CONFLICT OF INTEREST

SYSTEMWIDE

Audit Report 14-14
October 7, 2014

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## ABBREVIATIONS

<table>
<thead>
<tr>
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<th>Description</th>
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<tbody>
<tr>
<td>Act</td>
<td>Political Reform Act of 1974</td>
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<tr>
<td>CCR</td>
<td>California Code of Regulations</td>
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<tr>
<td>CO</td>
<td>Chancellor’s Office</td>
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<tr>
<td>Code</td>
<td>California State University Conflict-of-Interest Code</td>
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<td>COI</td>
<td>Conflict of Interest</td>
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<tr>
<td>CSU</td>
<td>California State University</td>
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<tr>
<td>EC</td>
<td>Education Code</td>
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<tr>
<td>EO</td>
<td>Executive Order</td>
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<tr>
<td>FPPC</td>
<td>Fair Political Practices Commission</td>
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<tr>
<td>GC</td>
<td>Government Code</td>
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<td>HR</td>
<td>Human Resources</td>
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<tr>
<td>HRM</td>
<td>Human Resources Management</td>
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<tr>
<td>ICSUAM</td>
<td>Integrated California State University Administrative Manual</td>
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<tr>
<td>OAAS</td>
<td>Office of Audit and Advisory Services</td>
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EXECUTIVE SUMMARY

As a result of a systemwide risk assessment conducted by the Office of Audit and Advisory Services (OAAS) during the last quarter of 2013, the Board of Trustees, at its January 2014 meeting, directed that Conflict of Interest (COI) be reviewed. The OAAS has never reviewed COI as a stand-alone audit.

We visited six campuses from January 27, 2014, through June 12, 2014, and audited the procedures in effect at that time. Campus-specific findings and recommendations have been discussed and reported individually.

In our opinion, except for the effect of the weaknesses described below, the fiscal, operational, and administrative controls for COI activities as of June 12, 2014, taken as a whole, were sufficient to meet the objectives stated in the “Purpose” section of this report. Areas of concern include the absence of a current COI code, policies and procedures, and training.

As a result of changing conditions and the degree of compliance with procedures, the effectiveness of controls changes over time. Specific limitations that may hinder the effectiveness of an otherwise adequate system of controls include, but are not limited to, resource constraints, faulty judgments, unintentional errors, circumvention by collusion, and management overrides. Establishing controls that would prevent all these limitations would not be cost-effective; moreover, an audit may not always detect these limitations.

The following summary provides management with an overview of conditions requiring attention. Areas of review not mentioned in this section were found to be satisfactory. Numbers in brackets [ ] refer to page numbers in the report.

CONFLICT-OF-INTEREST CODE [7]

The absence of a current conflict-of-interest (COI) code, combined with a lack of systemwide policy or guidance in certain areas, created inefficiencies at the campuses.

POLICIES AND PROCEDURES [8]

Systemwide policies and procedures relating to COI filing officers needed to be updated or clarified. For example, the policy addressing the designation of COI filing officers was outdated. In addition, systemwide policies and procedures relating to COI ethics training needed to be updated. Specifically, policies needed to clarify the roles and responsibilities of systemwide human resources, as opposed to the campuses, in providing and monitoring COI ethics training. Further, systemwide policies and procedures relating to gifts to agency needed to be updated to address changes in reporting requirements that were effective January 1, 2014.

TRAINING [11]

Training and guidance for COI filing officers needed improvement. For example, current training did not provide sufficient guidance on identifying designated positions and assigning disclosure categories and performing and documenting the COI filing officer’s review of new and modified positions. In addition, training and reference materials provided to designated employees needed improvement. Specifically,
current training did not provide enough information or emphasis on annual statement of economic interests reporting, and there was no written guidance on the process to report and manage COI.
INTRODUCTION

BACKGROUND

Conflict of interest occurs when professional duties and personal interests intersect, putting a person in a position to personally benefit from a decision made as part of his or her job duties. As public employees, California State University (CSU) employees are subject to various conflict-of-interest-related laws and regulations.

The primary California legislative document governing conflicts of interest is the Political Reform Act of 1974 (the Act), which prohibits public employees from making, participating in making, or in any way attempting to use their official position to influence a governmental decision in which they know, or have reason to know, they have a financial interest. This applies to all CSU employees. Primary responsibility is placed upon the individual employee to be familiar with the requirements of the Act. In addition, if CSU employees have a personal financial interest in a university decision, they are required to publicly announce the financial interest and disqualify themselves from involvement in the decision. CSU employees should also be sensitive to the appearance of conflict of interest when participating in university decisions, even when a true conflict does not exist.

The Act also requires the CSU to adopt a formal conflict-of-interest code (the Code) that identifies and designates certain employees who are most likely to be involved in university decision-making to file an annual statement of economic interests.

