

1. Title

Conflicts of Interest Policy

2. Policy

Sec. 1 Policy Statement. The mission of The University of Texas System Administration is to lead and serve the U. T. System academic and health institutions to create and sustain excellence in educational opportunities, research, and health care. In support of that mission, we value and are committed to maintaining high standards of excellence, integrity, and accountability in our conduct. This conflicts of interest policy is intended to enhance the ability of the employees of U. T. System Administration to act ethically in accordance with those values and with the law, and to fulfill our obligation to be good stewards of the resources that have been entrusted to us. This policy provides an executive summary of conflict of interest laws, rules, and policies, all of which are intended to preserve the public trust in our integrity by preventing bias or the appearance of bias in our decision-making.

Sec. 2 Other Information on Ethical Behavior. This policy addresses only conflicts of interest. Other ethical issues may arise, such as issues related to the use of government resources, sexual harassment, political activities, legislative lobbying, and the use of confidential information. Those issues are fully discussed in the U. T. System Standards of Conduct Guide. Additional information may be found on the website of the Office of General Counsel at [www.utsystem.edu/ogc/ethics](http://www.utsystem.edu/ogc/ethics).

Sec. 3 Recommendation and Adoption of Policy. This policy was initially recommended by the U. T. System Administration Conflicts of Interest Task Force, which was formed at the direction of Chancellor Yudof in June 2007. It is adopted pursuant to the recommendation of the Task Force and also pursuant to Section 572.051, *Texas Government Code* (Standards of Conduct; State Agency Ethics Policy).

Sec. 4 Prohibitions on Activities Constituting a Conflict of Interest.

4.1 Gifts.

- (a) There are two standards under Texas law governing gifts – (1) a general standard of conduct that applies to all employees and (2) a criminal standard that applies only to those persons who make recommendations or decisions about contracts and other financial transactions.

- (b) Under the general standard, you should not accept or solicit any gift, favor, or service that might reasonably tend to influence you in the discharge of official duties or that you know or should know is being offered with the intent to influence official conduct. This standard applies even though the donor is not asking you to do something in exchange for the gift. A gift is anything of value, and includes tickets to entertainment or sporting events, expenses for a trip, and food. Acceptance or solicitation of a gift in violation of this standard is not a criminal offense, but is grounds for discipline, including termination.
- (c) Criminal penalties may apply to persons who make recommendations or decisions about U. T. System's financial transactions. If those are your job duties, you may not accept a gift from an individual or entity that is interested in or likely to become interested in that transaction, with limited exceptions. Under those exceptions, it is not a criminal offense to accept the following type of gift if the gift is not given in exchange for your official action (it is never lawful to accept a gift in exchange for official action):
- i. non-cash items worth less than \$50;
  - ii. a gift from a person such as a relative, friend, or business associate with whom you have a relationship independent of your official status, if the gift is given on account of that relationship rather than your official status; and
  - iii. food, lodging, transportation, or entertainment in any amount if you accept them as a "guest," which means the donor must be present.<sup>1</sup>
- (d) Note that even though you may accept a gift described above without committing a crime, acceptance of the gift may still violate the general standard of conduct and constitute grounds for discipline.
- (e) Additional restrictions apply if the gift is from a student loan lender. The definition of "student loan lender" is very broad and covers entities that may not traditionally be thought of as

---

<sup>1</sup> The law provides additional prohibitions if the donor is a lobbyist registered with the Texas Ethics Commission. It is advisable to consult the Office of General Counsel before accepting a gift from a lobbyist.

student loan lenders. You should consult U. T. System's Office of General Counsel to determine if the proposed gift from the student loan lender is permissible.

- (f) It is important to remember that even though the acceptance of a gift may not constitute a crime, it may appear to the public that a gift has influenced you in performing your job. You should not accept any gift that could appear to influence your official conduct, even if the gift is technically legal.

Summary: Do not accept any gift that could appear to influence your official conduct.

