



CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE

TO: MEMBERS, GOVERNING BOARD
CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE

FROM: C. SCOTT TOCHER

SUBJECT: **ITEM #11:** FINAL ADOPTION OF CIRM CONFLICT OF INTEREST CODE AMENDMENTS

DATE: DECEMBER 3, 2012

Executive Summary

As required by the Political Reform Act, the Governing Board adopted a Conflict of Interest Code for CIRM in 2005. The Code describes the types of financial interests that members of the Governing Board and CIRM employees must disclose on their annual statements of economic interests (Form 700). CIRM, as with all state agencies, are required to update the Code on a biennial basis, which the ICOC directed staff to commence in May of this year. That process, overseen by the Office of Administrative Law (“OAL”) and the Fair Political Practices Commission (“FPPC,” which reviews CIRM’s Code) was begun in May and has almost concluded. CIRM circulated the proposed changes for public comment and has received approval for the changes by the FPPC.¹ The proposed amendments are now ready for final adoption by the ICOC, after which the OAL will conduct a final review before going into effect. **Staff recommends adopting the proposed amendments.**

I. Background

As required by the Political Reform Act (“PRA”), the Governing Board adopted a Conflict of Interest Code for CIRM in 2005. The Code describes the types of financial interests that members of the Governing Board and CIRM employees must disclose on their annual statements of economic interests (Form 700).

The PRA also requires every state agency to review its conflict of interest code biennially to examine and amend the code to accurately reflect the current organization of the agency and to determine the appropriate level of disclosure of financial interests in light of the duties and responsibilities of the employees of the agency and the members of its governing board.

The FPPC, which enforces the PRA, is responsible for approving CIRM’s Conflict of Interest Code, along with the codes of other agencies. In accordance with the process established by the FPPC for assisting agencies conduct this examination, counsel met with FPPC staff, who recommended that CIRM amend its code to eliminate the broadest disclosure category (which requires disclosure of financial interests in businesses and sources of income that do business or are

¹ As discussed below, the Board elected to maintain the broadest level of disclosure for Board members and CIRM executive staff. Accordingly, no changes to disclosure levels for those individuals are proposed.

likely to do business in California) and instead require Board members and staff to make narrower disclosures of financial interests in businesses and sources of income that are of the type to provide goods or services to CIRM or to apply for CIRM funds and in biotech and pharmaceutical companies.

In May of this year, the Governance Subcommittee, upon recommendation of Chair Sherry Lansing, instead recommended to the Board that it maintain the broadest disclosure level for members of the Governing Board and executive staff and proceed only with the technical amendments to the Code, including reviewing the appropriate disclosure levels for non-executive staff. The Board concurred at its May 24, 2012, meeting and directed staff to propose amendments consistent with this direction.

The amendment process was begun pursuant to the Administrative Procedure Act in June, and has involved FPPC staff advice on the levels of disclosure recommended for non-executive staff. The changes were circulated for public input and the process of review with the FPPC has concluded. The amendment process has concluded and the code is ready for final adoption by the ICOC.

II. Amendments to CIRM Conflict of Interest Code

In June of this year, staff commenced the regulatory process necessary to update CIRM's code. That process is overseen by the FPPC, which reviewed staff titles and job descriptions to determine the appropriate level of disclosure. The amendments were then circulated with interested persons and members of the public for further comment.

The proposed amendments comprise two documents: 1) Regulation 100000, Conflict of Interest Code; and 2) Appendices A and B. The amendments make minor technical amendments to Regulation 100000 and Appendix B (disclosure categories). With respect to Appendix A (designated positions), staff, working with the FPPC, has identified non-executive positions within the agency that should be subject to more carefully tailored disclosure levels. These revisions ensure that the disclosure categories are appropriate to the type of work performed by each position.

III. Recommendation

Staff recommends the Board adopt the proposed amendments.

Attachments:

100000

Appendices A & B

1 Amend 17 Cal. Code of Regs. section 100500 to read:

2 **§ 100000. Conflict of Interest Code - CIRM.**

3 (a) The terms of 2 Cal. Code of Regs. section 18730 and any amendments to it duly
4 adopted by the Fair Political Practices Commission except as set forth in chapter 3, article 1,
5 subdivision (g), of Proposition 71, which was approved by the voters on November 2, 2004,
6 along with the attached Appendix in which officials and employees are designated and disclosure
7 categories are set forth, are hereby incorporated by reference and constitute the Conflict of
8 Interest Code of the California Institute for Regenerative Medicine (“CIRM”).

9 (b) The Board Members, ~~including and~~ the ~~President~~ ~~Chairman~~ of the Independent
10 Citizens Oversight Committee, ~~and President of CIRM~~, shall file statements of economic
11 interests with ~~the California Institute for Regenerative Medicine~~ ~~CIRM~~, which shall make and
12 retain a copy and forward the original to the Fair Political Practices Commission, which shall be
13 the filing officer.

14 (c) All other designated employees shall file statements of economic interests with the
15 California Institute for Regenerative Medicine, which shall be the filing officer.

16 Note: Authority cited: California Constitution, article XXXV; Section 125290.40, subd.(j),
17 Health and Safety Code; Government Code Section 87300.

