

COUNTY OF SAN DIEGO, CALIFORNIA
BOARD OF SUPERVISORS POLICY

Subject

Interlocking Directorates

**Policy
Number**

A-79

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Purpose

To establish Board Policy with respect to conflict of interest arising out of contracting with companies having interlocking directorates.

Background

The County contracts for services with many businesses and organizations, many of which utilize subcontractors in the performance of their contractual tasks. In some cases there may be an overlapping of directorates, ownership, or management between the prime contractor and its subcontractor and a conflict of interest, or the appearance thereof, may result. This issue is most apparent when non-profit contractors use related for profit corporations as subcontractors. Related in this sense means similar directorates, management or ownership. It is essential that such interlocking relationships be identified, reviewed and specifically addressed prior to contract award.

Policy

It is the policy of the Board of Supervisors that:

The County will not enter into service contracts with non-profit corporations who intend to subcontract with related for-profit subcontractors unless specifically authorized by the Board of Supervisors.

Procedure

Where non-profit corporations participate in the procurement process, each shall be required to identify any related for-profit subcontractors in which an interlocking directorate, management or ownership exists. This shall be accomplished by requiring the contractor to identify such interlocking relationships or certify that none exists. All awards of contracts disclosing such relationships must be approved by the Board of Supervisors. Specific information concerning the existence of this condition and a specific recommendation for award under those conditions shall be made a part of the Board Letter requesting contract approval. The requiring Department will provide a monitoring plan which ensures that an appropriate level of monitoring of the contractor and subcontractor occurs during contract administration.

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Sunset Date

This policy will be reviewed for continuance by 12-31-24.

Board Action

9-12-78 (6)

10-30-84 (97)

12-15-87 (31)

11-07-95 (34)

6-15-04 (25)

12-9-08 (33)

12-07-10 (27)

11-14-17 (27)

CAO Reference

1. DCAO/Auditor and Controller
2. Department of Purchasing and Contracting