

ASU System Policy

Effective Date: September 12, 2025

Subject: Conflict of Interest and/or Conflict of Commitment

Category: Employment 2.63

Introduction

All full-time employees of the Arkansas State University System, whether administration, faculty, or staff, are obligated to devote their working time and efforts to the activities of the System institution of his/her employment. However, involvement of employees in outside pursuits, both public and private, often serves the interests of the individual, the institutions of the System, and the general public. Participation in activities outside the institution of employment is encouraged so long as these activities do not create either a conflict of interest or a conflict of commitment.

The State of Arkansas has passed specific laws governing the actions of state employees with respect to ethical and employment conflicts of interest. Under those laws, conflicts of interest and conflicts of commitment are not always unethical or illegal. If the interests of the System institution are served by an arrangement in which the conflict of interest or conflict of commitment may exist, or if the conflict is insubstantial or remote, the System institution may allow the employee to participate in the outside activity but only after obtaining express written permission.

Definitions

Conflict Management Plan (CMP): A document detailing the steps that will be taken by the conflicted party to minimize or eliminate real or perceived conflicts of interest or commitment. A CMP must be created when an actual or potential conflict of interest or commitment is disclosed in order to ensure that an employee's conflict is managed to protect the university's interests as well as those of other faculty, staff, and students.

Conflict of Commitment (COC): A conflict of commitment exists when an employee's time and effort to outside activities interferes with that employee's obligations and responsibilities to the university.

Conflict of Interest (COI): A conflict of interest exists when an employee has the opportunity, directly, or indirectly, to secure personal gain or financial benefit to self or others through influencing decisions of the university.

Externally Reimbursed Travel: Travel which is paid for either directly or by reimbursing the employee through a means other than the university's Travel Claim.

Faculty Start-up Company: A company in its initial phases of development with founders including at least one faculty member. Typically, founders initially support such companies financially as they search for additional funding from investors, loans, grants or other sources of capital. Faculty start-ups are unique in that they often seek to commercialize a product or service that resulted from technology developed by a faculty member while performing their university job duties. The university recognizes and desires to encourage and stimulate the development of a high-tech economy and job growth in the State of Arkansas through faculty start-up companies, subject to the safeguards contained in this policy.

Financial Conflict of Interest (FCOI): FCOI may exist when a faculty or staff member receives or has the potential to receive compensation (directly or indirectly) from an outside entity or holds an equity position (or any other form of controlling or ownership interest) in a company that may influence university administrative, business, or academic decisions in ways that could lead to personal gain, give improper advantage to self or others, or interfere with the objective preservation, generation, and/or dissemination of knowledge. Financial conflicts of interest include significant financial interests that could directly and significantly affect the design, conduct, or reporting for U. S. Public Health Service (PHS)-funded research.

Financial Interest: A financial interest means anything of monetary value, whether or not the value is readily ascertainable.

Foreign Entity: A foreign entity is a business, government or government agency, institution, non-governmental organization, talent recruitment or similar program, or other entity created under the laws of, headquartered, or located outside the United States or supported by funds from outside the U. S. Certain affiliations, scientific research collaborations in connection with federally funded projects, support or funding from foreign entities or persons may create conflicts of interest or federal research reporting issues, or may be regulated under state law, and are required to be disclosed.

Immediate Family Member: An immediate family member shall include those defined as a relative (see below) and shall also include an employee's domestic partner, a person with whom an employee is in a romantic relationship, children of an employee's domestic partner, and relatives of an employee's spouse or domestic partner.

Institutional Responsibilities: Institutional responsibilities shall mean an individual's professional responsibilities to the appropriate System institution, including, but not limited to, research, research consultation, teaching, professional practice, administrative responsibilities, committee memberships, and service on professional review panels or advisory boards.

Personal Relationships that May Involve Conflicts of Interest: A personal relationship that may involve conflicts of interest refers to any relationship, whether past or present, which is romantic, physically intimate, or sexual in nature, and to which both parties consent or consented, including marriage. In the case of past relationships, they

should be disclosed and addressed if a current contractual and/or financial relationship continues to exist.

