



University of California  
San Francisco

# Senior Management Group

## Conflict of Interest and Outside Professional Activities

# Conflict of Interest

- Regulated by UC Conflict of Interest Code and the California Political Reform Act.
- Limits decision-making abilities for public officials when personal finance interests may be effected by those decisions.
- Creates financial disclosure requirements for public officials.

## Conflict of Interest Regulations/Policies

| All University Employees   | Applicable Regulations or Policies   |
|--|--|
| <ul style="list-style-type: none"><li>• Government (University) employees may not participate in decisions if they have a personal financial interest.</li><li>• Outside employment cannot interfere with the performance of University duties and no University time can be devoted to private purposes.</li><li>• Requires certain officials (SMG and non-SMG) to publicly disclose their private economic interest via an Annual Economic Disclosure statement (Form 700)</li></ul> | <ul style="list-style-type: none"><li>• <b>California Political Reform Act</b></li><li>• <b>Form 700 (Annual Economic Disclosure)</b></li><li>• <b>Personnel Policies for Staff Members 82: “Conflict of Interest”</b></li><li>• <b>Regents Policy 7707: “Outside Professional Activities”</b></li><li>• <b>UCSF Industry Relations Policy (#150-30)</b></li></ul> <p>Web addresses are located in the “Website Resource” section at the end of this presentation.</p> |

# Conflict of Interest Code

The University of California adopted a [Conflict of Interest Code](#) pursuant to the requirements of the **Political Reform Act of 1974**.

All employees are expected to act with integrity and good judgment with those individuals and entities doing business or seeking to do business with the University.

This includes, but is not limited to:

- Disqualification from participating in decision-making when there is a **conflict of interest**.
- Avoidance of the appearance of **favoritism** in all dealings on behalf of the University.
- Recognition that **acceptance of personal gifts**, even when lawful, may give rise to legitimate concerns.

# The California Political Reform Act

The **California Political Reform Act** prohibits public officials from participating in governmental decisions when personal financial interest may be affected by those decisions.

The Act requires that all government employees and officials disqualify themselves from participating in a governmental decision when a financial conflict of interest is present.

“No public official at any level of state or local government shall make, participate in making or in any way attempt to use his official position to influence a governmental decision in which he knows or has reason to know he has a financial interest.” (Gov. Code, § 87100.)

“...no state administrative official shall make, participate in making, or use his or her official position to influence any governmental decision directly related to any contract where the ...official knows or has reason to know that any party to the contract is a person [or entity] with whom the...official, or any member or his or her family, has engaged in any business transaction or transactions on terms not available to...the public.” (Gov. Code, § 87450(a).)

# The California Political Reform Act

## Making and Participating in Decisions

Under the **California Political Reform Act**, you must disqualify yourself if you have a personal financial conflict of interest in a University decision.

You **make a decision** when, acting within the authority of your office, you:

- **vote** on a matter,
- **appoint** a person,
- **obligate** or **commit** the University to any course of action,
- enter into any **contractual agreement** on behalf of the University, or
- determine not to act (unless such determination is made because of your financial interest).

You **participate** in the making of a decision when, acting within the authority of your University position, you:

- **negotiate** with a governmental entity or private person regarding the decision or
- **advise** or **make recommendation** to the decision-maker by conducting research which requires the exercise of judgment on your part and the purpose of which is to influence the decision.

# Application of the Political Reform Act

## Financial Interest

A public official (University employee) has a **financial interest** in a decision if it is *reasonably foreseeable* that the decision will have a *material financial effect* on:

- the official,
- a member of his or her immediate family,
- or any of the following:
  - business entity or real property in which the official has a direct or indirect investment worth \$2,000 or more,
  - source of income, other than gifts and loans, aggregating \$500 or more that is provided to, received by, or promised to the official within 12 months prior to the time when the decision is made,
  - business entity in which the public official is a director, officer, partner, trustee, employee, or holds any position of management,
  - donor of a gift or gifts from a single source aggregating more than \$460 in value that was provided to, received by, or promised to the public official within the 12 months prior to when the decision is made.

# Application of the California Political Reform Act - Interest in a Contract

If you have an interest in a contract, you must disqualify yourself from the decision making process.

You have an interest in a contract when you *know or have reason to know* that any part of the contract is an individual or entity with whom you, or any immediate member of your family, have engaged in any business transaction on *terms not available to members of the public* within 12 months prior to the time when the official action is to be taken, regarding:

- any investment or interest in real property, or
- the rendering of goods or services totaling \$1,000 or more.

