INSTITUTIONAL CONFLICTS OF INTEREST

I. Introduction

Sherman College of Chiropractic has an obligation to its constituents, the chiropractic community and to the public at large to conduct its activities properly. Accordingly, the College must provide clear standards aimed at preventing financial conflicts of interest from compromising its objectivity in the performance of its responsibilities. This policy on Institutional Conflict of Interest (the "Policy") concerns conflicts that arise from the College's financial relationships with external entities. It is intended to provide guidance to the Board of Trustees, administrators, faculty and staff to enable them to recognize and deal with institutional conflicts of interest, both real and perceived, that may arise in the course of relationships between the College as an institution and private entities outside of the College.

Consistent with its obligation to uphold the public trust, the College is committed to extending the reach of its research and learning activities beyond the campus community and to enriching the education of its students and the professional lives of its faculty and staff through public engagement. The College's mission of research, teaching and service is well served through the creation of collaborations with people and entities outside the College that better enable all concerned to meet the challenges of an increasingly complex world. Collaboration, particularly where external financial sponsorship is involved, may result in the creation of inherent tensions between the College's role as an independent creator and evaluator of knowledge, and the interest of the parties to the collaboration in achieving a positive outcome. Where such tensions have or appear to have the potential to interfere with independent decision- making on the part of College personnel, or to compromise the objectivity of research, the College must examine whether a conflict of interest exists.

Such conflicts of interest may be *individual* conflicts of interest involving the personal financial relationships of College trustees, administrators, faculty, staff or students with entities that conduct business with the College. Individual financial conflicts of interest are regulated by the *College Policy on Conflicts of Interest and Commitment* and generally are outside the scope of this Policy except in cases where individual employees with wide administrative authority possess personal financial interests that intersect with their College duties, as explained below. In addition, this Policy does not address nor attempt to regulate ideological differences that may arise in, and that may in fact be necessary to the growth of, a healthy academic environment.

This Policy defines institutional conflicts of interest, provides examples and sets out rules for the guidance of College trustees, administrators, faculty and staff. It is hoped that by increasing awareness of the potential for such conflicts and providing a process to address them, this Policy will both protect the integrity of the College and will encourage College personnel to enter into and conduct College activities involving engagement with outside entities with transparency, confidence and integrity.

II. Definitions

A. Institutional Conflict of Interest

An institutional conflict of interest exists where a financial relationship between the College and an external entity compromises the integrity of institutional decision- making. Such conflicts may arise in situations where 1) the College enters into a financial or business relationship at the institutional level with an external entity that may bring financial gain to the institution or any of its units; or 2) a College trustee, administrator, faculty or staff member holds administrative or decision-making authority of such a scope that the College cannot engage in a questioned activity or relationship independent of his or her involvement, and at the same time that person has personal financial interests that relate to the proposed activity or relationship.[1] For purposes of application of this Policy, such personal financial interests are deemed to be College financial interests.

Institutional conflicts of interest may involve any College activity carried out in the pursuit of the College's mission. Of particular concern are conflicts that arise in the conduct of research involving human subjects, but any activity in which the judgment of those involved becomes affected by College financial relationships may lead to a violation of this Policy. (Examples of institutional conflicts of interest are included in Appendix A, attached.)

B. Covered Individuals

This Policy covers all College personnel including trustees, administrators, faculty and staff who are in a position to make decisions for the College that affect the following:

- the conduct of research, especially research involving human subjects,
- the use of College resources, including decisions involving expenditures, purchasing, investments, equity and technology transfer,
- the execution of contracts and grants, or
- the licensing of College intellectual property to external parties.

[1] For purposes of this Policy, such personal financial interests shall include anything of monetary value, including salary or other payments for services, equity interests, and intellectual property rights of the College employee or of his or her family members. Family members shall include dependent children or spouse. Spouse shall include a person with whom the employee lives together in the same residence and with whom the employee shares responsibility for each other's welfare and shares financial obligations.) Interests in mutual funds where the employee has no control over the selection of holdings shall not be considered a personal financial interest under this Policy.

Personnel who hold positions with a Level I or Level II classification should be especially vigilant.[2]

III. Policy

It is the Policy of this College that in pursuing its mission the College must conduct its business free of improper influence resulting from external institutional financial relationships.

