# Senior Management Group
# Outside Professional Activities

Approved January 21, 2010

**Responsible Officer:** Vice President–Human Resources

**Responsible Office:** Human Resources

**Effective Date:** January 1, 2010

**Next Review Date**: The Responsible Officer will review the policy annually for update purposes and will conduct a full review at least every three years.

**Who Is Covered:** All employees whose position is designated to be in the Senior Management Group, inclusive of Officers of the University per *Regents Standing Order 100.1 Designation and to Whom Responsible*.

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## I. POLICY SUMMARY

Considerable benefit accrues to the University from Senior Management Group (SMG) members' association with external educational and research institutions, not-for-profit professional associations, federal, state and local government offices and private sector organizations. Such associations foster a greater understanding of the University of California and its value as a preeminent provider of education, research, public service, and health care. Such associations also may provide a stimulus for economic development and enhanced economic competitiveness.

While outside professional activities performed by SMG members are often mutually beneficial to the University and the members themselves, and are therefore encouraged, the primary commitment of University of California SMG members must be to the fulfillment of their regular University responsibilities.

This Policy applies to all University of California SMG members, including those who have underlying faculty appointments. During the period an SMG member possesses a dual academic and SMG appointment, his/her participation in outside professional activities will be subject to this policy and not that of the Academic Personnel Manual.[1] This Policy is intended to:

- Support and recognize the value of SMG members' outside professional activities to the University, such as contributing to their academic field, sharing their expertise with other institutions, and providing service to the community,
- Provide guidance about the limits of such activities in relation to fulfilling University responsibilities,
- Establish methods for seeking appropriate approval(s), monitoring, and reporting such activities,
- Protect against actual or apparent conflicts of interest and/or commitment when SMG members engage in such activities.

## II. POLICY DEFINITIONS

**Approving Authority:** The person or office to whom an individual reports. For SMG members who report directly to the Regents, the Chair of the Board of Regents will be the approving authority.

**Activities Regarded as Outside Professional Activities**: Outside Professional Activities are those activities within the SMG member's area(s) of professional expertise for which they are employed by the University. Such activities include, but are not limited to: service on state or national commissions, government agencies and boards,

[1] Outside activities for SMG members who are also members of the Health Sciences Compensation Plan must also be reported consistent with *APM – 670, the Health Sciences Compensation Plan and Guidelines on Occasional Outside Professional Activities by Health Sciences Compensation Plan Participants* and *APM – 025, Conflict of Commitment and Outside Activities of Faculty Members*.

committees or advisory groups to other universities, organizations established to further the interests of higher education, not-for-profit organizations, and service on corporate boards of directors.

**Activities Not Regarded as Outside Professional Activities**: The following are **not** regarded as Outside Professional Activities:

- Activities unrelated to the SMG member's area of professional expertise for which they are employed by the University, such as involvement in religious or cultural organizations.
- Activities that the approving authority confirms as part of the individual's job expectations. It is expected that the individual would not receive additional compensation for such activities beyond the individual's normal University salary.
- For an SMG member with an underlying faculty appointment, activities that the approving authority confirms as essential to remaining current in the SMG member's academic field. It is expected that the individual would not receive additional compensation for such activities beyond the individual's normal University salary.

**Exception to Policy:** An action that exceeds what is allowable under current policy or that is not expressly provided for under policy. Any such action must be treated as an exception and must be reviewed and approved by the Regents.

**Executive Officer:** The University President, Chancellor, or Laboratory Director.

**Governance responsibilities** on a for-profit board are assumed with the appointment as a board member, but not assumed with the appointment as an advisor to the board or appointment to an advisory committee to a board unless such responsibilities are specified.

**Senior Management Group:** Individuals whose career appointment is in the Senior Management Group personnel program. Employees with a dual academic appointment at 0% shall be considered to possess a career appointment in the Senior Management Group.

**Top Business Officer:** Executive Vice President–Business Operations for the Office of the President, Vice Chancellor for Administration, or the position responsible for the location's financial reporting and payroll as designated by the Executive Officer.

