

**UNIVERSITY OF HOUSTON SYSTEM
ADMINISTRATIVE MEMORANDUM**

SECTION: Human Resources

NUMBER: 02.A.29

AREA: General

SUBJECT: Ethical Conduct of Employees

1. PURPOSE

- 1.1. New federal and state laws and regulations, together with growing scrutiny of the complex relationships between public institutions and outside public and private organizations and individuals, necessitate the clarification of standards of accountability for public servants. Requirements for ethical behavior are especially important in public institutions of higher education; component university employees are accountable to taxpayers for the use of public funds and also have the responsibility to lead and educate component university students by example.
- 1.2. University of Houston System employees have a responsibility to the public in the performance of their official duties. High institutional and personal standards of conduct must be maintained to fulfill that responsibility. These standards must include avoiding any actions that would create the appearance of violation of laws or ethical principles. This document sets forth a code of accountability for component university employees in the performance of their component university responsibilities; it identifies areas of particular legal and ethical concern and specifies requirements for compliance with state laws, federal guidelines, Board of Regents policies, standards of ethics, and good business practices.

2. POLICY

- 2.1. Employees of the System shall avoid using their positions for purposes that are, or give the appearance of being, motivated by a desire for private gain for themselves or others, such as those with whom they have family, business, or other ties. Component university employees shall exercise the utmost good faith in all transactions, activities, and behaviors related to their duties to the System and its property and resources. The principles of good faith and honest dealing apply to all aspects of the employee's responsibilities and activities on the part of the component university, not just those identified in this directive as subject to particular statutes or causes for particular concern.

- 2.2. Prior to entering into any consulting, investment, professional or other arrangement that may involve a conflict of interest or commitment, a faculty or exempt employee must submit to the college or department head a complete written disclosure of the pending relationship and any potential conflicts that it may involve. The subsequent arrangements will then be subject to the approval of the appropriate dean, associate vice president, associate vice chancellor, or designee. This provision applies to all regular faculty and exempt staff and to non-exempt staff with procurement or research responsibilities.
- 2.3. On an annual basis, all non-University business activities and arrangements shall be reported to the Chancellor through the Executive Vice Chancellor of Administration and Finance.
- 2.4. Component university employees shall promptly disclose to their supervisor or department head any substantiated information regarding what they believe to constitute a violation of this document or any law or institutional policy.
- 2.5. Failure to comply with the principles outlined in this document shall be considered a breach of the public trust and may subject the employee to disciplinary action up to and including dismissal, as well as to the possibility of criminal action.

3. DEFINITIONS

- 3.1. Benefit: Anything an independent third party observer might reasonably regard to provide a monetary gain or advantage. For the purposes of this policy, a benefit would include, but is not limited to, monetary gifts, meals, employment, or other items of significant gain or advantage. When the appropriateness of a benefit is in question, it should not be accepted.
- 3.2. Conflict of commitment: A situation in which an employee's outside activities interfere with the employee's primary commitment of time and intellectual energies to the University, or in which a full-time employee's primary professional loyalty is not to the System. The general permitted limit to external commitments is one day per calendar week, never to conflict with the employee's scheduled classes or other duties and responsibilities.
- 3.3. 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 component 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 component university's detriment.

- 3.4. Honoraria: A payment for speech, lecture, or services on which, by custom or agreement, a specific price may not be set. For the purposes of this policy, 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.
- 3.5. Immediate Family: Includes spouse and dependent children. Children, for the purposes of this policy, include adopted, step and foster children, as well as natural sons and daughters.
- 3.6. Relatives: Individual laws prescribe the relationships covered in specific provisions.
- 3.7. System Employee: An employee of the System is an individual who performs services that are subject to the will and control of the component university in terms of what must be done and how it must be done within legal parameters. For purposes of this document, the term "employee" refers to any individual serving in a faculty, research or staff capacity subject to the terms and conditions described above. An employee is paid through the payroll system, with accompanying tax withholding as provided by law.

