

BP 3854 Disclosing Financial Interests Relevant to Federally Sponsored Projects

I. PURPOSE & SCOPE

Federal regulations require Investigators to disclose certain financial interests (as defined below) to ensure that the design, conduct or reporting of federally-funded projects will not be biased. Each grantee institution is required to maintain an appropriate written and enforced policy on conflict of interest and that all conflicts of interest for each award are managed, reduced or eliminated prior to the expenditure of the award funds. If the institution carries out agency-funded projects through subawardees, contractors or collaborators, the Institution must take reasonable steps to ensure that:

- a) The subawardees, contractors or collaborators has its own policies in place that meet the requirements of this policy; or
- b) Investigators working for such entities follow the policies of the primary institution.

This policy describes the conditions under which these financial interests should be disclosed by Investigators, regardless of whether the Investigator is a Santa Clarita Community College District (SCCCD) employee or not. The procedure is applicable to all sponsored projects and educational activities supported by the National Science Foundation (NSF) and other federal agencies, and by other sponsors and programs that specifically request review consistent with federal regulations on objectivity in sponsored projects.

Each Investigator is required to disclose all significant financial interests of themselves, their spouse and dependent children that:

- (i) would reasonably appear to be affected by the sponsored projects or educational activities funded or proposed for funding; or
- (ii) in entities whose financial interests would reasonably appear to be affected by such activities.

Financial interests disclosed by SCCCDC Investigators are reviewed by the CEO's Designee. The Designee will determine whether a conflict of interest exists, and determine what conditions or restrictions, if any, should be imposed by the institution to manage, reduce or eliminate such a conflict of interest. A conflict of interest exists when the reviewer (Designee) reasonably determines that a significant financial interest could directly and significantly affect the design, conduct, or reporting of Federally-funded projects and educational activities.

Examples of conditions or restrictions that might be imposed to manage, reduce or eliminate conflicts of interest include, but are not limited to:

- a. public disclosure of significant financial interests;
- b. monitoring of project by independent reviewers;
- c. modification of the project plan;
- d. disqualification from participation in the portion of the Federally-funded project that would be affected by significant financial interests;

- e. divestiture of significant financial interests; or
- f. severance of relationships that create conflicts, in accordance with bargaining agreements and the Education Code.

II. DEFINITIONS

Investigator: For purposes of this policy, Investigator means any individual who shares responsibility for the design, conduct or reporting of the results of a sponsored project with the Principal Investigator.

Principal Investigator (PI): An Investigator (normally an academic appointee) who has primary responsibility for the scientific and technical conduct, reporting, fiscal and programmatic administration of a sponsored project.

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

The term does not include:

- a. salary, royalties, or other remuneration from the applicant institution;
- b. any ownership interests in the institution, if the institution is an applicant under the Small Business Innovation Research Program or Small Business Technology Transfer Program;
- c. income from seminars, lectures, or teaching engagements sponsored by public or non-profit entities;
- d. income from service on advisory committees or review panels for public or nonprofit entities;
- e. an equity interest that, when aggregated for the investigator and the investigator's spouse and dependent children, meets both of the following tests;
 - (i) does not exceed \$10,000 in value as determined through reference to public prices or other reasonable measures of fair market value; and (ii) does not represent more than a 5% ownership interest in any single entity; or
- f. salary, royalties or other payments that, when aggregated for the investigator and the investigator's spouse and dependent children, are not expected to exceed \$10,000 during the twelve-month period.

III. DISCLOSURE OF SIGNIFICANT FINANCIAL INTERESTS

Investigators are required to disclose Significant Financial Interests as defined below.

In all cases, reporting is required for the individual, his/her spouse or registered domestic partner, and any dependent children.

Disclosure of Financial Interests will be reviewed by the Designee to determine whether they reasonably appear to directly and materially affect the design, conduct or reporting of projects and thereby constitute a conflict of interest that may need to be managed, reduced or eliminated. If the Institution finds that it is unable to satisfactorily manage a conflict of interest, the Designee will notify the funding agent.

A. Significant Financial Interests That Must be Disclosed

All Investigators must disclose:

- Any Significant Financial Interests that would reasonably appear to be affected by the sponsored project for which funding is sought; and/or
- Any Significant Financial Interests in entities whose financial interests (e.g., its earnings, value, sales of its products, etc.) would reasonably appear to be affected by the sponsored project.

