

Date: February 25, 2015
To: CSU Presidents
From: Lori Lamb 
Vice Chancellor
Human Resources
Subject: **Conflict of Interest –Annual Filing and Policy Updates**

Colleagues:

I am pleased to forward you information regarding the 2015 Conflict of Interest (COI) annual filing requirements and multiple policy updates pertaining to Conflict of Interest.

I encourage campuses to review the attached policies listed below:

- **[HR 2015-02](#): Revisions to the COI Filing Officers' Requirements**
Updates the duties of the COI Filing Officers to bring the requirements from Executive Order 295 current.
- **[HR 2015-03](#): Ethics Regulations and COI Code Training**
Updates the Ethics Training requirements and provides campuses with information needed to ensure compliance with ethics training requirements.
- **[HR 2015-04](#): New Requirement to Submit an Interim Designated Position List**
Provides a new interim COI requirement to submit the 2014 Conflict of Interest Interim Designated Position List to Systemwide Human Resources by April 1, 2015.
- **[HR 2015-05](#): Principal Investigators – Nongovernmental**
Provides revisions to the CSU COI Policy for Principal Investigators (PI), a designated position in the CSU COI Code. Human Resources and Business and Finance/Sponsored Programs Administration collaborated on this policy.
- **[HR 2015-06](#): 2015 COI Annual Filing**
Details the 2015 COI annual filing requirements for employees (including select consultants) in designated positions, as well as those identified through the interim disclosure process. Annual forms must be filed by April 1, 2015.

Please let me know if you have any questions or concerns.

Warm regards,

Lori

Distribution: With Attachments:
Conflict of Interest Filing Officers (all)
Directors, Research and Sponsored Programs (HR 2015-05)

Without Attachment:
CSU Chancellor
All Campus Vice Presidents
AVPs/Deans of Faculty
Human Resources Officers
Procurement Officers
General Counsel
Trustees' Secretariat

[HR 2015-05](#) attaches the Conflict of Interest policy for Principal Investigators and provides information on the following areas:

Section 1

- Legal Reference
- Definition of Principal Investigator
- Role of the Fair Political Practices Commission
- Filing Requirement
- Disclosure
- Roles and Responsibilities
- Violations

Section 2

- Ethics Training Requirement

Appendices

- Form 700-U (Appendix A)

ICSUAM policy number 11010.02 provides additional information on the following areas:

- Principal Investigator Training
- Function of an Independent Review Committee
- Other Financial Conflict of Interest Requirements Under Sponsored Programs

Questions regarding this policy letter should be directed to Systemwide Human Resources at (562) 951-4411 or Sponsored Programs Administration at (562) 951-4598. This policy memorandum is also available on the Human Resources Management's Web site at: <http://www.calstate.edu/HRAdm/memos.shtml> and is referenced in ICSUAM policy number 11010.02, which is available on Business and Finance's Web site: at <http://www.calstate.edu/icsuam/sections/11000/>.

LL/lb

Attachments

THE CALIFORNIA STATE UNIVERSITY



CONFLICT OF INTEREST POLICY
FOR
PRINCIPAL INVESTIGATORS

Office of the Chancellor
February 2015

**The California State University
Conflict of Interest Policy
For
Principal Investigators**

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SECTION 1 - INTRODUCTION

1.1 Legal Reference

The principal conflict of interest law in California is the Political Reform Act of 1974 (Government Code § 81000 et seq.). The Political Reform Act of 1974 contains a general prohibition against conflicts of interest, as well as provisions for the adoption of a conflict of interest code by the California State University (CSU). It prevails over any other conflict of interest law to the contrary (Government Code § 81013).

In addition to the general prohibition of the Political Reform Act that applies to all CSU employees, the Act also requires CSU to develop its own Conflict of Interest Code, which applies to specifically designated CSU positions and requires employees in those designated positions to disclose certain kinds of personal economic interest on a designated form. CSU's Conflict of Interest regulations are referenced in Title 5, § 43810. The terms of Title 2, California Code of Regulations, § 18730 and any amendments to it duly adopted by the Fair Political Practices Commission, along with the Appendix in which officials and employees are designated and disclosure categories are set forth, are incorporated by reference and constitute the Conflict of Interest Code of the California State University.

