



UC San Diego

Policy & Procedure Manual

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PERSONNEL - GENERAL

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CONFLICT OF INTEREST

I. REFERENCES AND RELATED POLICIES

- A. [UC Business and Finance Bulletin G-39, Conflict of Interest Policy and Compendium of Specialized University Policies, Guidelines, and Regulations Related to Conflict of Interest \(BUS-G39\), February 24, 2010.](#)

II. OVERVIEW

The University has comprehensive and interrelated policies and guidelines that address the conduct of employees, their interactions with private industry, and conflict of interest. The policies work together to set high standards for employees, ensure the integrity of research results, and guide interactions of employees in their partnerships with industry and other university-related activities. These complementary policies and guidelines have, for example, been generally summarized in [BUS G-39](#).

Furthermore, the University has issued a [Statement of Ethical Values and Standards of Ethical Conduct](#) applicable to all members of the University community, including The Regents, Officers of The Regents, faculty and other academic personnel, staff, students, volunteers, contractors, agents and others associated with the University.

If, after reviewing these and/or other policies, procedures, guidelines, and regulations there is a question as to the proper course of action with regard to any conflict of interest issue, contact the [UC San Diego Conflict of Interest Coordinator](#) for clarification of the issue. To the extent that any of the policy summaries herein are ambiguous or inconsistent with the actual policies and/or laws cited, the actual laws and/or policies govern.

III. POLICY

It is the policy of the University of California that its officers and employees shall not engage in any prohibited activities that place them in a conflict of interest between their official duties and any other interest or obligation.

IV. FINANCIAL CONFLICTS OF INTEREST

The California Political Reform Act of 1974 (Act) requires certain state and local government officials to publicly disclose their private economic interests on an official Statement of Economic Interests form and that all government (University) employees disqualify themselves from making, participating in or influencing decisions in which they have a personal financial interest.

The University of California has adopted a [Conflict of Interest Code](#), pursuant to the requirements of the Act. Any violation of the University's Conflict of Interest Code is deemed a violation of the Act. The Act places the responsibility upon the individual to be familiar with the requirements of the Act and with the University of California Conflict of Interest Code adopted in compliance with the Act.

A. Designated Employees

The University of California Conflict of Interest Code requires employees holding identified designated positions to disclose certain personal financial information. These employees are known as [Designated Employees](#). The University assigns disclosure categories to these positions, and indicates the types of economic interests (investments, interests in real property, and sources of income and gifts) that must be reported.

Designated Employees are employees who, based on their position at the University, have the authority to make decisions or participate in the making of decisions, which may foreseeably have a material effect on their personal financial interests. Employees in these University positions (Designated Officials) are prohibited from making, participating in or influencing University decisions when their personal financial interests may be affected by those decisions. Designated Officials must disqualify themselves from participating in a University decision when a financial conflict of interest is present. (See “All Employees” section, below.)

1. Designated Officials must publicly disclose private economic interests on an official [Statement of Economic Interests, Form 700](#). Failure to meet the following state law requirements can result in late fees and other penalties:
 - a. A Designated Official must file a Form 700 within 30 days of assuming office or within 30 days of leaving office.
 - b. When a Designated Official leaves one designated position and assumes another designated position at the University, a leaving office statement is not required. An assuming office statement will not be required if the new position has the same disclosure categories as the previous position.
 - c. In addition, the Form 700 must be completed on an annual basis and filed with the General Counsel at the Office of President by April 1st of the following year. The annual statement would disclose financial interests for the previous calendar year. An annual statement is not required if the person assumed the office between October 1st and December 31st, and they filed an assuming office statement.
 - d. All personnel who assume duties for a designated position in an interim or acting capacity must file assuming office statements within 30 days of beginning service in the interim or acting position. There are no exceptions to this requirement. They must also file a leaving office statement within 30 days of leaving the interim position unless permanently appointed to the position (it is not necessary to file a second assuming office statement if permanently appointed to the position).

B. Senior Management Group

All employees whose position is designated to be in the Senior Management Group, inclusive of Officers of the University per [Regents Standing Order 100.1](#) are required to disclose outside professional activities in accordance with the [Policy on Senior Management Group Outside Professional Activities](#), July 21, 2016. The disclosure is made on an annual basis.

