

**The Ohio State University
Financial Conflict of Interest Disclosure Process
for Colleges and Vice Presidential Units
Frequently Asked Questions
FY 2011**

1. Why are we doing this?

State laws and administrative rules relating to ethics and conflicts of interest grow out of the principle that public employees owe a duty of loyalty to their public employers. In the performance of their university responsibilities, faculty and staff have the obligation to act in the best interests of the university without regard to any personal interests they may have. Ongoing monitoring is required to ensure that OSU employees comply with university policy and state law.

In FY2004, as part of the external audit performed by Deloitte & Touche, the University piloted a financial conflict of interest disclosure process for all deans and vice presidents. The Department of Internal Audit coordinates the annual disclosure process for these senior officials. In FY2005, the Audit Committee of the Board of Trustees mandated more comprehensive compliance, expanding participation in the financial conflict of interest disclosure process at least one additional level below the Dean/VP. The President's Cabinet and Council of Deans subsequently agreed that each college and vice presidential area would disseminate, collect, review and maintain this information based on university guidelines. **It is important that we have 100% compliance from those identified to report.**

2. Is this the same as the "eCOI" process?

No: eCOI (the electronic conflict of interest screening/disclosure process) is required by the Office of Academic Affairs and is managed by the Office of Sponsored Projects Compliance. All faculty, as well as any staff and administrators who have an involvement in externally sponsored research, must complete this separate conflict of interest disclosure.

The two disclosure processes cover some overlapping topics. However, because they target different employee groups, and have different reporting dates and maintenance requirements, they are carried out separately.

3. Who coordinates this disclosure process?

Each dean and vice president designates a compliance officer for his/her area. Some larger operations within VP units, such as Athletics, have separate compliance officers. The compliance officer is responsible for identifying who should complete a disclosure form, distribution and collection of the forms, following up on potential conflicts, and maintaining files of the completed forms and related documentation. Deans, Vice Presidents and their compliance officers have the front-line responsibility to address potential conflicts in their areas.

4. Who has to complete a financial conflict of interest disclosure form?

All faculty and staff members with administrative discretion in business areas such as purchasing, contracts, etc. are required to complete the disclosure form. This includes faculty and staff members in the following positions:

- Associate Deans
- Assistant Deans
- Chairs, School Directors and Section Heads
- Senior Fiscal Officers
- Department Fiscal Officers
- Associate Vice Presidents
- Assistant Vice Presidents
- Directors
- Delegated Buyers
- Purchasing Agents (in central purchasing units)
- Persons who handle cash
- Any other persons who have fiduciary responsibilities

For persons handling cash, compliance officers should consider amounts involved and the staff members' other duties. For example, student employees working the cash register at Oxley's might be excluded, but cashiers at Fees & Deposits who have the ability to update student receivable records would be included.

Another judgment area relates to faculty and staff with non-system roles in the purchasing process. Faculty/staff with significant influence over purchasing decisions should be included in the disclosure process.

5. What is the timeline for the financial conflict of interest disclosure process?

The reporting period for financial conflicts of interest is the fiscal year. Target dates are as follows:

- **June 15** – Target date for distribution of disclosure forms (this date can be accelerated to beginning of June if an area would like to complete distribution before the end of Spring Quarter).
- **July 15** – Target date for return of the disclosure forms to the compliance officers.
- **August 1** – Target date for review and initial fact-gathering by compliance officers.
- **August 31** – Target date for completion of any necessary consultations with Legal Affairs.

6. What happens if someone refuses to complete the disclosure form?

If an individual refuses to complete a financial conflict of interest disclosure form, the compliance officer and the Dean/Vice President should seek to address any questions or concerns raised by the individual regarding the disclosure process. If this does not elicit compliance, the Dean/VP should use his or her authority as a supervisor to compel the individual to comply. Failure to comply should be documented in the employee's personnel file and may be grounds for possible disciplinary action. Failure to comply may also raise a "red flag" for the leadership of the college/VP unit that undisclosed ethics issues may exist.

7. What should a compliance officer do when an employee discloses information that suggests the existence of a conflict of interest?

The compliance officer should meet with the employee, obtain relevant details and take action, if necessary, to resolve the conflict. Some conflicts of interest are prohibited by state law, and violation of these statutes may result in criminal penalties. Others may violate university rules. Conflicts of interest can sometimes be managed through disclosure and the imposition of administrative safeguards to ensure that the interests of the university are protected. Additional guidance on specific situations is provided below (see question on common examples of actual or potential conflicts).

8. What is the retention period for the completed forms?

Completed forms and documentation of follow-up/resolution of issues should be retained for four (4) years. Copies may also be retained in employee personnel files, at the discretion of the college/VP unit.

