CONFLICT OF INTEREST CODE

A. Conflict of Interest and Prohibition Against Making, Participating in the Making or in Any Way Attempting to Use Official Position to Influence Decision

In accordance with Government Code, Section 87100, and Title 2, California Code of Regulations, Section 18730, no employee or member of the Board of Trustees of the South Orange County Community College District shall make, participate in making, or in any way attempt to use his or her official position to influence a decision of the South Orange County Community College District, which he or she knows or has reason to know will have a reasonable foreseeable material financial effect, distinguishable from its effect on the public generally, on the officer or employee or a member of his or her immediate family, or on any of the following.

1. Any business entity in which the officer or employee has a direct or indirect investment worth one thousand dollars ($1,000) or more;

2. Any real property in which the officer or employee has a direct or indirect interest worth one thousand dollars ($1,000) or more;

3. Any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating two hundred fifty dollars ($250) or more in value provided to, received by or promised to the officer or employee within 12 months prior to the time when the decision is made;

4. Any business entity in which the officer or employee is a director, officer, partner, trustee, employee, or holds any position of management; or

5. Any donor of, or any intermediary or agent for a donor or, a gift or gifts aggregating two hundred eighty dollars ($280) or more in value provided to, received by, or promised to the officer or employee within 12 months prior to the time when the decision is made.

B. Employment and Supervision of Relatives

This policy applies to any administrator, faculty, or staff member of the South Orange County Community College District, and any other employee(s) in whom is vested the authority by law, rule, regulation, or policy to supervision, evaluate, recommend, promote or advance or to influence directly in the course of business the supervision, evaluation, recommendation, promotion, or advancement of other employees.
As defined in this policy “member of an employee’s family” includes the employee’s father, mother, son, daughter, brother, sister, uncle, aunt, first cousin, nephew, niece, grandfather, grandmother, grandson, grand-daughter, husband, wife, father-in-law, mother-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half-brother, half-sister, or any person who is living in the same household as the employee.

1. Members of the same family shall not be assigned to a regular position in which one member would be required as part of his/her responsibilities to directly supervise nor to evaluate another family member.

2. The district shall not place members of the employee’s family in the same department, division, or facility if the work involves potential conflict of interest.

3. If co-employees marry or otherwise become related subsequent to assignment to the same department, division, or facility, the district shall make reasonable efforts to reassign job duties so as to minimize problems of supervision, safety, security, or morale, including utilization of the transfer provisions of any applicable collective bargaining agreement. No change will be made that imposes a hardship.

4. Any work situations contrary to this policy but already in effect at the time the policy is adopted may remain in effect. However, college and district administration must be alert for the earliest possibility of changing work assignments to conform to the policy, provided such change does not impose hardship.

C. Prohibition Upon Designated Employees' Employment by or Other Business Relationships with District Vendors

In accordance with Government Code, Section 1126, the employment of a designated employee or other business relationships with a current vendor of the district is prohibited. No designated employee shall accept compensation from any vendor who has done business with the district within the last two (2) years.

D. Penalties

Any designated employee who fails to disclose reportable investments, business positions, interests in real property and income as required by the Political Reform Act, or any officer or employee who shall make, participate in making, or in any way attempt to use his or her official position to influence a decision of the South Orange County Community College District in which he or she knows or has reason to know he or she has a financial interest shall be subject to discipline, including up to dismissal in accordance with the procedure articulated by Government Code, Section 91003.5. Classified employees shall be subject to discipline under Education Code, Section 88013. Academic employees shall be subject to discipline under Education Code,
Section 87732. In addition, state law provides for administrative, criminal and civil sanctions as discussed in paragraph H, Section II below.

E. **Annual In-Service**

The district shall conduct annually an in-service for its officers and employees concerning the district's Conflict of Interest Code and the requirements included therein. This in-service shall cover:

1. The reporting requirements contained in Form 730 entitled, "Statement of Economic Interests for Designated Employees."

2. Conflicts of interest and the prohibitions of Government Code, Section 87100.

3. The code of conduct expected and required of all officers and employees, including but not limited to the acceptance and reporting of gifts, meals, and gratuities.

F. **Disclosure of Loans as Income**

Designated officers and employees shall disclose reportable loans on Schedule E of Form 730. Income is defined in Government Code, Section 82030 to include loans which aggregate two hundred fifty dollars ($250) or more from a single source which is either located in the jurisdiction, is doing business in the jurisdiction, has done business in the jurisdiction during the previous two (2) years or plans to do business in the jurisdiction of the district. All reportable loans received or outstanding during the reporting period must be disclosed. Loans are not required to be disclosed in the following circumstances:

1. Any loan from a commercial lending institution used to purchase, refinance the purchase of, or for improvements to, the principal residence of the filer if the loan is made in the lender's regular course of business on terms available to members of the public without regard to official status. Home equity loans exceeding ten thousand dollars ($10,000) from a commercial lending institution or home equity loans from other sources exceeding two hundred fifty dollars ($250) if not used for the purchase, refinance of or for improvements to the principal residence are reportable.