The Fair Political Practices Commission (FPPC) is the state agency responsible for reviewing and approving the Code. It is also the enforcement agency to which violations of the Act are reported. The FPPC last approved the CSU’s Code in 2006; in August 2007, the CSU forwarded an updated Code to the FPPC for review and approval. This Code is still under review, and the CSU systemwide Office of Human Resources and Office of General Counsel have been working with the FPPC to complete the review and approval process. Until the Code is approved, the CSU follows interim disclosure requirements codified in California Code of Regulations (CCR), Title 2, Division 6, §18734.

In addition to filing an annual statement of economic interests, employees designated by the Code must complete ethics training as required by Education Code (EC) §89500.7. An employee must complete this training within six months of becoming designated, and every two years thereafter.

CSU policies relating to the Code and designated employees include the following:

- Coded memorandum Human Resources (HR) 2013-02, Annual Filing Requirements, dated February 28, 2013, provides information on the annual disclosure statement filing requirements for designated employees. Coded memorandum HR 2010-01, Conflict of Interest Update – Designated Positions Pending FPPC Approval – Interim Disclosure, dated January 12, 2010, discusses the interim disclosure requirements for consultants and employees in newly designated positions that are pending FPPC approval.

Disclosures, dated November 15, 2010, clarifies that consultants and employees in newly designated positions pending FPPC approval are also required to complete ethics training.

The Office of General Counsel Conflict of Interest Handbook, last updated in February 2013, provides critical information on key laws, regulations, and court decisions relating to CSU employees and conflicts of interest.

Although most gifts received by CSU employees in designated positions are subject to reporting requirements and limitations, some gifts that benefit employees may be considered gifts to the CSU when they are used for official CSU business. These are typically travel gifts, including accommodations and food associated with the travel. CCR, Title 2, Division 6, §18944.2 defines such gifts and provides procedural and reporting requirements. Coded memorandum HR 2008-19, Conflict of Interest – FPPC Revised Regulation Concerning Gifts to an Agency, dated November 17, 2008, provides guidance to campuses regarding these types of gifts.

Other examples of codes and/or statutes that govern conflict of interest in the CSU are discussed in the Office of General Counsel Conflict of Interest Handbook and include the following:

- Government Code §1090 et seq. prohibits state employees from having a financial interest in any contract they make in their official capacity. Integrated California State University Administrative Manual §5302.0, Formal Bidding for Personal Property, §5402.0, Formal Solicitation for Services, and §5502.0, Formal Solicitations for Information Technology Goods and Services, effective April 28, 2008, require all CSU employees involved in a formal solicitation process to complete conflict-of-interest and confidentiality statements, which are retained as part of the contract file.

- EC §89006 prohibits CSU employees from using confidential information available by virtue of their employment for private gain.
PURPOSE

Our overall audit objective was to ascertain the effectiveness of existing policies and procedures related to conflicts of interest and to determine the adequacy of controls that ensure compliance with relevant governmental regulations, Trustee policy, Office of the Chancellor directives, and campus procedures.

Within the overall audit objective, specific goals included determining whether:

- Administration of the conflict-of-interest program is well defined and includes clear lines of organizational authority and responsibility and documented delegations of authority.
- Policies and procedures related to the conflict-of-interest program are current, comprehensive, and effectively distributed.
- Designated employees and employees involved in the administration of the conflict-of-interest program are adequately trained and informed of their duties.
- Processes to identify designated positions on the campus are adequate to capture all positions involved in the making, or that participate in the making, of decisions that may foreseeably have a material effect on the financial interests of the CSU.
- Administration of conflicts of interest is adequate to ensure that employees do not have personal financial interests in CSU contracts.
- Conflict-of-interest disclosure statements are adequately tracked and monitored to ensure compliance with state and CSU requirements, and security and retention of disclosure forms is adequate.
- Review and management of disclosure statements is adequate to ensure compliance with state and CSU requirements.
- Job descriptions appropriately support disclosure requirements for designated positions.
- Controls over recruitment and hiring are adequate to ensure that potential candidates are notified of conflict-of-interest reporting requirements.
- Processes are adequate to ensure that gifts to agency are properly identified and reported according to state and CSU requirements.
The proposed scope of the audit as presented in Audit Agenda Item 4 of the January 28 and 29, 2014, meeting of the Committee on Audit stated that Conflict of Interest (COI) includes the activities of all CSU designated people who make, or participate in the making of, decisions that may foreseeably have a material effect on any financial interest of the CSU. Proposed audit scope could include, but was not limited to, review of the process for identification of designated positions; monitoring, tracking, and review of disclosures related to conflicts of interest, such as research disclosures; faculty and CSU designated officials reporting; employee/vendor relationships; ethics training; and patent and technology transfer.

Our study and evaluation were conducted in accordance with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors and included the audit tests we considered necessary in determining whether fiscal, operational, and administrative controls are in place and operative. This review emphasized, but was not limited to, compliance with federal and state regulations and guidance, Board of Trustee policies, and Office of the Chancellor and campus policies, letters, and directives. The audit focused on procedures in effect from January 1, 2012, through June 12, 2014.

We focused primarily on the internal administrative, compliance, and operational controls over COI activities. We did not focus on research disclosures in this audit, as these are routinely reviewed in sponsored programs and auxiliary audits. Specifically, we reviewed and tested:

- Administration of the COI program, including defined responsibilities, current policies and procedures, and adequate training.