4. PROVISIONS

- 4.1. Acceptance of gifts or other benefits: An employee of the System (or member of the employee's immediate family) may not solicit or accept any gift, favor, privilege, benefit, service, exemption or thing of value that might influence the employee to perform his or her job differently. An employee should assume that anyone having business with the component university as a client, contractor, or vendor is likely to be seen as attempting to curry favor if that person provides any gift or benefit to the employee. More detailed directives related to conflict of interest may be found in Board Policy [57.08](#) and SAM [02.A.09 - Conflict of Interest](#).

The only gifts and benefits not subject to this restriction are those conferred on account of kinship or a personal or professional relationship independent of employee's status, non-cash items of less than \$50.00 in value, and those used solely to defray expenses accrued in the performance of official duties that are not reimbursable by the component university.

- 4.2. Bribery: A component university employee commits the criminal offense of bribery if the employee solicits, offers or accepts any benefit in exchange for a decision, opinion, recommendation, vote or other exercise of discretion by the employee.

- 4.3. Business, investments, and professional activity: An employee or the employee's immediate family shall not make personal investments in any enterprise that foreseeably might create a significant conflict between the employee's private interests and the University's interests. An employee shall not transact any business for the University with any entity of which he or she is an owner, officer, agent, employee or member or in which the employee or the employee's immediate family owns any significant interest or accrues any benefit.
- 4.4. Charitable or professional organizations/pro bono work: Any contribution of time without compensation to charitable or professional organizations or causes that may infringe upon the employee's regular work hours must be disclosed to the employee's department head and must not interfere with the individual's University responsibilities.
- 4.5. Disclosure of confidential information: No component university employee shall disclose confidential information gained by reason of his or her position, nor shall the employee otherwise use such information for personal gain or benefit. Similarly, no employee shall accept other employment or engage in any business or professional activity that foreseeably might require or induce the employee to disclose confidential information acquired through his or her position.
- 4.6. Dual employment: A System employee may hold another non-elective state or federal office or position of honor, trust, or profit only after being granted prior approval. The Board delegates to the Chancellor or designee the authority to approve such dual office holding by any System employee who is not an officer of the System or its component universities. Officers of the System are defined as executive management employees serving in the following positions: Chancellor, vice chancellor, General Counsel, president, vice president, dean (academic), Chief Audit Executive, and their equivalents (e.g., an administrative head of a recognized department reporting directly to the Chancellor or component university president). Such approval must be based on formal findings that the dual office holding is of benefit to the state or is required by state or federal law and that the situation creates no conflict of interest or commitment.
- 4.7. Governmental appearances or expert witness service: Component university employees appearing before Congress or the Texas Legislature or their agencies, committees, or members to offer testimony, opinions or commentary in regard to existing or potential laws, rules or regulations, unless expressly authorized to do so by the Board or the Chancellor, must clearly state in advance that they are appearing in their individual capacities and that their testimony, opinions and commentary are not authorized by and must not be construed as reflecting upon the position of the System.

Appearances as an expert witness by any employee of the System shall be subject to the provisions of SAM [02.D.07 - Expert Witness Service](#).

- 4.8. Honoraria: By state law, a component university employee may not solicit, agree to accept, or accept an honorarium in consideration for services the employee would not have been asked to provide but for his or her official position; i.e. for providing services on behalf of the component university. This prohibition includes a payment made to a third party if made in exchange of the employee's services. This restriction applies to any fee for any service provided in the employee's official capacity, but does not apply to food, transportation and lodging in connection with the service provided.
- 4.9. Lobbying by state employees, political campaigns, holding public office, and other political activities: The General Appropriations Act prohibits the use of state funds to influence the outcome of any election or any legislative measure. Likewise, this act restricts the use of any component university funds to hire lobbyists and provides restrictions against offering gifts to legislators and accepting gifts from legislators. Similarly, federal restrictions prohibit the use of federal funds to influence federal legislation. The Vice Chancellor for Governmental Relations shall be responsible for the general coordination of System governmental activities.
- No component university employee may use his or her authority, influence, or time during University work hours to affect the result of any election or political campaign or to achieve any other political purpose. Likewise, University funds, equipment, or other resources may not be used to work on a political campaign. Component university employees may run for local elective office and serve as elected public officials so long as campaign activities are not conducted during official component university hours and so long as the office does not involve a political party primary or a party affiliation. The employee must provide prior notification to his or her supervisor of the candidacy and election to office.
- 4.10. Nepotism: Relatives of component university employees may not be employed in positions where the employee has the official authority to hire or recommend or approve the hiring, salary, or promotion of the relative, even if it results from marriage after the employment relationship was formed. The requirements of nepotism statutes may be found in Board Policy [57.07](#) and SAM [02.A.21 - Nepotism](#).
- 4.11. Outside consulting or other employment: The System expects employees to accord a full professional commitment to the component university during the terms of their appointments. Interaction between employees and external entities for reasonable periods of time and for personal remuneration may be desirable when the relationship benefits the University, enhances the professional skills of the employee, or constitutes a public service.

