

MSU Conflict of Interest Guidance:

MSU Contract with Entity in which MSU Employee holds an Interest

(or with MSU Employee)

When considering any proposed contract between the University and another entity, keep in mind these two overall restrictions:

1. Only the University President and specific authorized individuals (see below) may execute contracts on behalf of Michigan State University.
2. The Board of Trustees must approve the terms of any contract with an entity in which a MSU employee holds a financial or managerial interest, or with a MSU employee.

Individuals not authorized to execute contracts should not make any verbal or written commitment on behalf of the University. Pursuant to University bylaws (Article 11), only the President and officers designated by the President are authorized to execute contracts on behalf of the Board of Trustees. Authorized individuals include:

- Executive Vice President for Administrative Services;
- Vice President for Finance and Treasurer;
- Director of Contract and Grant Administration;
- Vice President and Secretary of the Board of Trustees; and
- Others with specific delegated authority, listed [here](#).

Under [Michigan law](#), MSU Board of Trustees approval is required for the terms of contracts, including modifications to existing contracts, between the University and:

- an employee of the University;
- any partnership or unincorporated association of which the employee is a partner, member, or employee;
- any private corporation of which the employee is (1) a director, officer, or employee; or (2) a stockholder owning more than one percent (1%) of the total outstanding stock of any class if the stock is not listed on a stock exchange, or stock with a total market value in excess of \$25,000 if the stock is listed on a stock exchange; or
- any trust of which the employee is a beneficiary or trustee.

Except in exigent circumstances approved by the Vice President for Research & Graduate Studies following consultation with the Provost, the involved employee should NOT be directly involved in negotiations concerning the suitability of the financial and other terms of the contract, nor be the primary advocate to enter into the contract on behalf of MSU. In addition, any conflict situation created by a contract with a faculty member must be reviewed and managed or resolved under the [Faculty Conflict of Interest Policy](#), even if the faculty member is not advocating for the contract to be signed on behalf of MSU.

When the contract is for the lease or purchase of goods, services, space, or property, an independent assessment must be completed to:

1. Judge whether comparable items are readily available from another source without an MSU employee interest, and
2. If they are not, whether the proposed financial terms are fair and reasonable related to current market considerations.

This assessment should be conducted by the MSU office with assigned signatory authority for the contract, using established University procedures based on applicable standards that are commonly accepted by federal or Michigan governmental agencies.

Statement of Terms:

Before submitting a contract for Board consideration, the terms must be established and agreed upon by both parties. However, subsequent minor revision of wording in the contract is acceptable if the stated terms are not changed from those summarized and presented to the Board. Questions about suitability of changes should be submitted to the Office of General Counsel.

Summarized information about terms of a contract should generally include the following:

- Party to the contract;
- Organization type;
- Nature of the agreement (license or project type);
- Term;
- Licensed technology, if any;
- Technology's Potential Commercial Application, if any;

- Payment terms;
- Services to be provided;
- Use of University facilities/personnel;
- MSU employee interest(s); and
- Other information as appropriate.

Conflict of Interest:

Conflicting interests created by the contract must be reported, assessed, managed, and if necessary resolved, as a prerequisite for the Provost to recommend the contract terms to the Board for consideration. For academic employees, the [Faculty Conflict of Interest Policy](#) governs the conflict of interest issue. Board action is taken after appropriate review and management/resolution of conflicting interests, in compliance with Michigan law.

It is the responsibility of the employee with the financial or managerial interest in the outside entity, with support of the office proposing or negotiating the contract, to report the proposed contract to their chair or dean and the [Financial Conflict of Interest Officer](#) (FCOIO). The situation must be described in sufficient detail to permit review and assessment of potential conflicts arising from the agreement and their possible impact on the employee’s university duties and responsibilities. A [conflict management plan](#) may be developed in collaboration with the FCOIO, the applicable chair or dean, and the employee. Conflict management plans require approval by the Vice President of Research and Graduate Studies. The FCOIO implements the plan and monitors compliance.

Timeline:

After any conflict of interest has been addressed, the law requires that the employee’s interest in a contract be disclosed to the Board of Trustees (BOT), and then the terms of the contract voted for approval at least seven days later. This means that the contract must be presented at a meeting (“first read”) and then voted upon at another meeting of the Board. Reasonable time must be allowed for review of possible conflict of interest, development and approval of a conflict management plan, and submission to the Office of General Counsel for inclusion on the Board agenda.

Board meeting dates are listed at <http://trustees.msu.edu/meetings/>. Deadlines for 2015 submission of notices and action items to the Office of General Counsel are as follows:

Materials Due to OGC	BOT Meeting
Jan 4	Feb 19
Feb 29	April 15
May 2	June 17
July 25	Sept 9
Sept 12	Oct 28
Oct 31	Dec 16

Contact:

For consultation and assistance with conflict of interest issues, please contact:

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