- Processes to identify and review designated positions on campus.

- Tracking, monitoring, and review of conflict-of-interest disclosure statements.

- Solicitation and contracting processes.

- Identification and reporting of gifts to agency.

During the course of the audit, we visited six campuses: the Office of the Chancellor, Chico, Fullerton, Fresno, Monterey Bay, and Sacramento. We interviewed campus personnel and audited procedures in effect at the time of the audit.
OBSERVATIONS, RECOMMENDATIONS, AND MANAGEMENT RESPONSES

CONFLICT-OF-INTEREST CODE

The absence of a current conflict-of-interest (COI) code, combined with a lack of systemwide policy or guidance in certain areas, created inefficiencies at the campuses.

We noted that despite repeated efforts by the chancellor’s office (CO), the Fair Political Practices Commission (FPPC) had not approved updates to the California State University (CSU) Conflict of Interest Code (Code) since 2006, which has created inefficiencies at the campuses when administering local conflict-of-interest programs. As a result, based on our review of the 2006 Code and our discussions with campuses we visited during our audits, we found that additional systemwide policy or guidance was necessary in the following areas:

- The types of positions that should be, or are, commonly designated. The Code seemed to be inconsistent, with some small campuses having more designated positions than larger campuses, and some positions designated at most campuses, but not at others.

- Mapping of related disclosure categories in the Code to schedules on the annual statement of economic interests (Form 700).

- Determining whether employees who make purchasing decisions or have the authority to approve state expenditures should be designated employees. These employees would include procurement card approvers, employees who initiate direct payments, and employees with expenditure authority over the operating fund.

Government Code (GC) §13402 and §13403 state that management is responsible for establishing and maintaining a system of internal administrative controls, which includes documenting the system, communicating system requirements to employees, and assuring that the system is functioning as prescribed and is modified, as appropriate, for changes in conditions. Further, administrative controls are the methods through which reasonable assurance can be given that measures adopted by state agency heads to safeguard assets and promote operational efficiency are being followed.

GC §87306 states that every agency shall amend its conflict of interest code, subject to the provisions of Section §87303, when change is necessitated by changed circumstances, including the creation of new positions which must be designated pursuant to subdivision (a) of Section §87302 and relevant changes in the duties assigned to existing positions.

The associate vice chancellor of human resources management (HRM) stated that systemwide human resources (HR) has worked with at least four FPPC representatives since 2007, and that the CSU has complied with every requirement prescribed by the FPPC so far to update the Code. She further stated that the CSU has had to make significant changes to the Code each time the FPPC representative has changed, which is why the CSU Code has not yet been FPPC-approved. She also stated that the CSU discontinued mapping disclosure categories to Form 700 schedules within its annual conflict of interest (COI) policy reminders in 2005 to preclude potential liability. She further
stated her belief that indicating how disclosure categories may relate to schedules on Form 700 can be a training issue, however to designate a specific schedule is not seen as advisable.

Lack of a current conflict-of-interest code leads to inefficiencies in tracking and handling interim designated positions, and lack of systemwide policy or guidance on the Code increases the risk of inconsistencies in identifying designated employees, conflicts of interest, and noncompliance with CSU and governmental requirements.

**Recommendation 1**

We recommend that the CO:

a. Continue to work closely with the FPPC to update the Code and obtain FPPC approval.

b. Develop and document systemwide policy or guidance on the areas discussed above.

**Management Response**

We concur. The CO will continue to work closely with the FPPC to update the Code in an effort to obtain FPPC approval, as well as provide additional guidance on the annual and other specialized training requirements and forthcoming policy documents.

This recommendation will be implemented by May 2015.

**POLICIES AND PROCEDURES**

**COI FILING OFFICERS**

Systemwide policies and procedures relating to COI filing officers needed to be updated or clarified.

We found that Executive Order (EO) 295, *Designation of Filing Officers under the California State University and Colleges Conflict of Interest Code*, dated July 26, 1978, was outdated. Specific required updates include, but are not limited to:

- Updating Form 700 retention requirements.
- Clarifying whether multiple filing officers can be designated and whether the duties of the filing officer can be further delegated or assigned.
- Incorporating or referencing current COI filing officer duties as discussed in Title 2, Division 6, California Code of Regulations (CCR) §18115.

In addition, we found that current systemwide policies did not address the documentation that COI filing officers should maintain when new or modified positions are reviewed and added to the interim designated position listing, interim designated positions are assigned limited disclosure categories, or the 20 percent review of statements is performed by the COI filing officer.
GC §13402 and §13403 state that management is responsible for establishing and maintaining a system of internal administrative controls, which includes documenting the system, communicating system requirements to employees, and assuring that the system is functioning as prescribed and is modified, as appropriate, for changes in conditions. Further, administrative controls are the methods through which reasonable assurance can be given that measures adopted by state agency heads to safeguard assets and promote operational efficiency are being followed.

