

UNIVERSITY of HOUSTON
MANUAL OF ADMINISTRATIVE POLICIES AND PROCEDURES

SECTION: Procurement
AREA: Reference

Number 04.00.00

SUBJECT: Code of Conduct - Procurement Responsibilities
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I. PURPOSE AND SCOPE

University employees have a responsibility to the public to maintain high institutional and personal standards in the performance of their official duties. This document defines the standards of conduct that must be met by all university employees engaged in any activity related to purchasing or contracting for goods or services for the university regardless of the funding source. This directive is written to comply with state laws and federal guidelines, standards of ethics and good business practices.

II. POLICY STATEMENT

University of Houston employees shall not participate in the selection of a vendor or the award or administration of any contract or purchase if a real or apparent conflict of interest would be involved. Such a conflict would exist when the employee or any member of their immediate family has a financial or other interest in the firm otherwise eligible for the procurement action, and that interest would result in personal benefit to the employee or family member.

University employees shall neither solicit nor accept any gift, favor, privilege, benefit, service, exemption or thing of value from any vendor, contractor or party to a sub agreement that would result in personal benefit and/or that could influence the employees' official conduct.

Any attempt to realize personal gain through conduct inconsistent with the proper discharge of an employee's duties to the university is a breach of the public trust and will subject the employee to disciplinary action up to and including termination, and the possibility of criminal charges.

III. DEFINITIONS

- A. **Benefit:** According to statute, anything reasonably regarded as providing monetary gain or advantage. For the purposes of this document, such benefit shall include personal and individual invitations to meals or items of significant gain or advantage with a value of \$50.00 or more per calendar year.
- B. **Conflict of interest:** A situation in which there is a divergence between the employee's private interests and the employee's 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.
- C. **Financial relationship:** Includes paid employment, consulting or other contract work, ownership or investment such that the relationship accrues a financial benefit to the employee or family member. This directive concerns benefits to the employee or family member that are direct and substantial.

- D. Consulting and other outside employment relationship: Activities undertaken for remuneration from a third party within the scope of activities, functions or expertise for which the individual is compensated by the University of Houston.
- E. Department head: In the case of a principal investigator, their academic department head. In the case of a staff employee, it is the employee's immediate supervisor.
- F. Immediate family: Pursuant to [Texas Government Code Chapter 573](#), includes relationships of consanguinity (relationship by blood) and affinity. There are three degrees of relationships of consanguinity (1) parents & children (natural, adopted, foster, and step child) (2) grandparents, grandchildren, brothers, and sisters (3) great-grandparents and great-grandchildren, nephews, nieces, aunts and uncles. There are two degrees of relationships of affinity (1) spouse, spouse's parents, children's spouses and spouse's children (2) spouse's grandparents, spouse's grandchildren, spouse's brothers & sisters, and brothers & sister's spouses.
- G. Procurement or purchasing activities:
- approvals, disapprovals or recommendations concerning a procurement transaction;
 - preparation of any part of procurement actions;
 - influencing the content of any specification or procurement standard; and
 - acting in any advisory capacity including rendering of advice, investigation or auditing in any procurement activity.

IV. PROVISIONS

- A. A university employee who, as a function of their job responsibilities, participates directly or indirectly in any procurement activity may not (nor shall any member of their immediate family):
- acquire or maintain a direct financial relationship pertaining to the procurement;
 - acquire or maintain a direct financial relationship with a business or organization pertaining to the procurement; or
 - enter into a negotiation or an arrangement concerning prospective employment with a person, business or organization involved in any specific procurement in which the employee is involved.
- B. A university employee shall not solicit, demand, or accept any personal benefit, economic opportunity, employment, gift, loan, gratuity, special discount, trip, favor or service from any vendor, contractor or party who may have any direct connection with a current procurement activity.
- For the purposes of this document, such benefit shall include personal and individual invitations to meals or items of significant gain or advantage with a value of \$50.00 or more per calendar year. In cases where the appropriateness of the benefit may be in question, the benefit should not be accepted.
- C. A university employee shall not offer, give, or agree to give any individual or organization a gratuity, benefit or an offer of employment in connection with any procurement activity.