#### 4.2 Outside Employment or Compensation.

- (a) You should not accept other employment or compensation that could reasonably be expected to impair your independence of judgment in performing your official duties. Your primary responsibility is the accomplishment of the duties and responsibilities assigned to your position at U. T. System Administration. External consulting or outside employment that interferes with those duties and responsibilities should not be accepted. Any outside employment, including self-employment or employment by another state agency, must first be approved by your department head. You must request approval by filing a form with your department head that describes the nature and extent of the outside employment. Your department head will then determine whether the contemplated employment would create a conflict of interest or the appearance of a conflict of interest between your outside commitments and your responsibilities to U. T. System.

- (b) Additionally, you should not accept other employment or engage in a business or professional activity that you might reasonably expect would require or induce you to disclose confidential information acquired through your official position.

Summary: Do not accept outside employment that interferes with your responsibilities to U. T. System. Any outside employment must first be approved by your department head.

#### 4.3 Outside Board Service. Outside board service is generally deemed to be in the best interest of U. T. System because it broadens the experience of the individuals involved and

exposes U. T. System to a larger audience of business, civic, professional, and social leaders. However, recognizing that your primary duty is the performance of your job at U. T. System, the position may not create a conflict of interest and may not impose an unreasonable time requirement. You must request a conflict of interest evaluation from the Vice Chancellor and General Counsel and must also obtain approval from your direct supervisor before accepting a position on an outside board covered by UTS123, *Policy on Service on Outside Boards*. The Chancellor and executive officers are subject to certain additional provisions, including the requirement to file a report on outside board service with the Office of the Chancellor in September of each year.

Summary: Do not accept a position on an outside board that creates a conflict of interest or that imposes an unreasonable time commitment. Any outside board service covered by UTS123, *Policy on Service on Outside Boards* must first be evaluated by the Vice Chancellor and General Counsel for conflicts of interest and then approved by your direct supervisor.

- 4.4 Honoraria. You may not accept an honorarium for services you would not have been asked to provide but for your official status. For example, you may not accept a gift or payment for giving a speech if you would not have been asked to provide the speech but for your official position. However, you may accept meals, transportation, and lodging in connection with your services as long as the services are more than merely perfunctory or superficial. Also, you may accept a gift of very minimal value, such as a plaque or coffee cup.

Summary: Do not accept an honorarium for services you would not have been asked to provide but for your official position.

- 4.5 Personal Investments.

(a) You should not make personal investments that could reasonably be expected to create a substantial conflict between your private interest and the public interest. This means that you should not have a direct or indirect financial interest in a business that conflicts with U. T. System's interests or that might influence how you do your job. Some financial interests may be so indirect or so minimal that they do not create conflicts of interest, such as ownership of a minimal amount of stock in a company or an investment in a publicly traded mutual fund in which you do not exercise

discretion regarding the investment of the assets of the fund. If you are not sure whether a particular investment creates a conflict of interest, you should ask your supervisor or consult with the Office of General Counsel.

- (b) If you do have an interest in a business that you think might constitute a conflict of interest, disclose that interest to your supervisor. In some cases, you may be able to cure the conflict by not participating in any decision concerning that business. However, if the conflict is significant, you may be required to divest yourself of the interest that causes the conflict.

Summary: Do not make personal investments that create a substantial conflict between your private interest and the public interest.

#### 4.6 Self-dealing/Transactions with Employees.

- (a) You may not transact any business in an official capacity with any business entity of which you are an officer, agent, or member, or in which you own a substantial interest.
- (b) Additionally, before U. T. System may purchase any supplies, materials, services, equipment, or property from you, the Chancellor must approve the purchase, and the purchase may be made only if the cost is less than from any other known source.

Summary: Do not transact public business with your private business. The Chancellor must approve any purchases from you, and the purchase may be made only if the cost is less than from any other known source.

