

GUIDELINES, POLICIES, AND
PROCEDURES ON
CONFLICT OF INTEREST AND
OUTSIDE ACTIVITIES, INCLUDING
FINANCIAL INTERESTS



UNIVERSITY OF
FLORIDA

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INCLUDING FINANCIAL INTERESTS**

- I. [Introduction](#)
- II. [Basic Principles of Conflict of Interest with regard to Outside Activities and Financial Interests](#)
- III. [University of Florida Rules and Procedures on Outside Activities and Financial Interests](#)
 - A. [Reporting Requirements](#)
 - B. [Federal Reporting Requirements relating to Sponsored Projects](#)
 - C. [Guidelines for Allowance of Outside Activities and Financial Interests](#)
 - D. [Review Procedures and Sanctions](#)
 - E. [Use of University Equipment, Facilities, and Services](#)
- IV. [Code of Ethics for State of Florida Employees](#)
- V. [Conclusion](#)

Appendices:

- A1. [University of Florida Rule 6C1-1.011, F.A.C.](#) 
- A2. [Article 19 of the BOR/UFF Collective Bargaining Agreement](#) 
- A3. [University of Florida Rule 6C1-6.015, F.A.C.](#) 
- A4. [Conflict of Interest Policy regarding UFRF Equity Holdings](#) 
- B1. [Disclosure of Outside Activities and Financial Interests](#) 
- B2. [Request for Approval of Additional State Compensation](#) 
- B3. [Sponsored Research Disclosure of Financial Interest](#) 
- B4. [Request to Use University Equipment, Facilities, and Services](#) 
- B5. [Request for Exemption under Section 112.313\(12\)\(h\), Fla. Stat.](#) 
- B5a. [Request for Exemption Renewal](#) 
- B6. [Template for Monitoring Plan for Potential Conflicts of Interest](#) 
- B6a. [Monitoring Plan Exhibit A](#) 
- B6b. [Notice and Agreement by Company](#) 
- B6c. [Monitoring Plan Review Checklist](#) 
- C1. [Outside Activities and Financial Interests Review Process and Appeal/Grievance Options](#) 
- C2. [Restrictions on Receipt of Gifts and Honoraria for "Specified State Employees" and "Procurement Employees"](#) 

[Click here for online forms](#)

I. INTRODUCTION

The mission of the University of Florida is education, and central to that mission are teaching, research, and service. The university is committed to providing its students, as well as its public constituencies, the best instruction and other educational services possible. Research, encompassing all areas of academic inquiry and creativity at the university, is vital to the university's mission as it makes possible the expansion and advancement of knowledge. The faculty and staff members of the university must be committed to the university's goals of teaching, research, and service and recognize that their primary professional responsibility is to the university.

Employees of the University of Florida may also engage in outside employment, consulting, and other similar activities. These activities further the dissemination and use of the knowledge and expertise developed at the university and may also advance the professional competence and reputation of the faculty and staff members. Thus, participation in outside activities may often serve the mission of the university in addition to benefiting individual employees. Such activities and the financial interests of faculty and staff members are, however, of concern to the university if they result in conflicts with the employees' duties and responsibilities to the institution. It is the policy of the university that faculty and staff members may participate in outside activities and hold financial interests as long as the activities and interests do not conflict with these duties and responsibilities.

In recent years, governmental entities have increasingly encouraged colleges and universities to pursue research leading to new products and processes and then to develop such new products, often in conjunction with the institution's own licensing program. Faculty members and other employees may be encouraged to participate as consultants, employees, managers, and owners of companies to which the new technology is licensed. The university may conduct further research on the technology through the efforts of the same faculty members or other employees. These activities increase the potential for conflicts of interest and have caused greater emphasis to be placed on problems associated with such conflicts.

Issues involving conflicts of interest and outside activities in the college and university setting, however, are not new, nor are they confined to areas involving research or technology transfer. There are, in fact, a multiplicity of rules and laws that must be taken into account in the area of conflict of interest and outside activities. For example, as state employees, the faculty and staff of the University of Florida are bound by the State of Florida's statutory Code of Ethics for Public Employees. The University of Florida and the Board of Regents also have rules and have entered into collective bargaining agreements dealing with outside activities and conflict of interest. This document outlines the problems and concerns presented by the conflicts of interest and outside activities of the university's faculty and staff ([chapter II](#)) as well as the university's procedures, including federal grant requirements ([chapter III](#)), and the state law ([chapter IV](#)) dealing with these matters.

II. BASIC PRINCIPLES OF CONFLICT OF INTEREST WITH REGARD TO OUTSIDE ACTIVITIES AND FINANCIAL INTERESTS

A "conflict of interest" occurs in any situation in which a person serves or represents two distinct entities (or persons) or must choose between two conflicting interests. A "conflict of interest" in the traditional sense encompasses situations in which a person has actually neglected or breached a duty to one entity to the benefit of another, situations in which a person has used his or her position with one entity to advance personal gain or the gain of another entity, and situations in which there is a potential for breaching a duty to one entity. The latter is sometimes referred to as a "potential" or "apparent" conflict of interest. In this document the term "conflict of interest" will be used to describe all these situations.

Conflicts of interest include a variety of situations in which an employee is faced with conflicting loyalties. Traditionally of most concern are those situations in which regard for a private interest may lead to a disregard of the faculty or staff member's duties toward the university and its mission. Most often these arise when personal economic interests conflict with the duties toward the institution.

For example, a conflict occurs when a faculty or staff member influences a decision of the university or a decision of a student if a personal economic benefit to the faculty or staff member may arise from that decision. There is a conflict of interest when a purchasing agent buys goods from a company and is an employee of the company at the same time. There is a conflict when a faculty member recommends that goods be purchased from a company in which the faculty member or the faculty member's spouse or child has a financial interest. There is a conflict when a faculty member recommends that a graduate student pursue research in an area that would benefit the commercialization of a product of a company in which the faculty member has a financial interest. In these situations the faculty or staff member has the opportunity to use his or her position and influence within the university to advance his or her personal economic gain.