# Gifts and Gratuities

Gifts from a single source that aggregate \$50 or more must be disclosed. Whenever a University official receives gifts from a single source totaling \$460 or more in any 12-month period, he or she may not **make, participate in making, or in any way attempt to use his/her official position to influence** a University decision in relation to the source of the gift(s) which will have a *material financial effect* on the official, a member of his or her immediate family, or the source of any gifts. Disqualification is for a 12-month period following the point in time the gifts reached the \$460 limit.

**Designated officials** are prohibited from accepting gifts totaling more than \$460 in a calendar year. Some gifts must be reported on their Statement of Economic Interests Form 700.

Employees who *are not designated officials* may receive gifts of more than \$460, but **must disqualify themselves from making, participating in the making of, or influencing University decisions that would have a material financial effect on the source**. They are not subject to any disclosure requirements to place this disqualification on file.



# Gifts and Gratuities

## What is a gift?

The Political Reform Act defines a “gift” as any payment or other benefit provided to you that confers a *personal* benefit for which you do not provide payment or services of equal or greater value. A gift includes a rebate or discount in the price of anything of value unless the rebate or discount is made in the regular course of business to members of the public.

### Exceptions:

- Informational materials such as books, reports, calendars, free admission to conferences or seminars are not gifts if they **convey information** that helps the official perform official duties. Payment for transportation does **not** fall within informational materials.
- Gifts returned (unused) to the donor or donated to the University or another charity within 30 days of receipt
- Personalized plaques and trophies valued at less than \$250
- Reimbursement for travel or per diem expenses provided to an official by a for profit or non-profit entity. (501(c)(3))
  - As long as there is consideration provided by the official, then it is not a gift. The expenses incurred must directly related to the speech or event.

# Gifts and Gratuities Exceptions (cont'd.)

## Exceptions (cont'd.):

- Travel expenses in conjunction with a speech, so long as...
  - Speech is for official agency business
  - Filer is representing his/her agency in course and scope of official duties
  - Payment is lawful expenditure by federal, state, or local government agency for purpose related to agency's official business.
- Tickets for **tax-exempt** charitable or political fundraising events are not gifts.
- Gifts of approximately equal value exchanged on special occasions (holidays, birthdays). This does not include lobbyists.

# Gifts and Gratuities

## Examples

### Business Meals:

- In general, business meals are treated as gifts. Meals provided by non-business friends and acquaintances are also gifts, except for exchanges on special occasions. Meals received in the course of an official fundraising activity are not gifts.
  - **Example:** An official has a business meeting with a non-University individual that continues into lunch. The other individual picks up the tab. The official has received a gift. The value is the cost of the official's lunch, plus the proportionate share of the tax and tip. Assuming the value is less than \$50 and no other gifts are received from the same source during the reporting period, no reporting is required. **However, if multiple lunches occur and the cumulative value equals or exceeds \$50 from the same source during the reporting period, then all the lunches would become reportable, even though no single lunch was anywhere near \$50 in value.**

# Gifts and Gratuities-Honorariums

## SMG-Salary and Appointment Policy

### Regents Policy 7701.III.L: SMG Salary/Appointment-Salary Restriction

An SMG member who is appointed at 100 percent time must not receive additional cash compensation from an entity managed exclusively by the University (e.g., the Lawrence Berkeley National Laboratory, a UC campus, or a UC medical center) for any work or services, regardless of source or type of payment. However, allowable circumstances in which an SMG member may receive additional compensation are as follows:

1. Payments for teaching University Extension courses (UNEX).
2. Administrative stipends payable under Section K of Policy 7701.
3. Incentive and recognition awards payable in accordance with approved incentive plans and recognition awards provisions described in the policy on Cash Incentive Recognition Awards [SMG Incentive Awards]. Health Science Compensation Plan participants are not eligible for additional incentive awards outside of APM 670.
4. Payments and income derived through Outside Professional activities, in accordance with the policy on “Outside Professional Activities.”

