



The Research Corporation of the University of Hawaii



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Policies and Procedures

Section: 1.000 PROJECT ADMINISTRATION

1.001 Conflict of Interest Policy Statement

Date Composed: 06/23/2003 Date Modified: 08/24/2005

Section Overview body:

RCUH, which is attached to the University of Hawaii under the provisions of Chapters 307 and 26-35, Hawaii Revised Statutes, is a State agency and its employees are subject to the provisions of Chapter 84, the Hawaii State Ethics Law. In addition, as an administrative service provider to the University of Hawaii and as a direct contractor with various federal agencies, RCUH and its employees are subject to various Federal Acquisition Regulations (FARs) governing conflicts of interests (e.g., 9.500).

Chapter 84 is applicable to Legislators and Public Employees, (rather than organizations) so RCUH as a public employer has responsibility to insure that every employee is aware of the provisions of Chapter 84 and its requirements. This responsibility is carried out through its personnel policies and procedures ([section 3.210](#)) and through its procurement policies and procedures ([section 2.002](#)).

The FARs, in addition to situations governing personal conflicts of interests, also cover organizational situations. Under the FAR, an organizational conflict of interest may result when factors create an actual or potential conflict of interest on an instant contract, or when the nature of the work to be performed on the instant contract creates an actual or potential conflict of interest on a future acquisition. In the latter case, some restrictions on future activities of the contractor may be required. When RCUH is merely an administrative service provider and the direction and control of a project and its employees is retained by the recipient of the federal award, no conflict of interest issues requiring further scrutiny should arise in normal circumstances. Federal awards which are "service ordered" to RCUH under the terms of the "Internal Agreement between the University of Hawaii and the Research Corporation of the University of Hawaii" is an example of a situation where the University of Hawaii retains direction and control of the service ordered project as well as responsibility for compliance with all sponsor requirements.

However, other than normal situations occur where special scrutiny is needed when a service ordered project or a direct project is for:

- a. management support services,
- b. consultant or other services,
- c. contractor performance of or assistance in technical evaluations, or
- d. systems engineering and technical direction work performed by a contractor that does not have overall contractual responsibility for development or production.

When such a project is service ordered to RCUH, an evaluation shall be made to insure that there are no conflicts or potential conflicts. However, since RCUH as a provider of services to multiple organizations cannot predict what kinds of projects will be service ordered, the assumption will be that potential for conflict of interest exists. The organization service ordering the project to RCUH shall provide adequate information to rebutt the assumption or insure to the satisfaction of the Executive Director of RCUH that adequate "firewalls" are in place to avoid disqualifying RCUH or other organizations utilizing RCUH's

administrative services from qualifying for federal awards in the same subject area.

To avoid the situation where RCUH by its own actions creates potential for conflicts of interests, RCUH shall not directly enter into contracts (including subcontracts) to provide the services outlined above. This prohibition may be waived by the Executive Director with the approval of the Chairman of the Board of Directors of RCUH and of the Vice-President for Research of the University of Hawaii provided adequate firewalls are established.

The required firewall shall include at the minimum:

- a. segregation of employees from all other RCUH and UH employees,
- b. the execution of non-disclosure agreements by all employees on the project, and
- c. an annual briefing of project employees of their obligations and responsibilities regarding conflicts of interests.

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