Other conflicts may arise that inhibit the employee's duty of loyalty or commitment to the university. These conflicts, as well as those that represent conflicting time commitments, are sometimes referred to as "conflicts of commitment." For example, a faculty member enters into a consulting agreement which impairs his or her ability to do research or other activities at the university or which results in the potential transfer of intellectual property rights which would otherwise belong to the university. A faculty member owns a company that competes with the university for corporate and governmental research grants and contracts. In another example, by serving as an expert witness, a faculty member causes his or her own research data and that of university colleagues and students to be revealed prematurely in the course of a lawsuit, thereby compromising the ability of university colleagues and students to publish their research results. There is a conflict when a faculty member accepts a gift of travel expenses from a company manufacturing certain products if one of the faculty member's duties is to do research in order to formulate recommendations on the use of such products which will be transmitted to growers through the university's extension service or if one of his or her duties as an extension agent is to give such unbiased recommendations.

Conflicts may arise even in instances in which the faculty or staff member will not receive any economic benefit from the outside activity. For example, a conflict is evident if a faculty member's obligations to the university in terms of teaching and advising are not met due to the time spent on the outside activity. The conflict exists even though the activity may provide no remuneration to the faculty member.¹

Such situations illustrate that certain fundamental principles must be integral to the university's policy concerning conflicts of interest and outside activities and financial interests:

- *The educational programs and professional careers of individual students and faculty members cannot be adversely affected by a faculty or staff member's outside activities or financial interests.*
- *The university's research and education programs cannot be adversely affected and must remain credible. The outside activities of employees should not impede the dissemination of knowledge.*
- *The university's personnel and resources must be used for the promotion of the mission of the university and the public interest rather than for private gain.*

Because a “conflict of interest” depends on the situation in which an individual is placed, rather than the character or actions of the individual, a conflict of interest is not necessarily “bad” or prohibited. Such conflicts confront most of us at various times because we have personal, business, or professional loyalties that may be in conflict. Some conflicts, however, present such a potential for a breach of one's duty to a particular employer, person, or entity that they must either be permitted with conditions, including review and oversight by other institutional representatives, or prohibited. Generally, if a conflict situation is permitted, specific guidelines and expectations are established prior to permitting the activity or financial interest. The guidelines may allow for periodic review and oversight to minimize the effects of conflicts. Most conflict situations that are of concern and allowable under the law can be handled through disclosure and the setting of appropriate conditions and monitoring requirements.

Each faculty or staff member should recognize that the following types of outside activities, whether compensated or uncompensated, and financial interests provide a basis for a possible conflict of interest:

- 1) Outside activities which represent time commitments that would interfere with a faculty or staff member's accomplishing his or her university duties and responsibilities.

¹Personal relationships may also create conflicting interests. For example, a faculty member has a conflict when he or she has an amorous relationship with a student in his or her class. A business manager has a conflict when he or she supervises an employee who is his or her son or daughter. For guidance in these situations, please refer to the university's rule on the employment of relatives (nepotism), [Rule 6C1-1.009, F.A.C.](#), and the policy on “[Amorous or Sexual Relationships in the Work or Educational Environment](#)” in the University's “[Policy on Sexual Harassment](#).”

- 2) Outside activities which use the equipment, personnel, or other resources of the university.
- 3) Outside activities in which other employees and students supervised and/or evaluated by the employee are also involved.
- 4) Outside activities (consulting, employment, management, or other contractual relationships) with a person or entity, or financial interests in an entity, that does business with the university, particularly when the faculty or staff member may influence a university decision involving that business.
- 5) Outside activities or financial interests in an entity which competes with the university's activities, particularly when these are in the same field as that of the faculty or staff member or when the employee has access to university confidential information of interest to the entity.
- 6) Outside activities (consulting, employment, management, or other contractual relationship) with, or financial interests in, an entity that is supporting the faculty or staff member's research or training activities at the university or that will be directly affected by the faculty or staff member's research or training activities.
- 7) Outside activities or financial interests which otherwise interfere with the employee's duties to the institution. These duties include the employee's duties to students and the public clientele served by the faculty or staff member, the duty to maintain the freedom of scholarly inquiry and dissemination of knowledge, and the duty to protect the rights of the university and fellow employees and students to intellectual property developed by them as well as by the faculty or staff member. Only the university through the Vice President for Research or his or her designee (Research and Graduate Programs) may approve any waiver of university rights to intellectual property in connection with an outside activity.

Various activities of faculty members for organizations outside the university may be considered to be within the scope of the faculty member's duties as a university employee. For example, service for certain professional organizations may be considered within the responsibilities of the faculty member and, if so, would not be an "outside activity" required to be disclosed. However, such activities must be approved as part of the faculty member's university responsibilities, and any use of university resources with regard to these duties must receive appropriate administrative approval. Further, even when these activities are considered within the scope of the faculty member's duties, the faculty member should remain aware of the conflict of interest considerations that may arise when performing work for organizations separate from the university.

In addition, although the reporting requirements concerning outside activities or financial interests do not apply for those periods in which the employee has no appointment with the university unless required under federal grant regulations, the employee should still be aware of the conflict of interest considerations that may arise from such activities. For example, a faculty member employed on a nine-month contract should be aware of the conflicts created by his or

her employment during the summer months by the same entity that supports his or her research under a research contract with the university during the remainder of the year. The university must also approve the faculty member's use of university equipment or facilities during any period the employee has no appointment with the university. Only the Vice President for Research or his or her designee (Research and Graduate Programs) can approve the University's waiver of intellectual property rights in connection with any activities conducted during such periods.

