

UC Davis Policy and Procedure Manual

Chapter 350, Supplies and Equipment Section 90, Employee-Vendor Transactions

Date: 11/30/05

Supersedes: 5/8/95

Responsible Department: Materiel Management

Source Document: UC Policy Regarding Employee-Vendor Relationships

I. Purpose

This section sets forth special limitations and requirements for the University's use of its own employees, outside the employer-employee relationship, as suppliers of goods and services (including consultant services).

II. Definitions

- A. Employee--any individual who is presently employed by the University.
- B. Near relative—an employee's spouse, child, parent, brother, sister, son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, sister-in-law, and step-relatives in the same relationship. Near relative also includes an employee's domestic partner or individual with one of the above relationships to the domestic partner.
- C. Employee with teaching or research responsibilities—an academic appointee who is engaged in teaching and/or research activities, and certain staff employees (e.g., Staff Research Associates) who may participate in teaching or research activities.
- D. Former employee—an individual who has retired or separated from the University, was dismissed, or was otherwise formerly employed by the University.
- E. Employee-vendor relationship--a relationship in which:
 - 1. An employee, acting alone, proposes for a consideration to lease or sell goods or to provide services to a University department, or an employee owns or controls more than 10% interest in any business that proposes for a consideration to lease or sell goods or to provide services to a University department; or
 - 2. A near relative of an employee, acting alone, proposes for a consideration to lease or sell goods or to provide services to a University department, or a near relative of an employee owns or controls more than 10% interest in any business that proposes for a consideration to lease or sell goods or to provide services to a University department, when the employee has, in any connection with his or her University employment, any responsibility for, or will be involved in any manner in, the departmental decision to accomplish or approve the transaction.
 - 3. A former employee, acting alone, proposes for consideration to lease or sell goods or to provide services to a University department.
- F. Employer-employee relationship--a relationship in which the University has the right (whether or not it exercises the right) to supervise and control the manner of performance, as well as the result of service. Such relationships are governed by appropriate personnel policies.

III. Policy

A. Separation of interests

It is the policy of the University to separate an employee's University and private interests and to safeguard the University and its employees against charges of favoritism in acquisition of goods and services.

B. Conflict of interest

The State of California Political Reform Act prohibits an employee from making or participating in the making of a decision if a financial conflict of interest exists. Requirements governing such decision-making are set forth in the University's Conflict of Interest Code (Section 380-16) and shall be observed in purchases of goods and services by the University.

C. Restrictions

1. Employees and near relatives

No purchase, lease of goods, or contract for services shall be made with any employee or near relative who has an employee-vendor relationship as defined above. The University may enter into a contract for goods or services with an employee who has teaching or research responsibilities, provided that the Director—Materiel Management or his/her designee has made a specific determination that the goods or services are not available either from commercial sources or from the University's own facilities.

2. Former employees

California Public Contract Code Sections 10515 through 10524 restrict the way UC does business with employee-vendors and contractors who are former UC employees. See Section 330-05.

D. Inspection

The Director of Materiel Management or his/her designee, whenever necessary to ensure an understanding of facts presented, shall inspect the business premises and records of an employee-vendor or near relative-vendor from whom the University is considering acquiring goods or services.

E. Exceptions

The Vice Chancellor--Administration has the authority to approve other exceptions to this policy, within constraints imposed by the Political Reform Act, when there are unusual or extenuating circumstances.

F. Required reports

1. Circumstances requiring a report

A University employee, former employee, or near relative shall submit a report conforming to the requirements in 2 and 3, below, when making a quotation or a proposal or upon learning that one has been made and an employee-vendor relationship exists. A form for

reporting possible conflicts of interest in purchasing transactions is available at <https://ucdmm.ucdavis.edu/Forms/conflict.pdf>.

2. Content and certification

The employee, former employee, or near relative submitting the required report shall:

- a. Indicate the University department(s) and position(s) of the employee involved in the employee-vendor relationship. A former employee must also state the date of his/her separation from the University.
- b. Disclose the interest of the employee, former employee, or a near relative in the proposal.
- c. Specify the employee's and/or near relative's relationship to, or interest in, any such business organization making the quotation or proposal.
- d. Indicate whether the employee has any responsibility for or will be involved in any manner in the departmental decision to accomplish or approve the transaction. In the case of a former employee, indicate whether the individual when employed had any responsibility for or was involved in any manner in the departmental decision to accomplish or approve the transaction.
- e. Certify that no University time, materiel, equipment, or facilities have been or will be used in connection with any resulting purchase order or contract.
- f. An employee who has teaching or research responsibilities must provide a description of those activities and certify that the goods or services s/he is proposing to sell are not available from commercial sources or from the University's own facilities.

3. Submission

The required report shall be submitted to the appropriate contracting office identified in Section 330-05. A recertification must be submitted with each subsequent quotation or proposal, and/or prior to the extension/renewal of the terms of an existing contract. The applicable contracting office is responsible for notifying the submitting department of its approvals or denials of requests involving employee-vendor relationships.

IV. References

- A. Office of the President (<http://www.ucop.edu/ucophome/coordrev/ucpolicies/>):
 1. Policy Regarding Employee-Vendor Relationships, 8/19/82.
 2. Business & Finance Bulletin BUS-43, Materiel Management, Part 7, 7/1/05.
- B. California Public Contract Code, Sections 10515 through 10524 (<http://www.leginfo.ca.gov/calaw.html>).
- C. UCD Policy and Procedure Manual (<http://manuals.ucdavis.edu/PPM/about.htm>):

1. Section 330-05, Administrative Business Agreements.
2. Section 380-16, Conflict of Interest.