The associate vice chancellor of HRM stated that systemwide human resources (HR) views EO 295 as a historical document that was needed to establish COI filing officer requirements and provide delegation authority to campus presidents when the CSU Code was implemented in June 1978, and that updating EO 295 was overlooked because systemwide HR provides updates on COI requirements on an annual basis, at a minimum. She also stated that documentation for designated interim positions and the 20 percent review had not been previously addressed because the process for addressing interim positions that was initiated in 2010 was intended to be short-term, but has lasted longer than expected because the Code still has not received approval from the FPPC.

Outdated policies and procedures relating to COI filing officers increase the risk of misunderstandings related to oversight of the COI program and noncompliance with CSU and governmental requirements.

**Recommendation 2**

We recommend that the CO update systemwide policy relating to COI filing officers to address, at a minimum, the areas mentioned above.

**Management Response**

We concur. The CO will update systemwide policy relating to COI filing officers to address, at a minimum, the areas mentioned above.

This recommendation will be implemented by March 2015.

**ETHICS TRAINING**

Systemwide policies and procedures relating to COI ethics training needed to be updated.

We found that coded memorandum HR 2004-15, *Ethics Regulations and Conflict of Interest Code Training*, dated May 18, 2004, and coded memorandum HR 2010-16, *Conflict of Interest – Ethics Training Requirement Under Interim Disclosure*, dated November 15, 2010, were outdated. Specific required updates include, but are not limited to:

- Clarifying the roles and responsibilities of systemwide HR, as opposed to the campuses, in providing and monitoring COI ethics training.

- Updating information on training systems and notification processes for the current training vendor.
Addressing appropriate actions for non-completion of training.

GC §13402 and §13403 state that management is responsible for establishing and maintaining a system of internal administrative controls, which includes documenting the system, communicating system requirements to employees, and assuring that the system is functioning as prescribed and is modified, as appropriate, for changes in conditions. Further, administrative controls are the methods through which reasonable assurance can be given that measures adopted by state agency heads to safeguard assets and promote operational efficiency are being followed.

The associate vice chancellor of HRM stated that the need to supersede coded memorandums HR 2004-15 and HR 2010-16 had not yet been addressed because systemwide HR provides information on ethics training requirements in its annual HR communications to COI filing officers and also discusses ethics training during annual webcasts for COI filing officers.

Outdated policies and procedures relating to ethics training increase the risk of misunderstandings related to oversight of the ethics training program, noncompletion of required training, and noncompliance with CSU and governmental requirements.

**Recommendation 3**

We recommend that the CO update systemwide policy relating to ethics training to address, at a minimum, the areas mentioned above.

**Management Response**

We concur. The CO will update systemwide policy relating to ethics training to address, at a minimum, the areas mentioned above.

This recommendation will be implemented by March 2015.

**GIFTS TO AGENCY**

Systemwide policies and procedures relating to gifts to agency needed to be updated.

We found that coded memorandum HR 2008-19, *Conflict of Interest – Fair Political Practices Commission (FPPC) Revised Regulation Concerning Gifts to Agency*, dated November 17, 2008, was outdated. Specific required updates include, but are not limited to:

- Updating the policy to reflect changes to Title 2, Division 6, CCR §18944 that were effective January 1, 2014.

- Addressing relevant individuals who should be notified and/or trained on the policy.

GC §13402 and §13403 state that management is responsible for establishing and maintaining a system of internal administrative controls, which includes documenting the system, communicating...
system requirements to employees, and assuring that the system is functioning as prescribed and is modified, as appropriate, for changes in conditions. Further, administrative controls are the methods through which reasonable assurance can be given that measures adopted by state agency heads to safeguard assets and promote operational efficiency are being followed.

Title 2, Division 6, CCR §18944 was updated on January 1, 2014, to allow for less-frequent reporting of gifts to agency to the FPPC and on the campus website on a quarterly basis, and reporting only when gifts to agency aggregate to $2,500 or more since the last filing.

The associate vice chancellor of HRM stated that systemwide HR has been working on updating the gifts-to-agency policy and is currently in the final stages of releasing a revised coded memorandum. She further stated that since the new standards for reporting gifts to agency are less stringent than the old requirements, campuses following current systemwide policies are compliant with revised FPPC regulations, and that in the interim, systemwide HR has notified campuses of the new requirements through the provision of a link to updated FPPC information in the HR annual update for COI filing officers and discussion of the new requirements during the annual training webcast.

Outdated policies and procedures relating to gifts to agency increase the risk of noncompliance with CSU and governmental requirements.

**Recommendation 4**

We recommend that the CO update systemwide policy relating to gifts to agency to address, at a minimum, the areas mentioned above.

**Management Response**

We concur. The CO will update systemwide policy relating to gifts to agency to address, at a minimum, the areas mentioned above.

This recommendation will be implemented by March 2015.

**TRAINING**

**COI FILING OFFICER TRAINING**

Training and guidance for COI filing officers needed improvement.

Although training was provided to COI filing officers on an annual basis, the training did not:

- Provide sufficient guidance on identifying designated positions and assigning disclosure categories and performing and documenting the COI filing officer’s review of new and modified positions.