**Actions or payments as noted above must be approved by the Regents.**

# Licensing Agreements

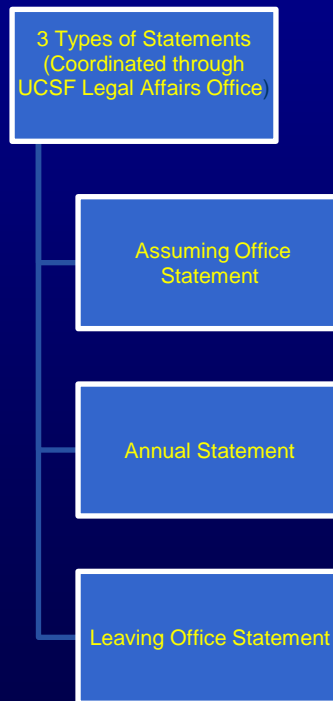
The Political Reform Act **will permit** participation in negotiating, advising or making recommendations with respect to any University decision, including those related to licensing, so long as there is *appropriate review by non-interested person or persons.*

- In order to comply with the Act, when a University employee has a personal financial interest in a decision concerning a candidate licensee of an invention, he or she must:
  - disqualify him or herself from "**making, participating in making or influencing a University decision**" concerning the invention,
    - This includes selection of licensees and other decisions made in the course of commercializing the invention.

If an employee improperly participates in a licensing decision, a Licensing Decision Review of the licensee selection and other licensing decisions must occur.

# Conflict of Interest Code for Employees

Designated Officials must file an official **Statement of Economic Interest** form as well as disqualify themselves from participating in decisions where they have a personal financial interest.



# Conflict of Interest Code for Employees

## Designated Employee Definition:

An official or employee of a state or local government agency whose position has been designated in the agency's conflict-of-interest code to file statements of economic interests or whose position has not yet been listed in the code, but makes or participates in making governmental decisions. Individuals who contract with government agencies (consultants) may also be designated in a conflict-of-interest code.

UCSF's Designated Officials are listed as an Appendix to the UC Conflict of Interest Code. It has been determined that these persons make or participate in the making of decisions which may foreseeably have a material effect on economic interests.

# Statements of Economic Interest

- ▶ **Assuming Office Statements** are to be filed within 30 days after assuming the position, or if subject to State Senate confirmation, after being nominated or appointed. The statement shall disclose any reportable investments, interest in real property and business positions held on one year prior to the date of assuming office.
- ▶ **Annual Statements** are to be filed by designated employees no later than April 1<sup>st</sup>. The statement shall disclose any reportable investments, interest in real property and business positions held or received during the previous calendar year.
- ▶ **Leaving Office Statements** are to be filed within 30 days after leaving office. The statement shall disclose reportable investments, interest in real property, income and business positions held or received during the period between the closing date of the last statement filed and the date of leaving office.



# Outside Professional Activities

## Regents Policy 7707

### DEFINITIONS

- **Compensation**
  - Income, assets, or capital, either realized or having the potential to become realized.
- **Outside Professional Activities**
  - Activities that are within the SMG member's area of professional expertise for which they are employed by the University, including service on state or national commissions, government agencies and boards, committees or advisory groups to other universities, organizations established to further the interests of higher education, not-for-profit organizations, and service in an advisory capacity or on corporate boards of directors.
- **Outside Non-Professional Activities**
  - Activities unrelated to the SMG member's area of professional expertise for which they are employed by the University, such as involvement in religious or cultural organizations and activities that are not part of the individual's job expectations.
- **Day**
  - Defined on case-by-case basis, using common sense and customary practice.

# Outside Professional Activities

SMG members are individually responsible for ensuring that the **outside professional activities** they perform, and compensation received for such activities, do not violate conflict of commitment and/or conflict of interest standards of the University and that any activities or affiliations do not diminish the reputation of the institution or system.

Professional activities outside the University are beneficial and encouraged. However, the **primary commitment** of UC employees is the **fulfillment of regular University responsibilities**.

No one in the service of the University shall devote to **private purposes** any portion of time due to the University nor shall any outside employment interfere with the performance of University duties.

- In the case of outside professional activities for which compensation is received, a University employee must use **accrued vacation leave or leave without pay** when participating in outside professional services.

SMG members **may participate in up to two concurrent compensated activities** including, but not limited to, any board memberships, consulting or advisory activity. SMG members appointed at 100% time **must not receive additional outside professional compensation above his/her annual base salary**.

For SMG members who also hold a dual academic appointment, SMG policies take precedence over APM 025.

