UNIVERSITY
AUXILIARY AND RESEARCH SERVICES
CORPORATION
at California State University San Marcos

CONFLICT OF INTEREST POLICY
BOARD OF DIRECTORS AND EMPLOYEES

Policy and Procedures

The University Auxiliary and Research Services Corporation's (UARSC's) work on campus and in the community depends upon the continued trust and confidence in the integrity of UARSC. That integrity is grounded in fair and responsible decision making by its directors, officers and employees. All directors, officers, and employees are expected to conduct their personal and business matters so as to avoid actual, potential or apparent conflict between self interests and the interests of the UARSC and/or Cal State San Marcos.

Policy

It is the policy of University Auxiliary and Research Services Corporation that all members of the UARSC Board of Directors, officers, and employees of UARSC shall strictly adhere to the provisions of the California Education Code, Sections 89906, 89907, 89908 and 89909 and to the provisions of the California Corporations Code, Section 5233 (see copy of Codes in Exhibit A).

I. Board of Directors

No Board Director shall be financially interested in any contract or other transaction entered into by the Board that is not in accordance with the conflict of interest provisions set forth in California Education Code Sections 89906-89909. The following contractual relationships are specifically not allowed:

a. Any contract, other than an employment contract, directly between the corporation and a Board Director.
b. Any contract between the corporation and a partnership or unincorporated association in which a Board Director is a partner, or an owner, or a holder, directly or indirectly, of a proprietorship interest.
c. Any contract between the corporation and a for-profit corporation in which a Board Director is the owner or holder, directly or indirectly, of five percent (5%) or more of the outstanding stock.

Any Board Director who has a conflict and cannot divest himself/herself of such interest within a reasonable period of time shall be asked to resign his/her Board position.

A Board Director must disclose any financial interest, which could be impacted by the action of the Board. Under these circumstances the Board Director must recuse himself or herself from the action to approve such a transaction on the part of the Board. Failure to disclose may result in avoidance (voiding) of the contract.

It is UARSC policy that a Board Director employed at a company or organization otherwise eligible to bid on UARSC services, such as accounting, finance, legal, etc., would not be eligible to bid while he/she serves as a Board Director.

Procedures for Board of Directors

A. At the beginning of each fiscal year, all members of the UARSC Board of Directors shall be required to sign a Conflict of Interest Statement (see copy of Statement in Exhibit A).
B. The Executive Director shall administer the Conflict of Interest Policy for UARSC Board of Directors. The administrator's responsibilities include:

    a. Ensuring that the conflict of interest statements are distributed to the Board of Directors at the first meeting of a new fiscal year;
    b. Ensuring that all statements are collected in a timely manner, retained in files, and treated as confidential information;
    c. Referring any reported conflict or potential conflict to the Finance and Operations Committee.

II. Employees

This policy shall apply to all Director level positions within the UARSC Office, including the Executive Director, and to any other UARSC positions (Central Office or project) which in the opinion of the Executive Director (with input from Directors of Sponsored Projects, Human Resources, and/or Finance and Business Services) have significant exposure and/or decision making authority to warrant regular monitoring of Conflict of Interest activities.

Designated employees of UARSC are required to disclose the following:

a. Interests in real property, which within the last two years have been the subject of a lease or license with UARSC for valuable consideration, or have been otherwise made the subject of a contract with UARSC for valuable consideration, or which in the future foreseeably may be so leased, licensed or otherwise made the subject of a contract with UARSC.
b. Interests in real property, investments and business positions in business entities, and income from sources located in whole or in part within two (2) miles of Cal State San Marcos or within two (2) miles of any property owned or leased by UARSC.
c. Investments and business positions in any business entity, or income from any sources, which within the last two years has contracted or in the future may

foreseeably contract with UARSC to provide supplies, materials (including books and periodicals), machinery, equipment, services or work of the type utilized by UARSC.

d. Investments and business positions in any business entity or income from any sources, which within the last two years has contracted or in the future foreseeably may contract with UARSC to perform construction work or to perform services in connection with such construction work or which, within the last two years, has contracted or in the future foreseeably may contract as a subcontractor or supplier for such construction work or which, within the last two years, has contracted or in the future foreseeably may contract with a service contractor to perform services in connection with such construction work pursuant to a separate contract with the service contractor.
e. Changes occurring prior to their next complete declaration if such changes either give rise to an actual or potential conflict of interest or eliminate a conflict previously disclosed.