- Coordinate with individuals in other areas or departments with COI reporting duties.
GC §13402 and §13403 state that management is responsible for establishing and maintaining a system of internal administrative controls, which includes documenting the system, communicating system requirements to employees, and assuring that the system is functioning as prescribed and is modified, as appropriate, for changes in conditions. Further, administrative controls are the methods through which reasonable assurance can be given that measures adopted by state agency heads to safeguard assets and promote operational efficiency are being followed.

Title 2, Division 6, CCR §18734 states that consultants and newly created positions filing under interim disclosure requirements shall file under the broadest disclosure category in the agency’s COI code until the agency amends its code to reflect the position. However, the agency may determine that broadest disclosure is not necessary and set interim disclosure that is more tailored to positions with a limited range of duties. This determination shall include a description of the position’s duties, and, based upon that description, a statement of the extent of disclosure requirements.

The associate vice chancellor of HRM stated her belief that the identification of designated positions was not a systemwide training issue due to the fact that identifying designated positions and assigning disclosure categories to those positions were campus-based decisions, and the same title at one campus may have different duties than a comparable title at another campus, which would warrant the assignment of different disclosure categories. She further stated that the need to incorporate the performance and documentation of the campus COI filing officer’s review of new and modified positions had not been previously recognized, however it can be developed as a generic training guideline with systemwide principles and requirements. She also stated that the need for coordination with other areas was recently recognized, and systemwide HR had collaborated with other areas when providing 2014 annual training to COI filing officers.

Incomplete training increases the risk of misunderstandings related to COI duties and responsibilities and noncompliance with CSU and governmental requirements.

**Recommendation 5**

We recommend that the CO update the training for COI filing officers to include, at a minimum, the areas mentioned above.

**Management Response**

We concur. The CO will update the training for COI filing officers to include, at a minimum, the areas mentioned above.

This recommendation will be implemented by May 2015.

**DESIGNATED EMPLOYEE TRAINING**

Training and reference materials provided to designated employees needed improvement.
Although designated employees received ethics training once every two years and received instructions on completing Form 700 annually, we noted in our interviews with designated employees during the campus audits that:

- Many designated employees did not know what a disclosure category was, or were unaware of what their disclosure categories were or how to find them.
- Training did not provide enough information or emphasis on Form 700 reporting.
- There was no written guidance on the process to report and manage COI, for example, under what circumstances and to whom an employee should announce a COI and how COIs should be managed or resolved.
- Ethics training and Form 700 information were only provided to employees at one point in time and were otherwise not easily accessible. A centralized location where training materials and information could be found and a defined point of contact for questions would be helpful.

GC §13402 and §13403 state that management is responsible for establishing and maintaining a system of internal administrative controls, which includes documenting the system, communicating system requirements to employees, and assuring that the system is functioning as prescribed and is modified, as appropriate, for changes in conditions. Further, administrative controls are the methods through which reasonable assurance can be given that measures adopted by state agency heads to safeguard assets and promote operational efficiency are being followed.

The associate vice chancellor of HRM stated her belief that it was the duty of the campus COI filing officer to provide guidance to employees in designated positions at their respective campuses. She further stated that systemwide HR currently provides training and reference materials to COI filing officers, which includes information about FPPC and numerous other resources; however, improvements could be made to make the information easier to understand and to include other possible resources.

Incomplete training materials for designated employees increase the risk of misunderstandings related to COI reporting and noncompliance with CSU and governmental requirements.

**Recommendation 6**

We recommend that the CO update training and reference materials for designated employees to include, at a minimum, the areas mentioned above.

**Management Response**

We concur. The CO will update training and reference materials currently provided to campus COI filing officers for the training of their campus employees to include, at a minimum, the areas mentioned above.

This recommendation will be implemented by May 2015.
## APPENDIX A:
### PERSONNEL CONTACTED