# Outside Professional Activities

- **Approval Authority Levels (effective 7/21/16):** The person or office to whom an individual reports plus the next higher level manager are responsible for approving participation in outside professional activities **in advance and in writing** at the beginning of each year as well as when new activities arise anytime throughout the year. Approving authorities assess conflict of interest or commitment or reputational risk to the campus or system.
  - **SMG Members who Report to Another SMG Member:**  
**Approving authority =** Immediate supervisor **and** Chancellor
  - **SMG Members who Report to the Chancellor:**  
**Approving authority =** Chancellor **and** President. Pre-approvals subject to Presidential approval will be reviewed by an independent advisory committee for assessment, with approval or denial to occur no later than 30 days from the date the committee receives a request packet
- **SMG members** are expected to report both compensated (with associated vacation or leave without pay usage) and uncompensated activity, on a monthly basis, through the UCSF automated time reporting system (HBS). **SMG members** are expected to report all compensated and uncompensated activity twice throughout the year: mid-year and at the end of the year in a report presented to the Regents.
- **SMG members** are expected to **report, discuss, and resolve** any conflicts with their **approving authority** immediately.
- Coordination of outside professional activity reporting is handled through the Human Resources Executive Compensation Unit which provides tools, resources, and reminders to ensure outside activities reporting is completed.

# Contacts

## UCSF

- Chief Campus Counsel Greta Schnetzler
  - [Greta.Schnetzler@ucsf.edu](mailto:Greta.Schnetzler@ucsf.edu)
  - (415) 476-8005
- Susan Smith (for Conflict of Interest)
  - Office of Legal Affairs
  - [Susan.Smith@ucsf.edu](mailto:Susan.Smith@ucsf.edu)
  - (415) 476-2815
- Executive Compensation Specialist Joanne Fraysse-Gordon (for Outside Professional Activities)
  - [Joanne.Fraysse@ucsf.edu](mailto:Joanne.Fraysse@ucsf.edu)
  - (415) 476-4285

## UC Office of the President

- Governance and Compliance Senior Counsel Mark Morodomi
  - [Mark.Morodomi@ucop.edu](mailto:Mark.Morodomi@ucop.edu)
  - (510) 987-9748
- Conflict of Interest & Public Records Act Coordinator Dan Scannell
  - [Dan.Scannell@ucop.edu](mailto:Dan.Scannell@ucop.edu)
  - (510) 287-3844

# Website References

- California Political Reform Act: <http://policy.ucop.edu/doc/3420344/BFB-BUS-78>
- California Fair Political Practices Commission (FPPC): <http://www.fppc.ca.gov/index.php?id=500>
- UC Policies
  - SMG Policies (all): <http://policy.ucop.edu/manuals/smg-hr-policies.html>
  - SMG Outside Professional Activities Policy (Regents Policy 7707): [http://policy.ucop.edu/\\_files/smg-docs/smg-opa-policy.pdf](http://policy.ucop.edu/_files/smg-docs/smg-opa-policy.pdf)
  - Regents Standing Order (103.1): <http://regents.universityofcalifornia.edu/governance/standing-orders/so1031.html>
  - Outside Activities & Faculty Members (APM 025): <http://www.ucop.edu/acadadv/acadpers/apm/apm-025-07-01.pdf>
  - PPSM 82-Conflict of Interest: <http://policy.ucop.edu/doc/4010421/PPSM-82>
  - UCSF Conflict of Interest (150-10): <http://policies.ucsf.edu/policy/150-10>
  - Business & Finance Bulletin-Conflict of Interest (G-39):  
<http://policy.ucop.edu/doc/1220367/BFB-G-39>
  - Conflict of Interest Code: <http://www.ucop.edu/general-counsel/legal-resources/conflict-of-interest-code.html>
  - Gifts and Gratuities: <http://www.fppc.ca.gov/factsheets/StateGiftFactSheet2015.pdf>

(“Website References” continued on Slide 22)

## Website References (cont'd.)

- UC Policies (cont'd.)
  - Licensing: [http://www.ucop.edu/research-policy-analysis-coordination/files/licensing\\_guidelines\\_2012.pdf](http://www.ucop.edu/research-policy-analysis-coordination/files/licensing_guidelines_2012.pdf)
  - Office of Technology Management-Patents and Copyrights: <http://www.otm.ucsf.edu/Pol/otmUCpol.asp>
  - UCSF Code of Conduct: <http://chancellor.ucsf.edu/sites/chancellor.ucsf.edu/files/Code%20of%20Conduct.pdf>
  - UCSF Industry Relations Policy (150-30): <http://policies.ucsf.edu/policy/150-30>
  - UCSF Whistleblower Policy and Procedures: <http://policies.ucsf.edu/policy/150-23>
  - UC Whistleblower Policy: <http://policy.ucop.edu/doc/1100171/Whistleblower>