C. All Employees

The University of California Conflict of Interest Code prohibits all University employees from making, participating in or influencing University decisions when personal financial interests may be affected by those decisions. A University employee has a financial interest in a decision if it is reasonably foreseeable that the decision will have a material financial effect, distinguishable from its effect on the public generally, on the employee or a member of his or her immediate family (immediate family means the spouse, registered domestic partner and dependent children) or on any of the employee's financial interests.

You may have a conflict of interest if your UC project or work assignment may have an effect on any of the following seven financial interests:

- Personal Finances of You or Your Spouse, Or Immediate Family
- Sources of Income to You or Your Spouse (receipt of \$500 or more in the prior 12 months.)
- Businesses in Which You or Your Immediate Family hold an Investment (\$2,000 or more investment)
- Businesses in Which You Serve As Director, Partner, Trustee & Employee Or Other Management Position
- Real Property That You Own (\$2,000 or more investment)
- Sources Who Have Given You or your Immediate Family Gifts
- Someone with Whom You are Interviewing with for Prospective Employment

D. Acceptance of Gifts and Gratuities

University of California employees shall comply with any applicable provisions of State and/or Federal law relating to the acceptance of gifts and/or gratuities. All University employees are expected to act with integrity and good judgment and to recognize that the acceptance of personal gifts from those doing business or seeking to do business with the University, even when lawful, may give rise to legitimate concerns about favoritism depending on the circumstances. If a University employee has any question regarding the propriety of a gift, disclosure of the gift or proposed gift, they should ask a supervisor or the [UC San Diego Conflict of Interest Coordinator](#) for a determination of the proper course of action.

Designated Officials are prohibited from accepting gifts of more than a certain amount from a single source in a calendar year, if the gift must be reported on their Statement of Economic Interests Form 700, in accordance with their disclosure categories. The current threshold is \$460 and is adjusted annually. Note that there are several exceptions on what is defined as a gift. There is an outright prohibition on honoraria if the designated official must report it on their Statement of Economic Interest Form 700.

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

V. CONFLICTS OF TIME OR COMMITMENT

A. Conflict of Commitment and Outside Activities of Faculty Members

In joining the University faculty, scholars accept as their own the University's responsibilities to advance and communicate knowledge. For purposes of advancement and promotion, the performance of faculty members in fulfilling their University obligations is evaluated by grouping their activities into four interrelated categories: teaching, research and creative work activity, professional competence and activity, and University or University-related public service. Whether professional or non-professional, compensated or uncompensated, an outside activity that interferes with successful performance of the faculty member's University obligations represents a conflict of commitment. Teaching and research or creative work activities are clearly the primary activities of the faculty and receive the largest commitment of effort and energy.

Compensated outside professional activity may raise the appearance or the reality of a conflict of commitment to the faculty member's University obligations. Faculty members are required to adhere to the guidelines established in the [University Policy on Conflict of Commitment and Outside Activities of Faculty Members](#) to manage such activity.

B. Outside Professional Activities for Senior Management Group

Participation in outside professional activities must be in accordance with the [Policy on Senior Management Group outside Professional Activities](#), July 21, 2016.

All Senior Management Group employees who participate in outside professional activities, including Officers of the university, are subject to this policy. Outside professional activities include, but are not limited to, 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 organization, and service on corporate boards of directors.

The immediate supervisor of a senior management employee is responsible for approving participation in outside professional activities in advance and in writing. The supervisor must keep this authorization on file.

Receipt of honoraria and travel reimbursement for expenses incurred in performing outside professional activities shall be in accordance with existing University policies and procedures, including, but not limited to:

1. [Business and Finance Bulletin BUS-34](#) - Outside Contractors
2. [Business and Finance Bulletin G-28](#) - Travel
3. [Accounting manual D-371.35](#) - Honoraria

Accrued vacation shall be used when a senior management employee participates in compensated outside professional activities during regular business hours during the regular workweek.

Senior management members of staff must report to the Office of the President information relating to compensated and uncompensated participation on corporate boards.