Faculty and staff members are primarily responsible for determining and disclosing their own possible conflicts of interest. Both they and the university benefit from disclosure and discussion of possible problems concerning outside activities and financial interests. Finally, the necessity of disclosing certain outside activities should not obscure the fact that the great majority of the outside activities and financial interests of faculty and staff members are compatible with their university obligations and that the requirements of an outside activities and conflict of interest policy are not meant to discourage the many valuable outside activities of university faculty and staff members.

III. UNIVERSITY OF FLORIDA RULES AND PROCEDURES

In addition to Florida law applying to all state employees, which is discussed in chapter IV of this brochure, the University of Florida has promulgated Rule 6C-1.011, F.A.C. concerning outside activities and financial interests. The Collective Bargaining Agreement between the Board of Regents (BOR) and the United Faculty of Florida (UFF) contains analogous provisions in Article 19 that apply to those faculty and administrative and professional staff members within the bargaining unit. Other collective bargaining agreements may affect certain classes of university employees. The policy reflected in the agreements and rule is that an employee may participate in outside activities and hold financial interests as long as these activities and interests do not conflict with the employee's duties to the university. Rule 6C1-1.011, F.A.C. and Article 19 of the BOR/UFF collective bargaining agreement are included in this brochure as [Appendices A1](#) and [A2](#).

Federal conflict of interest laws and regulations are applicable to some faculty and staff members at the university, including those who work under certain federal grants and contracts, those who conduct clinical trials to be used for Food and Drug Administration applications, and those who are employed by federal agencies. Any University of Florida employee who submits a federal grant or contract proposal or conducts research or educational activities under a federal grant or contract must adhere to the applicable requirements of the funding agency, including those involving the disclosure and regulation of outside activities and financial interests. The specific reporting requirements imposed on persons submitting proposals for Public Health Service and National Science Foundation grants and contracts and those carrying out research and educational activities under such grants and contracts are summarized in section B of this chapter.

A. Reporting Requirements

A faculty member (including faculty members paid through OPS funds) or administrative and professional (A&P) staff member engaged in outside activities or holding a financial interest that must be reported is REQUIRED to complete the University of Florida's "Disclosure of Outside Activities and Financial Interests" form prior to the commencement of the outside activity or financial interest and thereafter at the beginning of each contractual year of employment (generally, the beginning of the fall semester for 9-month appointments and July 1 for all others). Disclosure is required of any faculty member or administrative and professional staff member whether holding a full-time or part-time appointment. If a material change in the information presented occurs during the contract year, a new form must be submitted. The form with its attendant instructions is [Appendix B1](#) to this document. If more than one activity or financial interest must be reported, separate forms for the various activities and interests should be filled out. At the beginning of each contractual year of employment, a faculty or administrative and professional staff member must certify on the annual employment contract that he or she does not have any outside activities and financial interests to report or that the required disclosure forms have been completed.

Other employees, including University Support Personnel System and student employees, should verbally (or in writing) disclose information concerning outside activities to their immediate supervisors when there is a question concerning a conflict of interest. The discussion and allowance or disallowance of such activities by the supervisors should be documented. These employees are required to disclose in writing outside activities with, or financial interests in, a business entity which does business with the university or their candidacy for public office. The "Disclosure of Outside Activities and Financial Interests" should be used for such disclosures.

Under the Collective Bargaining Agreement between the Board of Regents and Graduate Assistants United, graduate assistants must disclose in writing “any outside activity which the employee should reasonably conclude may create a conflict of interest.” The “Disclosure of Outside Activities and Financial Interests” should be used for this purpose.

If a University of Florida employee wishes to engage in outside employment by another agency of the State of Florida, including another institution in the State University System, the employee must submit a “Request for Approval of Additional State Compensation” form and obtain approval prior to engaging in the activity. The form is found in [Appendix B2](#). Completion of this form, rather than the “Disclosure of Outside Activities and Financial Interests,” fulfills the employee’s obligation to report such employment.

The primary purpose of the disclosures required on the "Disclosure of Outside Activities and Financial Interests" form is to identify those activities and interests that pose potential conflicts of interest, including conflicts of time commitments. The faculty or staff member makes this initial determination, which should be accomplished in consultation with his or her supervisor. The faculty or staff member must certify that the activity or interest disclosed does not represent a disallowed conflict of interest or interfere with the full and faithful performance

of his or her professional responsibilities or other institutional obligations. In those situations where a potential conflict of interest exists, the activity or interest may be allowed after disclosure and review and with the development of appropriate conditions by the faculty or staff member in conjunction with the department chairperson and the college dean or the unit director, or it may be disallowed.

All outside employment, compensated activity, and continuing business activity (including managerial interests or managerial positions) should be reported and approved. Uncompensated activities and financial interests (including financial interests of an employee's spouse and children) may also need to be reported if they fall within any of the categories described below. An employee must report any compensated outside activity or financial interests which have the potential to create a conflict, including a conflict of time commitments. The reporting requirements apply for any period in which an employee is employed by the university, including any time that the employee is in leave status.

The following outside activities and financial interests MUST BE REPORTED AND APPROVED PRIOR TO ENGAGING IN THE ACTIVITY:

- a) Outside activities in which there is more than an incidental use of university facilities, equipment, and/or services.
- b) Outside activities in which a university student or other university employee is directly or indirectly supervised by the employee if the employee in any way supervises or evaluates the student or other employee at the university.
- c) Management, employment, consulting, and contractual activities with, or ownership interests in, a business entity (or state agency) which does business with the university. In the case of material financial and managerial interests, the information required extends to the spouse and children of the employee, and for managerial interests, to relatives. For further information on these requirements, please see the discussion in sections [4](#), [5](#), and [6](#) of [chapter IV](#) of this document.
- d) Management, employment, consulting, and other contractual activities with, or ownership interest in, a business entity which competes with the university.
- e) Candidacy for public office.
- f) Required use of books, supplies, equipment, or other instructional resources at the University of Florida when they are created or published by the employee or by an entity in which the employee has a financial interest.
- g) Professional compensated activities, including, but not limited to, consulting, teaching at another institution, participating in an activity in which an honorarium in excess of travel expenses is to be received, and employment as an expert witness.