2. Loans from a commercial lending institution in the normal course of business which, in the aggregate, do not exceed ten thousand dollars ($10,000) at any time during the reporting period.

3. Any indebtedness created as part of a retail installment or credit card transaction made in the lender's regular course of business on terms available to members of the public without regard to the official status of the filer if the aggregate amount owed to the creditor does not exceed ten thousand dollars ($10,000) at any time during the reporting period.
4. Any loan from an individual's spouse, child, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, uncle, aunt, or first cousin, or the spouse of any such person, except that a loan from any such person is reportable if the lender is acting as an agent or intermediary for any person not covered by this provision.

G. Filing Deadline for Statements of Economic Interests

Designated officers and employees shall file annual Statements of Economic Interests with the South Orange County Community College District no later than April 1 of each year. Upon receipt of the Statements of the Chancellor and members of the Board of Trustees, the district shall make and retain a copy and forward the original of these statements to the Orange County Board of Supervisors. Statements for all other designated employees will be retained by the district.

H. For questions concerning the reporting requirements of the Political Reform Act, Appendix "A" of the district's Conflict of Interest Code should first be consulted. Appendix "A" sets forth the positions of those persons, which are required to report financial interests and the disclosure categories, which apply to each designated position. Next, the Statement of Economic Interests for Designated Employees Form 730 should be consulted. Form 730 includes all the schedules, which may need to be completed depending upon the disclosure category or categories applicable to a designated employee as well as instructions on how to complete each schedule. All designated employees must complete the first page of Form 730 indicating the type of statement which is being submitted (i.e., assuming office, annual, leaving office, or initial statement), the summary of schedules on the following page and any schedules in which a reportable interest exists.

For additional information on reporting requirements or information on conflicts of interest and prohibitions as discussed in paragraph A above, the Political Reform Act of 1974 commencing at Government Code, Section 8100, and the Fair Political Practices Commission's implementing regulation found at Title 2, California Code of Regulations, Section 18730, should be consulted. The applicable provisions of Section 18730 are set forth below in paragraph H.

I. Section 18730: Provisions of Conflict of Interest Codes

1. Incorporation by reference of the terms of this regulation along with the designation of employees and the formulation of disclosure categories in the Appendix referred to below constitute the adoption and promulgation of a conflict of interest code within the meaning of Government Code Section 87300 or the amendment of a conflict of interest code within the meaning of Government Code Section 87307 if the terms of this regulation are substituted for terms of a conflict of interest code already in effect. A code so amended or adopted and promulgated requires the reporting of reportable items in a manner substantially equivalent to the requirements of Article 2 of Chapter 7 of the Political Reform Act, Government Code Sections 81000, et seq. The requirements of a conflict of
interest code are in addition to other requirements of the Political Reform Act, such as the general prohibition against conflicts of interest contained in Government Code, Section 87100, and to other state or local laws pertaining to conflicts of interest.

2. The terms of a conflict of interest code amended or adopted and promulgated pursuant to this regulation are as follows:

Section 1. Definitions.

The definitions contained in the Political Reform Act of 1974, regulations of the Fair Political Practices Commission (2 Cal. Code of Regs., Sections 18100, et seq.), and any amendments to the Act or regulations, are incorporated by reference into this Conflict of Interest Code.

Section 2. Designated Employees.

The members of the Board of Trustees and employees holding positions listed in the Appendix are designated employees. It has been determined that these persons make or participate in the making of decisions, which may foreseeably have a material effect on financial interests.

Section 3. Statements of Economic Interests: Time of Filing.

a. Initial Statements. All designated employees employed by the South Orange County Community College District on the effective date of the district's code, as originally approved by the Orange County Board of Supervisors, shall file initial statements within 30 days after the effective date of the code. Thereafter, each person already in a position when it is designated by an amendment to the code shall file an initial statement within 30 days after the effective date of the amendment.

b. Assuming Office Statements. All persons assuming designated positions shall file statements within 30 days after assuming the designated positions.

c. Annual Statements. All designated employees shall file statements no later than April 1.

d. Leaving Office Statements. All persons who leave designated positions shall file statements within 30 days.

Section 4. Statements for Persons Who Resign Prior to Assuming Office.

Any person who resigns within 12 months of initial appointment, or within 30 days of the date of notice provided by the filing officer to file an assuming office statement, is not deemed to have assumed office or left office, provided he or she
did not make or participate in the making of, or use his or her position to influence any decision and did not receive or become entitled to receive any form of payment as a result of his or her appointment. Such persons shall not file either an assuming or leaving office statement.

a. Any person who resigns a position within 30 days of the date of a notice form, the filing officer shall do both of the following:

1) File a written resignation with the appointing power, and

2) File a written statement with the filing officer declaring under penalty of perjury that during the period between appointment and resignation he or she did not make, participate in the making, or use the position to influence any decision of the district, or receive, or become entitled to receive, any form of payment by virtue of being appointed to the position.

