

**University of Cape Town  
Office of Research Integrity**



**Frequently Asked Questions**  
**Regarding Reportable Financial Interests & Conflicts of Interest**

**GENERAL GUIDANCE:**

In completing the disclosure form (HR 130/HR 131) to support the University's management of conflicts of interest, consider the following principles:

1. Each of us is responsible for avoiding both actual and perceived conflicts of interests:
2. Conflicts arise when private interests influence University decisions or have the appearance of doing so. The concept relates to a wide range of decisions we make in our work roles.
3. By law UCT may only do business with an entity in which a staff member has a direct or indirect interest if specified conditions apply, and any decision to do this business must be made by the University Council.

If you are unsure about an interest, its reportability under UCT policy, your duty to make a disclosure, or the implications of a possible conflict interest, please declare the interest. This will facilitate an evaluation thereof. The scholarly community at UCT depends on the actions of its individual members to maintain its reputation for objectivity and ethical engagement in all fields of knowledge.

1. **BIOTECH STOCK/SHARES:** *I own biotech stocks, but I don't know how much or even in which companies. It is possible that a UCT researcher—even myself—might conduct a research project with an outcome could strengthen demand for a product of a biotech company. Do I need to sell my stock?*

This question presents several issues:

- First, as an investor, you should find out what stock you own and what the companies do.

- Second, whether an investment presents an actual or potential conflict of interest relates to a specific research project. Therefore, if you do not participate in a project that has some relationship to a biotech company in which you own shares, then you have no conflict of interest arising from your equity in that biotech company.
- Third, even if you are working on a project that has some potential for affecting the biotech company, you would have to have more than a threshold stake or interest to have a conflict of interest. For a publicly traded entity, a significant financial interest exists if you have received more than R50 000 in remuneration and dividends over the prior 12 months and/or held an equity interest (shares, share options or other ownership interest) that, when aggregated, exceeds R 50 000. For non-publicly traded entities, a significant interest exists if you (or your spouse or a dependent child) have received more than R50,000 in remuneration over the prior 12 months and/or held any equity interest (shares, share options, or other ownership interest).
- Fourth, a significant financial interest does not automatically mean you have a conflict of interest. The Office of Research Integrity will evaluate the situation and determine whether there is a conflict of interest.
- Fifth, if the Office of Research Integrity determines that there is a conflict of interest, selling the shares is not the only possible solution; a recommended course of action will be presented to HR and the Office of the Registrar, which will make a final determination on a course of action to manage, reduce or eliminate the conflict.

**2. *MUTUAL FUNDS:*** *If I have an investment in a mutual fund, would that trigger a conflict of interest?*

No. UCT Policy and the laws and regulations to which UCT policy corresponds recognize that managed assets such as mutual funds are typically administered by professional managers. Such investments are not under your direct and personal control. In the absence of personal control or influence, a financial interest in a mutual fund is unlikely to bear a significant relationship to a research project in which you may participate.

**3. *SIDE BUSINESS:*** *Separate from my employment at UCT, my family has an office supply store. My spouse, dependent children, and I own a one-fourth share in the business. Can the store become a “UCT vendor” and sell pens and paper to UCT?*

No, unless exceptional circumstances exist. The dual roles of staff person and vendor are likely to present the appearance of impropriety and/or actual or potential conflicts of interest. The law does not allow this except in defined circumstances.

**4. REDIRECTED FUNDS:** *In support of my research, I personally received funding from a local, for-profit organization in an amount that would be reportable under UCT policy as a financial interest. Through my department, I re-directed the funds in their entirety to student bursaries. Does the final disposition of the funds being paid to students eliminate any reportable financial interest for me under UCT policy and in acknowledgments for publications that may follow from the research?*

No. You have a reportable financial interest in the funds as initially received. For future publications, make disclosures consistent with the expectations and requirements of the publisher as well as disclosures appropriate in accordance with the conventions of your scholarly field.

**5. PURCHASING:** *I am half owner in a medical supply company that, among other things, makes equipment for drawing blood. I want to buy some of this lab equipment for the project my unit is proposing.*

This would be considered a significant financial interest that is related to the proposed project. You need to declare the interest. Note that the threshold would be the extent of ownership of the company (one half) rather than the amount of money the company might make on the sale. However, even if your ownership interest did not come up to the threshold (five percent), it could be a significant financial interest if, by the purchase, you as part owner would receive dividends or income of more than R50,000 over the next twelve months.