Procedures for Employees

A. At the beginning of each fiscal year, employees of UARSC holding the following designated positions are required to file annual statements of economic interest (Exhibit B, and if necessary, Exhibit C):

   Manager of Auxiliary Operations
   Auxiliary CFO
   Director, Sponsored Projects
   Executive Director
   Director, Human Resources

B. The Human Resources Director shall administer the Conflict of Interest Policy for UARSC employees. The administrator's responsibilities include:

   1. Ensuring that the conflict of interest statements are distributed to designated employees during the first full work week of July of each year;
   2. Ensuring that all statements are collected in a timely manner, retained in files, and treated as confidential information;
   3. Ensuring all new managers hired into designated positions complete the conflict of interest at the time of hire;
   4. Referring or reporting any existing, potential, or resolved conflict to the Finance and Operations Committee.

IV. Review and Administration of Reported Conflict

Any unresolved conflicts will be reviewed by the Finance and Operations Committee and the Committee will determine if the conflict or potential conflict can be resolved. In the absence of resolution, the Finance and Operations Committee will refer the matter to the

Board of Directors. The Board of Directors will review and take final action on the matter.

V. Breach of Policy and Remedies

In the event there is a breach of this policy or allegation of a breach, the matter shall be reviewed and considered by the Finance and Operations Committee. In its review of the matter, the Finance and Operations Committee shall decide what remedy, if any, is appropriate and which shall be imposed by UARSC. Any party to the matter may appeal the decision of the Finance and Operations Committee to the Board of Directors for review, consideration, and final decision, in a process to be determined by the Board. The decision by the Board shall be final.

Revision Dates: 03/01/13 - department name changes, title changes and removal of positions no longer in existence due to restructuring of Commercial Services operations only, no substantive changes made to content or procedures of policy; 2009 – corporate name change and title changes only

Issue Date: 3/24/05

UNIVERSITY
AUXILIARY AND RESEARCH SERVICES
CORPORATION
at California State University San Marcos

MEMORANDUM

EXHIBIT A

DATE:

TO: UARSC Board of Directors

FROM: Dora Knoblock
Executive Director
University Auxiliary and Research Services Corporation

SUBJECT: Conflict of Interest Acknowledgement

As you may know, the California Education Code addresses the monitoring of potential conflicts of interest between UARSC and its Board of Directors. As a result, UARSC has adopted the practice of annually updating its files with regard to this matter.

In accordance with the conflict of interest provisions set forth in Education Code Sections 89906-89909, the only relationships that are specifically deemed **not** permissible are as follows:

(a) Any contract, other than an employment contract, directly between the UARSC and a UARSC Director.

(b) Any contracts between UARSC and a partnership or unincorporated association in which a UARSC Director is a partner, or owner, or holder, directly or indirectly, of a proprietorship interest.

(c) Any contract between UARSC and a for-profit corporation in which a UARSC Director is the owner or holder, directly or indirectly, of 5 percent or more of the outstanding common stock.

Therefore, I would appreciate it if you would review the above and if appropriate, sign and date the acknowledgement below. Statements may be turned in at the first Board meeting of the fiscal year or returned to my office.

I am not now financially interested in any contract or other transaction entered into by the Board of Directors of the University Auxiliary and Research Services Corporation.

_____ _____
Signature Date

_____
Print Name

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CALIFORNIA EDUCATION CODE 89906-89909

89906. FINANCIAL INTEREST PROHIBITION. No member of the governing board of an auxiliary organization shall be financially interested in any contract or other transaction entered into by the board of which he is a member, and any contract or transaction entered into in violation of this section is void.

89907. EXCEPTION. No contract or other transaction entered into by the governing board of an auxiliary organization is void under the provisions of Section 89906, nor shall any member of such board be disqualified or deemed guilty of misconduct in office under said provisions, if the circumstances specified in the following subdivisions exist:

(a) The fact of such financial interest is disclosed or known to the governing board and noted in the minutes, and the governing board thereafter authorizes, approves, or ratifies the contract or transaction in good faith by a vote sufficient for the purpose without counting the vote or votes of such financially interested member or members, and

(b) The contract or transaction is just and reasonable as to the auxiliary organization at the time it is authorized or approved.

89908. OTHER PROHIBITED FINANCIAL INTERESTS. The provisions of Section 89907 shall not be applicable if the circumstances specified in any of the following subdivisions exist:

(a) The contract or transaction is between an auxiliary organization and a member of the governing board of that auxiliary organization.