- h) Business activities, including service on the board of directors or other management interests or position, with regard to a business entity with activities in the same discipline or field in which the faculty or staff member is employed.
- i) Any employment, contractual relationship, or financial interests of the employee which may create a continuing or recurring conflict between the employee's interests and the performance of the employee's public responsibilities and obligations, including time commitments. This includes any outside activity in which the employee is required to waive rights to intellectual property and any outside activity or financial interest with a business entity which supports the employee's research or training program at the University.
- j) Outside activities and financial interests required to be reported under federal contract and grant regulations.

If not otherwise required to be reported as stated above, the following activities must be reported and approved as soon as practicable: other activities which the employee should reasonably conclude may create an actual or apparent conflict of interest, including a conflict of time commitments. This includes those situations in which an honorarium in excess of travel expenses is awarded and the employee was unaware of a potential honorarium at the time of agreeing to engage in the activity.

In making the required disclosure on the Disclosure of Outside Activities and Financial Interests form, the following information should be furnished:

- a) Name of employing or contracting entity or person, or name of entity in which the financial interest is held, and nature of its business.
- b) Involvement of students and other employees in the activity, employing entity, or entity in which the financial interest is held, if that involvement is known to the employee making the disclosure.
- c) Nature of activity or financial interest (description of equity interest or intellectual property), including time spent if an activity is involved (estimated hours per week including travel time). The source and type of compensation must be noted, and in the case of legal representation or service as an expert witness, all parties to the matter must be identified.
- d) Location and anticipated dates of activity.
- e) Any conditions of the activity which involve waiving or impairing the employee's or university's rights to intellectual property.
- f) Use of university equipment, facilities, or services in connection with the activity.

- g) Number of other outside activities and financial interests previously filed for the contractual year.
- h) Prior approval of the activity or financial interest in the previous contractual year, if applicable.

Other information may also be requested in order to assure a complete review of the activity if there are potential conflicts involved.

The responsibility for adhering to the law and rules on conflict of interest and outside activities rests with the individual faculty or staff member. Full disclosure and discussion of all potential and actual conflicts make possible the addressing of the issues involved and prevent problems arising for both the faculty or staff member and the university in the future. The review and oversight responsibility rests with the department chairperson and the dean or director of the college or other unit in which the faculty or staff member is employed. An employee must provide sufficient information to those with the review and oversight responsibility to enable them to make an informed decision concerning the allowance of the outside activity or financial interest.

The deans and directors are the designees of the President of the University of Florida in implementing the university's policies on outside activities and financial interests. It is their responsibility to make sure that the annual employment contract indicates that no outside activities and financial interests need be reported if no "Disclosure of Outside Activities and Financial Interests" form is received from the faculty or administrative and professional staff member. The deans and directors are responsible for ensuring that all copies of a completed disclosure form are appropriately distributed in a timely manner: to the employee, to the department chair or other appropriate administrator, to the dean's or director's files, to Research and Graduate Programs, if applicable, and to University Personnel Services.

Any employee engaging in outside activities must recognize that he or she is performing such activities as an individual and may not represent that he or she is acting on behalf of the university. *For example, an employee may not use University of Florida letterhead or a University of Florida email address in conducting outside activities.* The employee must take reasonable precautions to insure that the outside employer or other recipient of services understands that the employee is engaging in the outside activity as a private citizen and not as an employee, agent, or spokesperson of the university.

B. Federal Reporting Requirements relating to Sponsored Projects

Federal regulations require that the university manage, reduce, or eliminate any actual or potential conflicts of interest that may be presented by certain compensated outside activities and other financial interests of persons involved in sponsored research projects funded by the Public Health Service (PHS) and the National Science Foundation (NSF). The primary purpose of the federal regulations is to prevent bias in the design, conduct, or reporting of research projects.

Principal investigators and others working on projects funded by the PHS or the NSF must abide by these requirements.

Any employee submitting a grant or contract proposal to the Public Health Service or the National Science Foundation through the university or conducting research or educational activities pursuant to such a federal grant or contract at the university as an “investigator” must report any “Significant Financial Interest” that would reasonably appear to be affected by the proposed or funded research activities, including interests maintained in entities that would be so affected. An “investigator” is defined as the principal investigator, co-principal investigator, or any other employee responsible for the design, conduct, or reporting of the proposed or funded research or educational activities. For the purpose of determining a Significant Financial Interest, an “investigator” also includes such an employee’s spouse and dependent children.

A “Significant Financial Interest” refers to: salary or other payments for services, such as consulting fees and honoraria; equity interests, such as stocks and stock options; and intellectual property rights, such as patents, copyrights, and royalties. A Significant Financial Interest does not refer to salary or other remuneration from the university; income derived from seminars, lectures or teaching engagements sponsored by public or nonprofit entities; income derived from service on advisory committees or review panels for public or nonprofit entities; or salary, royalties or other payments that, when aggregated for the investigator and his or her spouse and dependent children, are not expected to exceed \$10,000 over the next 12 months. An equity interest that, when aggregated for the investigator, spouse, and dependent children, does not exceed \$10,000 and does not represent more than a five percent ownership interest in any entity is also not considered a Significant Financial Interest.

It must be emphasized that compensation and other financial interests of the employee, although not Significant Financial Interests for the purposes of the federal regulations, may still need to be reported under university procedures. For example, all professional compensated activities must be reported under the university’s rule.