Section 5. Contents of and Period Covered by Periods of Economic Interests.

a. Contents of Initial Statements. Initial statements shall disclose any reportable investments, interests in real property and business positions held on the effective date of the code and income received during the 12 months prior to the effective date of the code.

b. Contents of Assuming Office Statements. Assuming office statements shall disclose any reportable investments, interests in real property and business positions held on the date of assuming office and income received during the 12 months prior to the date of assuming office.

c. Contents of Annual Statements. Annual statements shall disclose any reportable investments, interests in real property, income and business positions held or received during the previous calendar year provided, however, that the period covered by an employee's first annual statement shall begin on the effective date of the code or the date of assuming office whichever is later.

d. Contents of Leaving Office Statements. Leaving office statements shall disclose reportable investments, interests in real property, income and business positions held or received during the period between the closing date of the last statement filed and the date of leaving office.

Section 6. Manner of Reporting.

Statements of economic interests shall be made on forms prescribed by the Fair Political Practices Commission and supplied by the district, and shall contain the following information:
a. **Investment and Real Property Disclosure.** When an investment or an interest in real property is required to be reported, the statement shall contain the following:

1) A statement of the nature of the investment or interest.

2) The name of the business entity in which each investment is held, and a general description of the business activity in which the business is engaged.

3) The address or other precise location of the real property.

4) A statement whether the fair market value of the investment or interest in real property exceeds one thousand dollars ($1,000), exceeds ten thousand dollars ($10,000), or exceeds one hundred thousand dollars ($100,000).

b. **Personal Income Disclosure.** When personal income is required to be reported, the statement shall contain:

1) The name and address of each source of income aggregating two hundred fifty dollars ($250) or more in value, or fifty dollars ($50) or more in value if the income was a gift, and a general description of the business activity, if any, of each source;

2) A statement whether the aggregate value of income from each source, or in the case of a loan, the highest amount owed to each source, was one thousand dollars ($1,000) or less, greater than one thousand dollars ($1,000), or greater than ten thousand dollars ($10,000);

3) A description of the consideration, if any, for which the income was received;

4) In the case of a gift, the name, address and business activity of the donor and any intermediary through which the gift was made; a description of the gift, the amount of value of the gift, and the date on which the gift was received;

5) In the case of a loan, the annual interest rate and the security, if any, given for the loan.

c. **Business Entity Income Disclosure.** When income of a business entity, including income of a sole proprietorship, is required to be reported, the statement shall contain:

1) The name, address, and a general description of the business activity of the business entity;
2) The name of every person from whom the business entity received payments if the filer's pro rata share of gross receipts from such persons was equal to or greater than ten thousand dollars ($10,000).

d. Business Position Disclosure. When business positions are required to be reported, a designated employee shall list the name and address of each business entity in which he or she is a director, officer, partner, trustee, employee, or in which he or she holds any position of management, a description of the business activity in which the business entity is engaged, and the designated employee's position with the business entity.

e. Acquisition of Disposal During Reporting Period. In the case of an annual or leaving office statement, if an investment or an interest in real property was partially or wholly acquired or disposed of during the period covered by the statement, the statement shall contain the date of acquisition or disposal.

Section 7. Prohibition on Receipt of Honoraria.

No member of the Board of Trustees or designated employee shall accept any honorarium from any source, if the officer or employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests.

Section 7.1. Prohibition on Receipt of Gifts of $280 or More.

No member of the Board of Trustees or designated employee shall accept gifts from any single source in any calendar year with a total value of more than two hundred eighty dollars ($280) if the officer or employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests.

Section 8. Legally Required Participation by Member of Board of Trustees.

No member of the Board of Trustees shall be prevented from making or participating in the making of any decision to the extent his or her participation is legally required for the decision to be made. The fact that the vote of a designated employee who is on a voting body is needed to break a tie does not make his or her participation legally required for purposes of this section.

Section 9. Manner of Disqualification.

When a designated employee determines that he or she should not make a governmental decision because he or she has a disqualifying interest in it, the determination not to act must be accompanied by disclosure of the disqualifying interest. In the case of a member of the Board of Trustees, this determination and disclosure shall be made part of the minutes of the Board of Trustees; in the case
of the Chancellor, this determination and disclosure shall be made in writing to the Board of Trustees; and in the case of other designated employees, this determination and disclosure shall be made in writing to the designated employee's supervisor.

Section 10. Assistance of the Commission and Counsel.

Any designated employee who is unsure of his or her duties under this code may request assistance from the Fair Political Practices Commission pursuant to Government Code, Section 83114, or from the attorney for his or her district, provided that nothing in this section required the attorney for the district to issue any formal or informal opinion.

Section 11. Violations.

This code has the force and effect of law. Designated employees violating any provision of this code are subject to the administrative, criminal and civil sanctions provided in the Political Reform Act, Government Codes, Sections 81000 - 91014. In addition, a decision in relation to which a violation of the disqualification provisions of this code or of Government code, Section 87100 or 87450, has occurred may be set aside as void pursuant to Government Code, Section 91003.