(b) The contract or transaction is between an auxiliary organization and a partnership or unincorporated association of which any member of the governing board of that auxiliary organization is a partner or in which he is the owner or holder, directly or indirectly, of a proprietorship interest.

(c) The contract or transaction is between an auxiliary organization and a corporation in which any member of the governing board of that auxiliary organization is the owner or holder, directly or indirectly, of five (5) percent or more of the outstanding common stock.

(d) A member of the governing board of an auxiliary organization is interested in a contract or transaction within the meaning of Section 89906, and without first disclosing such interest to the governing board at a public meeting of the board, influences or attempts to influence another member or members of the board to enter into the contract or transaction.

89909. UNLAWFUL TO UTILIZE NON-PUBLIC INFORMATION FOR PERSONAL PECUNIARY GAIN. It is unlawful for any person to utilize any information, not a matter of public record, which is received by him by reason of his membership on the governing board of an auxiliary organization, for personal pecuniary gain, regardless of whether he is or is not a member of the governing board at the time such gain is realized.

University Auxiliary and Research Services Corporation

Conflict of Interest Declaration – Form A

Employee Identification

Name_____ Date ___/___/___
Phone # ( ) _____ - _____

Title_____
Department_____

Before you begin:

I have completed a Conflict of Interest Statement within the preceding twelve (12) months and the information I reported at that time has not changed: ___yes ___no. If you answered "yes," you may skip Section A, and proceed to Section B. If you answered "no," you must complete Sections A, B and any other sections which may apply.

Section A – Conflict of Interest Assessment

1. Ownership: Ownership interest in any corporation, partnership, trust, joint venture, or any other business interest, including land use for income which either you or a relative own or have owned within the preceding twelve (12) months, or anticipate owning within the next twelve (12) months, which represents a legal or equitable interest exceeding $10,000 or five percent, whichever is less. Ownership of intellectual property, e.g. patents, royalties, and copyrights is also included. Ownership of funds and holdings acquired through UARSC's retirement program are not included.

   Are there any ownership interests you have or a relative has which meet these criteria, and could an independent observer conclude that they appear to influence or potentially conflict with any of your UARSC employment activities?

   No ___ Yes ___ (If yes, complete Sections A, B, and G on Form B)

2. Compensation: Receipt of salary, anything of value, or economic benefit conferred within the past twelve (12) months in return for services rendered or to be rendered in excess of $10,000, including consulting fees in excess of $10,000 from any one entity.

   Have you or a relative received or do you expect to receive compensation as defined above and could an independent observer conclude that said compensation influences or potentially conflicts with any of your UARSC employment activities?

   No ___ Yes ___ (If yes, complete Sections A, C, and G on Form B)

3. Office: A position or office of director, officer, associate, partner, proprietor, project director/manager or similar position with any outside entity in which greater than 5% ownership is held or for which more than $10,000 compensation is received.

Do you, or does a relative hold or anticipate holding an office as defined above, which an independent observer could conclude significantly affects or is affected by any of your UARSC employment activities?

No ___ Yes ___ (If yes, complete Sections A, D, and G on Form B)

4. Gratuities, Gifts and Special Favors: Anything of value, for which you have not provided equal or greater consideration to the giver. Gratuities, gifts, and special favors may include, but are not limited to: cash, products, services, travel, entertainment, loans, contract and subcontract awards.

   Have you or a relative received, or expect to receive any Gratuity, Gift or Special Favor as defined above, and with an aggregate value of $100 or more from any single source, from any individual, business, or organization with which UARSC does business?

   No ___ Yes ___ (If yes, complete Sections A, E, and G on Form B)

5. Other Potential Conflict(s): Sections 1 through 4 are not intended to be an all-inclusive list of potential conflicts. Employees are expected to declare any other potential conflicts not explicitly or implicitly described in the aforementioned sections.

   Have either you or a relative been involved in any activity not contained in any other section of this declaration during the past twelve (12) months, or anticipate being involved in within the next twelve (12) months, that an independent observer could conclude may influence or potentially conflict with any of your UARSC employment activities?

   No ___ Yes ___ (If yes, complete Sections A, F, and G on Form B)

Please Note:
If you have answered "Yes" to any of the above questions, indicating that to an independent observer a specific financial interest has the potential of affecting or influencing your UARSC employment activities, you are required to file a Disclosure Statement – Form B identifying the specific interests and the affected UARSC employment activities.

