

UNIVERSITY of HOUSTON
MANUAL OF ADMINISTRATIVE POLICIES AND PROCEDURES

SECTION: Human Resources
AREA: Employee Relations

Number: 02.04.07

SUBJECT: Ethical Conduct of University Employees

I. PURPOSE AND SCOPE

This document outlines the processes prescribed by the university to ensure that employees are informed of their responsibilities for accountability and ethical conduct. It requires that any potential conflict be reviewed and reported in accordance with state and federal laws and regulations and with Board of Regents policies.

II. DEFINITIONS

- A. Benefit: According to statute, anything reasonably regarded as providing monetary gain or advantage for an employee or an employee's family member. For the purposes of this document, such benefit shall include personal and individual invitations to meals, travel, entertainment, services or items of significant gain or advantage with a value of \$50 or more.
- B. Bribery: A situation in which an employee solicits, offers, or accepts a benefit in exchange for a decision, opinion, recommendation, vote, or other exercise of official discretion.
- C. Conflict of commitment: A situation in which an employee's outside activities interfere with the employee's commitment of time and intellectual energies to the university, or in which a full-time employee's professional loyalty is not to the University of Houston.
- D. Conflict of interest: A situation in which there is a divergence between the employee's private interests and professional obligations to the university (i.e., the public interest), such that an independent observer might reasonably question whether the employee's actions or decisions are determined by considerations of private gain, financial or otherwise, to the university's detriment.
- E. Consulting and outside employment: For the purposes of this document, activities undertaken for remuneration from a third party where the activity is within the scope of activities, functions, or expertise for which the individual is compensated by the University of Houston. This definition does not include unpaid public service or lectures for fees, unless these activities require significant amounts of time or they otherwise adversely affect the employee's performance of university duties.
- F. Honorarium: A payment for speech, lecture, or other services on which, by custom or agreement, a specific price may not be set. For the purposes of this document, this definition includes any payment from an outside entity for services such as making a speech, teaching a class or workshop, or providing consulting services.
- G. Family: Includes a family member related to an employee or official within the second degree by affinity or consanguinity. A family member under this definition includes the following relatives of the employee or official: child, parent, spouse, sister, brother, grandchild, grandparent, mother-in-law, father-in-law, son-in-law, daughter-in-law,

stepson, stepdaughter, stepmother, stepfather, brother-in-law, sister-in-law, spouse's grandparent, spouse's grandchild, grandchild's spouse, or the spouse of a grandparent.

- H. Related-party interest: A business or personal relationship that exists between a university employee and an outside individual or organization that may influence the employee's actions or decisions due to considerations of private benefit - financial or otherwise - and/or may create or be perceived as creating a conflict of interest.

III. DISTRIBUTION OF POLICIES REGARDING ETHICAL CONDUCT

In accordance with state law and [Board of Regents Policy 57.01.3](#), copies of the laws and Board of Regents Policies comprising the code of ethics are distributed and otherwise made available online upon initial employment (by Human Resources) and annually (by the Board of Regents' office). The System code of ethics includes:

- A. Statutory Standards of Conduct for State Employees, [§ 572.051, Texas Government Code](#)
- B. Board of Regents Policies:
1. [Consulting and Paid Professional Service \(57.02\)](#)
 2. [Dual Office Holding \(57.04\)](#)
 3. [Nepotism \(57.07\)](#)
 4. [Conflicts of Interest \(57.08\)](#)
 5. [Academic Freedom \(21.03\)](#)
 6. [Governmental Appearances \(81.01\)](#)
 7. [Sexual Harassment \(29.02\)](#)

IV. TIMELY DISCLOSURE OF POTENTIAL CONFLICT OF INTEREST SITUATION

University employees are required and expected to take the initiative to disclose and request prior approval of their department head before entering into any activity or situation that may involve, or appear to involve, a conflict of interest, a conflict of commitment, or other potentially incompatible obligation. Such a relationship includes consulting or other outside employment, a relationship defined as a related-party interest, or any other relationship that results in a gift or other benefits to the employee or the employee's family, or any other conduct prohibited by [Board Policy 57.08](#).

Under the terms of the [Board Policy 57.02](#), exempt staff are required to obtain written approval from their supervisor prior to entering into a consulting/outside employment relationship; faculty are required to notify their department chair and dean prior to entering into such a relationship.

