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**Date:** February 23, 2006

**Code:** HR 2006-07

**To:** CSU Presidents

**From:** Jackie R. McClain  
Vice Chancellor  
Human Resources



**Subject:** 2006 Conflict of Interest Annual Filing

The Political Reform Act, Government Code Sections 81000, et seq., requires California State University (CSU), as an agency, to adopt and promulgate conflict of interest (COI) codes. The CSU's COI code requires employees in designated positions to file a Statement of Economic Interests (Form 700) on an annual basis. This memorandum serves as a reminder that employees in designated positions on your campus must file Statements by April 3, 2006. (Please note the deadline is extended due to April 1 falling on a Saturday.)

**I. Code Update**

The Fair Political Practices Commission (FPPC) approved the CSU's COI Code amendment adopted by the Trustees at the July 2005 Board meeting. As discussed in HR 2006-06, individuals in newly designated positions must file an "initial" statement within 30 days after the effective date of the code or amendment (April 3, 2006).

The FPPC recommended three revisions to the specific disclosure category descriptions. CSU has adopted the proposed revisions. A summary of the changes is provided below:

1. The term "income" is defined specifically to include "*gifts, loans and travel payments.*" This revision does not substantively change the disclosure categories, but only provides further clarification as to what is meant by the term "income."
2. Investment and business positions in any business entity or income, including gifts, loans and travel payments, from any source "*which is of the type to contract with the campus*" must be disclosed. This change replaces the previous provision that required disclosure of reportable interests held within the last two years, or reportable interests in companies that the campus may contract with in the future. This revision

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**Distribution:**

With Attachments:

Conflict of Interest Filing Officers

Without Attachments:

Vice Presidents, Academic Affairs

Vice Presidents, Administration

Vice Presidents, Information Systems

Vice Presidents/Deans of Students

Associate Vice Presidents/Deans, Faculty Affairs

Business Managers

Human Resources Directors

Payroll Managers

General Counsel

Director, SOSS

does not substantively change reporting requirements for prospective or potential contracts but only eliminates the two-year time parameter.

3. Finally, the related schedules are no longer listed in the specific disclosure categories.

These changes are retroactive and apply to the 2005 filing period. Provided below is a paragraph that campuses should use to communicate these disclosure category description updates to designated employees. Campuses should insert this paragraph in the normal correspondence used to announce the annual filing requirement to designated employees.

*Note: The Fair Political Practices Commission (FPPC) has recommended minor language changes to the CSU Conflict of Interest Disclosure Categories. These changes are retroactive and apply to the 2005 Conflict of Interest filing year. You should review carefully each disclosure category assigned to your designated position and determine whether you have any reportable interests. Questions regarding the disclosure categories should be directed to \_\_\_\_\_, the campus Conflict of Interest Filing Officer.*

Attachment A provides the updated CSU disclosure categories list.

## **II. Annual Filing Reminder**

Conflict of Interest filing is a campus responsibility. Your campus Conflict of Interest Filing Officer should distribute Form 700 ("Statement of Economic Interests") to employees in designated positions as soon as possible. These employees must submit completed forms to the campus Filing Officer by April 3, 2006. Please note: employees in newly designated positions who complete an initial filing statement pursuant to HR 2006-06 are not required to complete an annual form until next year. *As a reminder, the Chancellor's Office does not need to be notified when the filing process is completed.*

## **III. Procurement Card Holders**

Many campuses have distributed Procurement Cards (P-Cards) out to departments and delegated responsibility to individuals to purchase certain types of supplies and services. Campuses should review their P-Card program to ensure that P-Card holders with authority for making *discretionary purchasing decisions* are on the designated position list with appropriate disclosure categories identified. Campuses need not list all P-Card holders on the designated position list, only those who make discretionary purchasing decisions.

A P-Card holder makes a discretionary purchasing decision when he or she selects the vendor from whom he or she will purchase goods using the P-Card. Many campuses have established contracts with select vendors for specific types of purchases. For example, the campus may have a contract with Office Depot to be used for purchasing office supplies. A P-Card holder does not make discretionary purchasing decisions if he or she purchases from such a designated vendor because the individual decision-making authority has been removed from the P-Card holder. Accordingly, such a P-Card holder would not need to be included on your campus' designated position list. However, if the P-Card holder has the discretion to determine what vendor he or she will use to make the purchase, the holder is

making a discretionary purchasing decision and his or her position must be included on the designated position list with the appropriate disclosure categories identified.