<table>
<thead>
<tr>
<th>Name</th>
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<tbody>
<tr>
<td><strong>California State University, Office of the Chancellor</strong></td>
<td></td>
</tr>
<tr>
<td>Gail Brooks</td>
<td>Vice Chancellor, Human Resources (At time of review)</td>
</tr>
<tr>
<td>Alyssa Adamson</td>
<td>Director, Information Technology Services, Finance</td>
</tr>
<tr>
<td>Ruben Armiñana</td>
<td>President, Sonoma State University</td>
</tr>
<tr>
<td>Jeffrey D. Armstrong</td>
<td>President, California Polytechnic State University, San Luis Obispo</td>
</tr>
<tr>
<td>George Ashkar</td>
<td>Assistant Vice Chancellor/Controller</td>
</tr>
<tr>
<td>Garrett Ashley</td>
<td>Vice Chancellor, University Relations and Advancement</td>
</tr>
<tr>
<td>Mary Carrillo</td>
<td>Contracts Manager, Contract Services and Procurement</td>
</tr>
<tr>
<td>Joseph I. Castro</td>
<td>President, California State University, Fresno</td>
</tr>
<tr>
<td>William A. Covino</td>
<td>President, California State University, Los Angeles</td>
</tr>
<tr>
<td>Rebecca D. Eisen</td>
<td>California State University Trustee</td>
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<td>Douglas Faigin</td>
<td>California State University Trustee</td>
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<tr>
<td>Margaret Fortune</td>
<td>California State University Trustee</td>
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<tr>
<td>Lupe C. Garcia</td>
<td>California State University Trustee</td>
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<tr>
<td>Jean Gill</td>
<td>Assistant Controller, Financial Services</td>
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<tr>
<td>Steven M. Glazer</td>
<td>California State University Trustee</td>
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<tr>
<td>Willie Hagan</td>
<td>President, California State University, Dominguez Hills</td>
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<tr>
<td>Kristy Hawman</td>
<td>Director, Human Resources Services and Conflict of Interest</td>
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<td></td>
<td>Filing Officer</td>
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<tr>
<td>Leticia Hernandez</td>
<td>Trustee Secretariat</td>
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<tr>
<td>Maria Hernandez</td>
<td>Contracts Manager, Contract Services and Procurement</td>
</tr>
<tr>
<td>Theresa Hines</td>
<td>Senior Manager, Human Resources Policy and Programs, Data Operations and Systems</td>
</tr>
<tr>
<td>Jahari Holloway</td>
<td>Associate University Planner</td>
</tr>
<tr>
<td>Melody Kojima</td>
<td>Assistant Director, Purchasing</td>
</tr>
<tr>
<td>Robert Linscheid</td>
<td>California State University Trustee</td>
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<tr>
<td>Horace Mitchell</td>
<td>President, California State University, Bakersfield</td>
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<tr>
<td>Lou Monville</td>
<td>California State University Trustee</td>
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<tr>
<td>Tomás D. Morales</td>
<td>President, California State University, San Bernardino</td>
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<tr>
<td>Claire Morlock</td>
<td>Procurement Assistant, Contract Services and Procurement</td>
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<tr>
<td>Evelyn Nazario</td>
<td>Associate Vice Chancellor, Human Resources Management</td>
</tr>
<tr>
<td>Fred Neely</td>
<td>Special Consultant</td>
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<tr>
<td>J. Lawrence Norton</td>
<td>California State University Trustee</td>
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<tr>
<td>Eduardo M. Ochoa</td>
<td>President, California State University, Monterey Bay</td>
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<tr>
<td>J. Michael Ortiz</td>
<td>President, California State Polytechnic University, Pomona</td>
</tr>
<tr>
<td>Lori Redfearn</td>
<td>Assistant Vice Chancellor, Advancement Services</td>
</tr>
<tr>
<td>Michael Redmond</td>
<td>Acting Assistant Vice Chancellor, Headquarters Building Security and Strategic Initiatives</td>
</tr>
<tr>
<td>Carrie Rieth Hemphill</td>
<td>University Counsel</td>
</tr>
<tr>
<td>Rollin C. Richmond</td>
<td>President, Humboldt State University</td>
</tr>
<tr>
<td>Tom Roberts</td>
<td>Director, Contracts Services and Procurement</td>
</tr>
<tr>
<td>Sally Roush</td>
<td>Interim Vice Chancellor, Business and Finance (At time of review)</td>
</tr>
<tr>
<td>Richard R. Rush</td>
<td>President, California State University, Channel Islands</td>
</tr>
<tr>
<td>Lars Walton</td>
<td>Chief of Staff, Office of the Chancellor</td>
</tr>
</tbody>
</table>
APPENDIX A: PERSONNEL CONTACTED

California State University, Office of the Chancellor (cont.)
Leslie E. Wong  President, San Francisco State University
Colleen Zenger  Senior Financial Manager, Treasury Operations

California State University, Chico
Paul J. Zingg  President
Sharyn Abernatha  Assistant Vice President for Staff Human Resources
Drew Calandrella  Vice President for Student Affairs
Richard Ellison  Vice President for University Advancement
Beverly Gentry  Manager for Professional Development and Conflict-of-Interest Filing Officer
Lorraine Hoffman  Vice President for Business and Finance
Jeni Kitchell  Director of University Budget and Resource Management
Wenshu Lee  Associate Vice President for Faculty Affairs
Michael McNairn  Contracts Coordinator
Lynda Miracle  Assistant Vice President, Planning, Design, and Construction
Sara Rumiano  Director of Procurement and Contract Services
Michael Schilling  Vice Provost for Information Resources and Chief Information Officer
Karen Von Bargen  Confidential Administrative Support
Belle Wei  Provost and Vice President for Academic Affairs
Karla Zimmerlee  Chief of Staff

California State University, Fresno
Joseph I. Castro  President
Michael Caldwell  Associate Vice President for Faculty Affairs
Lisa Chavez  Director of Business Operations, Athletics
Carolyn Coon  Vice President for Student Affairs and Dean of Students
Brian Cotham  Director of Procurement and Support Services
Esther Gonzalez  Project Analyst, Office of the Vice President for Administration
Pamela Lewis  Budget and Treasury Manager
Clinton Moffitt  Associate Vice President for Finance Services
Scott Moore  Dean for Continuing and Global Education
Robert Murphy  Human Resources Manager and Conflict of Interest Filing Officer
Janice Parten  Associate Vice President for Human Resources
Elizabeth Potter  Buyer, Procurement and Support Services
Kathleen Scott  Executive Assistant to the Vice President for Administration
Peter Smits  Vice President for University Advancement
Cynthia Teniente-Matson  Vice President for Administration and Chief Financial Officer