Where a question of propriety of the proposed employment or business relationship exists, the department head shall submit the application to the dean (for faculty) or dean or director (for staff). The dean or director may, in turn, consult with the appropriate vice president, Human Resources, or the university Ethics Coordinator, as applicable, prior to resolving the conflict.

V. ANNUAL CERTIFICATION OF COMPLIANCE AND REPORTING OF OUTSIDE CONSULTING/ EMPLOYMENT AND DISCLOSURE OF EXTERNAL RELATIONSHIPS

On an annual basis, consulting and outside employment shall be reported to the Board through the Senior Vice President for Administration and Finance.

Also, on an annual basis, a possible conflict with external business activities and benefits shall be reported to the appropriate vice president.

The Office of the Senior Vice President for Administration and Finance is responsible for coordinating this annual survey during the fall of each year, working with the Office of the Senior Vice President for Academic Affairs and Provost and appropriate vice presidents. On an annual basis, the Office of the Vice President for Research and Technology Transfer will coordinate the annual certification of compliance with the Policy on Conflict of Interest in Research for those staff involved in research or educational activities funded or proposed for funding by an external sponsor.

VI. GUIDELINES, STANDARDS FOR EVALUATING AND RESOLVING POTENTIAL CONFLICT OF INTEREST SITUATIONS

- A. Ethics violations include, but are not limited to, bribery, the existence of a conflict of commitment or the existence of a conflict of interest. With the exception of certain transportation, lodging and meals, an ethics violation may also include acceptance of honorarium where the employee solicits, accepts or agrees to accept an honorarium in consideration for services that the employee would not have been requested to provide but for the employee's official position. Ethics violations include those activities described in the statute and in the UH board policies listed in Section III above.
- B. Suspected ethics violations are to be reported to the university in one of the following manners:
1. If the employee wishes to make an anonymous report, he/she may contact the State Auditor's Office (SAO) Hotline at 1-800-TX-AUDIT (1-800-891-8248). Anonymous reports can also be made via the web at the [Fraud & Non-Compliance Hotline](#) or by calling 1-800-461-9330.
 2. If the employee does not wish to remain anonymous, the employee should notify his/her supervisor, the Chief Audit Executive, CEO (or designee) and/or an appropriate enforcement authority. If the alleged violator is a senior manager, administrator, or executive, the employee should notify the Chief Audit Executive and/or an appropriate law enforcement authority.
 3. If the employee notifies his/her supervisor (or higher authority), the supervisor (or higher authority) must immediately direct the report to the CEO (or designee), the university Ethics Coordinator, or the Chief Audit Executive.
 4. The reporting employee will refrain from further examination of the incident, confrontation of the alleged violator, or further discussion of the incident with anyone other than the reporting employee's supervisor, the CEO (or designee), the university Ethics Coordinator, or the Chief Audit Executive and/or an appropriate law enforcement authority.
- C. Ethics violations are to be reported by the university office receiving the complaint to the university Ethics Coordinator. The Vice President for Legal Affairs and General Counsel or designee is the university's Ethics Coordinator.

- D. The Ethics Coordinator will make a determination as to the severity of the ethics violation and determine the appropriate university administrative unit(s) that may be a part of the investigation. Investigation of an alleged ethics violation may involve the Internal Auditing Department, University of Houston Department of Public Safety (UHDPS), and/or the General Counsel's Office. The employee's supervisor and the appropriate vice president will be notified, where appropriate.

When a staff employee is involved, the investigation may involve Human Resources and the appropriate vice president. When a faculty member is involved, the investigation may include input from the Senior Vice President for Academic Affairs and Provost. When sponsored projects are involved, the investigation may include the Vice President for Research and Technology Transfer and the Policy on Conflict of Interest in Research will be followed, in addition to University policies.

- E. Confidentiality of the information and employee(s) involved in the investigation will be of utmost importance to ensure proper adjudication of the allegations.
- F. The investigative unit will render its recommendation and/or report to the Ethics Coordinator and the Chief Audit Executive. Recommendations from the investigative report will be reviewed by the Ethics Coordinator and the Chief Audit Executive and the appropriate vice president.
- G. Based upon the findings of the ethics review process, appropriate administrative action will be taken to ensure that the investigated ethics violation is corrected.

VII. PROCESS FOR REQUESTING "ETHICS OPINION" FROM THE ETHICS COORDINATOR AND/OR THE ETHICS REVIEW PANEL

In any case, the responsible manager may contact the university Ethics Coordinator for direction and assistance in resolving a conflict situation.