#### **IV. Principal Investigators**

There is no "annual" filing requirement for Principal Investigators (PIs); however, Title 2 regulations require PIs to file a Form 700-U (Statement of Economic Interests for Principal Investigators) before final acceptance of a contract, grant or gift, and when funding for such a contract or grant is renewed. As a reminder, pursuant to CSU policy, Principal Investigators also are required to file a project completion statement within 90 days after the expiration of the grant/contract, or after the funds have been completely expended in the case of a gift. The Form 700-U has been modified to reflect this additional requirement and a copy is attached for campus use.

Principal Investigators must complete the ethics training within 6 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.

#### **V. Campus Designated Position List Update Process**

For this year's filing, the position list changes campuses submitted in 2005 have been incorporated and a campus-specific Access database disk is attached for campus reporting. Attachment C provides instructions for reporting designated position list changes using the Designated Position List Update Process (DPUP). **Please submit designated position list changes no later than Friday, April 28, 2006, to the Chancellor's Office, attention Felice Bakre.**

Please note, two modifications have been made to last year's DPUP Access database:

- A feature has been added to delete "new positions" added in error from the recordset. This new feature has been built in to Form 5 Correct New Positions (refer to page 8 of the user guide).
- The DPUP User Guide is no longer embedded in the Access database. For your reference we have attached a hard copy of the user guide. The guide will also be posted on the Web for easy access and printing. **COI Filing Officers (or their designee) should review the DPUP User Guide completely before proceeding with making any changes to the Access database.**

The following information is included with your campus' Conflict of Interest Filing Officer's copy of this memo to assist in the annual filing process:

1. **CSU Disclosure Category Listing (Attachment A)** - Identifies the seventeen (17) disclosure categories.
2. **Campus Designated Position List (Attachment B)**. Updated with changes submitted during the 2005 filing process. This list incorporates the last campus update.
3. **Designated Position List Update Process (DPUP) Instructions (Attachment C)**.

4. **Defining Designated Position Criteria (Attachment D).**
5. **Handbook for State Agency Filing Officers and Filing Officials - Statement of Economic Interests** (revised November 1997).
6. **2005-2006 Form 700 Statement of Economic Interests.** Form 700 (schedules and instructions). Filing Officers are required to review completed statements of economic interests ensuring that a completed individual disclosure statement is received, and that the date is indicated in the official date stamp box located in the upper right hand corner of Form 700. (Please refer to the Handbook for further reviewing guidelines.) Copies of Form 700 can be reproduced locally for appropriate employees at your campus. Form 700 also can be accessed electronically via the Internet at: <http://www.fppc.ca.gov>.
7. **Principal Investigator's Statement of Economic Interests Form 700-U and Instructions for Statement of Economic Interests for Principle Investigators.** Form 700-U should be made available to employees "with principal responsibility for a research project funded or supported, in whole or in part, by the contract or grant (or other funds earmarked by the donor for a specific research project, or for a specific researcher) from a non-governmental entity." Pursuant to CSU policy, Principal Investigators are required to file a project completion statement within 90 days after project completion. The Form 700-U has been modified to reflect this additional requirement.
8. **Limitations and Other Restrictions on Gifts, Honoraria, Travel and Loans Fact Sheet.** This Fact Sheet summarizes the major provisions concerning gifts, honoraria, travel and loans. **The aggregate limitation on gifts, which is biennially indexed for inflation, is \$360 in a calendar year.**
9. **Designated Position List Update Process (DPUP) Administrative Guide.** This guide provides step-by-step instructions for using the DPUP database system.

Human Resources Administration will host a teleconference for COI Filing Officers on March 7, 2006, from 10:00 a.m. – 11:00 a.m. to discuss the Access database filing system, the annual filing process and answer campus questions. To register campus participants, please email Renae Klemm at [rklemm@calstate.edu](mailto:rklemm@calstate.edu). Upon receipt of email registration requests, participants will receive the teleconference dial-in telephone number and participant code.

Systemwide Human Resources will continue to operate in an advisory capacity and serve as liaison between the Fair Political Practices Commission and the campuses. Questions should be directed to Felice Bakre at (562) 951-4410. This document is also available on the Human Resources Administration's web page at: <http://www.calstate.edu/HRAAdm/memos.shtml>.

Attachments – COI Filing Officers only