

Conflicts of Interest Policy for Institutional Oversight and Non-Advisory Program Activities

The National Academies

National Academy of Sciences
National Academy of Engineering
Institute of Medicine
National Research Council

CONFLICTS OF INTEREST POLICY for INSTITUTIONAL OVERSIGHT and NON-ADVISORY PROGRAM ACTIVITIES

The National Academy of Sciences, National Academy of Engineering, Institute of Medicine, and National Research Council -- collectively The National Academies -- are the integral parts of one institutional and corporate enterprise, the National Academy of Sciences. Chartered by Act of Congress in 1863, the institution is a nonprofit, charitable scientific corporation organized and operated, as required by law, to serve public rather than private interests. In particular, the institution is dedicated to discharging the responsibility set forth in the corporate charter of the National Academy of Sciences -- namely, when requested by the United States Government, to "investigate, examine, experiment, and report on any subject of science or art" -- and to do so with the highest possible quality, integrity, and independence in the public interest.

As recognized by Presidential Executive Order, the actual expense of such investigations, examinations, experiments, and reports by the institution may be paid through a variety of funding mechanisms, including private gifts and bequests, appropriations for the benefit of the institution directed to executive departments and agencies of the Government, and grants, contracts and other forms of financial agreement with such executive departments and agencies. Funding may also come from other private sources such as private foundations. In the management, investment, and disbursement of these and all other institutional funds, the institution is committed to the highest standards of fiduciary honesty and responsibility.

To meet these institutional obligations and commitments, it is essential that individuals who participate in institutional decision making processes not be compromised by any significant conflict of interest with respect to such decisions, or by the direct and substantial appearance of a conflict of interest. For this purpose, the term "conflict of interest" means any financial or other interest which conflicts with the participation of an individual in particular decisions of the institution because the interest (1) could significantly impair the individual's objectivity or (2) could create an unfair competitive advantage for any person or organization.

In assessing potential conflicts of interest in connection with an individual's participation in decisions of the institution, particular attention will be given to the following kinds of financial interests if they are relevant to the functions to be performed: employment relationships (including private and public sector employment and self-employment); consulting relationships (including commercial and professional consulting and service arrangements, scientific and technical advisory board memberships, serving as an expert witness in litigation, and providing services in exchange for honorariums and travel expense reimbursements); stocks, bonds, and other financial instruments and investments including partnerships; real estate investments; patents, copyrights, and other

intellectual property interests; commercial business ownership and investment interests; and research funding and other forms of research support.

The term "conflict of interest" applies not only to the personal interests of the individual but also to the interests of others with whom the individual has substantial common financial interests if these interests are relevant to the functions to be performed. Thus, in assessing an individual's potential conflicts of interest, consideration must be given not only to the interests of the individual but also to the interests of the individual's spouse and minor children, the individual's employer, the individual's business partners, and others with whom the individual has substantial common financial interests. Consideration must also be given to the interests of those for whom one is acting in a fiduciary or similar capacity (e.g., being an officer or director of a corporation, whether profit or nonprofit, or serving as a trustee).

The conclusion that an actual or apparent conflict of interest exists is not intended to be an assessment of any individual's actual behavior or character. Rather it is a mechanism for identifying and eliminating certain potentially compromising situations from occurring, thereby protecting not only the institution but also the individual and the public interest.

The normal institutional response to a potential conflict of interest, or the direct and substantial appearance of a conflict of interest, is to remove or recuse the individual in question from particular institutional decisions to the extent necessary to eliminate the conflict. However, the institution reserves the right to take such other actions as may be necessary and appropriate in particular circumstances. Administration of this policy is the responsibility of the NRC Executive Office.

This policy applies to individuals with respect to their participation in institutional oversight activities and their service on committees, boards, panels, etc. for non-advisory program activities (program activities not involving advice to sponsors). It does not apply to service by individuals on institutional committees used in the development of reports -- nor to employees, consultants, and subcontractors -- all of which are covered by separate institutional conflict of interest policies.

Note: The policy presented in this document was approved by the NAS Council in consultation with the NAE and IOM Councils on June 11, 2004.

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