9. Is there a "de minimis" dollar threshold for gifts from current or prospective vendors?

The technical answer is "No." The context of a gift is important and in some situations even a small amount of money can give rise to a conflict of interest, or the appearance of a conflict. As a general rule, it is considered reasonable to use \$25 as a de minimis threshold for a **non-recurring** gift or other benefit. In other words, a lunch with a current or prospective vendor would not be considered a conflict of interest if the value was within the de minimis threshold. However, if there is a recurring pattern of gifts or other benefits (for example, fruit baskets and other items arriving several times a year, or going to lunch more than once), these gifts and other benefits would **not** be considered de minimis. It is important to consider how others (inside and outside the university) might perceive the situation. Remember – conflicts of interest can often be questions of appearance.

10. Is it OK to accept a meal from a current or prospective vendor?

A simple meal (value up to \$25) may be considered de minimis; meals with a value above this amount, or recurring invitations, should not be accepted from current or prospective vendors.

11. A company is offering to pay my travel expenses to attend an out-of-town conference. Would this be appropriate?

Situations involving payment of travel expenses by a current or prospective vendor often raise conflict of interest issues. Individuals with any control or influence over the purchasing process should not accept offers to attend conferences or otherwise travel at the expense of a current or prospective vendor. For example, an offer by a pharmaceutical company to pay all expenses to attend a conference at Disney World would not be appropriate and should not be accepted by a faculty/staff member.

One possible exception would be a situation in which an employee is serving as a presenter at a conference. If an employee's supervisor approves the overall business purpose for attending the conference, and all presenters receive a similar set of benefits, it may be permissible for an employee to have some portion of his/her travel expenses paid by a current or prospective vendor. Judgments regarding the appropriateness of these arrangements should be guided by the understanding that conflicts of interest can often be questions of appearance.

12. Around the holidays, our office receives several fruit baskets and tins of popcorn from our vendors. Is it appropriate to accept these gifts?

These types of unsolicited gifts are difficult to avoid in many business settings. It is generally considered appropriate to accept these items and share them among the staff. However, recurring gifts (such as fruit baskets arriving throughout the year from the same vendor) should not be accepted.

13. My office manages a performing arts facility, and we sometimes receive unsold tickets from the concert promoter the day before the show. Our practice is to distribute these tickets to our employees. Is this appropriate?

To the extent that unsold tickets are provided to the university on an occasional basis, this would be considered appropriate. University administrators can decide to distribute these tickets to employees. However, frequent distribution of tickets by the same promoter should be avoided because this presents the appearance that the promoter is "buying" the university's good will. Distribution of tickets to employees might also raise tax-reporting issues (free tickets provided to employees on a recurring basis with no documented business purpose may be considered taxable income to the employee). Note: promoters may not distribute tickets directly to employees.

14. The consulting firm that is installing our computer system invited me to their annual golf outing at Muirfield. Is it OK to attend?

Golf outings are not considered de minimis and should not be accepted from current or prospective vendors.

15. Our painting contractors have offered employees in my division an “industry discount” of 15% on housepainting work. Is this appropriate?

It is inappropriate to accept free or discounted services if the offer is not generally available to OSU employees. For example, if the painting contractor were to offer a 15% discount to all university employees, employees could accept the offer without raising conflict of interest concerns.

16. I won a digital camera as a door prize at my industry group’s annual meeting. May I keep it?

Generally door prizes or items awarded in a drawing may be accepted because they are not high value and because all of the attendees at the event were eligible to win. But discretion and judgment is advised especially when high value gifts are made available. If the vendor were to specifically select the recipients (for example, give cameras to the representatives from OSU and Michigan because they use a lot of the vendor’s products), it would be inappropriate to accept the gift. Indeed, if my participation in such a meeting is on University time and/or paid by the University, such a prize generally would be considered a prize to the University and not to the employee.

17. I am an events manager at the university, and my domestic partner owns a catering firm that is seeking to expand its business with the university. Is this a problem?

To the extent that the events manager can make or influence decisions to purchase catering services from the domestic partner’s firm, this would represent a conflict of interest. This relationship should be disclosed by the events manager, and the compliance officer should work with the manager to take actions to address any potential conflicts. For example, the manager may need to remove himself or herself from the selection process for catering services.

18. I work in the real estate management office at the university and invest in campus-area real estate. Is this a problem?

The answer to this question depends on the relationship between the individual’s duties as an employee and his/her interests as an investor. For example, if the individual uses knowledge gained from his or her university position to purchase homes in the target acquisition area, that would represent a conflict of interest. Employees have an obligation to act in the best interests of the university without regard to any personal interests they may have. It would be illegal for the employee to attempt to lease or sell a property he or she owns to the university.

19. I work in University Development and do volunteer fundraising work for the Columbus Foundation. Is this a problem?

Given the relatively finite pool of potential donors in central Ohio, it is likely these potential donors will be approached by many fundraising organizations. As such, potential conflicts of this nature may be difficult to avoid. The best guidance in this case is to disclose the relationships and, to the extent possible, avoid participating in directly overlapping fundraising appeals.