B. Who Must Disclose Significant Financial Interests

- All SCCCD Investigators who share responsibility for the design, conduct or reporting of the sponsored project results must disclose Significant Financial Interests to SCCCD.
- Collaborators from other institutions who share responsibility for the design, conduct or reporting of project results, and who will be conducting services under a sub-grant or subcontract from SCCCD are expected to comply with the policies and procedures for disclosure and review of any Significant Financial Interest at the institution at which they are employed. Those institutions are responsible for reviewing those disclosures and, if conflicts are identified, for sending SCCCD assurances of their ability to manage, reduce or eliminate the conflicts.
- Collaborators who share responsibility for the design, conduct, and reporting of project results, and who will participate in the sponsored project under an independent consulting agreement issued by SCCCD should be identified as Investigators by the SCCCD PI and should complete the SCCCD disclosure forms. If, upon review, SCCCD determines that these financial interests could directly and significantly affect the design, conduct, or reporting of the project to be performed under the agreement, consultants will be expected to adhere to the plans put in place to eliminate, reduce or manage the identified conflicts of interest.

C. When Must Disclosures be Made

Disclosures of Significant Financial Interests must be made:

- Each time a request for new funds is submitted to any federal agency;
- Each time a request for support is submitted to another sponsored program that requires review under federal regulations;
- Any time a new Investigator is added to the project; and
- Any time during the term of an ongoing award that an Investigator has a change in a reportable Significant Financial Interest or acquires a new Significant Financial Interest that was not reported on the original disclosure form.

Examples of situations in which Significant Financial Interests should be disclosed include, but are not limited to:

- An Investigator is conducting a sponsored project where the results could be relevant

to the development, manufacturing or improvement of the products or services of an entity in which the Investigator has a Significant Financial Interest.

- An Investigator has a Significant Financial Interest in an entity which might manufacture or commercialize a drug, device or procedure that might result from the sponsored project; or which manufactures or sells any product that will be tested or used in the sponsored project, or that would reasonably appear to be affected by the project.
- An Investigator has a Significant Financial Interest in an entity which manufactures or sells a concomitant or comparator drug, device, or procedure and would reasonably appear to be affected by the project.
- An Investigator received consulting income that exceeded \$10,000 from any entity during the prior 12 months or anticipates receiving income of \$10,000 or more over the next 12 months, and the financial interests of that entity would reasonably appear to be affected by the project.
- An Investigator has a Significant Financial Interest in an entity to which a portion of the work under the project will be subcontracted, from which space will be leased, to which participants will be referred, or from which purchases will be made.
- An Investigator is carrying out a sponsored project and has a Significant Financial Interest in an entity that is part of a consortium or that will otherwise participate in the sponsored project.

In accordance with federal regulations, all disclosures must be received by the Business Office *before* the application for funding is submitted to any federal agency. All reviews must be completed and, if required by sponsor policy, notification provided to funding agent before the funds can be expended. Financial disclosures will be updated during the period of the award on an annual basis, when a new investigator is added to the project or as new reportable significant financial interests are obtained.

D. Record Retention

The Institution will maintain records of all financial disclosures and of all actions taken to resolve conflicts of interest for at least three years beyond the termination or completion of the grant to which they relate, or until the resolution of any action by the sponsor involving those records, whichever is longer. Records relating to unfunded projects need not be retained. The information provided in disclosure forms may be released or transmitted to the sponsor upon request.

E. Sanctions

Failure of a SCCCD Employee to file a complete and truthful financial disclosure for pending proposals, or when a new interest is obtained, or failure to comply with any conditions or restrictions directed or imposed, including failure to cooperate with appointed project monitoring bodies, may be grounds for discipline in accordance with applicable bargaining agreements, the California Education Code and SCCCD policies in a manner proportional to the circumstances of the infraction. Agreements with consultants who either fail to file a complete disclosure or fail to comply with any conditions or restrictions imposed may be

terminated for cause. In addition, federal regulations may require reports to the federal sponsor of any violations of federal regulations and SCCCD policy. If an Investigator's failure to comply with this policy has biased the design, conduct, or reporting of federally supported project, the Designee will promptly notify the appropriate agency of the corrective action taken or to be taken.

E. Policy Review

This policy will be reviewed for currency at least every 6 years.

See Administrative Procedure 3854

Approved: October 28, 2020

Next Review Date: Fall, 2026