The Board of Trustees took action on January 23, 1985, to adopt an amendment to the California State University Conflict of Interest Code, consistent with California Code of Regulations, Title 2, § 18705(b), which requires disclosure of financial interests in connection with a decision made by a person at an institution of higher education with the principal responsibility for a research project, if it is to be funded or supported, in whole or in part, by a contract or grant from a nongovernmental entity.

1.2 Principal Investigator Defined

Employees with principal responsibility for a research project funded or supported, in whole or in part, by a contract or grant (or other funds earmarked by the donor for a specific research project or for a specific researcher) from a nongovernmental entity, shall be designated employees subject to the disclosure and disqualification requirements of the CSU Conflict of Interest Code. Disqualification shall not be required in connection with any decision if the decision is substantively reviewed by an independent committee established within CSU. (Refer to [ICSUAM policy number 11010.02](#) for further definitions.)

1.3 The Fair Political Practices Commission

The Fair Political Practices Commission (FPPC) administers and interprets the Political Reform Act and educates the public and public officials on the requirements of the Act. It provides written and oral advice to public agencies and officials; conducts seminars and training sessions; develops forms, manuals and instructions; and receives and files statements of economic interests from many state and local officials. The FPPC investigates alleged violations of the Political Reform Act, imposes penalties when appropriate, and assists state and local agencies in developing and enforcing conflict of interest codes.

As public employees, CSU employees are public officials subject not only to the laws and regulations on incompatible activities, but to numerous laws, regulations and court decisions related to conflict of interest, ethics and use of public information for personal gain. This document provides a summary, not an exhaustive list. Additional laws, regulations and court decisions may circumscribe activities of CSU employees.

Employees in designated positions, including Principal Investigators, shall not make, participate in making, or in any way attempt to use their designated positions to influence the making of any governmental decision which foreseeably will have a material financial effect on:

1. Any business entity in which the designated employee has a direct or indirect investment or interest worth two thousand dollars (\$2,000) or more;
2. Any real property in which the designated employee has a direct or indirect interest worth two thousand dollars (\$2,000) or more;
3. Any source of income, other than gifts or loans by a commercial lending institution made in the regular course of business on terms available to the public without regard to official status, aggregating five hundred dollars (\$500) or more in value provided to, received by or promised to the designated employee within twelve (12) months prior to the time when the decision is made; or
4. Any business entity in which the designated employee is a director, officer, partner, trustee, employee, or holds any position of management.
5. Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating four hundred sixty dollars (\$460) or more in value provided to, received by, or promised to the designated employee within 12 months prior to the time when the decision is made.

Additionally, Government Code § 1090 prevents any state employee—including Principal Investigators—from being financially interested in any contract made by the employee in his/her official capacity or by any body or board of which s/he is a member.

1.4 Filing Requirement

Unlike business position financial disclosures, which occur when the incumbent enters or leaves the position, as well as the annual April 1 filing, financial disclosure by Principal Investigators must take place whenever the faculty member applies for a nongovernmental contract or grant. Thus, the first safeguard concerning a Principal Investigator's Conflict of Interest disclosure is that no nongovernmental contract or grant may proceed without the Principal Investigator filing a financial statement. CSU Principal Investigators are required to file the following Statements, as appropriate:

1. Initial Statement – The initial statement must be submitted to the Conflict of Interest Filing Officer before final acceptance of a contract, grant, or gift. The statement shall include reportable investments in and positions with the sponsor as of the date of the offer of funding, and income and gifts received from the sponsor within the 12 months prior to the date of the offer.
2. Interim Statement – A statement must be filed within 30 days after funding is renewed and shall disclose reportable investments, income and business positions held or received during

the period between the date the initial statement was filed and the date the funding for the project was renewed.

Reporting requirements for research projects funded by non-governmental entities are outlined in § CCR 18755. This regulation provides that research funding by certain qualified nonprofit entities will not trigger disclosure, including specific nonprofit entities listed in the statute § CCR 18755(d)(1).

This regulation is available on FPPC's website: <http://www.fppc.ca.gov/legal/regs/current/18755.pdf>.

The regulation also defines "qualified nonprofit" as follows:

- a) nonprofit organization has been in existence for an extended period of time;
- b) nonprofit organization does not receive major funding, nor is it tied to, a corporate source;
- c) nonprofit organization has a national reputation; and
- d) nonprofit organization serves, or funds research in, a broad geographic area.