Section B – Declaration

I, _____, declare that this report has been examined by me and to the best of my knowledge and belief is a true, correct and complete statement. I understand that I must provide UARSC with a complete declaration no less than once each year. I further understand that it is my responsibility to immediately disclose any material changes occurring prior to my next complete declaration if such changes either give rise to an actual or potential conflict of interest, or eliminate a conflict previously disclosed. I have read the UARSC policy on Conflict of Interest and understand that failure to file or update this statement as required or intentionally filing a false or misleading statement may result in disciplinary action up to, and including discharge.

_____ _____/_____/_____
Signature Date

07/11

University Auxiliary and Research Services Corporation

Conflict of Interest Declaration – Form B

Employee Identification

Name_____ Date ___/___/___
Social Security # ___ ___ ___ - ___ ___ - ___ ___ ___ ___ Phone # ( ) _____ - _____
Title_____
Department_____

Conflict of Interest

In compliance with UARSC's Conflict of Interest Policy, all designated positions must disclose actual or potential instances of a conflict of interest. This disclosure of interest includes those of the UARSC employee and/or any relative of the employee. For the purpose of this policy, a relative is any person who is related by blood or marriage, or whose relationship with the employee is similar to that of persons who are related by blood or marriage.

B – Ownership Interests

List any corporation, partnership, proprietorship, trust, joint venture, and any other business interest, including land use for income in which either you or a relative have owned within the preceding twelve (12) months, or anticipate owning within the next (12) months, a legal or equitable interest exceeding $10,000 or five percent, whichever is less, which influences or potentially conflicts with any of your UARSC and/or CSUSM employment activities. If either you or a relative own more than five percent of a business, you must disclose the percentage held. Please insert additional pages if necessary to explain this section.

Business Name and Address	Type of Business	Description of Interest Held	Held by Whom	Percent of Ownership Interests
			___ You ___ Spouse ___ Relative	___ You ___ Spouse ___ Relative
			___ You ___ Spouse ___ Relative	___ You ___ Spouse ___ Relative

C – Receipt of Compensation

List all places of employment and other business from which you or any relative expect to receive $10,000 or more in compensation which an independent observer could conclude may influence or potentially conflict with any of your UARSC employment activities. Please insert additional pages if necessary to explain this section.

Name of Business	Address	Type of Business	Person Receiving Compensation
			___ You ___ Spouse ___ Relative
			___ You ___ Spouse ___ Relative

D – Officer or Director of an Organization or Business

List any organization or business in which you or a relative hold a position of officer, director, associate, partner, proprietor, project director/manager or similar position for which more than an aggregate of $10,000 compensation is received per year or more than five percent is owned which significantly affects or will be affected by any of your UARSC employment activities. Please insert additional pages if necessary to explain this section.

Name and Address of Business	Position Held	Held by Whom
		___ You ___ Spouse ___ Relative
		___ You ___ Spouse ___ Relative

E – Gratuities, Gifts and Special Favors

List any Gratuity, Gift, and/or Special Favor with an aggregate value of $100 or more from any one source you or a relative received within the past twelve (12) months from an individual, business or

organization with which UARSC does business. Please insert additional pages if necessary to explain this section.

Name and Address of Individual, Business, or Organization	Describe the Gratuity, Gift and/or Special Favor. Include approximate value.	Received by Whom
		___ You ___ Spouse ___ Relative
		___ You ___ Spouse ___ Relative

F – Other Potential Conflict(s)

Please describe any other activity not disclosed above, with which either you or a relative have been involved during the past twelve (12) months, than an independent observer could conclude may influence or potentially conflict with any of your UARSC employment activities. Please insert additional pages if necessary to explain this section.

_____

_____

_____

_____

Section G – Declaration

I, _____, declare that this disclosure statement has been examined by me and to the best of my knowledge and belief is a true, correct and complete statement. I understand that I must provide UARSC with a complete declaration no less than once each year. I further understand that it is my responsibility to immediately disclose any material changes occurring prior to my next complete declaration if such changes either give rise to an actual or potential conflict of interest, or eliminate a conflict previously disclosed. I have read the UARSC policy on Conflict of Interest and understand that failure to file or update this statement as required, or intentionally filing a false or misleading statement may result in disciplinary action up to, and including discharge.

_____ _____/_____/_____

Signature Date

07/11