## III. POLICY TEXT

### *A. Responsibility and Accountability*

1. Guiding Principles

   SMG members are individually responsible for ensuring that the Outside Professional Activities they perform, and compensation received for such activities, do not violate conflict of commitment and/or conflict of interest standards of the University. SMG members have a duty of loyalty to the University, as well as a primary fiduciary responsibility to the University.

Each SMG member's approving authority is personally responsible for monitoring, evaluating, and verifying that the SMG member's Outside Professional Activities comply with University policies and State of California law.

Ultimately, SMG members and their approving authorities are accountable to the President and the Regents for ensuring that conflicts do not occur. For SMG members who report directly to the Regents, the Chair of the Board of Regents will be the approving authority.

2. Approval and Assessment

All Outside Professional Activities, whether compensated or uncompensated, must be approved by the person or office to whom an individual reports before the SMG member engages in the activity. For SMG members who report directly to the Regents, the Chair of the Board of Regents will be the approving authority.

An SMG member's approving authority is responsible for assessing whether a proposed Outside Professional Activity might create, or appear to create, a conflict of interest or commitment. In general, the proposed activity must be compatible with the SMG member's University duties. Other important factors for consideration include:

- Will the activity compete with the SMG member's regular and/or expected University duties? An assessment of the SMG member's performance is an appropriate factor to be considered.
- Will the SMG member be precluded from making decisions within the scope of his/her University duties due to a financial conflict associated with the activity (e.g., a fiduciary responsibility to the external entity, payments received from the external entity)?
- Will the time necessary to successfully perform the activity interfere with the SMG member's ability to fulfill his/her University duties?

If the answer to any of these questions is "Yes," the approving authority should seek written guidance from the appropriate University office (e.g., Human Resources; Office of Ethics, Compliance and Audit Services; or legal counsel) in order to resolve the matter with the SMG member.

► The form documenting the assessment/approval process for all Outside Professional Activities can be found at: [link]

### *B. Outside Professional Activities: Definitions and Limits*

1. Uncompensated Outside Professional Activities

Uncompensated activities are Outside Professional Activities for which the SMG member does not receive compensation or donates the full amount of the compensation to the University or a charitable organization. Compensation donated to the University may not be returned to the individual.

2. Compensated Outside Professional Activities

Compensated activities are Outside Professional Activities for which the SMG member receives and retains compensation.

Reimbursement for reasonable travel expenses is not considered compensation for the purpose of this policy.

3. Limits on Compensated Outside Professional Activities

   a. In addition to considering the reporting guidelines set forth below, when assessing proposed activities, approving authorities must be mindful of the following limits:

      i. An SMG member may serve simultaneously on up to three for-profit boards that are not entities of the University of California for which s/he receives compensation and for which s/he has governance responsibilities. Service as a member of the Board of Directors would constitute governance responsibility. Service on an advisory committee likely would not constitute governance responsibility.

      ii. An SMG member will be required to use his/her personal time to engage in compensated Outside Professional Activities, by either performing such activities outside his/her usual work hours or debiting accrued vacation time consistent with applicable leave policy.

      iii. An SMG member who is appointed at 100 percent time shall not receive additional compensation for any work or services from an entity managed exclusively by the University, regardless of source or type of payment, with the exception of University Extension (UNEX). Additional restrictions pertaining to compensation from University entities, addressed in other SMG policies, are incorporated by reference into this policy. *SMG Salary and Appointment* addresses this restriction.

### *C. Reporting Outside Professional Activities*

Each SMG member must file a report with his/her approving authority each year detailing all Outside Professional Activities (whether compensated or uncompensated) that were performed during the previous calendar year. Service or compensation that inadvertently is not reported or is erroneously reported in the calendar year immediately following the activity shall be reported as soon as the omission or error is known to the individual and the approving authority.

a. Employees who step down from their SMG appointment but remain employed by the University, are subject to this reporting requirement for the calendar year in which they served in a career SMG position.

b. Employees serving in an acting SMG capacity are not subject to this reporting requirement, unless they also possess a career appointment in an SMG position.

c. Only activities that occurred once an employee became an SMG member shall be reported.

