

SB 1467 – Public Contracts: Conflict of Interest

Summary of Impacts – The Dos and Don'ts

EFFECTIVE DATE

July 1, 2003

SUCCESSOR CONTRACTS

Consultants who have performed work for the University cannot submit a bid for nor be awarded a contract for projects relating to the Consultant's findings or recommendations.

HIRING EX-UNIVERSITY EMPLOYEES AS INDEPENDENT CONTRACTORS

A former university employee cannot be paid as an independent contractor for two years from the date of separation to perform work related to contracts that were planned, negotiated, or executed by that employee.

A former university employee cannot be paid as an independent contractor for one year from the date of separation to perform work on a contract if he or she was employed by that department in a policymaking position in the same general subject area as that contract.

These sections do not prohibit the rehire or reappointment of a UC employee after retirement consistent with university administrative policy.

EMPLOYEE-VENDOR RELATIONSHIPS

Purchasing Goods from a University Employee

- You may not rent or purchase goods from a university employee (exception: teaching or research employees).
- You may rent or purchase goods from an employee with a teaching or research title **ONLY AFTER** there has been a specific determination by the Materiel Manager or designee that the goods are not available either from commercial sources or from the University's own facilities.
 - Submit the Employee-Vendor Relationship Disclosure Form prior to any purchase, lease or rental of goods from a teaching or research employee.

Purchasing Services from a University Employee

Employees (excluding those in teaching or research titles)

- You may not pay a university employee as an independent contractor to provide services. **NO EXCEPTIONS!**
- It may be possible to compensate a university employee through the payroll system for services outside the scope of the employee's regular university employment.
 - Contact the appropriate HR service center coordinator (staff or academic, as appropriate).

Employees in teaching or research titles

- It may be possible to compensate a teaching or research employee through the payroll system for services outside the scope of the employee's regular university employment.
 - Contact the appropriate HR service center coordinator (staff or academic, as appropriate) regarding compensation through the payroll system.
- If unable to compensate a teaching or research employee through the payroll system for services outside the scope of the employee's regular university employment, it may be possible to pay the employee as an independent contractor for those same services **ONLY AFTER** there has been a

specific determination by the materiel Manager or designee that the services are not available either from commercial sources or from the University's own facilities.

- Submit the Employee-Vendor Relationship Disclosure Form prior to any purchase of services from a teaching or research employee.

Purchasing Goods or Services from a Business When a University Employee Has a Financial Interest in that Business

Employees (excluding those in teaching or research titles)

- You may purchase goods or services from a business in which a university employee has a 10% or lesser interest.
- You may not purchase goods or services from a business in which a university employee has more than a 10% interest.

Employees in teaching or research titles

- You may purchase goods or services from a business in which a teaching or research employee has a 10% or lesser interest.
- You may purchase goods or services from a business in which a teaching or research employee has more than a 10% interest **ONLY AFTER** there has been a specific determination by the Materiel Manager or designee that the goods or services are not available either from commercial sources or from the University's own facilities.
 - Submit the Employee-Vendor Relationship Disclosure Form prior to any purchase, lease, or rental of goods or services from a teaching or research employee.

Purchasing Goods or Services from Near Relatives of University Employees

SB 1467 has no effect upon the purchase of goods and services from a near-relative of a university employee.

- You may purchase goods or services from the near-relative of a university employee **IF** the university employee has no responsibility for, no involvement in, and no influence over the purchasing decision.
 - Submit the Employee-Vendor Relationship Disclosure Form prior to any purchase, lease, or rental of goods or services from a near-relative of a university employee.
- You may not purchase goods or services from the near-relative of a university employee **IF** the university employee has any responsibility for, involvement in, or influence over the purchasing decision **UNLESS** there has been a specific determination by the Materiel Manager that the goods or services are not available either from commercial sources or from the University's own facilities.
 - Submit the Employee-Vendor Relationship Disclosure Form prior to any purchase, lease, or rental of goods or services from a near-relative of a university employee.

PENALTIES

- Every contract or other transaction entered in violation of SB 1467 is void.
- Any officer or employee of the University of California who knowingly engages in a transaction prohibited under SB 1467 may be guilty of a felony.
- Any contractor to the University of California who knowingly engages in a transaction prohibited under SB 1467 may be guilty of a felony.
- Persons convicted under SB 1467 may be liable for money damages.