**6. EQUIPMENT DONATION:** *I am part owner in a company that is the sole source available for a piece of equipment I want to use in my proposed research. I plan to donate the necessary equipment to UCT. Is that a conflict of interest?*

You are not planning to benefit financially from the use UCT makes of your equipment. However, if the research might result in improvements in the equipment, you could profit from that circumstance. If the research might lead to a result that makes the manufacture of the equipment more feasible or desirable, such a result could also present a conflict of interest. The interest in the company and the relationship between the research and equipment must be disclosed and evaluated.

**7. CONSULTING:**

*Scenario 1: I have been asked to be a consultant to another research organization that might be competing with UCT for grant funds.*

*Scenario 2: I plan to use the expertise I develop on this UCT research project to market myself as a consultant.*

Consulting raises many concerns. The possibility of external consulting by UCT staff is covered in part by the private work policies available at:

[http://hr.uct.ac.za/policies/HR\\_policies](http://hr.uct.ac.za/policies/HR_policies) (scroll to “Conditions of Service” and select the applicable policy for Academic, PASS, or joint staff).

In general, if you have an agreement (or can reasonably expect an agreement) to consult with another entity for significant remuneration as a result of the expertise you anticipate developing at UCT, you could be deemed to have a significant financial interest related to the proposed project. Human Resources (HR), the Office of Research Integrity (ORI), and/or Research Contracts and Intellectual Property Services (RCIPS) will evaluate the situation and determine whether there is a conflict of interest.

**8. REIMBURSED TRAVEL:** *In the past year I made three trips in my capacity as a scholar. The first came at the invitation of a government agency for the purpose of participating in a review panel to select research grant awardees; the second was supported by a pharmaceutical company; the third was to participate in an academic conference for which I received university support from UCT to defray travel costs. Is any of this travel reportable in terms of financial interests—it was reimbursed only, and no honoraria or other compensation was associated with any trip?*

Each trip merits specific attention. The first and second must be disclosed and reported. The third, being supported by UCT, is unlikely to present any actual or potential conflict of interest with duties or obligations with your position at UCT, but should be reviewed from this perspective.

**9. KNOWLEDGE OF FAMILY MEMBERS' INTERESTS:** *With respect to reportable family member interests, how do I know which family members count, what is expected of me in terms of knowledge, and what level of detail and scope are required?*

Some staff have asked why the University asks for information about the holdings and beneficial interests of siblings and parents (among immediate family members) and how and whether this means that staff must establish and disclose these interests.

Consider the following hypothetical. You are a UCT official responsible for binding contracts, and (a) a family trust or (b) a brother or sister owns or has a significant interest a construction company that does, and this company might seek to do business with UCT. In this circumstance, an actual or potential conflict of interest arises, and disclosure is needed.

By contrast, if a parent or a sibling has an interest in an entity of which you have no knowledge, and you are not involved in a UCT decision to place business with that entity, then:

- (a) there would have been no actual conflict of interest; however
- (b) you would potentially incur the burden to counter a perception that you had favored a family member if the facts were to emerge at some later stage.

What the disclosure policy requires is full and open disclosure; so that if you do not know the details of siblings or parental holdings/interests/fiduciary responsibilities under section 3, there is no requirement or expectation that you ask them.

However, if you, for example, know that a sibling is involved in an entity that does, or might, do business with UCT, you should note this in Section 4.

In addition to financial interests, there is another reportable dimension to family and interpersonal relationships (including all forms of staff/staff or staff/student relationships). Relationships that may impact how you perform your work or role should be disclosed. For example, if you are a member of a selection committee and a partner/ former partner/ sibling/ child/ god-daughter is a candidate a clear conflict, or perception of conflict arises. Similarly, if you have accountability for exams and have a daughter at UCT a real conflict arises and steps must be taken to mitigate the risk, or the perception of risk. So if a person with a family relationship to you is on the staff at UCT, or is a current student, it is (a) best to declare this situation; and (b) necessary to recuse yourself if a situation presents an actual or potential conflict of interest.