Form 700-U ("Statement of Economic Interests for Principal Investigators") should be used to meet the above filing requirements. Please note that Principal Investigators do not file "Annual" Statements.

1.5 Disclosure

Principal Investigators are required to disclose their economic interests in any nongovernmental entity that funds or supports that research project on their Form 700-U. Specifically, Principal Investigators are assigned to Disclosure Category 16 of the CSU Conflict of Interest Code which calls for the disclosure of:

All investments in, income from, and business positions in, any private, nongovernmental entity which will be providing funds, or, in the case of a project completion statement, has provided funds, to support, in whole or in part, the research project for which the filer is the principal investigator. (The required disclosure shall be made on Form 700-U.)

1.6 Roles and Responsibilities

The following responsibilities related to Conflict of Interest are identified for various participants and should be distributed by the Campus for the benefit of the parties involved.

- **President or designee**
 - Takes responsibility for campus compliance with The California State University policy on disclosure of financial interest in private/nongovernmental sponsors and with the State of California Political Reform Act.
 - Designates or appoints a review committee which is advisory to the President, or designee, to undertake the independent substantive review as described above.

- Assures that appropriate administrative support and technical conflict of interest advice is available to the review committee, Principal Investigators and others as needed; and that application (initial) and project renewal (interim) financial disclosure statements are filed within prescribed deadlines.
- Refer to ICSUAM policy number 11010.02 for additional information.

- **Other Designees**

The campus president may assign additional designees to support the Principal Investigator process. The roles and responsibilities identified below may be accomplished by one or multiple designees (including the campus COI filing officer) as appropriate for the campus.

- Provides guidance on the independent substantive review of a disclosed financial interest in the sponsor of research funded through a restricted gift or a contract or a grant with a nongovernmental entity. May provide a liaison with the Academic Senate, as appropriate.
- Develops procedural guidelines to be followed in: (a) the submittal and review of nongovernmental contract or grant research applications to assure filing of the initial financial disclosure statements prior to disposition of the research application; (b) the review of gifts earmarked by a donor for a specific researcher or for a specific research project to assure filing of the financial disclosure statement prior to acceptance of the gift; and (c) the filing of a project interim statement within 30 days after the renewal of funding of the research project.
- Provides liaison with campus contract and grants offices, and gifts and development offices.
- Develops policies and guidelines, and provides technical advice regarding financial disclosure and conflicts of interest, including the Political Reform Act.
- Receives and maintains for public access copies of Principal Investigators' initial and interim financial disclosure statements, copies of recommendations by the campus review committee, and copies of the president's or designee's decisions regarding specific research projects.

- **Principal Investigators**

Principal Investigators must complete initial and/or interim disclosure statements, as appropriate, (1) whenever they make application for or renewal of a contract or grant with a nongovernmental entity, or (2) whenever a gift is specified by a donor for him or her or for a specific research project for which he or she is responsible. The disclosure must be made on a "Principal Investigator's Statement of Economic Interests" (Form 700-U) before the

proposed gift is accepted or application is made for the nongovernmental funded research contract or grant and within 30 days after funding renewal of the research project.

- Refer to ICSUAM policy number 11010.02 for additional information.

1.7 Violations

Failure to file the required 700-U Statement of Economic Interests, or failure to report a financial interest may subject a Principal Investigator to civil liability, including fines, as well as CSU discipline.

As public employees, CSU employees are public officials subject not only to the laws and regulations on incompatible activities, but to numerous laws, regulations and court decisions related to conflict of interest, ethics and use of public information for personal gain. Additional laws, regulations and court decisions may circumscribe activities of CSU employees. Campuses should work with their campus counsel to address any issues pertaining to code violations.

SECTION 2 – ETHICS TRAINING REQUIREMENT

Principal Investigators must complete CSU's ethics training within six months of receiving the grant. Subsequent training is required at least once during each consecutive period of two calendar years that the grant is in place. It is important for the campuses to facilitate the coordination efforts of their sponsored programs office and campus filing officer, in order to manage compliance with the applicable regulations, as additional training may also be required through Public Health Services (PHS) and National Institutes of Health (NIH). Information on CSU ethics training is available in [HR 2015-03](#). Information on additional training is available in [ICSUAM Policy 11010.02 – Financial Conflict of Interest for Investigators](#).

Instructions for Completing Form 700-U

CALIFORNIA
FORM 700-U

Who Files Form 700-U?

