



THE NATIONAL SCIENCE FOUNDATION

PROPOSAL AND AWARD POLICIES AND PROCEDURES GUIDE

Part II - Award & Administration Guide



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Chapter IV: Grantee Standards

NSF encourages the increased involvement of academic researchers and educators with industry and private entrepreneurial ventures, but recognizes that such interactions carry with them an increased risk of conflict of interests. AAG Chapter IV.A contains NSF's policy on conflict of interest.

2 CFR §215 prescribes three sets of standards for academic and other non-profit recipients of Federal grants, each governing a different area: financial management systems, procurement policies, and procedures and property management. AAG Chapter III.B, III.C and III.D implement the OMB standards, and extend their applicability to all types of recipients of NSF grants, including commercial firms.

A. Conflict of Interest Policies

1. NSF requires each grantee institution⁸ employing more than fifty persons to maintain an appropriate written and enforced policy on conflict of interest and that all conflicts of interest for each award be managed, reduced or eliminated prior to the expenditure of the award funds. If the institution carries out agency-funded research through subawardees, contractors, or collaborators, the Institution must take reasonable steps to ensure that:

- a. the entity has its own policies in place that meet the requirements of this policy; or
- b. investigators working for such entities follow the policies of the primary institution.

Guidance for development of such policies has been issued by university associations and scientific societies.⁹

2. An institutional conflict of interest policy should require that each investigator disclose to a responsible representative of the institution all significant financial interests of the investigator (including those of the investigator's spouse and dependent children): (i) that would reasonably appear to be affected by the research or educational activities funded or proposed for funding by NSF; or (ii) in entities whose financial interests would reasonably appear to be affected by such activities.

The term "investigator" means the principal investigator/project director, co-principal investigators/co-project directors, and any other person at the institution who is responsible for the design, conduct, or reporting of research or educational activities funded or proposed for funding by NSF.

The term "significant financial interest" means anything of monetary value, including, but not limited to, salary or other payments for services (e.g., consulting fees or honoraria); equity interest (e.g., stocks, stock options or other ownership interests); and intellectual property rights (e.g., patents, copyrights and royalties from such rights).

The term does not include:

- a. salary, royalties or other remuneration from the applicant institution;
- b. any ownership interests in the institution, if the institution is an applicant under the Small Business Innovation Research Program or Small Business Technology Transfer Program;

⁸ For consistency with the DHHS conflict of interest policy, in lieu of "organization", NSF is using the term "institution" which includes all categories of proposers.

⁹ See:

<http://www.aau.edu/research/COI.01.pdf>;

<http://www.aamc.org/research/coi/firstreport.pdf>;

<http://www.aamc.org/research/coi/2002coireport.pdf>;

<http://www.aamc.org/research/coi/coireports2003.pdf>;

<http://www.cogr.edu/docs/COIFinal.pdf>;

<http://www.aaup.org/AAUP/About/committees/committee+repts/CommA/ResearchonHumanSubjects.htm>

- c. income from seminars, lectures, or teaching engagements sponsored by public or non-profit entities;
 - d. income from service on advisory committees or review panels for public or nonprofit entities;
 - e. an equity interest that, when aggregated for the investigator and the investigator's spouse and dependent children, meets both of the following tests: (i) does not exceed \$10,000 in value as determined through reference to public prices or other reasonable measures of fair market value; and (ii) does not represent more than a 5% ownership interest in any single entity; or
 - f. salary, royalties or other payments that, when aggregated for the investigator and the investigator's spouse and dependent children, are not expected to exceed \$10,000 during the twelve-month period.
3. An institutional policy must ensure that investigators have provided all required financial disclosures at the time the proposal is submitted to NSF. It must also require that those financial disclosures are updated during the period of the award, either on an annual basis, or as new reportable significant financial interests are obtained.
4. An institutional policy must designate one or more persons to review financial disclosures, determine whether a conflict of interest exists, and determine what conditions or restrictions, if any, should be imposed by the institution to manage, reduce or eliminate such conflict of interest. A conflict of interest exists when the reviewer(s) reasonably determines that a significant financial interest could directly and significantly affect the design, conduct, or reporting of NSF-funded research or educational activities.

Examples of conditions or restrictions that might be imposed to manage, reduce or eliminate conflicts of interest include, but are not limited to:

- a. public disclosure of significant financial interests;
- b. monitoring of research by independent reviewers;
- c. modification of the research plan;
- d. disqualification from participation in the portion of the NSF-funded research that would be affected by significant financial interests;
- e. divestiture of significant financial interests; or
- f. severance of relationships that create conflicts.

If the reviewer(s) determines that imposing conditions or restrictions would be either ineffective or inequitable, and that the potential negative impacts that may arise from a significant financial interest are outweighed by interests of scientific progress, technology transfer, or the public health and welfare, then the reviewer(s) may allow the research to go forward without imposing such conditions or restrictions.

5. The institutional policy must include adequate enforcement mechanisms, and provide for sanctions where appropriate.
6. The institutional policy must include arrangements for keeping NSF's Office of the General Counsel appropriately informed if the institution finds that it is unable to satisfactorily manage a conflict of interest.¹⁰
7. Institutions must maintain records of all financial disclosures and of all actions taken to resolve conflicts of interest for at least three years beyond the termination or completion of the grant to which they relate, or until the resolution of any NSF action involving those records, whichever is longer.

¹⁰ Grantee notifications of conflict of interest that cannot be managed, reduced, or eliminated must be submitted electronically via the NSF FastLane System.