Relative: A relative is defined as a spouse, parent, sibling, stepparent, stepsibling, in-law, half-sibling, child, stepchild, uncle, aunt, first cousin, nephew, or niece.

Significant Financial Interest (SFI): A significant financial interest consists of one or more of the following interests of the employee (and those of the employee's spouse, domestic partner, parents, siblings, and dependent children) that reasonably appears to be related to the employee's institutional responsibilities:

- A. With regard to any publicly traded entity, a significant financial interest exists if salary and other payments received from the entity in the past twelve months and the value of any equity interest in the entity, when aggregated, exceeds \$5,000.
 - 1. Payments include, but are not limited to, consulting fees, Honoraria, and paid authorship;
 - 2. Equity interests include, but are not limited, any stock, stock option, or other ownership interest, as determined through reference to public prices or other reasonable measures of fair market value.
- B. With regard to any non-publicly traded entity, a significant financial interest exists if:
 - 1. The salary and other payments received from the entity (whether directly or indirectly) in the past twelve (12) months, when aggregated, exceed \$5,000, or
 - 2. When any equity or ownership interest exists.
- C. Receipt of income related to intellectual property rights and interests (e.g. patents or copyrights);
- D. Externally reimbursed travel; or
- E. Service as senior executive or board member of an entity, regardless of current value or compensation received, if there is a potential for future compensation or equity.
- F. Significant Financial Relationships with Other Employees (e.g., rental agreements, business co-ownership, etc. that in the past twelve months, when aggregated, exceeds \$5,000).

Significant financial interests shall not include:

- A. Salary, royalties, or other remuneration paid by one of the System's institutions, including intellectual property rights assigned by the System and agreements to share in royalties from such related rights:
- B. Income from the following types of activities for a U.S. federal, state, or local government agency, an accredited institution of higher education in the U.S., or an academic teaching hospital, medical center, or research institute that is affiliated with an accredited institution of higher education in the U.S.:
 - 1. Seminars, lectures, or teaching engagements; or

2. Service on advisory committees or review panels.
- C. Income from investment vehicles, such as mutual funds and retirement accounts, as long as the employee does not directly control the investment decisions made in these vehicles.

Procedure

This conflict of interest and commitment policy applies generally to all full-time employees of each Arkansas State University member institution and is subject to all applicable System and BOT policies and governing law.

Disclosure of Potential Conflicts of Interest and/or Commitment: It is the responsibility of all employees covered under this policy to disclose, annually, any potential conflicts of interest and commitment, including, but not limited to, any SFIs, as defined in this policy, by submitting the required disclosure using the appropriate channels at the institution of employment.

All employees at each of the System's member institutions shall receive an annual notice, with completion instructions, regarding this policy and the deadline for completion and submission. The form shall be available throughout the year for employees who need to report a conflict of interest and/or commitment or potential conflict of interest and/or commitment that arises during the reporting period.

Any conflicts of interest or conflicts of commitment associated with sponsored research must be reported to the Sponsor in accordance with federal regulations and/or sponsor policy by the appropriate member institution.

For sponsored research, if a conflict of interest or conflict of commitment is not identified or managed in a timely manner, member institution shall, within 120 days of determination of noncompliance, conduct a retrospective review of the employee's activities to determine whether such research was biased in design, conduct or reporting, and take such other steps as required by federal regulations and/or sponsor policy. Review of noncompliance should be conducted at the administrative levels of the institution, as appropriate: department, college/administrative unit, and university.

Prior Approval of Outside Employment

When an employee desires to participate in an activity in which a potential or actual conflict of interest or conflict of commitment exists, that employee shall complete the Prior Approval of Outside Employment form and submit the form to his/her direct report. After consulting with the employee, determining whether an actual or potential conflict of interest or conflict of commitment exists, and considering the ramifications for the institution, the supervisor will return a copy of the form to the employee within five (5) working days with an approval and management plan, if required, or disapproval.

