



# UC San Diego

## Policy & Procedure Manual

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### PURCHASING

#### Section: 523-9

Effective: 02/24/1981

Supersedes: 08/10/1972

Review Date: TBD

Issuance Date: 02/24/1981

Issuing Office: [Procurement & Contracts](#)

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## EMPLOYEE - VENDOR RELATIONSHIPS

### I. REFERENCES AND RELATED POLICIES

#### A. Business and Financial Bulletin (BFB)

[BUS 43](#) Materiel Management

#### B. UCSD Policy and Procedure Manual (PPM)

[200-13](#) Conflicts of Interest

[523-10.1](#) Independent Consultants

[523-10.2](#) Retainment of Individuals as Independent Contractors

### II. POLICY

It is University policy to separate an employee's University and private interests and to safeguard the University and its employees against charges of favoritism in the purchase of goods and services.

This PPM section sets forth special limitations and requirements covering acquisition of goods or services, including independent consultation services and independent contractor services, when the transaction involves an employee-vendor relationship; not an employee-employer relationship. The latter is governed by appropriate personnel rules.

### III. DEFINITIONS

#### A. Employee

Any individual who is presently employed by the University or whose separation from the University occurred within two years of the date of the proposed transaction.

#### B. Near Relative

Spouse, child, parent, brother, sister, son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, sister-in-law, and step-relatives in the same relationship.

#### C. Employee-Vendor Relationship

A relationship in which an employee, or near relative, acts as an independent contractor for the purpose of renting or selling goods or providing services to the University.

**D. Employee-Employer Relationship**

A relationship in which the University has the right (whether or not it exercises the right) to supervise and control the manner of performance of services, as well as the result of the service.

**IV. PROCEDURE**

**A. Employee**

A University employee shall submit an *Employee Report, Exhibit A*, when making an oral or written quotation or proposal, or upon learning that one has been made, and any of the following circumstances exists:

1. The employee, acting alone, proposes for a consideration to rent or sell goods or to provide services to the University.
2. The employee owns or controls more than 10% interest in any business which proposes for a consideration to rent or sell goods or to provide services to the University.
3. A near relative of the employee, acting alone, or under the direct or indirect suggestion of the employee, proposes for a consideration to rent or sell goods or to provide services to the University.
4. A near relative of the employee owns or controls more than 10% interest in any business which proposed for a consideration to rent or sell goods or to provides services to the University.

The *Employee Report* shall be in the format set forth in *Exhibit A* and shall be submitted to the Department requesting such goods or services (Requestor Department) via employee's department chair or designee.

**B. Requestor Department**

1. Submit *Purchase Requisition* to the Purchasing Division or Material Management, together with the approved *Employee Report*.
2. Staff Personnel Management Office or Hospital Personnel Department may be consulted if in doubt concerning possible employee-employer relationship.

**C. Purchasing Division**

1. Review *Purchase Requisition* and accompanying *Employee Report* for completeness.
2. Verify that goods and/or services are available from commercial sources or campus facilities.
3. Resolve minor differences with the Requestor Department.
4. Forward package to Material Manager for approval / disapproval. Transmit with buyer's recommendations and determination of price reasonableness.
5. Issue *Purchase Order* in the usual manner after Material Manager has approved the *Employee Report*

**D. Staff Personnel Management Office/Hospital Personnel Department**

1. Upon request of the Purchasing Division or Requestor Department, render determination whether the proposed procurement would involve an employee-employer relationship with the University or would, in fact, be an independent contractor relationship.

**E. Material Manager**

1. Approve / disapprove proposed purchase as good judgment and business acumen dictates.
2. Fully explain reasons for any disapproval actions to the Requestor Department.

**V. RESPONSIBILITIES**

- A.** Employee is responsible for submission of the required *Employee Report* and obtaining the approval of the Department Chair.
- B.** The Requestor Department is responsible for endorsing the *Employee Report* and submitting it to the Purchasing Division as an attachment to the *Purchase Requisition*.
- C.** Purchasing Division is responsible for reviewing document(s) submitted by Requestor Department for completeness. Process *Purchase Requisition* according to established purchasing procedures.
- D.** Staff Personnel Management Office or Hospital Personnel Department renders employee-employer determinations upon request.
- E.** Material Manager is responsible for making a final determination of the propriety of the proposed transaction.



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### EXHIBIT A

#### PURCHASE OF GOODS OR SERVICES FROM A UCSD EMPLOYEE OR NEAR RELATIVE

#### *Disclosure Form - Employee Vendor Relationship*

**Instructions:** For purchases of goods or services involving an employee-vendor relationship, Complete Part 1 and Part 2 of this form and submit to Purchasing for a final determination. If this is an intercampus transaction, submit the form to the location where the purchase will originate. NOTE: Goods or services may not be provided before the Purchasing Manager or designee approves this form.

**PART 1** – To be completed by Unit or Department submitting the purchase requisition when there is a relationship between a UC employee and a vendor proposing to sell goods or services to the University.

<b>REQUESTING DEPARTMENT</b>			
Date:	PO or Requisition #	PO Amount \$	
Name of Department requesting goods/services from UC employee or near relative:			
Name of Department Contact Person:	Phone:	Fax:	e-mail:
<b>PROPOSED VENDOR</b>			
Name of Proposed Vendor:			
Describe the goods/services requested:			
Describe how (and by whom) the Proposed Vendor was selected (include any extenuating circumstances):			
Are the goods or services available from other sources?  _____ Yes    _____ No	Are these goods or services available from University's own facilities?  _____ Yes    _____ No		
<b>EMPLOYEE'S DEPARTMENT CHAIR CERTIFICATION:</b>			
If the proposed vendor is a UC employee, his or her Department Chair or Supervisor's signature is required below:			
This proposed work will not interfere with the proposed vendor/employee's scheduled responsibilities			
Chair/Supervisor's Signature:	Name:	Date:	

**University of California San Diego Policy – PPM 523 – 9 Exhibit A  
PPM 523 – 9 Exhibit A Purchase of Goods or Services**

**PART 2** – To be completed by the UC employee who has a relationship with the Proposed Vendor when the Proposed Vendor submits a quotation or proposal to rent or sell goods or services to the University, or when the employee learns that one has been submitted by a near relative.

<b>EMPLOYEE CERTIFICATION:</b>		
Employee's Campus and Unit:	Employee's Title:	Employee's Duties:
	I propose to rent or sell goods or to provide above services to University.	
	I own or control more than 10% interest in the Proposed Vendor Nature of my interest in Proposed Vendor:	
	The Proposed Vendor is my near relative Name of relative: _____ Relationship: _____	
	My near relative owns or controls more than 10% interest in Proposed Vendor Name of relative: _____ Relationship: _____ Nature of relative's interest in Proposed Vendor:	
<p><b>If employee is the vendor:</b> I certify that no University time, material, equipment or facilities have been or will be used in connection with any resulting purchase order or contract.</p> <p><b>If employee is related to the vendor:</b> I certify that I have not or will not make, influence, participate, or be involved in any way, in the making of the University's decision to purchase the above goods or services from the Proposed Vendor.</p>		
Employee Signature: _____	Name: _____	Date: _____

**PART 3** – Vendor may not provide goods and/or perform work unless approved below by Purchasing Manager.

<b>PURCHASING DETERMINATION</b>	
Determination by Purchasing Manager or Designee Signature: _____	Approved for the following reasons:
Name: _____ Title: _____ Date: _____	Disapproved for the following reasons: