibility that a conflict of interest may arise if the business forms or has a relationship with the University.
2. In circumstances in which it is necessary and in the best interests of the University for an employee or the employee's extended family member **to conduct business with the University**, the employee shall disclose such business activities prior to forming the relationship and each year thereafter for as long as the University is conducting business with the entity. University employees may not review, approve, or administratively control contracts or business relationships when the contract or business relationship is between the University and an entity in which the individual or an extended family member has a financial interest or when the individual or an extended family member is an employee of the entity and is directly involved with the activities pertaining to the University. Generally, there will be no conflict of interest if the employee is not in a position to influence the University with respect to the entity.
3. The employee shall disclose if he/she has **a personal relationship** with an individual who has a financial interest in a business entity with which the University does or proposes to do business, and the **employee is in a decision-making role or otherwise is in a position to influence** the University's business decisions regarding the business entity.
4. Faculty with **outside professional activities** shall disclose these activities as required by University Policy ACAF 1.50, *Outside Professional Activities for Faculty*. Staff members also **employed outside the University** shall disclose this employment as required by University Policy HR 1.30, *Outside Employment*.

## C. Staff Member Disclosure Procedures

The Vice President for Human Resources in consultation with University Counsel and the Chief Audit Executive will determine which employees by nature of their duties, responsibilities or other relevant criteria, must complete an annual disclosure. Staff members who are required to complete a disclosure annually will be notified by Human Resources and shall submit such disclosures through the University's central reporting system (Staff Conflict of Interest Disclosures) by the deadline specified.

1. Staff members may have other disclosure requirements based on their role and responsibilities with the University (see Section IV, Policy Provisions). Additionally, it

is the staff member’s ongoing duty to update the disclosure as new roles or activities arise in the course of the staff member’s responsibilities prior to engaging in the activities.

2. An authorized group of employees identified by the Vice President for Human Resources in consultation with University Counsel and the Chief Audit Executive shall review disclosures and respond accordingly. Should the review determine that the disclosure is a real or apparent conflict of interest or commitment, the authorized group of employees will advise the appropriate local and supervisory unit heads to prohibit or modify the proposed activity of the staff member so that University business is not improperly influenced or adversely affected.
3. The modification of the proposed activity will be determined by the local and supervisory unit heads in the form of a conflict management plan and documented in the University’s central reporting system.
4. The Division of Human Resources will review and approve conflict management plans and investigate instances deserving additional attention.
5. A written record will be kept in the central reporting system of all steps taken leading to resolution of the issue.
6. If the staff member does not agree with the conflict determination or resolution, he/she may request in writing to the Chief Audit Executive, a review from University Counsel and Audit and Advisory Services.

**RELATED UNIVERSITY, STATE AND FEDERAL POLICIES**

University Policy ACAF 1.50, *Outside Professional Activities for Faculty*  
 University Policy BTRU 1.03, *By-Laws of the Board of Trustees* University Policy  
 University Policy FINA 2.14, *Acquisition and Payment of Goods and Services*  
 University Policy HR 1.02, *University of South Carolina Ethics Policy*  
 University Policy HR 1.30, *Outside Employment*  
 University Policy RSCH 1.06, *Disclosure of Financial Interests and Management of Conflicts of Interest Related to Sponsored Projects (Research)*

**HISTORY OF REVISIONS**

<b>DATE OF REVISION</b>	<b>REASON FOR REVISION</b>
August 12, 2010	New policy approval
October 12, 2017	Policy organization, content, and accuracy revised to encompass all University policies addressing conflicts of interest and commitment and for scrivener corrections.
October 19, 2018	Policy organization, content, and accuracy reviewed; titles updated; and policy reformatted into the new policy template.