Upon review, the Ethics Coordinator may confer with the Chief Audit Executive to review the situation and make a recommendation.

VIII. SANCTIONS FOR CONDUCT NOT MEETING STANDARDS OF ETHICS

Employees who fail to comply with the responsibilities and requirements outlined in this document may be subject to disciplinary action.

If criminal activity is involved, UHDPS will be involved and the employee will be subject to prosecution and criminal charges.

IX. REVIEW AND RESPONSIBILITY

Responsible Party: Vice President for Legal Affairs and General Counsel

Review: Every three years on or before October 1

X. APPROVAL

Jim McShan

Senior Vice President for Administration and Finance

Paula Short

Senior Vice President for Academic Affairs and Provost

Renu Khator

President

Date of President's Approval: October 10, 2017

XI. REFERENCES

[Texas Government Code § 556.004 – Prohibited Acts of Agencies and Individuals](#)
[Texas Government Code § 572.051 – Standards of Conduct; State Agency Ethics Policy](#)
[Texas Government Code § 2113.014 – Employee Standards of Conduct](#)
[Texas Government Code § 2261.252 – Disclosure of Potential Conflicts of Interest; Certain Contracts Prohibited](#)

[Texas Education Code § 51.923 – Qualifications of Certain Business Entities to Enter into Contracts with An Institution of Higher Education](#)

[Texas Education Code § 51.9337 – Purchasing Authority Conditional; Required Standards](#)

[Texas Penal Code, Chapter 36 – Bribery and Corrupt Influence](#)

[Texas Penal Code, Chapter 39 – Abuse of Office](#)

[UH System Board of Regents Policy 21.03 – Academic Freedom](#)

[UH System Board of Regents Policy 29.02 – Sexual Harassment](#)

[UH System Board of Regents Policy 57.01 – Code of Ethics](#)

[UH System Board of Regents Policy 57.02 – Consulting and Paid Professional Service](#)

[UH System Board of Regents Policy 57.04 – Dual Office Holding](#)

[UH System Board of Regents Policy 57.07 - Nepotism](#)

[UH System Board of Regents Policy 57.08 – Conflicts of Interest](#)

[UH System Board of Regents Policy 81.01 – Governmental Appearances](#)

[SAM 01.C.04 – Reporting/Investigating Fraudulent Acts](#)

[SAM 01.D.08 – Sexual Misconduct Policy](#)

[SAM 01.G.01 – Sponsored Research Activities](#)

[SAM 02.A.04 – Discipline and Dismissal of Regular Staff Employees](#)

[SAM 02.A.08 – Consulting and Paid Professional Service](#)

[SAM 02.A.09 – Conflict of Interest](#)

[SAM 02.A.21 – Nepotism](#)

[SAM 02.A.29 – Ethical Conduct of Employees](#)

[SAM 02.A.39 – Political Aid and Legislative Influence](#)

[SAM 02.D.07 – Expert Witness Services](#)

[SAM 03.A.17 – Disclosure of Related Party Interests](#)

[Texas Ethics Commission Guide to Ethics Laws for State Employees](#)

Addendum A

Statutory Standards of Conduct for State Employees Board of Regents 57.08 - Conflicts of Interest (See also § 572.051, Texas Government Code)

All members of the board and employees of the system and its component institutions shall adhere to the Statutory Standards of Conduct for State Employees, Section 572.051, Texas Government Code available online at <http://www.statutes.legis.state.tx.us/docs/gv/htm/gv.572.htm>. All members of the board and employees of the system and its component institutions shall avoid conflicts of interest, generally described as the use of one's university employment or position to obtain unauthorized privileges, benefits, services or things of value for oneself or others, including the following:

