



managing
INTERESTS *and* COMMITMENTS

Conflicts of Interest and Conflicts of Commitment for Indiana University Staff and Temporary Employees

PRINCIPLES

The participation of employees in external activities that enhance their professional skills or constitute public service can be beneficial to Indiana University as well as the individual employee. External activities provide an opportunity to discover and pass on new knowledge and to form alliances that enhance the university's mission. Employees are encouraged to participate and provide leadership in such professional and public service opportunities.

External activities, however, can also lead to conflicts that adversely impact university interests or interfere with how employees carry out university responsibilities.

With increased attention on a national level about situations of personal conflict—coupled with the university's commitment to maintain public and professional confidence in the university—introducing related policies for Staff and Temporary employees is an expected step. Therefore, in February 2004, Indiana University adopted two policies: Conflicts of Interest and Conflicts of Commitment. The purpose of these policies is to increase aware-

ness of employees and supervisors about the potential for personal conflicts and to ensure that the interests and commitments of employees are disclosed and actively managed by supervisors.

The concern over conflicts of interest is hardly a new issue. Indiana Code 35-44-1-3 already contains standards of ethics regarding conflicts of interest and makes certain personal conflicts a criminal offense. As well, financial ethical standards are well established in a broad range of professional areas and have been considered good business practices for years.

University employees are expected to conduct the affairs of the university in accordance with the highest legal, ethical, and moral standards.

To read the full policies, go to hr.iu.edu/policies/uwide/coi.htm and hr.iu.edu/policies/uwide/coc.htm.

Q and A

How are conflicts of interest different from conflicts of commitment?

A conflict of interest implies financial benefit to the employee or his/her immediate family; a conflict of commitment occurs when an employee's external activities interfere with the fulfillment of university responsibilities or results in the unauthorized use of university resources.

What is an external activity?

External activity means involvement with any person, trust, organization, enterprise, government agency, or other entity that is not associated with or under the control of Indiana University.

What family members are considered immediate family in regards to a conflict of interest?

Immediate family includes the employee's spouse, domestic partner, and dependent children and stepchildren.

What is a personal financial benefit?

Personal financial benefit is defined as anything of monetary value, including salary, commissions, fees, honoraria, equity interests, interests in real or personal property, dividends, royalty, rent, capital gains, intellectual property rights, and forgiveness of debt. See the Conflicts of Interest policy for a list of exceptions.

Why is it important to avoid a conflict of interest?

Indiana University must ensure that all decisions made by or influenced by employees are objective and in the best interest of the university rather than for the benefit of the employee.

What should I do if I think I have a conflict of interest?

Employees have a responsibility to immediately disclose any real

or potential conflicts of interest to their unit head by submitting a Conflicts of Interest Disclosure Form. Unit heads will evaluate the situation and determine how to manage it.

What should a supervisor do if he or she is aware of an employee's conflict of interest?

If a supervisor becomes aware of a conflict of interest that an employee has not disclosed, the supervisor is to discuss the situation with the employee, require that a written disclosure be made as provided in the Conflicts of Interest policy, and manage the conflict.

What happens to the Conflicts of Interest Disclosure Form once completed?

The supervisor or unit head will retain the form. If the employee transfers or leaves the university, the form will be forwarded to the campus Human Resources office for inclusion in the employee's personnel file. All information disclosed about a conflict of interest is confidential.

How often should an employee complete the Conflicts of Interest Disclosure Form?

The disclosure should be completed at least annually. A new disclosure form should also be completed whenever there is a significant change.

How do these new policies help the employee?

They provide guidelines for recognizing and managing related conflicts. In the case of a conflict of interest, these policies help protect employees from undue suspicion.

CONFLICTS OF INTEREST

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Conflicts of interest occur when an employee or immediate family member receives personal financial benefit from the employee's university position in a manner which may inappropriately influence the employee's judgment; compromise the employee's ability to carry out university responsibilities; or could be a detriment to the university's integrity.

Conflicts of interest should be avoided, or otherwise disclosed and managed.

"You do not have to do anything improper to have a conflict of interest; it is strictly situational."