Significant Financial Interests must be disclosed at the time of the submission of the proposal, but approval of the outside activities and financial interests (with conditions if warranted) need not occur until the project has been funded. All “investigators” on NSF and PHS proposals must fill out and sign a "Sponsored Research Disclosure of Financial Interest" form before the proposal is submitted by the Division of Sponsored Research to these agencies ([Appendix B3](#)). If a "Significant Financial Interest" is disclosed, the employee must attach a copy of his or her "Disclosure of Outside Activities and Financial Interests" form disclosing the interest. The "Sponsored Research Disclosure of Financial Interest" form (with the "Disclosure of Outside Activities and Financial Interests" form if needed) must be part of the package submitted for review and approval through the usual departmental, college, and unit approval process using the DSR-1 form. It is the principal investigator’s responsibility to ensure that "Sponsored Research Disclosure of Financial Interest" forms are obtained from all investigators in order to meet proposal application deadlines. The Division of Sponsored Research requires at least three business days to review proposals.

If there is no Significant Financial Interest at the time of submission of the proposal, but such an interest develops at any point prior to funding, it must be reported and approved prior to the time the project is funded. The federal regulations also require that the disclosures be made annually during the course of the research, which is consistent with the university's requirement that outside activities and financial interests be disclosed at the beginning of each academic year. The employee must file a new disclosure if a new Significant Financial Interest is obtained, which is consistent with the university's requirement that any material changes to outside activities and financial interests must be reported during the academic year. Review and approval or disapproval of the interests disclosed during the course of a research project must be accomplished within 60 days.

The department chairperson or supervisor (or designee) and the dean or director (or designee) are responsible for reviewing each disclosure to determine if there is a conflict of interest. Under the federal regulations, if a Significant Financial Interest may directly and significantly affect the design, conduct, or reporting of the research, a conflict will be deemed to exist. The university, through the department chairperson or supervisor (or designee) and dean or director (or designee), is required to manage, reduce or eliminate the conflict. Conditions that might be imposed in such cases include public disclosure of the conflict, modification of the research design, or monitoring of the research by independent reviewers. (Please see the sample Conflict of Interest Monitoring Plan at [Appendix B6](#).) If adequate measures are not feasible, the employee may have to discontinue the compensated activities, divest himself or herself of the financial interest, or terminate the research. The employee must abide by the conditions under which the research is permitted.

For further information with regard to federal contract and grant requirements, please contact Research and Graduate Programs at 392-1582.²

² A Note on FDA Requirements for Clinical Trials. Under Food and Drug Administration (FDA) regulations, if sponsors of clinical trials are to use the results in support of marketing applications, they must obtain certain financial information from clinical investigators. This information includes:

- (a) Financial arrangements under which the value of the compensation could be influenced by the outcome of the study. (It should be noted that such personal income would be prohibited under Florida's Code of Ethics for Public Employees; please refer to section IV (5) of this brochure.)
- (b) Payments to the university or the investigator of a value greater than \$25,000 for purposes other than conducting clinical trials. (Such funds paid to the investigator personally would be prohibited under Florida's Code of Ethics for Public Employees.)
- (c) A financial interest in the products which are the subject matter of the clinical trial (such as, a patent or income from a licensing agreement).
- (d) A "significant financial interest" in the sponsor of the study. "Significant financial interest" means any financial interests in a nonpublicly-traded company of any amount or any equity interest in a publicly trade company that exceeds \$50,000. (Generally, such interests would be precluded under Florida's Code of Ethics.)

Financial interests include those of the investigator's spouse and minor children. Of course, any disclosure of financial interests in conjunction with a clinical trial should be consistent with the employee's "Disclosure of Outside Activities and Financial Interest."

C. Guidelines for Allowance of Outside Activities and Financial Interests

The university has declined to set forth rigid rules, but recognizes that there are conflict situations which must be prohibited, conflict situations which may be allowed with conditions and oversight, and outside activities and interests that are generally allowed. The guidelines that follow are designed to assist faculty, administrative and professional staff, and other employees, as well as department chairpersons, directors, deans, and other supervisors, in evaluating conflict of interest situations.

1) Prohibited outside activities and financial interests:

Any outside activities or financial interests which are prohibited by state law cannot be allowed. The most significant of these prohibitions for faculty members are those concerning financial interests, employment, and other contractual relationships with an entity doing business with the university. This prohibition is explained in the following section discussing Florida law and generally would prohibit, for example, any transaction between the university and a company owned by a faculty member unless one of the exemptions set forth in the law applies. Similarly, a research contract between the university and a company cannot support the research of a faculty member who has a contractual relationship (such as a consulting arrangement) with or a financial interest in that company unless an exemption applies.

Also prohibited under Florida law are those outside employment or contractual relationships which would create a "continuing or frequently recurring conflict" between the employee's private interest and the performance of his or her public duties or "that would impede the full and faithful discharge of his or her public duties." Thus, an employee employed to develop software in a given field for the university could not be employed to develop the same kind of software elsewhere. Such employment would create a "continuing or frequently recurring conflict." Further, a University of Florida employee could not hold an employment or consulting arrangement involving litigation against the university or the Board of Regents because such would impede the faithful performance of his or her duties toward the university. Outside activities or contractual relationships with a company that supports the research or training activities of a faculty member create such a conflict and, thus, are not allowed unless an exemption applies.

2) Outside activities and financial interests that may be permitted only after review and with appropriate conditions:

- a) Outside activities or financial interests allowed under an exemption to state law. With regard to doing business with the university, for example, this includes the exemption for research and license agreements, sole source purchases, or transactions of under \$500 in a calendar year. The exemption for research and license agreements requires special approvals as explained in [section IV\(6\)\(e\)](#) of this brochure.