California State University, Fullerton
Mildred Garcia  President
John Beisner  Executive Director, Risk Management
Denise Bell  Director, Office of Sponsored Programs, Auxiliary Services Corporation
Adriana Bitoun  Senior Director, Advancement Services
Michele Cesca  Associate Vice President, Central Development
Jose Cruz  Provost and Vice President, Academic Affairs
Amir Dabirian  Vice President, Information Technology
Laurinda Fuller  Director of Internal Audit
## APPENDIX A: PERSONNEL CONTACTED

**California State University, Fullerton (cont.)**

<table>
<thead>
<tr>
<th>Name</th>
<th>Position and Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tara Garcia</td>
<td>Executive Director, Advancement Operations</td>
</tr>
<tr>
<td>Maria Gonzalez</td>
<td>Classification and Compensation Manager</td>
</tr>
<tr>
<td>Silvia Gonzalez</td>
<td>Compensation Specialist and Conflict-of-Interest Filing Officer</td>
</tr>
<tr>
<td>Robin Graboyes</td>
<td>Director of Employment Services</td>
</tr>
<tr>
<td>Donald Green</td>
<td>Director of Contracts and Procurement</td>
</tr>
<tr>
<td>Lea Jarnagin</td>
<td>Associate Vice President, Student Affairs</td>
</tr>
<tr>
<td>Berenecea Johnson Eanes</td>
<td>Associate Vice President, Student Affairs</td>
</tr>
<tr>
<td>Danny Kim</td>
<td>Interim Vice President, Administration and Finance/Chief Financial Officer</td>
</tr>
<tr>
<td>Perrin Reid</td>
<td>Associate Vice President, Human Resources, Diversity and Inclusion</td>
</tr>
<tr>
<td>Paulina Tagle</td>
<td>Director, Office of Grants and Contracts</td>
</tr>
<tr>
<td>Nashaunda Williams</td>
<td>Documents and Records Analyst, Human Resources</td>
</tr>
<tr>
<td>Sally Yassine</td>
<td>Associate Director of Contracts and Procurement</td>
</tr>
</tbody>
</table>

**California State University, Monterey Bay**

<table>
<thead>
<tr>
<th>Name</th>
<th>Position and Title</th>
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</thead>
<tbody>
<tr>
<td>Eduardo M. Ochoa</td>
<td>President</td>
</tr>
<tr>
<td>Jasmine Alcones</td>
<td>Office Coordinator, Procurement Assistant</td>
</tr>
<tr>
<td>Reyola Carlisle</td>
<td>Contracts Coordinator</td>
</tr>
<tr>
<td>Christine Erickson</td>
<td>Associate Vice President of Student Affairs and Dean of Students</td>
</tr>
<tr>
<td>Arthur Evjen</td>
<td>Director of Business and Support Services</td>
</tr>
<tr>
<td>John Fitzgibbon</td>
<td>Associate Vice President of Finance and Associate Vice President of Inclusive Excellence</td>
</tr>
<tr>
<td>Patti Hiramoto</td>
<td>and Chief Diversity Officer</td>
</tr>
<tr>
<td>George Lenno</td>
<td>Chief Information Officer</td>
</tr>
<tr>
<td>Tamberly Petrovich</td>
<td>Director of Employee Relations, Equal Employment Opportunity, and American Disabilities Act and Conflict-of-Interest Filing Officer</td>
</tr>
<tr>
<td>Robert Rench</td>
<td>Associate Director of Quality Improvement and Campus Sustainability</td>
</tr>
<tr>
<td>Mary Roberts</td>
<td>Associate Vice President of Human Resources and Academic Personnel</td>
</tr>
<tr>
<td>Eva Salas</td>
<td>Buyer</td>
</tr>
<tr>
<td>Kevin Saunders</td>
<td>Vice President of Administration and Finance</td>
</tr>
<tr>
<td>Laura Tantillo</td>
<td>Diversity, Equity, and Employee Development Analyst</td>
</tr>
<tr>
<td>Lynn Velkov</td>
<td>Administrative Assistant</td>
</tr>
<tr>
<td>Barbara Zappas</td>
<td>Vice President of University Development</td>
</tr>
</tbody>
</table>

