Purchasing Ethics and Confidentiality

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Employees and officers of Stephen F. Austin State University are expected to maintain high personal standards in the conduct of daily business on behalf of the university, in addition to complying with all federal, state, and local laws as well as university policies. 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 and officers 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.

Each employee and officer understands that their primary responsibility is to accomplish the duties and responsibilities assigned to their position and will be required to annually disclose conflicts of interest, conflicts of commitment and outside activities that could give rise to concerns regarding contracting practices including, but not limited to, p-cards, purchase requisitions, purchase orders, bi-lateral contracts, or purchase vouchers. Contracts are strictly prohibited if certain officers or employees, or their family members, have a financial interest. See Purchases from Officers or Employees (17.21).

Therefore, any SFA employees and officers 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. Each employee and officer must complete a disclosure of substantial interest form, which must be completed once each year for the fiscal year and shall be updated 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 applicable decisions and only as needed or required by law; i.e., procurement, accounts payable, department heads, vice presidents, president, general counsel, etc. The disclosure shall, at a minimum, identify known conflicts of interest identifying family, financial and personal relationships, conflicts of commitments and outside activities.

Definitions:

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/partner’s parents, brothers, sisters and children

Anyone within the second degree of affinity or third degree of consanguinity as specified in policy 11.16, Nepotism.

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.
Commitments and Outside Activities –

Indicates any board on which the employee or officer serves in any organization other than SFA, including, but not limited to, for-profit business entities, 501c3 organizations, etc.

Specific rules apply to purchases from an SFA employee. See Purchases 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.

Specific rules apply to purchases from an SFA officers or employees. See Purchases From Officers or Employees (17.21).

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. (See Nepotism 11.6) 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.

For any contract that requires approval by the Board of Regents before the contract may be signed and has a value of at least $1 million, the vendor must submit a disclosure of interested parties on a form prescribed by the Texas Ethics Commission. The procurement office shall submit a copy of the disclosure to the Texas Ethics Commission. This requirement does not apply to a sponsored research contract or an interagency contract.

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. *Any employee or officer who knowingly violates laws, rules or policies relating to contracting processes is subject to disciplinary action up to and including termination. Other penalties may apply depending on the severity of the action. See Ethics (2.6).*

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); Purchases From Employees (17.21); Gifts, Prizes and Awards (3.18); Nepotism (11.16); Tex. Educ. Code § 51.9337; Tex. Gov’t Code §§ 573.021-.025, 2252.908, 2254.032, 2261.252, 2262.004; Tex. Educ. Code § 2254.032; 2 CFR §§ 200.317-.326

**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, Conflict of Interest, Outside Commitment and Activities

**Board Committee Assignment:** Finance and Audit