This form must be filed by all persons employed by UC or CSU who have principal responsibility for a research project if the project is to be funded or supported, in whole or in part, by a contract or grant (or other funds earmarked by the donor for a specific research project or for a specific researcher) from a nongovernmental entity.

Reporting requirements are outlined in Regulation 18755. This regulation provides that research funding by certain nonprofit entities will not trigger disclosure. This regulation is available on the FPPC website.

What is the Reporting Period?

For "initial" statements, before the final acceptance of the contract, grant, or gift, the filer must report investments in and business positions with the sponsor as of the date that the award is made, and income and gifts received from the sponsor within the 12 months prior to the date that the award is made.

For "interim" statements, the filer must submit a statement within 30 days after the contract, grant, or gift is renewed that discloses reportable investments, income and business positions that the filer held or received during the period between the date the initial statement was filed and the date the project contract, grant, or gift was renewed.

What is an Investment?

"Investment" means any financial interest in a business entity in which you, your spouse or registered domestic partner, or your dependent children have a direct, indirect, or beneficial interest totaling \$2,000 or more. Reportable investments include stocks, bonds, warrants, and options, including those held in margin or brokerage accounts. (See Gov. Code Section 82034 and Regulation 18237.)

What is Income?

"Income" means a payment received, including but not limited to any salary, wage, advance, dividend, interest, rent, proceeds from any sale, gift, including any gift of food or beverage, loan forgiveness or payment of indebtedness received by the filer, reimbursement for expenses, per diem, or contribution to an insurance or pension program paid by any person other than an employer, and any community property interest in income of a spouse or registered domestic partner. Income also includes an outstanding loan. Income of an individual also includes a pro rata share of any income of any business entity or trust in which the individual, spouse, or registered domestic partner owns directly, indirectly, or beneficially, a 10% interest or greater. Income includes your gross income and your community property interest in your spouse's or registered domestic partner's gross income totaling \$500 or more. Gross income is the total amount of income before deducting expenses, losses, or taxes. (See Gov. Code Section 82030.)

What is a Loan?

Loans received or outstanding are reportable if they total \$500 or more from a single lender. Your community property interest in loans received by your spouse or registered domestic partner also must be reported. Loans from commercial lending institutions made in the lender's regular course of business on terms available to members of the public without regard to your official status are not reportable. (See Gov. Code Section 82030(a).)

What is a Gift?

A gift is anything of value for which you have not provided equal or greater consideration to the donor. A gift is reportable if its fair market value is \$50 or more. In addition, multiple gifts totaling \$50 or more received from a reportable source must be reported.

It is the acceptance of a gift, not the ultimate use to which it is put, that imposes your reporting obligation. Therefore you must report a gift even if you never used it or if you gave it away to another person.

If the exact amount of a gift is not known, you must make a good faith estimate of the item's fair market value. Listing the value of a gift as "over \$50" or "value unknown" is not adequate disclosure.

Commonly reportable gifts include:

- Tickets/passes to sporting or entertainment events
- Tickets/passes to amusement parks
- Parking passes
- Food, beverages, and accommodations, including those provided in direct connection with your attendance at a convention, conference, meeting, social event, meal, or like gathering
- Rebates/discounts not made in the regular course of business to members of the public without regard to official status
- Wedding gifts
- An honorarium received prior to filing an "initial" statement. You may report an honorarium as income rather than as a gift if you provided services of equal or greater value than the payment received.
- Transportation and lodging
- Forgiveness of a loan received by you

(See Gov. Code Section 82028.)

STATEMENT OF ECONOMIC INTERESTS
FOR
PRINCIPAL INVESTIGATORS
A Public Document

Campus: _____

ID No: _____

Please type or print in ink.