- b) Outside activities or financial interests in a company that will be directly and significantly affected by the research activities of the faculty or staff member. Such activities or financial interests can only be permitted if they do not create a “continuing or recurring conflict,” as noted above.
- c) Outside activities or financial interests in a company conducting educational or research activities which could be conducted at the university.
- d) Outside activities or financial interests in a company involving students or employees of the university in any way evaluated, taught, or directed by the faculty or staff member at the university. Such situations involving students or employees are strongly discouraged and should be avoided if at all possible.
- e) Outside activities which involve more than an incidental use of university facilities, equipment, and services. The use of any university personnel should be disallowed unless the services provided are generally available to the public.

Such outside activities and interests may be allowed when conditions have been established through which any conflicts may be minimized. For example, a conflict situation may be allowed under a written agreement with the faculty member which requires oversight in some instances by persons external to the faculty member's department or college. In addition, disclosure of a conflict situation to others besides those reviewing the Disclosure of Outside Activities and Financial Interests may be required. Disclosure of financial interests (including royalties from inventions) may need to be made in research protocols and consent forms to be executed by human subjects and/or patients. Such a disclosure may also be required in a publication resulting from the research.

In the case of instructional materials, a faculty member or other instructor may not receive personal remuneration for materials created or developed exclusively for use in the instructor's classroom or other instructional activities. Examples of such materials may be class notes, annotated syllabi, and course packs. If an instructor may financially benefit from the sale of instructional materials not created or developed exclusively for use in the instructor's classroom or other instructional activities, an instructor may assign such materials under the following conditions: (1) the department chair and dean or director have approved such an arrangement on the “Disclosure of Outside Activities and Financial Interests,” and (2) a sufficient number of copies are placed on reserve in the University Libraries for use by students in the course or other instructional activity.

Recognizing that colleges and departments within the University have unique attributes, a unit may develop guidelines under college auspices that will assist members of its faculty and staff to deal with the particular conflict situations that may arise with regard to their particular services and fields. For example, the guidelines for employees in the Institute for Food and

Agricultural Sciences are found in Rule 6C1-6.015, F.A.C. ([Appendix A3](#)). All such guidelines must be approved by the dean or director of the unit involved and be on file in the dean's, the General Counsel's, and the Provost's offices.

Direct support organizations of the university, such as the University of Florida Foundation, Inc., the University Athletic Association, Inc., the University of Florida Research Foundation, Inc., and the Florida 4-H Foundation, Inc., have conflict of interest policies applicable to their directors, officers, and employees. University employees acting as directors or officers or providing services to the organization must disclose any financial interests in any business entity doing business with the direct support organization and must comply with the organization's conflict of interest policies in connection with any procurement or other business transactions with the organization.

The University of Florida Research Foundation, Inc. (UFRF) may take equity interests in commercial enterprises that license university technology and/or support ongoing research at the university. In such cases, the potential conflicts of the faculty members and other employees involved with the commercial enterprise are handled through the process set forth in [section IV\(6\)\(e\)](#) and [Appendix B5](#) of this document. In addition, the University of Florida and UFRF have adopted a "Conflict of Interest Policy regarding UFRF Equity Holdings" to further limit personal conflicts and to mitigate institutional conflicts. The policy is found in [Appendix A4](#).

3) Outside activities and financial interests that are generally allowed:

In general, most other outside activities are allowed if they do not interfere with the employee's performance of his or her University obligations. However, determining whether a particular situation involves a conflict of interest is dependent on reviewing all the facts of the specific situation, which underscores the importance of disclosure and discussion of possible conflicts.

D. Review Procedures and Sanctions

If there are any questions or concerns with regard to a particular disclosure, a conference is encouraged between the faculty or staff member and his or her chairperson or other immediate supervisor. For faculty members, if the disclosed outside activity or interest is disallowed, the faculty member may file a grievance through university rules or the collective bargaining agreement for those faculty members within the collective bargaining unit. Grievance procedures are likewise available for Administrative and Professional and University Support Personnel System employees. [Appendix C1](#) outlines the procedure "routes" and appeals.

For example, the following persons must review and approve the activities and financial interests reported on the "Disclosure of Outside Activities and Financial Interests" submitted by a faculty member: (1) chairperson; (2) dean or director; and (3) Research and Graduate Programs, if intellectual property rights are to be waived.

An employee's failure to report outside activities and financial interests under the University's Rule 6C1-1.011, F.A.C., an employee's engaging in the activities or holding the financial interests without the University's approval, and an employee's failing to follow any conditions imposed pursuant to the University's approval of such activities are grounds for disciplinary action. Examples of sanctions are: disallowance or limiting outside activities, changes in assignment, limitations on research activities, fines, reduction in pay, demotion, written reprimand, suspension without pay, and termination for cause. The employee may be required to turn over to the University all or part of the compensation from an unapproved outside activity. If an activity or interest has not been properly disclosed, the employee may be required to disclose the activity or interest in all subsequent presentations of research results. Finally, as noted in the following section, a violation of the State's Code of Ethics may be grounds for various penalties imposed under state law.

E. Use of University Equipment, Facilities, and Services

Any use of university equipment, facilities or services with regard to an outside activity must be approved prior to the activity. In general, the use of these resources will be allowed only on a noninterference basis, and a charge may be assessed. The form for this purpose is the "Request to Use University Equipment, Facilities, and Services," a copy of which is found in this brochure as [Appendix B4](#).

IV. CODE OF ETHICS FOR STATE OF FLORIDA EMPLOYEES

In formulating the Code of Ethics for employees and officials of the State of Florida, the Florida legislature stated that it "is essential to the proper conduct and operation of government that public officials be independent and impartial and that public office not be used for private gain other than the remuneration provided by law." At the same time the legislature recognized that public officials and state employees should not be "denied the opportunity, available to all other citizens, to acquire and retain private economic interests except when conflicts with the responsibility of such officials to the public cannot be avoided." The Code of Ethics for Public Officers and Employees is designed, therefore, to "protect against any conflict of interest and establish standards for the conduct of elected officials and government employees in situations where conflicts may exist."