VI. CONFLICT OF INTEREST IN THE PURCHASING OF GOODS AND SERVICES

A. Purchasing of Goods and Services for the University

Under [Business and Finance Bulletin BUS-43](#) (BUS-43) it is the policy of the University to separate an employee's University and private interests, and to safeguard the University and its employees against charges of favoritism in acquisition of goods and services. University employees must disqualify themselves from participating in a University decision involving the purchasing of goods and services for the University if there exists a financial conflict of interest. No purchase, lease of goods, or contract for services shall be made from any employee or near relative (husband, wife, mother, father, daughter, son, sister, brother, in-laws and step-relatives in the same relationships) who has an employee-vendor relationship unless there has been a specific determination by the Materiel Manager or designee that the goods or services are not available either from commercial sources or from the University's own facilities.

If an employee determines that a financial conflict of interest exists in making or participating in a University decision, he/she must submit a report to his or her department when making a proposal or learning that one has been made. The employee's department must determine if goods or services shall be purchased from any employee or near relative after there has been a specific determination that such goods or services are not available from either commercial sources or the University's own Facilities. If due to unusual or extenuating circumstances, the department desires an exception to the [UC San Diego Employee-Vendor Policy](#) PPM 523-9, the department must submit a request for exception to the Purchasing Division.

If an employee should have disqualified themselves, but participates in a decision, the University will take appropriate personnel action, which may include counseling, legal action and dismissal, depending on the facts of the case. Along with internal University administrative disciplinary actions, the State may levy penalties against individuals who do not comply with this provision.

B. Hiring Independent Consultants

Under [Business and Finance Bulletin BUS-43 \(BUS-43\)](#) and state law, a University employee may not be retained as an independent contractor for purchase or lease of goods or contract for services. There may be an exception for an employee who has teaching or research responsibilities, or a student employee, provided that the Materiel Manager (or designee) has made a specific determination that the goods or services are not available either from commercial sources or from within the University (for Faculty consultation, see [APM-664](#)). A near relative of an employee (as defined in Business and Finance Bulletin BUS-43) may only be retained as an independent contractor after a specific determination is made by Materiel Management that the services to be provided by the employee-vendor are not available from other commercial sources. In addition, the work to be performed cannot be the same, or similar to, the employee's assigned or implied University duties. If an employee-vendor relationship exists, the reporting requirements of [BUS-43](#) shall be followed.

Proposals from independent consultants shall include the name and University position of any officer, faculty member or other employee of the University who holds a position of director, officer, partner, trustee, manager or employee in the consultant organization. Selection of the independent consultant shall be made on the basis of demonstrated qualifications, resources, experience, and needs of the University, and on cost to the University. Any officer or employee participating in the decision to engage the consultant must adhere to the disqualification requirements for financial conflict of interest of the State of California Political Reform Act of 1974.

The [Policy on Employee-Vendor Relationships](#) and Business and Finance Bulletins [34](#) and [77](#) should be consulted to determine the extent to which the University has control over certain aspects of the work or the work product of the consultant.

VII. CONFLICT OF INTEREST IN THE USE OF UNIVERSITY PROPERTY AND FACILITIES

A. Personal Purchases and Use of University Facilities and Equipment

University credit purchasing power and facilities shall not be used to purchase goods and services for individuals or for non-University activities. For further information see [BUS 43](#) Part 3, Section J. University facilities may be used only for University-related purposes or in furtherance of such purposes. University employees may not use University materiel or property in the care and custody of the University for personal purposes, except with the approval of the Chancellor or Laboratory Director. See the Policy on [Management and Control of University Equipment BUS-29](#), Section M.

B. Sale of Excess Material/Equipment to University Employees

The University has specific limitations and requirements covering sales to employees and their near relatives of excess materials/equipment. Further information on this topic can be reviewed in the Policy on [Disposition of Excess Property and Transfer of University-Owned Property BUS 38](#).

