

Conflict of Interest

PER-1.03 May 1, 1992 Conflict of Interest

I. POLICY AND/OR OBJECTIVE

All employees of the University of Louisville who are members of occupations or professions having established standards of conduct shall, in addition to any obligations and responsibilities imposed by this document, be bound by the standards of conduct applicable to such occupations or professions.

Employees of the University of Louisville have an obligation to be familiar with and adhere to the provisions of the University's policy on conflicts of interest.

This policy has been adopted by the Board of Trustees.

A. Definitions

For the purpose of these guidelines, the following terms are defined:

1. "Administrative Officer" means an employee of the University of Louisville with duties and responsibilities directly related to the operation of the business affairs of the university, specifically those in a position to affect decisions as to the purchase or disposal of property or services, settlement of claims, or other business obligations. (The President shall develop a list of such staff in a position to affect business transactions.)
2. "Business Transaction" is any sale, purchase, contract, lease, settlement, award of aid, loan, or agreement in which the university is a party or beneficiary.
3. "Conflict of Interest" occurs when the employee or Trustee is in a position to affect significantly the business transactions of the university with the organization in which the employee or Trustee has an interest. An employee or Trustee has an interest in an organization:
 1. a. in which that person or his immediate family owns more than 5 percent of the equity; or
 - b. which employs, has employed within the last 12 months, or has an arrangement to employ, retain as a consultant, or pay a commission to that person or his immediate family; or
 - c. which has retained as a consultant or paid a commission to that person or his immediate family; or
 - d. which has provided the employee or his or her immediate family a gratuity or gift in the previous 12 months, with a total in excess of \$100.00. (This does not include examination copies of textbooks.)
2. A conflict of interest is not applicable to receipt of royalties from the sale of instructional materials until the Board of Trustees has approved the document on conflict of obligations.
3. "Employee" includes any person placed on the payroll, retained as a consultant, or paid a commission.
4. "Immediate Family" is a spouse or minor children.
5. "Organization" is a trust or corporation (including any subsidiary or parent of such corporation), partnership, unincorporated association, or individual proprietorship.

B. Board of Trustees

1. All members of the Board of Trustees shall disclose any known conflict of interest and shall avoid participating in any decision or advocating any subject matter before the Board in which a member of the immediate family of a Board member has a conflict of interest. When a member learns that a business transaction presents a conflict of interest, that member must make an immediate, full disclosure to the Board of his or her interest in the subject. The member shall not participate in any discussion of or decision on the

issue. Disclosures are necessary for business transactions which would result in conflict of interest. Failure of a member to make a disclosure shall void any resulting agreement at the option of the university. University remuneration to a faculty or staff Trustee and financial aid to a student Trustee shall not be considered a financial or other conflict of interest.

2. This policy shall not prohibit a Trustee, an organization which employs a Trustee, or an organization in which a Trustee has financial interest from pursuing a university purchase or contract to be awarded by competitive bidding. However, such Trustee must first inform the other Trustees and notify the newspaper having the largest circulation in Jefferson County of his or her intent to participate in bidding for a university business transaction.
3. Upon adoption of this policy, University Counsel shall inform each current member of the Board of Trustees in writing of the statutory requirements relating to conflict of interest and of this university policy. University Counsel shall inform each new member of the Board of Trustees in writing of the statutory requirements relating to conflict of interest and of this university policy.

C. Administrative Officers

Administrative officers shall immediately disclose to their administrative superior any known conflict of interest and shall avoid participating in any decisions or deliberations bearing on university business transactions in which a potential or actual conflict of interest exists. Any administrative officer who fails to disclose a conflict of interest may be suspended or dismissed from the university in accord with The Redbook. The President shall immediately disclose any conflict of interest he may have to the Board of Trustees and shall avoid participating in any discussions or deliberations bearing on university business transactions in which a potential or actual conflict of interest exists.

D. Faculty and Staff

Every member of the faculty and staff of the university shall immediately disclose to his or her administrative superior any business transaction(s) which present a known conflict of interest. Individuals responsible for a sponsored project should refer to Conflicts of Interest in Research to determine their responsibilities with respect to conflicts of interest related to their particular sponsored project.

E. General

1. Business transactions which violate conflict-of-interest requirements are voidable at the option of the university. The initiative and responsibility for reporting known conflicts of interest rests upon the individual. Failure to make timely reports of significant known conflicts may subject the individual to disciplinary action in accordance with The Redbook. Dismissal of faculty may be invoked only in cases where the conflict of interest is of such severity as to constitute "proven misconduct" sufficient to warrant termination of academic appointment for cause. In addition, failure to disclose a known conflict of interest may make the organization that is the subject of the conflict of interest ineligible to do business with the university.
2. Any administrative officer, faculty, or staff making a disclosure of an actual or potential conflict of interest or seeking interpretation of university policy or legal requirement shall consult his or her superior for advice. University Counsel shall be available to advise on matters of conflict of interest. Advice given any administrative officer, faculty, or staff concerning an interpretation of University policy or legal requirement(s) shall be in writing and be made a matter of record. In any case of conflict of interest involving University Counsel or Assistant Counsels, the President shall refer such matters to independent legal counsel.
3. Any administrative superior receiving a disclosure of conflict of interest shall notify the Office of the Vice President for Finance and Administration, who shall report as soon as possible to the President about whether the business transaction that is the subject of the conflict of interest should be voided. (Guidelines for the Vice President for Finance and Administration shall be developed.) The President shall inform the Board of Trustees of any potential or actual conflict of interest which makes a particular organization ineligible to do business with the university and the organization involved shall be so advised.

II. SPONSORED PROJECTS: GUIDELINES FOR CONFLICT SITUATIONS

[Oversight of Individual Financial Interests in Research \(PDF\)](#)

[Oversight of Institutional Financial Interests in Research \(PDF\)](#)