NAME (LAST)	(FIRST)	(MIDDLE)	TELEPHONE NUMBER ()
ACADEMIC UNIT OR DEPARTMENT		MAIL CODE	E-MAIL ADDRESS
TITLE OF RESEARCH PROJECT			

1. Information Regarding Funding Entity
(Use a separate Form 700-U for each funding entity.)

Name of Entity: _____

Address of Entity: _____

Principal Business of Entity: _____

Amount of Funding: \$ _____

Estimated Actual

2. Type of Statement (Check at least one box)

Initial (for new funding)
Date of initial funding: ____/____/____

Interim (for renewed funding)
Funding was renewed on: ____/____/____

3. Filer Information

A. Are you a director, officer, partner, trustee, consultant, employee, or do you hold a position of management in the entity listed in Part 1? No Yes
Title: _____

B. Do you, your spouse or registered domestic partner, or your dependent children have an investment of \$2,000 or more in the entity listed in Part 1 above?
No Yes - value is:
 \$2,000 - \$10,000 \$10,001 - \$100,000
 \$100,001 - \$1,000,000 Exceeds \$1,000,000
Date Disposed: ____/____/____, if applicable

C. Have you received income of \$500 or more from the entity listed in Part 1 during the reporting period?
No Yes - amount is:
 \$500 - \$1,000 \$1,001 - \$10,000
 \$10,001 - \$100,000 Exceeds \$100,000
Was this income received through your spouse or registered domestic partner? No Yes

3. Filer Information - Cont.

D. Have you received loans from the entity in Part 1 for which the balance exceeded \$500 during the reporting period?
No Yes - highest balance:
 \$500 - \$1,000 \$1,001 - \$10,000
 \$10,001 - \$100,000 Exceeded \$100,000
If you checked "yes," was the loan:
 Secured Unsecured Interest rate: _____%
Was the loan entirely repaid within the last 12 months?
 No Yes

E. Have you received gifts from the entity listed in Part 1 within the last 12 months valued at \$50 or more?
No Yes - describe below.
Description: _____
Value: \$ _____ Date Received: ____/____/____

F. Has the entity in Part 1 paid for your travel during the reporting period? No Yes - describe below.
Type of Payment: (check one) Gift Income
Amt: \$ _____ date(s): ____/____/____ ____/____/____
(If gift)
Description: _____

4. Verification

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information contained herein and in any attached schedules is true and complete. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Date Signed _____
(month, day, year)

Signature _____
(File the originally signed statement with your university.)

Instructions for Completing Form 700-U (continued)

What is a Travel Payment?

Travel payments include advances and reimbursements for travel and related expenses, including lodging and meals.

- Travel payments are **gifts** if you did not provide services which were equal to or greater in value than the payments received. You must disclose gifts totaling \$50 or more from a single source during the period covered by the statement. Gifts of travel are reportable without regard to where the donor is located.

When reporting travel payments which are gifts, you must provide a description of the gift and the date(s) received.

- Travel payments are **income** if you provided services which were equal to or greater in value than the payments received. You must disclose income totaling \$500 or more from a single source during the period covered by the statement. The filer has the burden of proving the payments are income rather than gifts.

When reporting travel payments as income, you must describe the services you provided in exchange for the payment. You are not required to disclose the date(s) for travel payments which are income.

Gifts of travel may be subject to a \$460 gift limit (\$440 in 2014). In addition, certain travel payments are reportable gifts, but are not subject to the gift limit. See the FPPC fact sheet entitled "Limitations and Restrictions on Gifts, Honoraria, Travel, and Loans," which can be obtained from the FPPC at www.fppc.ca.gov.

You are not required to disclose:

- Travel payments received from any state, local, or federal government agency for which you provided services equal or greater in value than the payments received, such as reimbursement for travel on agency business from your government agency employer.
- Travel payments received from your employer in the normal course of your employment.

- A travel payment that was received from a non-profit entity exempt from taxation under Internal Revenue Service Code Section 501(c)(3) for which you provided equal or greater consideration, such as reimbursement for travel on business for a 501(c)(3) organization for which you are a board member.

Note: Effective January, 2014, certain travel payments may not be reportable if reported on Form 801 by your agency.

Check the box to indicate if the payment was a gift or income, report the amount, and disclose the date(s) if applicable.

Violations

Failure to file the required Statement of Economic Interests or failure to report a financial interest may subject a principal investigator to civil liability, including fines, as well as University discipline. (See Gov. Code Sections 81000-91014.)

Privacy Information Notice

Information requested on all FPPC forms is used by the FPPC to administer and enforce the Political Reform Act (Gov. Code Sections 81000-91014 and Regulations 18109-18997). All information required by these forms is mandated by the Political Reform Act. Failure to provide all of the information required by the Act is a violation subject to administrative, criminal or civil prosecution. All reports and statements provided are public records open for public inspection and reproduction.

If you have any questions regarding this Privacy Notice or how to access your personal information, please contact the FPPC at:

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