~ Paul J. Friedman
Ethics & Behavior, 1992, Vol. 2 Issue 4

BUSINESS ENTITIES REQUIRING DISCLOSURE

If you or an immediate family member owns, in whole or in part, a business that IU deals with or proposes to deal with, and you are in a role or position to influence IU's decisions regarding this business, you must complete a Conflicts of Interest Disclosure Form. This list is for illustration purposes only.

- Catering
- Computer or other hardware services
- Consulting
- Counseling
- Goods, equipment, supplies
- Professional services (architect, legal...)
- Programming
- Service areas (buildings, grounds...)

PROHIBITED ACTIVITIES

The following are examples of university resources and identity that may not be used to support an employee's or immediate family member's personal financial benefit. Using them for such purposes is both a conflict of interest and a conflict of commitment.

University Resources

- Other employees
- Property (vehicles, tools, supplies...)
- Facilities (buildings, offices...)
- Equipment (computers, copiers, laboratory...)
- Data, information

University Identity

- Stationery, letterhead, Web pages
- Telephone numbers and office, e-mail, and Web addresses
- University name, trademark, logo
- Position, affiliations, titles

RESPONSIBILITIES

This is a summary only. See the policy for a full explanation.

Employees have a responsibility to...

- Immediately disclose any real or potential conflicts of interest and provide annual disclosures for as long as a conflict exists.
- Avoid any involvement with a university activity or decision until the associated unit head has evaluated and approved involvement with the reported conflict of interest.
- Consult with your supervisor for directions, if you have any question about whether an external activity is a conflict of interest.

Supervisors and managers have a responsibility to...

- Ensure that all new and existing employees are informed of this policy and remind employees of such on a periodic basis.
- Manage any possible conflicts in the best interests of the university, by taking affirmative steps to monitor and direct employees regarding specific expectations.
- Consult with the next higher level of university management if there are any questions about whether an external activity is a conflict of interest or how to properly manage it.



CONFLICTS OF INTEREST

scenarios

REAL AND POTENTIAL CONFLICTS OF INTEREST AND HOW TO MANAGE THEM

- 1 An employee is responsible for coordinating an event and the employee's husband is a partial owner of a catering vendor being considered.

This is a real conflict of interest. The employee should disclose the conflict and the employee's supervisor should take active steps to:

Remove related duties from the employee's responsibilities (this may not be a practical solution), or

Remove the husband's catering service from the list of considered vendors.

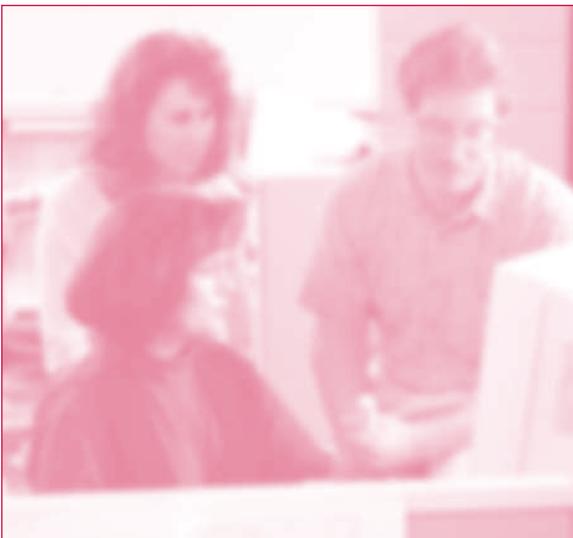
- 2 An employee is responsible for departmental IT support and the department hires programmers from a business owned by the employee.

This is a real conflict of interest. The employee should avoid this conflict and the department should not hire programmers from the employee's business.

The department should seek programmers from other sources.

The employee's supervisor should ensure that the employee is aware of the university's Conflicts of Interest policy.

- 3 An employee who is responsible for managing campus facility operations is also a board member of the company that provides cleaning supplies to the campus.



This is a real conflict of interest. The employee should disclose the conflict and the employee's supervisor should take active steps to:

Persuade the employee to resign from the board of the company, or

Reassign responsibility for all contact with the company to another campus manager (this may not be a practical solution), or

Remove the employee from the position.

- 4 An employee is responsible for advising students about opportunities for financial aid, and after work the employee provides outside consulting for students regarding the same activity.

This is a potential conflict of interest. The employee should disclose the conflict and should avoid using his IU position to advertise his consulting services and to obtain clients.