However, no employee shall accept consulting or external employment that might impair his or her independence of judgment in performance of University duties, nor shall an employee receive any compensation from any source other than the State of Texas except as allowed by law. All consulting and other paid professional employment shall comply with Board Policy [57.02](#) and SAM [02.A.08 - Consulting and Outside Employment](#).

In accordance with Board Policy [57.05](#), any outside employment of the Chancellor, other officers of the System Administration, or the president or vice presidents of any component university, including serving on the Board of Directors or governing board of any outside organization, shall be approved in advance by the Board.

- 4.12. Reporting of time and effort; maintenance of all records: It is a violation of law to falsify or alter the reporting of time worked, salary records, or any way revise component university documents or records so as to provide an unearned benefit to the employee or another party.
- 4.13. Transfer of research results, materials, products, records: Board Policy [21.08](#) requires that component university faculty and staff disclose on a timely basis the creation or discovery of all potentially patentable inventions created with University resources. Ownership of these inventions must be assigned to the component university regardless of source of funding.

Component universities must have policies and procedures in place to ensure compliance with all applicable federal guidelines related to funded research, intellectual property, and related conflict of interest regulations.

- 4.14. Travel: Travel undertaken on official System business may be paid or reimbursed from University funds when arrangements comply with applicable SAMs [01.C.05 - Executive Travel](#), [03.A.03 - Business Travel](#), and [03.A.04 - University Credit Cards](#).
- 4.15. Use of component university equipment, facilities, support staff, and other resources: As a state employee, under statute, an employee is required to use component university property for component university purposes only, not for personal or private purposes. In situations where there is no direct cost to the component university, such as use of telephones to make occasional local calls, such use is not considered a misapplication of state property and may be permitted within reason.

Use of component university facilities, space, equipment or support staff for any activity other than the conduct of the employee's job responsibilities is permitted only if an appropriate and equitable financial arrangement has been concluded between the individual and the institution prior to the beginning of the outside activity. Please review SAMs [01.B.06 – Facilities Reservation and Rentals](#) and [03.A.05 – Contract Administration](#) for additional guidance.

- 4.16. Use of System and component university names: The name of the University of Houston System or its component universities may in no case be used for advertising or procurement purposes by any individual or external organization for non-University purposes. Likewise, employees may not represent themselves as acting in the capacity of System or component university employees when conducting consulting or personal activities. The System as well as the component universities bear no responsibility for any actual or implied obligations or liabilities incurred by an individual resulting from a consulting or other paid professional agreement or activity.

5. COMPLIANCE

- 5.1. In compliance with Board Policy [57.01](#), each component university is required to provide a copy of the laws and policies comprising the code of ethics to employees annually and to each new employee at the start of their employment. To acknowledge receipt and understanding of these laws and policies, all employees must annually complete Code of Ethics training.

Each component shall establish procedures related to the ethical conduct of employees that shall include the following compliance actions:

- a. Annual certification by regular faculty, exempt staff, and other key staff involved in procurement or funded research activities to include the following:
- receipt of this document and compliance with its provisions,
 - disclosure of any external consulting, employment, and professional activities – including service on governing boards and ownership in outside enterprises - providing the names of the external employers/organizations involved,
 - disclosure of any actual or potential conflicts of interest related to external employment, acceptance of benefits, or external investments, and
 - any additional information that may be required by federal funding agencies.

