

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 the purposes of this document, such benefit shall include personal and individual invitations to meals, travel, or items of significant gain or advantage with a value of \$50 or more.
- B. 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.
- C. 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.
- D. 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.
- E. Honoraria: 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.

- F. Immediate family: Includes spouse and dependent children. Children, for the purposes of this document, include adopted, step, and foster children, as well as natural sons and daughters.
- G. 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.
- H. Significant financial interest: Anything of monetary value including, but not limited to: salary, other payments for services (e.g., consulting fees or honoraria); equity interests (e.g., stocks, stock options, or other ownership interests); and intellectual property rights (e.g., patents, copyrights, and royalties from such rights) that, when aggregated with immediate family:
1. exceeds \$10,000 fair market value and five percent ownership; or,
 2. is expected to exceed \$10,000 in payments during the next 12-month period

III. DISTRIBUTION OF POLICIES REGARDING ETHICAL CONDUCT

In accordance with state law or Board of Regents Policy 57.01.3, copies of the laws and Board of Regents Policies listed below are distributed and otherwise made available online upon initial employment (by Human Resources) and annually (by the Board of Regents' office).

- A. Statutory Standards of Conduct for State Employees, § 572.051, Texas Government Code
- B. 1997 General Appropriations Act Article IX, § 5. Political Aid, Legislative Influence
- C. Board of Regents Policies:
1. Consulting and Paid Professional Service (57.02)
 2. Dual Employment (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 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.

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 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 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 will coordinate the annual certification of compliance with the Policy on Conflict of Interest for Academic Staff 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 are to be reported to the university Ethics Coordinator. The Chief Human Resources Administrator will be the university's Ethics Coordinator.
 - B. 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.
 - C. The Ethics Coordinator notifies the investigative unit(s) (i.e., Internal Auditor, University of Houston Police Department (UHPD), and/or Human Resources, and the appropriate vice presidents) of the reported violation and submits the allegations to the unit(s) for review. Violations involving sponsored project agreements will be submitted to the Vice President for Research and handled in accordance with the Policy on Conflict of Interest for Academic Staff.
 - D. The Ethics Coordinator notifies the appropriate administrative unit (i.e., department chair, dean, or vice president), that an investigation is to take place. Confidentiality of the information and employee(s) involved in the investigation will be of utmost importance, to insure proper adjudication of the allegations.
 - E. The ethics violation is investigated and a report is rendered to the Ethics Coordinator.
 - F. The Ethics Coordinator reviews the investigative report. Every attempt will be made to resolve internal ethical violations at the lowest level of administrative review. If however, a reasonable solution cannot be reached; the Ethics Coordinator will appoint the Ethics Review Panel to determine a final disposition.
 - G. Recommendations occurring out of the investigation and/or the Ethics Review Panel will be reviewed by the General Counsel and the appropriate vice president.
 - H. Based upon the findings of the ethics review process, appropriate administrative action will be taken to insure that the investigated ethics violation is corrected. Employees who fail to comply with the responsibilities and requirements outlined in this document may be subject to disciplinary action.
 - I. A final report of the investigation, findings, and recommended corrective action is then submitted through administrative channels to the State Ethics Commission.

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 recommend that the Ethics Review Panel be convened to review the situation and make a recommendation. In such a case, the situation must be put in writing and involve the signatures of the dean or director and the responsible vice president, as well as Human Resources.

VIII. SANCTIONS FOR CONDUCT NOT MEETING STANDARDS OF ETHICS

Investigation of a conflict of interest may involve the Internal Auditing Department, UHPD, and the General Counsel. The employee’s supervisor and the appropriate vice president will be notified. If criminal activity is involved, UHPD will be involved and the employee will be subject to prosecution and criminal charges.

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

IX. REVIEW AND RESPONSIBILITY

Responsible Party: Executive Director, Human Resources

Review: Every three years, on or before October 1

X. APPROVAL

John M. Rudley
Vice President for Administration and Finance

Jerald W. Strickland
Senior Vice President for Academic Affairs and Provost

Jay Gogue
President

Date of President’s Approval: September 15, 2004

XI. REFERENCES

Statutory Standards of Conduct for State Employees, § 572.051, Texas Government Code
Penal Code § 36.02 (Bribery), §36.07 (Honoraria), § 39.01
Government Code 572.051
General Appropriations Act Article IX, § 5. Political Aid, Legislative Influence
UH Board of Regents Policies 21.03, 29.02, 81.01, 57.01, 57.02, 57.04, 57.07, 57.08
UH System Administrative Memoranda 02.A.03, 02.A.08, 02.A.09, 02.A.10, 02.A.21,
02.A.39, 02D.07

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Addendum A**Statutory Standards of Conduct for State Employees
Board of Regents 57.08 - Conflicts of Interest
§ 572.051, Texas Government Code**

All members of the board and employees of the system and its component institutions 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:

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 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, 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.

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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.