► The form documenting the assessment/approval process for all Outside Professional Activities can be found at: [link]

1. Uncompensated Outside Professional Activities

   As detailed in section III.C above, each SMG member must file an annual report with his/her approving authority detailing all Outside Professional Activities, including activities compensated as well as uncompensated.

   ► A sample of the Annual Report by individual SMG members listing all compensated and/or uncompensated Outside Professional Activities can be found at: [link]

   A separate annual report will be made to each of the Chancellors, the Laboratory Director and the Executive Vice President—Business Operations of all uncompensated outside professional activities covered by this policy for SMG members at their respective locations that occurred the previous calendar year.

   ► A sample of the Annual Report by SMG members' approving authorities to Chancellors, Laboratory Director and Executive Vice President Business Operations of all uncompensated Outside Professional Activities can be found at: [link]

   The Chancellor, Laboratory Director or Executive Vice President Business Operations will assess and maintain the reports of all uncompensated Outside Professional Activities.

   In an annual report to the President, The Chancellors, the Laboratory Director and the Executive Vice President Business Operations shall acknowledge receipt of a comprehensive set of reports that includes all employees who meet the criteria detailed in Section III.C. above, and confirm that no instances of conflict of interest or conflict of commitment were apparent within the reports of all uncompensated Outside Professional Activities for their location.

2. Compensated Outside Professional Activities

   As detailed in section III.C above, each SMG member must file an annual report with his/her approving authority detailing all Outside Professional Activities, including activities compensated as well as uncompensated.

   ► A sample of the Annual Report by individual SMG members listing all compensated and/or uncompensated Outside Professional Activities can be found at: [link]

   Deferred compensation shall be reported in the year in which the compensation was granted, not received. If the amount of the deferred compensation is unknown during the year in which the service is performed, such as in the case of royalties, the compensation shall be reported when it is known.

   The Chancellors, the Laboratory Director and the Executive Vice President Business Operations will make a separate report to the President, who will in turn report to the Regents all compensated Outside Professional Activities covered by this policy for SMG members that occurred the previous calendar year.

### *D. Conflict of Interest and/or Commitment*

1. Conflict of Interest

No SMG member may make, participate in the making, or influence a governmental decision in which he or she has a financial interest as defined by the Political Reform Act. http://ucop.edu/ogc/coi/econinterest.html, http://www.ucop.edu/ucophome/policies/bfb/bus78/, http://www.ucop.edu/ucophome/policies/bfb/g39.pdf

2. Conflict of Commitment

   Conflict of commitment is a subjective judgment made either by the SMG member or his/her approving authority at the time approval is requested to pursue an outside professional activity. This subjective judgment shall determine whether or not a conflict is created -- either by the time required to reasonably fulfill the outside professional activity, and/or by an incompatibility between the outside professional activity and the SMG member's responsibilities to the University.

3. Actual or Apparent Conflict of Interest and/or Commitment

   Instances may occur in which there is an appearance of a Conflict of Interest even though the SMG member does not have a financial interest in the decision as defined by the Political Reform Act. SMG members are expected to conduct themselves with integrity and good judgment and must avoid the appearance of favoritism in all of their dealings on behalf of the University.

   The responsibility for determining and disclosing whether an actual or apparent Conflict of Interest and/or Commitment reasonably may occur rests first with the individual SMG member and then with his/her approving authority.

   In the event the SMG member or his/her approving authority either anticipates an apparent or recognizes an actual Conflict of Interest and/or Commitment, a full written disclosure must be reviewed by the appropriate administrator.

### *E. Use of University Resources*

The University of California has a responsibility for the stewardship of University resources and is committed to compliance with University policies and procedures regarding the use of University resources. See *Business and Finance Bulletin BUS-29, Section XIII* and *UC Whistleblower Policies*.