- b. A procedure for the timely prior review and approval or disapproval of written disclosures of pending relationships by component university employees entering into any consulting, investment, professional, or other arrangement that may potentially involve a conflict of interest or commitment. Such procedures shall require approval at the vice presidential or vice chancellor level of all such activities and annual reporting to the Chancellor.
- 5.2. In addition to these System-wide certifications, the Chancellor and presidents are required to submit an annual financial statement with the Texas Ethics Commission using the forms provided by the commission. Vice presidents, those at the director level or higher positions over procurement and contracting functions, and those others considered by the component to have high-level procurement responsibilities shall file with the chief financial officer of each component university a report disclosing the following information:
- a. The amount of any compensation received for services related to these associations; and
 - b. Known information regarding whether any of the organizations cited have any relationship to the System and a description of the relationship.
- 5.3. Information received during the annual certification shall be compiled and submitted to the Chancellor through the Office of the Executive Vice Chancellor for Administration and Finance prior to the Chancellor's annual report to the Board.

6. REVIEW AND RESPONSIBILITIES

Responsible Party: Associate Vice Chancellor for Finance
Review: Every five years, on or before March 1

7. APPROVAL

Approved: Carl P. Carlucci
Executive Vice Chancellor for Administration and Finance

Renu Khator
Chancellor

Date: June 9, 2009

EXHIBIT A

Citations and References

General

System Board of Regents Policies:

[21.08 Intellectual Property](#)
[57.02 Consulting and Paid Professional Service](#)
[57.04 Dual Employment](#)
[57.07 Nepotism](#)
[57.08 Conflicts of Interest](#)
[81.01 Governmental Appearances](#)

System Administrative Memoranda:

[01.C.05 Executive Travel](#)
[02.A.08 Consulting and Outside Employment](#)
[02.A.09 Conflict of Interest](#)
[02.A.21 Nepotism](#)
[02.D.07 Expert Witness Services](#)
[03.A.03 Business Travel](#)
[03.A.04 University Credit Cards](#)

Texas Revised Civil Statutes:

[Article 6252-9b-Standards of Conduct](#)
[Government Code Chapter 554 - Whistleblower Act](#)

By Provision:

- 4.1. Acceptance of gifts or other benefits:
[03.F.01 Gift Acceptance Policies](#)
- 4.2. Bribery:
[01.C.04 Reporting/Investigating Fraudulent Acts](#)
- 4.3. Business, investments, and professional activity:
[02.A.09 Conflict of Interest](#)
[03.A.17 Disclosure of Related Party Interests](#)
- 4.4. Charitable or professional organizations/pro bono work:
[03.A.17 Disclosure of Related Party Interests](#)

EXHIBIT A (page 2)

- 4.5. Disclosure of confidential information:
 - [01.D.06 Protection of Confidential Information](#)
 - [02.A.31 Access to and Maintenance of Staff Personnel Files](#)
- 4.6. Dual employment:
 - [02.B.02 Overtime and Compensatory Time](#)
- 4.7. Governmental appearances or expert witness service:
 - [09.A.01 Governmental Relations Communications and Appearances](#)
- 4.8. Honoraria:
 - [02.A.08 Consulting and Outside Employment](#)
- 4.9. Lobbying by state employees, political campaigns, holding public office, and other political activities:
 - [02.A.39 Political Aid and Legislative Influence](#)
- 4.10. Nepotism:
 - [02.A.21 Nepotism](#)
- 4.11. Outside consulting or other employment:
 - [02.A.08 Consulting and Outside Employment](#)
- 4.12. Reporting of time and effort and maintenance of other records:
 - [03.D.03 Employee Time and Effort Reporting](#)
- 4.13. Transfer of research results, materials, products, records:
- 4.14. Travel:
 - [01.C.05 Executive Travel](#)
 - [03.A.03 Business Travel](#)
 - [03.A.04 University Credit Cards](#)
- 4.15. Use of University equipment, facilities, support staff, and other resources:
 - [01.B.06 Facilities Reservation and Rental](#)
- 4.16. Use of University name: