

Complete Policy Title:
Conflict of Interest Policy for Employees

Policy Number (if applicable):

Approved by:
Senate
Board of Governors

Date of Most Recent Approval:
June 6, 2012
June 7, 2012

Date of Original Approval(s):
May 27, 1997

Supersedes/Amends Policy dated:
May 27, 1997 (Conflict of Interest Policy for Non-Academic Employees and Academic Administrators)

Responsible Executive:
President

Enquiries:
[University Secretariat](#)

***DISCLAIMER:** If there is a Discrepancy between this electronic policy and the written copy held by the policy owner, the written copy prevails*

1. Scope:

This policy deals with the fiduciary responsibility for the management of University resources. All employees have a clear duty in conducting University business or making recommendations which could influence subsequent actions of the University, to place the interests of the University ahead of their personal interests. Only by adhering to this policy can the integrity of the University's business relationships be preserved and the reputation, financial and other interests of the University protected.

This policy pertains to all University faculty and staff, including students employed by the University in any capacity.

2. Definitions:

For the purpose of this policy, the terms defined herein shall have the meaning set forth in the definitions below:

- 2.1. "**Employee**" means any Officer, Director or any academic or non-academic individual of the University including academic administrators such as Vice-Presidents, Deans, Directors and Chairs as well as students employed by the University in any capacity.
- 2.2. "**Immediate Family**" includes an employee's spouse or partner and any children, parents, brothers and sisters of both the employee and the spouse/partner; as well as other relatives who share the employee's home or otherwise are dependent on the employee or the spouse/partner for support.

- 2.3. **"Confidential Information"** means any information concerning the affairs of the University which has not been publically disclosed by the University.
- 2.4. **"Concern"** means any type of business entity, regardless of its form (e.g., corporations, partnerships, sole proprietorships, trusts and joint ventures).
- 2.5. **"Substantial financial interest"** means the direct or indirect ownership of a beneficial interest having a value of such magnitude that (a) it represents a majority ownership of the equity in the concern; or (b) for other reasons the interest would be regarded as significant to the employee. No interest in a mutual fund or in the securities of any publicly held corporation regularly traded on the open market shall be deemed to constitute a substantial financial interest if the market value of such interest is less than \$25,000. An employee should disclose any interest greater than \$25,000 to their direct supervisor who will assess and determine the appropriate action.
- 2.6. **"Indirect ownership"** includes beneficial interests in a concern held either (a) by a trust, corporation, partnership, or other venture in which the employee holds an interest; or (b) by or through a nominee, agent, option or other device, as well as beneficial interests derived from loan agreements or other contractual arrangements.

3. Statement of Policy:

McMaster University respects the right of employees to privacy in their personal activities and financial affairs. No employee shall engage in activities which create for the individual a conflict of interest as defined in this policy. The prime purpose of the Conflict of Interest Policy is to provide guidance to employees to enable them to avoid situations in their personal activities and financial affairs which are, or may appear to be, in conflict with their responsibility to act in the best interests of the University. Notwithstanding the foregoing, employees are required to disclose all potential conflict of interest situations.

4. Illustrations of Potential Conflicts of Interest:

A conflict or potential conflict of interest exists when an employee of the University is or may be in a position to use authority, research, knowledge or influence for personal gain or to benefit others to the detriment of the Institution. Conflicts can be individual and/or institutional.

The existence of an actual or potential conflict of interest does not necessarily preclude the involvement of the individual in the situation where the conflict has or may arise. However, the conflict should be disclosed by the individual and resolved accordingly.

The following are not considered to be an exhaustive list of those matters constituting a conflict of interest, but rather reflect illustrative examples:

- 4.1. **Intimate Relationships:** A conflict or potential conflict of interest exists when an employee of the University engages in an intimate relationship with a person who reports to them in an employment or supervisory relationship or who relies upon them for opportunities to further their academic or employment career.

- 4.2. ***Interest in any Concern:*** Ownership by an employee or by any member of his or her immediate family of a substantial financial interest (greater than \$25,000) in any concern with which the University does business, directly or indirectly, or which is seeking to do business with the University.
- 4.3. ***Interest in Transaction:*** Representation of the University by an employee in any transaction which such employee or any relative of the employee or his or her spouse has a substantial financial interest.
- 4.4. ***Representation by Relative:*** Representation of the University by an employee in any transaction where the other concern is represented by a relative of the employee or his or her spouse.
- 4.5. ***Gifts or Gratuities:*** Acceptance by an employee or any members of his or her immediate family, from any concern with which the University does business or which is seeking to do business with the University, of gifts or merchandise, cash or gift card/certificates in any amount whatsoever, loans, excessive entertainment or other substantial gifts of goods or services in any amount other than nominal (less than \$25). It does not include loans from financial institutions on customary terms; articles of nominal (less than \$25) value normally used for sales promotion purposes, ordinary business meals or reasonable entertainment consistent with local social or business customs.
- 4.6. ***Rendering of Services to Other Concerns:*** Rendering of managerial, consultant or any other substantial services to any concern including services as a director where not specifically authorized by the University; and in particular, where said services are provided on a fee for service or contractual basis. See '*Statement on Consulting Policy and Procedures*' and '*Staff Policy on Consulting and Freelancing*' for additional guidance.
- 4.7. ***Full Time Service:*** Engaging in outside business or employment incompatible with the University's right to full time and efficient service from its employees. Situations with respect to part-time employees will be dealt with according to their specific circumstances and within the spirit and intent of this policy.
- 4.8. ***Use of Position to Influence Others:*** Use of one's position with the University to influence any other concern in its dealings with other parties for the personal profit or advantage of any person.
- 4.9. ***Inappropriate Use of University Resources, Personnel or Assets:*** Unauthorized use of University resources, staff or facilities to benefit a private concern in which the faculty or staff member has a financial or other interest.
- 4.10. ***Conflict of Commitment:*** Undertaking external activities (i.e., consulting, professional or other activities) which as a result of the time commitment, prevents the employee from fulfilling their obligations to the University or result in divided loyalty between the University and external organization.

4.11. ***Inappropriate Use of Information:*** Use of confidential information acquired as a result of the faculty or staff member's University related activities for personal gain or other unauthorized purposes.

5. Disclosure of Potential Conflicts to the University:

Where an individual is concerned that they may be placing themselves in a potential conflict of interest situation they should immediately discuss the situation with their direct supervisor. Where such a conflict or potential conflict is confirmed then the following shall be applied.

A conflict or potential conflict of interest must be disclosed in writing to the President and/or the appropriate Vice-President along with recommended procedures to remove the employee from the conflict or potential conflict of interest. Approval of appropriate procedures by the President and/or Vice-President shall also be provided in writing.

6. Compliance:

Failure to comply with the terms of this policy may result in the employee being subject to the appropriate disciplinary procedures of the University.