The Code of Ethics for Public Officers and Employees is set forth in Part III of Chapter 112, Florida Statutes. The Code of Ethics provides standards of conduct for state employees, post-employment restrictions for certain employees, requirements concerning disclosure of financial interests for certain employees, a description of the role of the Florida Commission on Ethics, and penalties and procedures with regard to violations of the standards of conduct. On an annual basis, the Florida Commission on Ethics publishes a brochure entitled "Guide to the Sunshine Amendment and Code of Ethics for Public Officers and Employees" that outlines the major provisions of the Code. Copies are available from the Commission on Ethics, Post Office Drawer 15709, Tallahassee, Florida 32317-5709. Further information may be found at the Commission's website, <http://www.ethics.state.fl.us/>.

The penalties that may be imposed against a state employee for infractions of the Code of Ethics include dismissal from employment, suspension without pay, demotion, reduction in salary, forfeiture of a portion of salary, a civil penalty, restitution of benefits received because of the violation, and public censure and reprimand.

The following list of issues highlights various provisions of the Code of particular importance to members of the University of Florida community. It should not be considered as encompassing all applicable laws or as a substitute for reading the wording of the actual laws.

1) Misuse of position

The Code of Ethics prohibits any state employee's corrupt use (or attempted use) of his or her official position to secure a special benefit or exemption for the employee or others.

2) Use of Information

A state employee is not permitted to disclose or use information not available to the general public and "gained by reason of his or her official position" for the employee's "personal gain or benefit or for the personal gain or benefit of any other person or business entity."

For example, this provision is critical in evaluating conflicts that might arise in outside consulting arrangements of faculty members. In such consulting, the faculty member may not disclose unpublished research results or university technology not freely available to the general public to the outside firm.

3) Gifts and honoraria

A state employee is prohibited from soliciting or accepting gifts, loans, or anything of value based upon the understanding that the employee's official action(s) or judgment would be influenced by such a gift. Further, an employee or an employee's spouse or minor child may not accept "any compensation, payment, or thing of value" when such employee knows, "or with the exercise of reasonable care, should know," that it is given to influence official actions of the employee.

Certain state employees called "specified state employees" (or "reporting individuals") and "procurement employees," including many who deal with decisions involving the purchase of goods or services, are restricted from soliciting and accepting gifts, as well as honoraria, from certain individuals or entities. A discussion of these restrictions is found in this brochure as [Appendix C2](#).

4) Doing business with the university, Sections 112.313(3) and 112.3185, Florida Statutes

A state employee acting as a purchasing agent for a state agency, such as the University of Florida, is prohibited from directly or indirectly purchasing, renting, or leasing any real property, goods, or services for the agency from any business entity of which the employee or his or her

spouse or child is an officer, partner, director, or proprietor. If an employee is delegated the responsibility of purchasing realty, goods, or services for the university, the employee is also prohibited from entering into such a transaction with a business entity of which the employee or his or her spouse or child or any combination of them has a material interest. A "business entity" is defined in the law as "any corporation, partnership, limited partnership, proprietorship, firm, enterprise, franchise, association, self-employed individual, or trust, whether fictitiously named or not, doing business in this state." "Material interest" is defined as "direct or indirect ownership of more than 5 percent of the total assets or capital stock of any business entity." It should be noted that any University of Florida employee authorized to make purchases with a UF Purchasing Card would be considered a purchasing agent and bound by the restrictions set forth in this paragraph.

Any employee acting in a private capacity may not rent, lease, or sell any realty, goods, or services to the University. An employee is acting in a private capacity if he or she owns a material interest in a business entity from which the university rents, leases, or sells realty, goods, or services, if the employee is an officer or director of a corporation selling or leasing to the university, or if he or she acts as an agent of the business to facilitate a sale or lease to the university. The prohibition does not apply when the employee is not in a position at the University which allows him or her to in any way influence the lease or purchase or regulate the services provided.

It should be noted that the provisions of Section 112.313(3) do not affect or prohibit any contracts that were entered into prior to an employee's employment by the university. Further, as noted below under [paragraph \(6\)](#), the law provides exemptions from these requirements in certain cases. If an employee discloses a material financial interest or managerial interest which is allowed as to a particular purchase or purchases, the employee is responsible for insuring that a copy of the approved "Disclosure of Outside Activities and Financial Interests" is attached to each applicable requisition to purchase.

Section 112.3185, Florida Statutes, applies to the procurement of contractual services. It prohibits an employee "who participates through decision, approval, disapproval, recommendation, preparation of any part of a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, or auditing or in any other advisory capacity in the procurement of contractual services" from becoming an employee of a person or entity contracting with the university for the provision of these services. This statute also prohibits a university employee "acting in his or her official capacity" from directly or indirectly procuring contractual services for the university from "any business entity of which a relative³ is an officer, partner, director, or proprietor or in which such officer or employee or

³ "Relative" is defined in the law as anyone related to an employee as "father, mother, son, daughter, brother, sister, uncle, aunt, first cousin, nephew, niece, husband, wife, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother, half sister, grandparent, great grandparent, step grandchild, step great grandchild, person who is engaged to be married to the employee" or who otherwise holds himself or herself out as or is generally known as the person whom the employee intends to marry or with whom the . . . employee intends to form a household," or any other person having the same legal residence as the employee.

his spouse or child, or any combination of them, has a material interest." The law provides no exemptions from the prohibitions of this statute.

5) Conflicting employment and contractual relationships, Section 112.313(7), Florida Statutes

A faculty or staff member of the university may not be employed by or have a contractual relationship with a business entity or a state agency which is "doing business" with the university. For example, if a business entity sells services or products to the University, it is doing business with the University. This may preclude a University employee who deals with such procurement from having a contractual relationship with the company. If the entity enters into a research agreement with the university, it is "doing business" with the university. This would preclude a principal investigator from having a contractual arrangement (such as, a consulting agreement) with the company that also sponsors his University research under a contract with the University.