18 Reference: Government Code section 87300; Health and Safety Code section 125290.40.

Appendix A

<u>Designated Position</u> <u>employees</u>	<u>Disclosure</u>
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Independent Citizens' Oversight Committee

~~ICOC~~

Chair, <u>Independent Citizens' Oversight Committee</u> ICOC	1
Vice Chair, <u>Independent Citizens' Oversight Committee</u> ICOC	1
Member, <u>Independent Citizens' Oversight Committee</u> ICOC	1

Office of the Chair

Executive Assistant to the Chair and Assistant Secretary <u>to the Board</u>	3
Executive Director, <u>Independent Citizens' Oversight Committee Board</u> ICOC Board	1
Legal Counsel to the Chair	1
Deputy to the Chair-Finance, Policy and Outreach	1
Senior Director of Public Communications & Patient Advocate Outreach	1
Executive Assistant to the Vice Chair	4 3
Administrative Assistant <u>to the Executive Director</u>	4 3
Senior Science and Education Communications Officer	3
Communications Manager	3
Multi-media Editor	4 3

Office of the President

President	1
General Counsel and Vice President of Business Development	1
Deputy General Counsel	1
Paralegal/Contracts Administrator	4 3
Special Projects Officer <u>to the President</u>	1
Senior Executive Assistant to the President	3
Administrative Assistant to the General Counsel	4 3
<u>Alliance Manager</u>	<u>1</u>
<u>Business Development Officer</u>	<u>1</u>

Science Office

Senior Vice President of Research and Development	1
Executive Director, Scientific Activities	1
Associate Director-Development	2 +
Associate Director-Research	2 +
Science Officer I, II	2 +

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Senior Development Officer	_____	<u>2+</u>
Medical Officer	_____	<u>2+</u>
Senior Review Officer	_____	<u>2+</u>
Senior Officer for Medical & Ethical Standards	_____	2
Science Associate	_____	<u>2+</u>
Program Manager	_____	<u>2+</u>
Grants Management Officer	_____	<u>2+</u>
Deputy Grants Management Officer	_____	<u>2+</u>
Grants Management Specialist I, II	_____	2
Grants Review Specialist I, II	_____	<u>2+</u>
Administrative Assistant	_____	<u>43</u>
Grants Technical Assistant	_____	<u>43</u>
Facilities Analyst	_____	<u>43</u>

Finance and Administration

Chief Financial Officer	_____	1
<u>Director of Finance</u>	_____	<u>2</u>
Finance Officer	_____	3
Financial Services Officer	_____	3
Chief Human Resources Officer	_____	3
Office Manager	_____	3
Administrative Coordinator/Senior Administrative Coordinator	_____	3
<u>Lead Architect (IT)</u>	_____	<u>4</u>
<u>IT Director</u>	_____	<u>4</u>

Consultant _____ 1

Consultants/New Positions _____ *

*With respect shall disclose pursuant to consultants/new positions, the agency broadest disclosure category in the CIRM conflict of interest code, subject to the following limitations: The agency President may determine in writing that a particular consultant or new position, although a "designated position," employee, is hired to perform a range of duties that is/are limited in scope and thus, is not required to comply fully with the disclosure requirements described in this section. Such determination shall include a description of the consultant's or new position's consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The agency President's determination of the President is a public record and shall be retained for public inspection in the same manner and location as this conflict-of-interest code. (GovernmentNothing herein excuses any such consultant from any other provision of this Conflict of Interest Code Section 81008.)-

APPENDIX

Appendix B

Disclosure Categories

Category 1

An individual holding a~~A~~ designated position~~employee in this category~~ shall report any:

Investments~~All investments~~, business positions in business entities, and income (~~;~~ including receipt of gifts, loans and travel payments); and all interests in real property located in the state of California, ~~as defined in the Political Reform Act and the FPPC's regulations.~~

Category 2

An individual holding a~~A~~ designated position~~employee in this category~~ shall report any:

Investments~~All investments~~, business positions in business entities and income (~~;~~ including receipt of gifts, loans and travel payments); if the business entity or source of income is of the type to receive grants or other monies from or through CIRM~~the California Institute for Regenerative Medicine~~; and

Investments~~All investments~~, business positions in business entities and income (~~;~~ including receipt of gifts, loans and travel payments); if the business entity or the source of income is of the type to offer or provide facilities, services, goods or products purchased or used, or contracted for, by CIRM~~the California Institute for Regenerative Medicine~~, and is providing or planning to provide such facilities, services, goods or products; and

Investments~~All investments~~, business positions in business entities and income (~~;~~ including receipt of gifts, loans and travel payments); if the business entity or source of income is engaged in biomedical research or manufacturing biomedical pharmaceuticals.

Category 3

An individual holding a~~A~~ designated position~~employee in this category~~ shall report any:

Investments~~All investments~~, business positions in business entities and income, (including receipt of gifts, loans and travel payments); if the business entity or source of income is engaged in biomedical research or manufacturing biomedical pharmaceuticals.

Investments~~All investments~~, business positions in business entities and income (~~;~~ including receipt of gifts, loans and travel payments); if the business entity or the source of income is of the type to offer or provide facilities, services, goods or products purchased or used, or contracted for, by CIRM~~the California Institute for Regenerative Medicine~~, and is providing or is planning to provide such facilities, services, goods or products.

APPENDIX

Appendix B-Continued

Category 4

An individual holding a designated position~~employee in this category~~ shall report any:

Investments~~All investments~~, business positions in business entities and income (~~;~~ including receipt of gifts, loans and travel payments); if the business entity or the source of income is of the type to offer or provide facilities, services, goods or products purchased or used, or contracted for, by CIRM~~the California Institute for Regenerative Medicine~~, and is providing or is planning to provide such facilities, services, goods or products.