

Chapter IX: 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 conflicts of interest. Chapter IX.A contains NSF's policy on conflicts of interest.

2 CFR § 200 prescribes three separate sets of standards related to the financial and program management of Federal grants, each governing a different area: financial management, property management, and procurement management. Chapter IX.C, IX.D and IX.E implement these standards and extend their applicability to all types of grantees of NSF grants, including for-profit organizations.

A. Conflict of Interest Policies

1. NSF requires each grantee organization 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 organization carries out agency-funded research through subrecipients or collaborators, the organization 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 organization.

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

2. An organizational conflict of interest policy should require that each investigator disclose to a responsible representative of the organization 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 PI/PD, co-PI/co-PDs, and any other person identified on the proposed project 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 proposing organization;
- b. any ownership interests in the organization, if the organization is an applicant under the Small Business Innovation Research Program (SBIR) or Small Business Technology Transfer Program (STTR);
- 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 prior twelve-month period.

3. An organizational 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 organizational 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 organization 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 organizational policy must include adequate enforcement mechanisms and provide for sanctions where appropriate.

6. The organizational policy must include arrangements for keeping NSF's Office of the General Counsel (OGC) appropriately informed if the organization finds that it is unable to satisfactorily manage a conflict of interest and if the organization finds that research will proceed without the imposition of conditions or restrictions when a conflict of interest exists.⁵²

⁵² Grantee notifications of conflict of interest that cannot be managed, reduced, or eliminated and awardee notifications of situations where research will proceed without the imposition of conditions or restrictions when a conflict of interest exists, must be signed and submitted by the AOR via use of NSF's electronic systems. When OGC is notified of an unmanageable conflict of interest by a grantee, OGC will conduct the following review:

a. Examine a copy of the organization's conflict of interest policy to ascertain if the policy includes procedures for addressing unmanageable conflicts.

b. Contact the grantee organization's representative to determine what actions the organization plans/has taken with respect to the reported unmanageable conflict of interest, ensuring consistency with their conflict of interest policy.

c. Request confirmation from the grantee when proposed actions have been accomplished.

7. Organizations 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.