Conflict Management Plan (CMP):

A CMP establishes all necessary measures to address and/or mitigate any potential or actual conflicts of interest or conflicts of commitment. The management plan may include, but is not limited to, the following actions:

1. Monitoring of the employee's responsibilities, duties, or tasks;
2. Modification of the employee's responsibilities, duties, or tasks;
3. Public disclosure of the conflict of interest or conflict of commitment;
4. Divestiture of a financial interest creating a conflict of interest or conflict of commitment; and
5. Severance of the relationship creating the conflict of interest or conflict of commitment if primary work responsibilities are adversely affected.
6. Provisions for student advising, hiring other companies, employee roles in start-up companies, purchasing rules, intellectual property ownership, and facility use.

The employee's direct report will submit the management plan to his or her supervisor who will take final action within five (5) additional working days and notify the employee's direct report and the employee of the final decision.

Conditions or restrictions in the CMP might include public disclosure of conflicts, such as when presenting or publishing research, appointment of an independent monitor, modification of the research plan, change of personnel or responsibilities, full or partial disqualification of personnel, reduction or elimination of the financial interest, or severance of relationships that create a conflict. Other provisions may be added when appropriate or as needed.

A CMP will be generated for an employee for each activity that presents a potential, apparent, or actual conflict. For example, a faculty member involved in two different start-up companies would have a CMP for each company.

Each CMP should be reviewed annually, at a minimum. It should also be reviewed and revised, if necessary, if the potential, apparent, or actual conflict changes. The CMP will be terminated when the conflict is removed.

If the employee receives a disapproval of the prior approval of outside employment request, the employee may appeal the decision to the chancellor or his/her designee, while system employees may appeal the decision to the president or his/her designee. The chancellor, in consultation with the provost or appropriate vice chancellor, as necessary, will review, with the chancellor making the decision. The decision of the chancellor or his or her designee, on any of the member institutions, is final. The decision of the president or his or her designee is final.

No agreements may be entered into between employees of the Arkansas State University System member institutions and outside entities until such time as approval

has been granted to engage in activities constituting a conflict of interest or conflict of commitment.

Summer Employment for 9-month Faculty:

Summer employment for 9-month faculty must be disclosed in advance through the appropriate request/disclosure process if the summer employment involves the following:

- 1) Involves teaching, research/creative activity, or an appointment with another institution
- 2) Pertains to institutional research
- 3) Otherwise relates to the faculty member's expertise or responsibilities as a institution employee
- 4) Involves compensation or support from a foreign entity, or furnishing of research or services to a foreign entity

Conflict of Interest or Conflict of Commitment Examples

The following list provides examples of situations which may involve conflicts of interest or conflicts of commitment and must be disclosed; however, the list is not exhaustive. Any situation which has the appearance of or potential for a conflict of interest or conflict of commitment must be disclosed.

- Employee or immediate family member ownership, management, or other relationship with an organization doing business with a member institution in the Arkansas State University System
- Participation in outside business activities including a personal commercial enterprise
- Teaching credit or noncredit courses, seminars, or workshops—whether full-time or part-time—at institutions other than the employee's primary Arkansas State University System institution, including both ASU System and non-ASU System institutions
- Fees provided for professional services including consulting, honoraria, royalties, or expert testimony
- Private payment, income, gifts, or other benefits associated with the employee's Arkansas State University System institution's research
- Income from and ownership of intellectual property
- Time away from work to attend extracurricular events
- Use of the employee's Arkansas State University System member institution's facilities, employees, or students in personal or commercial activities
- Acceptance of gifts, gratuities, or special favors offered because of position in an Arkansas State University System institution
- Influencing an Arkansas State University System institution's decisions or purchases to obtain personal benefit or benefit for others; receipt of royalties from the sale of textbooks or course materials for classes taught by the faculty member has been determined by law to constitute a conflict of interest. Royalties

so received will be paid to the campus at which the faculty member teaches for the purpose of funding programs that benefit students academically.

(Adopted by the Arkansas State University Board of Trustees on September 7, 2007, Resolution 07-58. Revised March 14, 2025, Resolution 25-02).