Given the breadth of College activities, the variety of its relationships, and the need for the College to act as a wise steward of all its funds, the creation of College relationships that could be potential institutional conflicts of interest is unavoidable. This Policy does not require that the College refrain from conducting College business with entities that have a financial relationship with the College. However, in such instances, potential institutional conflicts of interest must be identified promptly and resolved appropriately. In particular, the College must strive to isolate decisions involving College operations and research from decisions regarding the management of financial investments made by or on behalf of the College.

In determining whether a potential institutional conflict of interest in fact constitutes an impermissible institutional conflict of interest, the College will employ the following test: a financial relationship with an external entity will give rise to an impermissible institutional conflict of interest when the objectivity of the decision-making process or the allocation of resources is influenced in ways that (1) compromise the integrity of the College in fulfilling its mission, and (2) would not occur but for the expectation of financial gain to the College or one if its internal units from a current or anticipated external financial relationship.

As stated above, collaborations with external entities and public engagement in general are strategic objectives of the College. This Policy regulates those collaborations that are determined to be actual institutional conflicts of interest. A relationship that may initially appear to result in an institutional conflict of interest may not in fact do so. Determining whether such a conflict exists requires careful consideration of all available relevant information.

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[2] These personnel include all senior academic and administrative officers, such as the President, Vice Presidents, Associate Vice Presidents, Deans, and College Librarians among others. Directors and Department Chairs are charged with the same level of care. *Any person to whom these individuals delegate any portion of their decision-making authority for any reason or for any amount of time is charged with the same high degree of vigilance in the application of this Policy*.

IV. Policy Implementation

A. Strategies for Resolution of Potential Institutional Conflicts

Potential institutional conflicts of interest may be resolved in a variety of ways, including but not limited to the following mechanisms:

(1) Where the College proposes to conduct College business with an entity with which it has a financial relationship, the entire transaction between the parties must be included in a written contract. Inclusion of all points of agreement between the College and such entities is critical to avoiding the appearance, whether or not warranted, that the College may have conferred improper benefits on an entity with which it has a financial relationship.

(2) Where a contract is appropriate to the relationship, such contracts should be awarded through use of transparent procedures for solicitation and award of contracts, such as those used by the College Business Office. However, this approach is generally not feasible with certain College contracts, such as contracts for licensing College inventions or funding College research. Special care must be taken to separate decisions regarding such contracts from the impact of institutional financial interests.

(3) All covered individuals must report any potential institutional conflict of interest arising from their personal financial interests to their immediate supervisors at the earliest opportunity. Where such a potential institutional conflict meets the test set forth in Section III above, such employees should, where feasible, recuse themselves from involvement in College business involving entities with whom those officers have financial relationships. An employee's supervisor must concur in the employee's decision to recuse himself or herself. In some cases, it will be impossible for such officers to recuse themselves and conduct their College duties effectively, and in such instances they must divest themselves of the personal financial interest creating the institutional conflict. Both the disclosure to the employee's supervisor and the decision to recuse or divest should be documented in the employee's personnel file.

(4) In all instances, the College must segregate decisions involving the management of its investments and the solicitation of contributions from decisions regarding College operations or research that are or may be affected by those investments or contributions. For example, College employees directly or indirectly responsible for creation and management of research contracts should not be involved in oversight of the management of College investments. In addition, College employees involved in the solicitation of contributions or in the management of investments must not seek to influence the terms of research grants or contracts or the conduct of research.

(5) Direct investments by the College or its management company in College-related start-up companies warrant particular sensitivity to ensure that no violations of this Policy occur as a result of such investments.

(6) Because research involving human subjects warrants the highest level of protection, a special set of procedures that govern such research is attached in Appendix B.

B. Procedures for Reporting Concerns of Potential Institutional Conflicts and Mechanisms for Review.

Any College official or employee who has concerns about the permissibility of any relationship or activity on the part of the College or its personnel involving an external relationship should consult the executive vice president (Institutional Conflict of Interest Officer). If, after examination of the situation, the Conflict of Interest Officer determines that a potential institutional conflict of interest may exist or that a situation poses significant potential for public perception of an institutional conflict of interest, the Conflict of Interest Officer shall refer the matter to the Administrative Council.