The employee's supervisor should ensure that the employee is aware of the university's Conflicts of Interest policy.

- 5 An employee who is responsible for painting campus building interiors takes university equipment home and allows his son to use it for his part-time job.

This is a real conflict of interest. Employees and family members are prohibited from using university equipment for personal financial benefit.

The employee's supervisor should ensure that the employee is aware of the university's Conflicts of Interest policy and ensure that university equipment is not used for personal financial benefit.

CONFLICTS OF COMMITMENT

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Conflicts of commitment occur when the time or effort that an employee devotes to external activities interferes with the employee's fulfillment of assigned university responsibilities, or when an employee makes unauthorized use of university resources in the course of an external activity. Conflicts of commitment are prohibited.

RESPONSIBILITIES

This is a summary only. See the policy for a full explanation.

Employees have a responsibility to...

- Devote their university work activities to official functions of the university.
- Conduct non-university activities outside of their designated

- work activities or during periods of paid or unpaid leave.
- Consult with their supervisor for clarification of activities that are university related, if there are questions.
- Use university resources only in the interest of the university.

Supervisors and managers have a responsibility to...

- Ensure that new and existing employees are informed of this policy.
- Ensure there is appropriate monitoring and oversight of employees' university responsibilities and use of university resources.
- Monitor employees' work activities for compliance with this policy and related state laws.
- Encourage employees to ask questions.

CONFLICTS OF COMMITMENT

scenarios

The following scenarios are examples of activities that are to be avoided. They are not a matter of disclosure—they are prohibited behaviors.

- 1 Instead of completing his university assignment, an accountant spends time e-mailing messages to potential contributors in conjunction with fundraising activities for a local not-for-profit symphony.

Non-university-related external activities shall take place outside of university-designated work activities/work periods.

- 2 An office assistant uses a university copier to make 100 copies of an order form for a Tupperware party she is hosting.

Employees shall not use university equipment for external activities that results in a material cost to the university.

- 3 A director of library services uses her office staff to prepare correspondence to arrange a retreat for the board of the local community hospital.

Employees shall not use university personnel to support a non-university-related external activity.

- 4 During university work activity, an advisor provides advice to a potential student and charges the applicant's parents for his services.

Employees shall not accept compensation from another individual for work performed in the course of university employment.

- 5 The university assigns a salaried analyst to work with the NCAA to develop new standards for projecting the cost of athletic events; meanwhile, the analyst accepts a weekly salary from the NCAA for the same work.

Employees shall not accept compensation from another entity for work performed in the course of university employment.

- 6 A director of student counseling services is partial owner of a private counseling service, and he uses university stationery to respond to outside inquiries addressed to the private service.

Employees shall not use university stationery to support an external activity.



RELATED LAW AND POLICIES

INDIANA LAW ON CONFLICT OF INTEREST

Indiana Code (IC 35-44-1-3) declares it a crime for a public employee to knowingly or intentionally derive a financial benefit (other than normal employment) of \$250 or more per year from transactions between the employee and his or her public employer. The law provides certain defenses to a charge of conflict of interest, including disclosure of the conflict to and acceptance of the disclosure by the public employer. (Indiana University is a public employer.)

INDIANA LAW ON GHOST EMPLOYMENT

Indiana Code 35-44-2, "Perjury, False Reporting, Impersonation, and Ghost Employment," makes it a criminal and civil offense for an employee and/or supervisor of IU to pay an employee when that employee is not performing duties related to the operation of the university. No employee is to receive salary or wages for work not performed in the exercise of duties for the university.

IU POLICY ON FINANCIAL CONFLICTS OF INTEREST IN RESEARCH

This policy contains procedures for disclosure and review of financial interests in compliance with federal law on Financial Conflicts of Interest in Research applicable to Academic, Staff, and Temporary employees. (Consult the campus Sponsored Research office or Academic Affairs for any questions.)

IU PURCHASING DEPARTMENT POLICY

This policy states that "No university employee may use his or her purchasing authorities for personal gain. These steps are taken to ensure that all job-related decisions are made on sound business principles."



INDIANA UNIVERSITY

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FOR ADDITIONAL INFORMATION
Contact a campus Human Resources office
or visit hr.iu.edu.

Published February 2015