**California State University, Sacramento**

<table>
<thead>
<tr>
<th>Name</th>
<th>Position and Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alexander Gonzalez</td>
<td>President</td>
</tr>
<tr>
<td>Dale Clack</td>
<td>Procurement Supervisor</td>
</tr>
<tr>
<td>Philip Garcia</td>
<td>Vice President for Public Affairs and Advocacy</td>
</tr>
<tr>
<td>Larry Gilbert</td>
<td>Vice President and Chief Information Officer</td>
</tr>
<tr>
<td>John Guion</td>
<td>Director, Procurement and Contract Services</td>
</tr>
<tr>
<td>Frederika Harmsen</td>
<td>Provost and Vice President for Academic Affairs</td>
</tr>
<tr>
<td>Yavette Hayward</td>
<td>Senior Management Auditor</td>
</tr>
<tr>
<td>Justine Heartt</td>
<td>Associate Vice President for Financial Services</td>
</tr>
<tr>
<td>Ming-Tung (Mike) Lee</td>
<td>Chief Financial Officer and Vice President for Administration and Business Affairs</td>
</tr>
<tr>
<td>Christine Lovely</td>
<td>Vice President, Human Resources and Conflict-of-Interest Filing Officer</td>
</tr>
</tbody>
</table>
California State University, Sacramento (cont.)
Kaye Milburn  Director of Auditing Services
Kent Porter  Associate Vice President for Human Resources
Vince Sales  Vice President for University Advancement
Lorena Solis  Confidential Office Support, Human Resources
November 17, 2014

MEMORANDUM

TO: Larry Mandel
    Vice Chancellor and Chief Audit Officer

FROM: Lori Lamb

SUBJECT: Conflict of Interest Systemwide Audit Report #14-14

In response to the “Incomplete Draft” report dated October 7, 2014, we are providing the enclosed management response.

Should you have any questions, please contact us.

LL:mpr

Attachment

c: Lars Walton, Chief of Staff, Office of the Chancellor
    Steve Relyea, Executive Vice Chancellor and Chief Financial Officer
    Garrett Ashley, Vice Chancellor, University Relations and Advancement
    Evelyn Nazario, Associate Vice Chancellor, Human Resources Management
    George Ashkar, Assistant Vice Chancellor / Controller, Financial Services
    Lori Redfearn, Assistant Vice Chancellor, Advancement Services
    Mike Redmond, Acting Assistant Vice Chancellor, Headquarters Building
    Security and Strategic Initiatives

CSU Campuses
    Bakersfield
    Channel Islands
    Chico
    Dominguez Hills
    East Bay

Fresno
    Fullerton
    Humboldt
    Long Beach
    Los Angeles
    Maritime Academy

Monterey Bay
    Northridge
    Pomona
    Sacramento
    San Bernardino
    San Diego

San Francisco
    San José
    San Luis Obispo
    San Marcos
    Sonoma
    Stanislaus
CONFLICT OF INTEREST
SYSTEMWIDE
Audit Report 14-14

CONFLICT-OF-INTEREST CODE

Recommendation 1

We recommend that the CO:

a. Continue to work closely with the FPPC to update the Code and obtain FPPC approval.
b. Develop and document systemwide policy or guidance on the areas discussed above.

Management Response

We concur. The CO will continue to work closely with the FPPC to update the Code in an effort to obtain FPPC approval, as well as provide additional guidance on the annual and other specialized training requirements and forthcoming policy documents.

This recommendation will be implemented by May 2015.

POLICIES AND PROCEDURES

COI FILING OFFICERS

Recommendation 2

We recommend that the CO update systemwide policy relating to COI filing officers to address, at a minimum, the areas mentioned above.

Management Response

We concur. The CO will update systemwide policy relating to COI filing officers to address, at a minimum, the areas mentioned above.

This recommendation will be implemented by March 2015.

ETHICS TRAINING

Recommendation 3

We recommend that the CO update systemwide policy relating to ethics training to address, at a minimum, the areas mentioned above.
Management Response

We concur. The CO will update systemwide policy relating to ethics training to address, at a minimum, the areas mentioned above.

This recommendation will be implemented by March 2015.

GIFTS TO AGENCY

Recommendation 4

We recommend that the CO update systemwide policy relating to gifts to agency to address, at a minimum, the areas mentioned above.

Management Response

We concur. The CO will update systemwide policy relating to gifts to agency to address, at a minimum, the areas mentioned above.

This recommendation will be implemented by March 2015.

TRAINING

COI FILING OFFICER TRAINING

Recommendation 5

We recommend that the CO update the training for COI filing officers to include, at a minimum, the areas mentioned above.

Management Response

We concur. The CO will update the training for COI filing officers to include, at a minimum, the areas mentioned above.

This recommendation will be implemented by May 2015.

DESIGNATED EMPLOYEE TRAINING

Recommendation 6

We recommend that the CO update training and reference materials for designated employees to include, at a minimum, the areas mentioned above.
Management Response

We concur. The CO will update training and reference materials currently provided to campus COI filing officers for the training of their campus employees to include, at a minimum, the areas mentioned above.

This recommendation will be implemented by May 2015.
December 8, 2014

MEMORANDUM

TO: Mr. Larry Mandel
   Vice Chancellor and Chief Audit Officer

FROM: Timothy P. White
   Chancellor

SUBJECT: Draft Final Report 14-14 on Conflict of Interest, Systemwide

In response to your memorandum of December 8, 2014, I accept the response as submitted with the draft final report on Conflict of Interest, Systemwide.

TPW/amd