Special considerations arise when a researcher seeks to own or manage a private commercial enterprise, whether or not in an area closely related to the work of the researcher. Additional considerations are involved if the work of the private enterprise is closely related to the academic work of the researcher. Such outside involvement may interfere with the individual's ability to meet obligations to the University or may risk distorting the direction of his or her University research or that of students and junior colleagues. Students, postdoctoral fellows, and junior faculty must be free to choose research problems within an environment of free inquiry, independent of personal or financial consequences for their supervisors or mentors. The open communication that is a necessary element of an academic environment may also be jeopardized when researchers own or manage commercial enterprises. This situation may develop unintentionally, despite the good faith and commitment of the individual to the University.

For members of the faculty and research staff who also hold administrative positions, there is a presumption that it is not in the University's interest for the individual administrator to hold substantial equity in a commercial enterprise in the same areas as the administrator's own or his or her subordinate's University research or responsibility. The presumption may be overcome by the individual's providing clear evidence satisfactory to the University administration that there is no conflict of interest or potential harm to the University as a result of the equity holding.

Participation on the board of directors or in an executive or other management position in an outside commercial organization is permitted under certain circumstances. If the activity of the commercial enterprise is in the individual's own or subordinate's area of research, prior approval of the department chair and dean is required for participation as a director or officer, even if the activity is not undertaken for pay, direct or indirect. Approval will be granted if the faculty or staff member demonstrates to the satisfaction of the University that there is no conflict of interest or potential harm to the University as a result of the participation as a director or officer. There is a presumption that there is a conflict of interest and commitment between a full-time University position and the role of a director or officer in a commercial enterprise in the same area of professional activity.

Any personal arrangement with a firm that sponsors any part of a researcher's University work that involves any form of financial arrangement (direct compensation, loans, stock purchase agreements, or in-kind financial equivalents, for example) must be fully disclosed in writing to the department chair and dean.

Under North Carolina law, faculty and staff may not directly or indirectly enter into or otherwise participate in any business transaction by the University with any firm, corporation, partnership, person, or association with which he or she currently has a financial association or has had a financial association during the preceding two-year period.

**RECOVERING COSTS FROM RESEARCH SPONSORS:**

**GIFT/GRANT DISTINCTIONS**

The distinction between gifts and grants is important to the integrity of the University's sponsored research program. Gifts are characterized by the absence of a specific *quid pro quo* to the donor other than enhancement of public image, tax savings, or satisfaction of charitable purposes. Grants and Contracts are characterized by specific *quid pro quo* to the sponsor. The
University expects to recover full direct and indirect costs when it accepts grants and contracts from external sources. The University does not expect to recover these costs when it accepts gifts. Waiver of indirect costs or cost sharing is occasionally permitted, under controlled circumstances and only with the approval of the Office of Contracts and Grants or the Vice Chancellor for Business and Finance, respectively. The gift/grant distinction is explained in detail in the University's Routing Procedures for Research Gift, Research Grant, and Research Contract Proposals, available at departmental offices, in the Contracts and Grants section of the Business Manual, and at the Office of Research Services. Those Procedures detail the extensive administrative and academic review process to which each gift, grant, and contract is subjected within the institution. This review is independent of external review processes (to include the Board of Trustees, the President and the Board of Governors, the Attorney General's Office, the State Property Office, and the Council of State) that are required by the particular nature of a funding arrangement. Internal reviews supplemental to the normal Routing Procedures review must be undertaken when, in the opinion of the Provost, Vice Chancellor for Health Affairs, or Vice Chancellor for Research and Graduate Studies, such reviews are warranted by the scope or nontraditional nature of the project.

PROCEDURES FOR PROCESSING AND APPROVAL OF PROPOSALS

In addition to the Routing Procedures mentioned above, attention of researchers is directed to the University's Business Manual, available in departmental offices, for detailed specifications associated with research proposals. The Office of Contracts and Grants and the Office of Research Services provide assistance in all such matters, and investigators are urged to contact them, the department chair, or the dean when questions arise. Gifts, grants, and research contracts, and multi-institutional arrangements, require the approval of the administrative officer specified in the Routing Procedures document and in the Business Manual. For most grants, the officer is the Director of Research Services. For all agreements involving commercial sponsors, the officer is the Vice Chancellor for Business and Finance on recommendation of the dean and senior divisional academic officer, the Provost or Vice Chancellor for Health Affairs, as appropriate. Individual researchers and department chairs are not authorized to commit the University to such gifts, grants, contracts, or multi-institutional arrangements under any condition.

Special considerations may obtain where research is sponsored by foreign corporations or foreign governments. The Office of Contracts and Grants and the Office of Research Services can provide additional information in this area.

USE OF HUMAN SUBJECTS IN RESEARCH

All projects involving the use of human subjects must be reviewed and approved by the appropriate University Committee on the Use of Human Subjects regardless of whether the proposal is funded, unless specifically exempt under the Federal regulations. This requirement applies to all research project proposals (grants and contracts) regardless of the granting agency or institution to which they are being submitted for funding, including those supported by University funds. Faculty or staff should consult the Committee on the Use of Human Subjects or the Office