VIII. CONFLICT OF INTEREST IN RESEARCH

Persons with principal responsibility for a research project (under State of California regulations), individuals who are the project director or principal investigator and any other person, regardless of title or position, who is responsible for the design, conduct, or reporting of research funded (under Public Health Services federal regulations) and the principal investigator, co-principal investigators, and any other person at the institution who is responsible for the design, conduct, or reporting of research or educational activities (for National Science Foundation projects) must disclose certain financial interests. The University of California [Policy on Disclosure of Financial Interest in Private Sponsors of Research](#), the [Disclosure of Financial Interests & Management of Conflicts of Interest, Public Health Service Research Awards](#), and [Disclosure of Financial Interests and Management of Conflicts of Interest, National Science Foundation Awards](#), establish standards and procedures to

ensure that the design, conduct and reporting of sponsored research and educational activities will not be compromised by any conflicting financial interest on the part of the Principal Investigator or other applicable individuals by implementing a system for the disclosure, evaluation, and management, reduction, and/or elimination of potential conflicts of interest.

IX. CONFLICT OF INTEREST IN INVENTIONS, PATENTS AND LICENSING

A. California Political Reform Act Disqualification Requirements Related to Licensing Decisions

The California Political Reform Act (Act) prohibits University employees from participating in University decisions when personal financial interests may be affected by those decisions. The University has developed [Licensing Guidelines](#) to address some of the most common concerns regarding potential conflicts of interest in University licensing activity and shall be followed to implement the requirements of the Act. They are developed to clarify the roles of both inventors and University staff that license University inventions (Licensing Professionals) and to assist them in complying with the Act.

University inventors sometimes decide or Licensing Professionals sometimes ask University inventors to work closely with University licensing staff and candidate licensees and even to involve themselves in companies that are candidate licensees to help effectively commercialize University inventions. This is appropriate and represents a useful contribution, because the transfer of University technology to industry is in the public interest and is consistent with the University's mission. Any involvement of inventors, however, must be in Accordance with the Act, with University Licensing Guidelines, and based upon the education, research, and public service missions of the University.

Because both Licensing Professionals and inventors may have the opportunity to influence University licensing decisions in ways that could lead to personal gain or give advantage to companies in which they have a financial interest, Licensing Professionals and the inventors must be aware of and in compliance with the Act. Generally, Licensing Professionals and inventors are prohibited from making, participating in or influencing a University decision, including selection of licensees and other decisions made in the course of commercializing University research results, if they have a personal financial interest in the decision, unless certain specific actions are taken.

In order to comply with the Act, when a potential licensee is identified, the Technology Transfer Office will ask the Lead Inventor and any other inventors who wish to be involved in the license negotiations to fill out a financial disclosure form (the form will be provided to the potential licensee(s) by the Technology Transfer Office). If an inventor, his/her spouse or registered domestic partner or dependent child has a disqualifying personal financial interest in a decision concerning a candidate licensee of an invention, the inventor must refrain from participating in or influencing the decision. Under the Act, an exception may be granted so long as there is appropriate review by non-interested persons or persons/independent body (Licensing Decision Review).

X. CODES OF CONDUCT

There are circumstances when consensual romantic or sexual relationships are of concern to UC San Diego. This may be true both in consensual relationships between peers and consensual relationships where there is a power differential between the two parties.

Further information on this topic can be reviewed in the Policies, [Policy and Procedure Manual \(PPM\) 200-11, Conflicts of Interest Arising Out of Consensual Relationships](#), [UC Academic Personnel Manual \(APM\) 015, Faculty Code of Conduct](#) and the [University Policy on Sexual Violence and Sexual Harassment](#).

XI. PERSONNEL RELATED ACTIVITIES

[BUS G-39](#) contains specific guidance on personnel related conflict of interest issues. These issues include:

1. [Personnel Policies for Staff Members, Policy 82 - Conflicts of Interest](#)
2. [Policy on Employment of Near Relatives, Academic Personnel Manual, Section 520](#) and
3. [Personnel Policies for Staff Members, Policy 21 – Appointment, Section G. Near Relatives](#)
4. [Additional Compensation for Services as a Faculty Consultant, Academic Personnel Manual, Section 664](#)
5. [Policy on Conflict of Commitment and Outside Activities of Faculty Members, Academic Personnel Manual Section 025](#)