The Administrative Council shall evaluate potential conflicts of interest that are referred by the Conflict of Interest Officer. The Conflict of Interest Officer also shall provide periodically to the council a list of matters it considered, but that in his or her opinion did not rise to the level of a potential institutional conflict of interest, along with a description of the issues involved and the reasons for not referring them to the council. The council may consider any of the non-referred matters in its sole discretion.

Following evaluation, the council shall make a recommendation to the President concerning the disposition of the potential institutional conflict of interest. If the council deems it necessary, it may also forward the recommendation to the Board of Trustees.

In instances where matters that are or have the potential to be institutional conflicts of interest come before the Board of Trustees, Administrative Council will submit to the Board a report detailing its advice concerning the disposition of such matters.

Any act of retaliation or reprisal against an individual for reporting in good faith a potential institutional conflict of interest or a violation of this Policy shall be a violation of this Policy. Any use of this Policy to report in bad faith an alleged potential institutional conflict of interest shall be a violation of this Policy. Such violations will be dealt with through regular administrative processes for violations of College policies.

Appendix A: Examples of Institutional Conflict of Interest

Financial relationships with external entities give rise to impermissible institutional conflicts of interest when, in the interests of financial gain to the College or its internal units, the objectivity of the decision-making process or the allocation of resources is influenced in ways that (1) compromise the integrity of the College in fulfilling its mission, and (2) would not occur but for the existence of the external financial relationship.

The following examples are not intended to be exhaustive.

Examples of Institutional Conflict of Interest:

1. Seeking to influence the award or terms of a College contract, including but not limited to research contracts, with an external entity because of a past, present or future gift from the external entity.

2. Seeking to influence a College research committee to grant concessions or exceptions in reviewing or monitoring a research project involving technology in which the College has an equity interest.

3. Seeking to influence a College research review committee to grant concessions or exceptions in reviewing or monitoring a research project sponsored by an external entity in which the College has a financial interest.

4. Where a College official has made a personal financial investment in a College faculty member's start-up company, involvement by that official in decisions affecting the terms and conditions of that faculty member's College employment.

5. Where a College official has made a personal financial investment in a College faculty member's start-up company, involvement by that official in decisions affecting the terms and conditions of College business relationships with that start-up company.

6. Where the College, or an entity affiliated with the College, invests College funds or funds held for the benefit of the College in an entity in which officials responsible for

approving the investment hold a personal financial interest, or makes use of an investment mechanism (including an investment management fund or firm) in which officials responsible for approving the investment hold a personal financial interest.

Examples of *Potential* Institutional Conflict of Interest:

1. Where the College is entitled to receive royalties from the sale of a technology that is proposed to be the subject of a College research project.

2. Where the College, through technology licensing activities, holds an equity interest or an entitlement to equity of any value in a non-publicly traded sponsor of research at the College.

3. Where the College, through technology licensing activities or otherwise, holds a significant equity interest in a publicly traded sponsor of research at the College and College officials responsible for managing that equity interest are also involved in decisions concerning the conduct of College research sponsored by the entity.

4. Appointment of a College official with broad administrative authority to serve with or without compensation in either a personal or representative capacity as an officer, director, or scientific advisory board member of a sponsor of research conducted at or under the auspices of the College.

5. Allocation of laboratory or office space by a College academic department in a manner that unduly favors investigators whose research is sponsored by an entity that has provided the department with gifts.

Appendix B: Special Procedures for Human Subjects Research

The Department of Research shall compile a list of all entities in which the College holds an equity interest as part of a licensing arrangement and shall provide this list to the Conflict of Interest Officer. The Department of Research shall supplement the list as equity licenses are issued or as investments are sold.

In the event that the College or any College-related investment entity invests directly in an entity whose stock is not publicly traded, the Director of Finance will provide a list of such entities to the Conflict of Interest Officer. The Director of Finance shall supplement the list as additional investments are made or liquidated.

All human subjects research protocols submitted for regular or expedited review to any IRB must indicate 1) the nature and source of all drugs, devices or biologics to be used in the proposed research, 2) the source of all funding and 3) whether the proposed project involves the use of an invention or technology that is owned by the College or has been invented by a College employee or student.

An IRB shall refer a proposed research project to the Conflict of Interest Officer for further review under this Policy where:

(1) The proposed research is funded by an entity on either the list compiled by the Department of Research or by the Director of Finance; or

(2) The proposed research studies otherwise involve an invention or technology owned by the College or invented by a College employee or student.