- D. A university employee may not disclose confidential information obtained by reason of their position or otherwise use such information for actual or anticipated personal gain or for the personal gain of any other person.
- E. This document allows the use of employee-authored textbooks or other intellectual property in an employee's courses.

V. PRIOR NOTIFICATION OF EXTERNAL RELATIONSHIPS

- A. Prior to an employee or any member of the employee's immediate family entering into any financial relationship or accepting any benefit, the employee must submit to their department head a detailed written disclosure of the proposed relationship. The disclosure shall include:
 - the name and relationships of the individual entering into the relationship or activity;
 - the nature of the pending activity or relationship;
 - the relationship between the outside entity and the university;
 - any benefits to be gained by the employee or family member; and
 - a description of how the employee will ensure separation of interests between the commitment to the outside entity and to the university.
- B. The employee's department head shall review the information provided and request any additional information, which may be considered pertinent. Indicating whether he/she believes that a conflict of interest may be present, the department head shall forward the written disclosure through appropriate channels to the responsible vice president for final determination and approval of the proposed activity.

Where the employee is a principal investigator or co-principal investigator in a research project, additional terms and conditions may be imposed by federal regulation. In those cases, the disclosure shall be forwarded through the Vice President for Research and Technology Transfer.

VI. ANNUAL CERTIFICATION

- A. Once every year, the Senior Vice President for Administration and Finance shall make the content of this document available to all regular faculty, all exempt staff, and non-exempt staff with procurement responsibility. Such distribution may be electronic or web-based and shall be coordinated with other annual compliance certifications.
- B. All employees in the defined categories shall complete an annual certification for compliance entitled External Consulting and Professional Services Reporting Form. Where the employee is a principal investigator or co-principal investigator in a research project, or fills other funded research roles as defined in the university "Policy on Conflict of Interest for Academic Staff," the employee must also complete the Disclosure of Potential Conflict of Interest Form. These forms may be web-based and must be completed and submitted in the manner instructed.
- C. Information required by University of Houston System policies shall be consolidated and forwarded to the System for reporting to the Board of Regents.

VII. ADDITIONAL CERTIFICATION

- A. Nepotism Disclosure Statement for Purchasing Personnel. For contracts that are valued at \$1 million or more, all purchasing personnel working on the contract must disclose the relationship (if any) with the selected vendor (or any employee, partner, major stockholder, paid consultant with a contract with the business entity the value of which exceeds \$25,000 or owner of the business) to the administrative head of the agency on the form prescribed

VIII. SANCTIONS FOR NON-COMPLIANCE

- A. Should a situation be identified in which an employee or a member of the employee's immediate family is involved in any business or professional activity or relationship and/or has accepted any benefit that creates a conflict of interest or commitment with the employee's responsibilities to the university, the situation should be brought to the attention of the Senior Vice President for Administration and Finance or, in the case of faculty or research staff, to the Senior Vice President for Academic Affairs and Provost.
- B. Depending upon the nature of the conflict, the Department of Internal Auditing and/or the University of Houston Department of Public Safety may be contacted to investigate the potential conflict.
- C. Depending upon the results of the investigation(s), the employee may be subject to disciplinary action up to and including dismissal and possibly criminal charges.

IX. REVIEW AND RESPONSIBILITY

Responsible Party: Associate Vice President for Finance
 Review: Every five years

X. APPROVAL

/Raymond Bartlett/

Senior Vice President for Administration and Finance

/Renu Khator/

President

Date of President's Approval: August 31, 2021

XI. REFERENCES

- [Texas Government Code chapter 573](#)
- [Texas Government Code § 2262.004](#)
- Board of Regents Policies [57.02](#) and [57.08](#)
- System Administrative Memoranda [02.A.08](#) and [02.A.09](#)