1. No board member or employee shall solicit, engage, or agree to accept any privilege, benefit, service or thing of value for the exercise of his or her discretion, influence, or powers as an employee except as is allowed by law.
2. No board member or employee shall accept any privilege, benefit, service or thing of value that might influence him or her in the discharge of his or her duties as an employee.
3. No board member or employee shall use his or her position to secure special privileges or exemptions for themselves or others, except as is allowed by law.
4. No board member or employee may be an officer, agent, employee, or member of, or own an interest in a professional activity that might require or induce them to disclose confidential information acquired by reason of his or her system position.
5. No board member or employee shall accept employment or engage in any business or professional activity that might require or induce them to disclose confidential information acquired by reason of their system position.
6. No board member or employee shall disclose confidential information gained by reason of their system position, or otherwise use such information for personal gain or benefit.
7. No board member or employee shall transact any business for the system with any entity of which they are an officer, agent, employee, or member, or in which they own a significant interest.
8. No board member or employee shall make personal investments in any enterprise that might create a substantial conflict between their private interests and the system's interests.
9. No board member or employee shall accept other employment that might impair their independence of judgment in the performance of their system duties.
10. No board member or employee shall receive any compensation for services from any source other than the State of Texas except as allowed by law.
11. No board member or employee who exercises discretion in connection with contracts, purchases, payments, claims or other pecuniary transactions shall solicit, accept, or agree to accept any benefit from a person or entity the employee knows or should know is or is likely to become financially interested in such transactions.

Failure of any employee to comply with the foregoing shall constitute grounds for discharge or other disciplinary action.

BOARD OF REGENTS POLICY 57.08**57.08 Conflicts of Interest**

All members of the Board and employees of the System and its component Universities shall adhere to and be furnished a copy of the Statutory Standards of Conduct for State Employees, Section 572.051, Texas Government Code, and shall avoid conflicts of interest, generally described as the use of one's University employment or position to obtain unauthorized privileges, benefits, or things of value for oneself or others, including the following:

57.08.1 No Board member or employee shall solicit, engage, or agree to accept any privilege, benefit or thing of value for the exercise of his/her discretion, influence, or powers as an employee or regent, except as is allowed by law.

57.08.2 No Board member or employee shall accept any privilege, benefit, or thing of value that might tend to influence him or her in the discharge of his/her duties as an employee or regent.

57.08.3 No Board member or employee shall use his/her position to secure special privileges or exemptions for himself or herself or others, except as is allowed by law.

57.08.4 No Board member or employee may be an officer, agent, employee, or member of, or own an interest in a professional activity that foreseeable might require or induce him or her to disclose confidential information acquired by reason of his/her System position.

57.08.5 No Board member or employee shall accept employment or engage in any business or professional activity that foreseeable might require or induce him or her to disclose confidential information acquired by reason of his/her System position.

57.08.6 No Board member or employee shall disclose confidential information gained by reason of his/her System position, nor shall he/she otherwise use such information for his/her personal gain or benefit.

57.08.7 No Board member or employee shall transact any business for the System with any entity of which he/she is an officer, agent, employee, or member, or in which he/she has a direct or indirect financial or other interest.

57.08.8 No Board member or employee shall make personal investments in any enterprise that foreseeable might create a substantial conflict between his/her private interests and the System's interests.

57.08.9 No Board member or employee shall accept other employment that might impair his/her independence of judgment in the performance of his/her System duties.

57.08.10 No Board member or employee shall receive any compensation for his/her services to the System from any source other than the State of Texas except as is allowed by law.

57.08.11 No Board member or employee who exercises discretion in connection with contracts, purchases, payments, claims, or other pecuniary transactions shall solicit, accept, or agree to accept any benefit from a person or entity the employee knows or should know is or is likely to become financially interested in such transactions.

57.08.12 The University shall not accept a gift, grant, donation, or other consideration to be used as a salary supplement without the prior written approval of the recipient's immediate superior, the office of general counsel and the president, and written authorization of the internal auditor, who shall report the necessary information to the State Auditor.

57.08.13 No Board member or employee shall knowingly solicit, accept, or agree to accept any benefit for having exercised the officer's or employee's official powers or performed the officer's or employee's official duties in favor of another.

57.08.14 Each Board member or employee who is involved in procurement or in contract management shall disclose to the agency any potential conflict of interest specified by state law or University policy that is known by the Board member or employee with respect to any contract with a private vendor or bid for the purchase of goods or services from a private vendor with the University.

57.08.15 No employee shall have a direct or indirect financial or other interest, shall engage in a business transaction or professional activity, or shall incur any obligation, that is in substantial conflict with the proper discharge of the employee's duties for the institution.

57.08.16 No Board member or employee shall act as an agent for another person in the negotiation of the terms of an agreement relating to the provision of money, services, or property to the institution.

57.08.17 The resources of the University shall be used only in accordance with University policies and applicable law.

Failure of any employee to comply with the foregoing shall constitute grounds for discharge or other disciplinary action. (Policy last updated 08/24/2017)