I. Overview

A conflict of interest in employment arises when the university employs two related individuals and:

- One of these individuals is responsible for or participates in making decisions or recommendations regarding the employment status of the other employee; or
- there is a direct reporting line between them; and
- the relationship between the individuals would make it difficult for the employee with the decision-making responsibility to be objective; or
- it might appear to a reasonable person that the employee with decision-making responsibilities might not be objective.

Regarding financial matters, the California State University is covered by the Financial Integrity and State Manager’s Accountability Act (FISMA, Government Code §13400 et seq.), which requires separation of duties for financial transactions. These requirements can be found in the State Administrative Manual (SAM, Chapter 8080).

No conflict of interest exists if the individual with decision-making responsibility plays no role in decision-making processes involving the other individual, or if the decision making is limited to routine approvals.

In the circumstances described above, a Nepotism Compliance Agreement must be prepared for review and approval prior to the related individual being appointed. Questions about whether this policy applies to a particular situation or how to prepare the Nepotism Compliance Agreement should be directed to the Associate Vice President for Faculty Affairs or the Assistant Vice President for Staff Human Resources.

II. Notification

Either the employee who will have decision-making responsibility over a related family member or the appropriate administrator must notify the other of the possible conflict of interest. If the parties agree there is a possible conflict of interest, the appropriate administrator will then implement the following procedure:

1. The appropriate administrator then completes the Nepotism Compliance Agreement and develops a management plan.

2. The management plan either removes the individual with the decision-making responsibility from those decision-making processes that affect the employment status of the other related individual, or describes how the reporting relationship will be managed to ensure objective, fair and equitable treatment of all employees. If the plan calls for managing the reporting relationship, it will include:

   - An employee with decision-making responsibilities will not make personnel decisions that affect a related family member;
   - Provisions for objective decision making;
   - Creating and maintaining an atmosphere of equity and fairness;
   - Providing consistency in the treatment of employees; and
   - Allowing for the effective and efficient operation of the unit(s) in which related individuals are employed.
• If a conflict of interest would result from a hiring decision, then the hiring process itself should be included in the management plan.
• The management plan shall be submitted to the Human Resources Services Center or Office of Faculty Affairs.

3. A Human Resources representative or Faculty Affairs representative will review the proposed management plan and assess the plan’s effectiveness against the criteria in item (3). The Human Resources/Faculty Affairs representative may recommend modifications to the proposed management plan or return it to the administrator to revise.

4. The Provost or Vice President of the Division must approve the Nepotism Compliance Agreement.

If a conflict of interest in employment is occasional or irregular, it is recommended that the person with the decision-making responsibility write a letter excusing him/herself from any employment-related decisions pertaining to the other individual. For example, a person with decision-making responsibility who serves on a Hiring Committee would excuse him/herself from participating further in committee activities if a related individual (using the above definition) applied for the position.