PROPOSED CONFLICT OF INTEREST POLICY FOR 
PRINCIPAL INVESTIGATOR OF 
NONGOVERNMENTAL SPONSORED RESEARCH

I. General Guidelines

A. This policy is intended to implement the Fair Political Practices Commission's (FPPC) the approved CSU Conflict of Interest Policy. (For the purpose of this document, the term "Principal Investigator" will also refer to the Project Director of a research activity.)

B. Pursuant to CSU Conflict of Interest Code, Principal Investigators will be required to disclose investments in and income from any private, nongovernmental entity which he or she intends to ask for funds, or in the case of a project completion statement, has provided funds to support, in whole or in part, the research project for which the filer is the Principal Investigator.

C. The Vice President for Academic Affairs shall be the President's Designee for ensuring compliance with this policy, and shall annually appoint an Independent Review Committee to review and make recommendations on individual cases.

D. The Director of Research Development shall chair an Independent Review Committee and provide a copy of this policy statement to Principal Investigators at the time of application for a research project to be sponsored by a nongovernmental entity through a grant or contract. Instructional deans will provide a copy of these guidelines to faculty who are requesting or have received a restricted gift for research from a nongovernmental entity.

E. A Principal Investigator is required to file the "Principal Investigator's Statement of Economic Interest" (FPPC Form 730-U) with the Director of Research Development and such research may not proceed without completion of the financial disclosure statement.
F. The Principal Investigator must complete the application and project completion disclosure statements (1) whenever he or she makes application for a new or renewal contract or grant with a nongovernmental entity, (including applicable nonprofit organizations, if they are not on the Fair Political Practices Commission's approved list), or (2) whenever a gift is specified by a donor for a specific research project for which the Principal Investigator is responsible. The disclosure must be made on a "Principal Investigator's Statement of Economic Interest" form (FPPC Form 730-U) before the proposed gift is accepted or application is made for a new or continued nongovernmental funded research project or grant. A second Form 730-U "Principal Investigator's Statement of Economic Interest" must be filed within 90 days after the gift funds are exhausted, or the research project is completed.

G. Financial interest is defined as:

1. any business entity and/or real property in which the Principal Investigator has a direct or indirect investment or interest valued at more than one thousand dollars ($1,000);

2. any source of income (other than from a commercial lending institution which makes loans in the regular course of business on terms available to the public without regard to official status) which has yielded two hundred fifty dollars ($250) or more in value provided to the Principal Investigator within twelve months prior to the time when the decision is made; or

3. any business entity in which the Principal Investigator is a director, officer, partner, trustee, employee, or holds any position of management.

H. When disclosure indicates that a financial interest exists, an independent substantive review of the disclosure statement and research project shall
take place with appropriate documentation before a contract, grant, or gift is accepted. (See Section II)

I. Department heads/chairs shall disqualify themselves from approving a research proposal for a project to be funded in whole or in part by a nongovernmental entity in which they have a financial interest.

J. Failure by a Principal Investigator to make the required disclosure or by a department head/chair to disqualify himself or herself may result in a state enforcement proceeding as well as University sanctions.

K. If the financial disclosure by the Principal Investigator indicates that he/she had no financial interest in the granting or contracting concern, then the research does not require the review of the Independent Review Committee.

L. If a Principal Investigator has a financial interest as defined in I.G. above, he/she shall not make, participate in making, or use his/her position to influence the making of any decision by Cal Poly which will foreseeably have a material financial effect on the sponsor. This provision does not apply to decisions that will need to be made in the course of research.

M. If, during the course of a research project, the status of the Principal Investigator with the nongovernmental sponsor or donor changes, then an additional "Statement of Financial Interest" must be filed.

II. Composition and Function of the Independent Review Committee

A. Composition

1. Annually, the Director, Research Development, shall appoint and chair an Independent Review Committee consisting of the following:
   a. A faculty member selected by the Academic Senate;
   b. Foundation Executive Director's designee;
   c. Chair, University Research Committee or designee.
2. An ad hoc alternate will be appointed by the chair if a member of the Independent Review Committee is in the same department or occupational area as the proposed Principal Investigator.

B. Function of the Independent Review Committee

1. The purpose of the Independent Review Committee is to conduct a substantive review of a research project and the financial disclosure statements of a Principal Investigator when a financial interest, as defined in Section I.G., exists between the Principal Investigator and the nongovernmental sponsor or donor.

2. In making a recommendation to the President, the Independent Review Committee will consider at least the following criteria:
   a. Is the research appropriate to the university?
   b. Are the teaching and research environments open?
   c. Is there freedom to publish and disseminate the results of the project?
   d. Is the use of the university facilities appropriate and properly reimbursed?
   e. Is the nature of the Principal Investigator’s financial interest in the nongovernmental entity such that a substantial conflict of interest is unlikely to occur and would not compromise the quality and objectivity of the research?

3. On completion of its deliberations, the Independent Review Committee shall file a report with the Vice President for Academic Affairs. At a minimum, in the case of a grant, the report by the Independent Review Committee will consist of:
   a. name of Principal Investigator
   b. name of project, topic, or research activity
   c. period of performance
   d. date reviewed by the independent review committee
e. funds proposed or awarded
f. documents reviewed by the Independent Review Committee
g. nature of financial interest
h. criteria used by Independent Review Committee
i. assessment of the probability of the financial involvement leading to a conflict of interest

On the basis of the review, the Independent Review Committee will recommend to the Vice President for Academic Affairs, or designee, whether funding for the research project should be accepted and, if so, whether any conditions are needed.

III. University Action

After considering the report submitted by the Independent Review Committee, the Vice President for Academic Affairs will determine whether to accept a contract or grant sponsored in whole or in part by the nongovernmental individual or entity, or a gift earmarked for a specific researcher or a specific research project. Copies of the disclosure statements, the Independent Review Committee's recommendations, and the written decision resulting from the independent review process are to be provided to the Campus Conflict of Interest Filing Officer and the President. These documents will be available on campus to the public upon request.

Proposed By:
The Research Committee and Personnel Policies Committee on May 20, 1986
Memorandum

To: Lloyd Lamouria, Chair
   Academic Senate

From: Warren J. Baker
   President

Subject: PROPOSED CONFLICT OF INTEREST POLICY

Thank you for your report on the proposed conflict of interest policy for principal investigator of nongovernmental sponsored research. I have sent it to Jan Pieper for incorporation into our response to the Chancellor's Office.