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I. CONFLICT OF INTEREST

3-901 Conflict of Interest

- A. All regents and board and university employees must comply with Arizona conflict of interest laws. Civil and criminal penalties under applicable laws may result to an individual who fails to comply with these laws. The following rules are provided to assist in that compliance.
1. A regent or employee who has, or whose relative has, a substantial interest as defined in Arizona law in any contract with, sale to, purchase from, service for, or decision by the board or university must do two things:
 - a. University employees must disclose their substantial interest pursuant to procedures developed by the employing university. Regents and central office employees must disclose their substantial interests to board counsel pursuant to central office procedures. All regents and employees must keep their disclosures current by updating them whenever the disclosed interest or relationship changes. In addition, regents and central office employees will be required to submit updated disclosures annually.
 - b. Except as otherwise permitted in this policy or in applicable law, the regent or employee also must refrain from participating in any manner in the contract, sale, purchase, or decision.
 2. A regent or employee or a regent's or employee's relative may supply equipment, material, supplies, or services to the board or university only if the contract is awarded after public competitive bidding.
 3. During board or university service or employment and for 12 months after leaving board or university service or employment, a regent or employee may not represent another person for compensation before the board or university on a matter:
 - a. If the regent or employee was directly concerned with the matter while a regent or board or university employee,

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- b. If the regent or employee personally participated in the matter during his or her board or university service or employment, and
 - c. If the matter involved a substantial and material exercise of administrative discretion by the regent or employee.
- 4. During board or university service or employment and for two years after leaving the board or university, a regent or employee may not disclose or use for his or her personal profit any information disclosed to him or her in the course of his or her official board or university duties that has been clearly designated to him or her as confidential or that is declared confidential by law. An appropriate board or university representative may authorize exceptions to this prohibition.
- 5. A regent or employee may not receive or agree to receive compensation (other than as provided by law) for any service rendered in any matter pending at the board or university.
- 6. A regent or employee may not use or attempt to use his or her official position to secure any valuable thing or benefit that would not ordinarily accrue in the performance of his or her official duties, if the thing or benefit is of such character as to manifest a substantial and improper influence on the regent or employee.
- 7. Except as otherwise expressly permitted in this policy or in applicable law, if a regent or employee is significantly involved in initiating, negotiating, securing, drafting, or creating a contract on behalf of the board or a university:

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a. The board or the university has the right to cancel the contract if the regent or employee is or becomes an employee or agent of any other party to the contract while the contract or any extension of the contract is in effect

And

b. The board or the university has the right to cancel the contract if the regent or employee is or becomes a consultant with respect to the subject matter of the contract to any other party to the contract while the contract or any extension of the contract is in effect.

B. Conflict management for transactions involving transfer of technology to employees or regents.

1. Subject to board approval, a university may license or otherwise transfer board owned technology developed by a regent or employee of the board or a university to that regent or employee or to a private entity in which the regent or employee maintains a substantial interest.

2. Prior to board consideration of a proposed license or other agreement for approval:

a. The university must review the proposed terms with board counsel and with the chair of the Human Resources Committee or a regent or regent(s) designated by the chair to undertake the review. The review will fully describe the consideration (including monetary and, if applicable, non-monetary elements) for the license or transfer.

b. The employee or regent or anyone with an interest in the transaction may not represent the university in negotiations for the proposed license or agreement; the university's interests in the negotiations must be represented by someone independent of the employee or regent. The employee or regent may represent his or her own interests or those of the entity which will receive the right to use the technology.

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- c. The employee or regent must continue to comply with disclosure requirements under the board intellectual property policy.
- d. The university will develop a conflict management plan, which will include, as appropriate, any applicable restrictions on the use of university equipment or facilities, participation of students or employees in ongoing or related research, equity management, and other issues deemed relevant by the university.
- e. The university president must certify the following to the board:
 - (1) The nature of the proposed agreement has been fully described to the president.
 - (2) The proposed agreement will benefit the economies of the state or the nation.
 - (3) The proposed agreement does not violate any existing state or university contract.
 - (4) University instructional activities, research and public service will not be adversely affected.
 - (5) No employee interest will adversely affect any state interest.
 - (6) The proposed agreement is not in violation of board policy on competition with private enterprise.
 - (7) The president is satisfied that the proposed agreement provides for adequate consideration to compensate the university for the transfer of the technology.
 - (8) The agreement has been approved by university counsel.
- f. The proposed agreement terms together with the appropriate certification by the university president, shall be

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presented at a board meeting for review and approval and the agreement will not be effective until the board has approved. After the board approves the agreement, it shall be administered by the president or his designee.

C. Duty of Candor

Regents and employees have a continuing duty to disclose and to provide accurate and complete information regarding potential conflicts of interest and other information necessary for the implementation of this policy.

D. Definitions

“Relative” and “substantial interest” have the definitions set forth in A.R.S. § 38-502.

E. Federal laws on objectivity in research

Each university will adopt policies and procedures to promote objectivity in research and to comply with federal disclosure requirements for federally funded research.