Purchasing Ethics and Confidentiality

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Credibility and public confidence are vital throughout the purchasing and contracting process. If any involved party displays a lack of honesty, integrity or openness, the entire program is injured. Even a perception of impropriety can destroy public confidence and therefore be as harmful as the conduct itself.

For the purpose of protecting both the integrity and objectivity of its employees in the performance of their university obligations it is the policy of the university that conflicts of interest should be avoided where possible or otherwise disclosed and managed.

Therefore, any SFA employee involved in any form of procurement or the procurement process may not:

- participate or work on a contract by taking action as an employee through decision, approval, disapproval, recommendation, giving advice, investigation or similar action knowing that any person or entity with whom the employee has a family, financial, or personal relationship has an actual or potential financial interest in the contract, including prospective employment;
- participate or work on a contract as noted above knowing that the employee has an actual or potential financial interest in the contract, including prospective employment;
- solicit or accept gifts or gratuities which might tend to influence purchasing decisions;
- be employed by, or agree to work for, a vendor or potential vendor;
- knowingly disclose confidential information for actual or anticipated personal gain, or for the actual or anticipated gain of another person.

Employees will be required to annually file a disclosure of substantial interest form identifying any possible conflict of interest situations that may arise in regard to any type of procurement process, including but not limited to, p-card, purchase requisition, purchase order or purchase voucher. The disclosure of substantial interest form must be completed no later than November 30 of each year for the fiscal year and shall be completed during the year as needed to identify applicable changes. The information provided in the annual disclosure will be retained in procurement services, will be considered confidential information and will be released only to those individuals involved in purchasing decisions and only as needed or required by law; i.e., procurement, accounts payable, department heads, vice presidents, president, general counsel, etc.

Definitions:

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Family Relationship –

- employee’s spouse/partner
- employee’s children, grandchildren, parents, grandparents, brothers and sisters (including half brothers and sisters)
- the spouses of any of the persons listed in the above bullet
- the spouse’s/partner’s parents, brothers, sisters and children
- any firm in which any of the above persons is a partner or sole proprietor, or any corporation in which any of those persons holds 5% or more stock either directly or indirectly, or any other individual living in the same household.

Financial Relationship –

indicates a partnership or other commercial relationship involving a joint venture between the employee and another person or entity. Examples are: research grants, consultancies, honoraria and travel, self-managed equity interest in a company, employment of an immediate family member in a company and/or other benefits or substantial gifts from a company.

Personal Relationship –

indicates a relationship with a person or entity sufficiently close such that a reasonable person would believe that it would be difficult for the SFA employee to deal with the person as he or she would deal with a stranger.

Specific rules apply to purchases from an SFA employee. See Purchasing From Employees (17.21).

If not related to a particular transaction, university employees may accept from vendors and others: (1) unsolicited advertising or promotional material such as pens, pencils, scratch pads, and calendars; (2) occasional business lunches or food and refreshments of insignificant value; and (3) other items of nominal or minor value (i.e., a box of candy, fruitcake, etc.) that are merely tokens of appreciation. Refer to Ethics (2.6) for the statutory definition of a "benefit." Refer to Gifts, Prizes and Awards (3.18) regarding the giving of gifts, prizes and awards.

Written disclosure specific to the procurement must be signed by all parties involved in the procurement process for major contract awards of $1 million or more in value. All such written disclosures will be retained in procurement services. Reference Ethics (2.6) for specific information regarding the disclosure.
Specific disclosure is required by SFA employees for consultant contracts in which there is a financial interest in the private consultant by an officer or employee, or by anyone related to the officer or employee within the second degree of affinity or third degree of consanguinity. Relatives of an employee within the second degree of affinity include the spouse of the employee and the parents, children, brothers, sisters, grandchildren, nephews, nieces, uncles, aunts and first cousins of the employee’s spouse. The relatives of an employee within the third degree of consanguinity include the employee’s parents, children, brothers and sisters, grandparents, uncles and aunts, nieces and nephews, grandchildren, great-grandchildren, and great-grandparents. Reference Professional and Consultant Services (17.12) or Ethics (2.6) for specific information regarding the disclosure.

When an actual violation of any of these standards is discovered, the person involved shall promptly file a written statement concerning the matter with the director of procurement and property services. If an actual violation occurs or is not disclosed and remedied, the employee involved may be reprimanded, suspended, or dismissed. The vendor or potential vendor may be barred from receiving future contracts and/or have an existing contract canceled.

Purchasing professionals have the right under law to have any ethics question reviewed and decided by the Texas Ethics Commission. To learn whether a specific action violates the ethics rules, contact the Texas Ethics Commission, 201 East 14th St., 10th Floor, Austin, Texas 78701 or call them at 512-463-5800.

Cross Reference: Ethics (2.6), Professional and Consultant Services (17.12); Purchasing From Employees (17.21); Gifts, Prizes and Awards (3.18); Tex. Gov’t Code § 573.021-.025; 2262.004; Tex. Gov’t Code § 2254.032

Responsible for Implementation: Vice President for Finance and Administration

Contact for Revision: Director of Procurement and Property Services/HUB Coordinator

Forms: Disclosure of Substantial Interest

Board Committee Assignment: Finance and Audit