The use of the name, logo, seal, or letterhead of the University of California or any University laboratory facility or entity in the conduct of any outside activity is prohibited at all times.

Incidental and occasional personal use of University equipment, services and supplies is permitted within the University, so long as such use does not disrupt or distract from University business (due to volume, frequency, or intent).

Approval of any proposed Outside Professional Activity that includes use of University facilities, equipment, services, or supplies will be conditioned upon reimbursement to the University for costs resulting from such use.

Incidental and occasional personal use of electronic resources is subject to local regulations and must comply with existing *University of California Electronic Communications Policy*.

## IV. APPROVAL AUTHORITY

### *A. Implementation of the Policy*

The Vice President–Human Resources is the Responsible Officer for this policy and has the authority to implement the policy. The Responsible Officer may apply appropriate interpretations to clarify policy provided that the interpretations do not result in substantive changes to the underlying policy.

### *B. Revisions to the Policy*

The Regents is the Policy Approver for this policy and has the authority to approve any policy revisions upon recommendation by the President.

The Vice President–Human Resources has the authority to initiate revisions to the policy, consistent with approval authorities and applicable *Bylaws* and *Standing Orders* of the Regents.

The Executive Vice President–Business Operations has the authority to ensure that policies are regularly reviewed and updated, and are consistent with the *Senior Management Group Compensation Policy Principles* and other governance policies.

### *C. Approval of Actions*

All actions within this policy must be approved by the person or office to whom an individual reports. For SMG members who report directly to the Regents, the Chair of the Board of Regents is the approving authority for actions within this policy. All actions that exceed this policy or that are not expressly provided for under any policy applicable to SMG members must be endorsed by The President and shall be approved by the Regents.

## V. COMPLIANCE

### *A. Compliance with the Policy*

The following roles are designated at each location to implement compliance monitoring responsibility for this policy:

The Top Business Officer and/or the Executive Officer at each location will designate the local management office to be responsible for the ongoing reporting of policy compliance, including collecting all relevant data and creating specified regular compliance reports for review by the location's Top Business Officer.

The Top Business Officer establishes procedures to collect and report information, reviews the specified regular compliance reports for accuracy and completeness, reviews policy exceptions and/or anomalies to ensure appropriate approval has

been obtained, and submits a copy of the compliance report to the Executive Officer for signature.

The Executive Officer is accountable for monitoring and enforcing compliance mechanisms, ensuring monitoring procedures are in place, approving the specified regular compliance reports and sending notice of final approval for the reports to the Senior Management Compensation Office, Top Business Officer, and Local Resources.

The Vice President–Human Resources is accountable for reviewing the administration of this policy. The Senior Vice President–Chief Compliance and Audit Officer will periodically audit and monitor compliance to these policies, and results will be reported to senior management and the Regents.

### *B. Noncompliance with the Policy*

Noncompliance with the policy is handled in accordance with the Regents' *Guidelines for Corrective Actions Related to Compensation Practices* and *Guidelines for Resolution of Compensation and Personnel Issues Resulting from the Findings of Audits and Management Reviews*.

Noncompliance is reported in the monthly compliance report from each location as approved by the Executive Officer and reviewed by the Senior Vice President–Chief Compliance and Audit Officer and the Regents at least three times per fiscal year.

## REVISION HISTORY

As a result of the issuance of this policy, the following documents are rescinded:

- Interim Regental Policy on Outside Professional Activities for University Officers and Designated Staff, dated January 18, 2007
- Presidential Policy on Outside Professional Activities for University Officers and Designated Staff, dated July 1, 1995
- Guidelines for the Policy on Outside Professional Activities for University Officers and Designated Staff, dated June 1, 2000)
- Letter of Clarification Regarding Annual Reporting Requirements Under Both APM-025 and the University's Policy on Outside Professional Activities for University Officers and Designated Staff, dated December 1, 2005
- Regental Policy on Outside Professional Activities of the President, Principal Officers of the Regents, and Officers of the Regents, dated March 17, 1995

## IMPLEMENTATION PROCEDURES [to be developed as needed to support implementation]