It should be noted that if the university receives a gift (not a contract) from a private entity, that entity would not be "doing business" with the university. If the employee provides volunteer services to a not-for-profit entity, this is not considered an "employment or contractual relationship" with that entity. However, the law also provides that an employee of a state agency, such as the university, may not have or hold any employment or contractual relationship that would create a "continuing or frequently recurring conflict" between the employee's "private interests and the performance of his or her public duties or that would impede the full and faithful discharge of his or her public duties." This provision may still preclude the activity even though only a gift or volunteer activity is involved.

6) Exemptions from Section 112.313(3) and (7)

A transaction otherwise precluded under the prohibition against doing business with one's agency (Section 112.313(3), Florida Statutes) or the prohibition on conflicting employment and contractual relationships (Section 112.313(7), Florida Statutes) may be allowed under one or more of various exemptions provided in the law. The most commonly applied exemptions in the state university setting are:

a) Competitive bid with disclosure to the Florida Department of State

If the contract involved is awarded under competitive bids and the employee or his or her spouse or child has not participated in formulating the bid specifications or determining the lowest or best bidders, and the employee or his or her spouse or child has not used or attempted to use his or her influence to persuade the university to enter into such a contract, the contract may be entered into. Prior to the submission of the bid, the employee must file a statement with the Florida Department of State disclosing his or her interest and/or that of his or her spouse or child and the nature of the intended contract.

b) Sole source purchases

Similarly, the contract may be allowed if the business entity involved is the sole source of supply and the employee makes a full disclosure of his or her interest in the entity to the university (through a Disclosure of Outside Activities and Financial Interests form) prior to the business being transacted.

c) Certain goods and services; emergency purchases

Other exemptions are made for legal advertising in a newspaper, utilities services, and passage on a common carrier (bus, airplane, train, or the like). An employee may also purchase goods or services "at a price and upon terms available to similarly situated members of the general public, from a business entity which is doing business with his or her agency." Also exempted are emergency purchases or contracts which must be made in order "to protect the health, safety, or welfare of the citizens of the state."

d) Transactions of less than \$500 in a calendar year

An exemption is also made if the "total amount of the transactions in the aggregate between the business entity and the agency does not exceed \$500 per calendar year."

e) Research and license agreements

An exemption is provided which allows a faculty (or staff) member to be a consultant or be otherwise employed by a company or have an ownership interest in a company that is licensing the faculty member's technology from the university. The exemption also allows a faculty member with an employment or contractual relationship with a business entity or an ownership interest in a business entity to be involved in work on a research contract between the university and the business entity. However, such relationships are allowed only with the prior review of the faculty or staff member's department and college and the final approval of the President of the University of Florida and the Chancellor of the State University System.

This exemption was passed to facilitate transfer of university-developed technology to commercial enterprises by making possible license agreements and research contracts with business entities with which the faculty member-inventors have employment or other contractual relationships. Technology transfer is an important ancillary result of the university's research and educational efforts. To assure that the primary mission of the university is not compromised, however, an employee's outside activities with regard to transfer of the university's technology or university research must be disclosed and approved.

The procedures for requesting the research and license exemption are set forth in [Appendix B5](#) (Request for Exemption under Section 112.313(12)(h), Fla. Stat.) of this brochure. In granting the request, the university's interests in protecting the educational progress of students, the integrity of research, the free flow of ideas, the appropriate evaluation of employees, and the use of university equipment and personnel will be examined closely. In

general, the faculty or staff member will be granted the exemption only with his or her agreement to follow certain conditions which allow for appropriate oversight. Please refer to [Appendix B6](#) for a monitoring plan template to assist in the formulation of these conditions. If the exemption is approved, the faculty or staff member's department and college must make significant commitments to the oversight process.

7) Disclosure of Financial Interests and Post-Employment Restrictions, Sections 112.3145, 112.313(9), and 112.3185, Florida Statutes

Certain state officers and public employees (“specified state employees”) are required to disclose certain financial interests on an annual basis. These persons are collectively also called "reporting individuals." Reporting individuals include: the university's president and vice presidents, legal counsel, business managers, purchasing agents (persons with signatory authority for contracts) having the power to make any purchase exceeding the Category One threshold amount (currently \$15,000), finance and accounting directors, personnel officers, and grant coordinators. A list of "reporting individuals" is provided by the university to the Commission on Ethics on an annual basis. Prior to June 1 of each year, these persons are mailed a copy of Form 1, which indicates the required financial disclosures. The form must be filed with the Commission on Ethics by July 1. New employees in these positions must file within thirty days from the date of appointment. A fine may be imposed if the form is not filed in a timely manner.

Reporting individuals must also abide by restrictions on gifts and honoraria. Please refer to [Appendix C2](#).

Certain university employees are prohibited from personally representing another person or entity for compensation before the university for a period of two years after leaving their positions (unless employed by another state agency). Employees bound by this restriction include the president, vice presidents, and deans.

Any former employee is barred from having an employment or other contractual relationship with any business entity in connection with a contract in which the employee participated personally and substantially by recommendation or decision when he or she was a university employee. A former employee is also prohibited from having any employment or contractual relationship for two years with any business entity in connection with a contract for services which was within his or her responsibility while serving as a university employee.

V. CONCLUSION

The outside activities of University of Florida faculty and staff members are often of great value to the community as a whole and further the mission of the university. They also may serve important personal interests. These activities are of concern to the university when they interfere with the faculty member or staff member's obligations to the university. Indeed, all members of the University of Florida community must be concerned that the university's mission not be compromised through the outside activities and interests of its faculty and staff members. Thus, the university's policies and procedures are designed to encourage allowed

activities while providing for the disclosure, review, and oversight, if needed, of activities in which conflicts might occur. The primary responsibility for compliance and for furtherance of these goals rests with the individual faculty or staff member.