#### 4.7 Benefits for Performing Official Duties. You should not intentionally or knowingly solicit, accept, or agree to accept any benefit for having exercised your official powers or for having performed your official duties in favor of another. If the benefit was given in exchange for an official act, it could constitute the criminal offense of bribery.

Summary: Do not accept a benefit for having done your job in favor of another.

#### Sec. 5 Making Required Disclosures. Familiarize yourself with any disclosures required by law, rule, or policy. Your position with U. T.

System and your contemplated activity will determine which disclosure statements are required. Complete and file any required disclosure statements in a timely fashion. If you have any questions regarding disclosure requirements, contact your supervisor.

- Sec. 6 Consequences for Violations. There are consequences for failing to comply with conflict of interest laws, rules, or policies. The law provides that appropriated money may not be used to compensate an employee who violates the standards of conduct. Failure to comply is grounds for disciplinary action by U. T. System, including termination of employment. Additionally, civil and criminal penalties may apply under certain circumstances.

Summary: You may be subject to disciplinary action or civil or criminal penalties for violating a conflict of interest law, rule, or policy.

- Sec. 7 Application of Other Conflict of Interest Policies, Contract Provisions, Agreements, Laws, or Rules. This policy does not rescind any policy provided by U. T. System Administration, any departmental policy, any contract provision, or any law or rule that is more specific or more restrictive concerning conflicts of interest. You are required to comply with the more specific or restrictive policy, contract provision, agreement, law, or rule.

- Sec. 8 Raising Questions or Reporting Violations of this Policy.

8.1 If you have questions about an actual or potential conflict of interest, you may ask your supervisor. Additionally, you may always contact the Office of General Counsel with any conflict of interest questions at 512-499-4462.

8.2 You should report any suspected wrongdoing to your department head or to the U. T. Systemwide Compliance Officer, the compliance coordinator, or a compliance committee member. You may also report suspected violations on a toll-free hotline (1-877-217-2426). You may not be retaliated against for a good-faith report of suspected wrongdoing. Detailed information on reporting possible violations may be found in the U. T. System Standards of Conduct Guide.

- Sec. 9 Acknowledging this Policy. You must acknowledge this policy upon initial receipt of the policy and thereafter by September 30 of each odd-numbered year. You will be notified of your acknowledgment requirement.

- Sec. 10 Distribution of this Policy to U. T. System Administration Employees.

- 10.1 The Office of Employee Services must distribute a copy of this policy, a copy of Subchapter C, Chapter 572, *Texas Government Code*, and a copy of Sections 556.004, 556.005, 556.006, 556.007, and 556.008, *Texas Government Code*, to each new employee by the third business day after beginning employment, and to each new officer by the third business day after qualifying for office.
- 10.2 The Office of Employee Services must also distribute the copies referenced immediately above to each employee by September 1 of each odd-numbered year.
- 10.3 The Office of Employee Services must ensure that each employee acknowledges receipt of this policy and the laws referenced immediately above within a reasonable time after each distribution. The form of the acknowledgment that must be used is attached under Item 5 of this policy.

### **3. Definitions**

Conflict of Interest - a conflict of interest exists when you owe a professional obligation to U. T. System that is or might be compromised by the pursuit of outside interests. Outside interests, such as professional activities, personal financial interests, or the acceptance of gifts from third parties, can create conflicts between the interests of U. T. System and your private interests and may prevent you from making decisions that are in the best interest of U. T. System. Even if those outside interests do not actually impair your ability to act in the best interest of U. T. System, it may appear to the public that your independence of judgment has been affected.

### **4. Relevant Federal and State Statutes**

[Chapter 572, Texas Government Code \(Personal Financial Disclosure, Standards of Conduct, and Conflict of Interest\), particularly Section 572.051 \(Standards of Conduct; State Agency Ethics Policy\)](#)

[Chapter 36, Texas Penal Code \(Bribery and Corrupt Influence\)](#)

[Section 2113.014, Texas Government Code \(Employee Standards of Conduct\)](#)

[Chapter 305, Texas Government Code \(Registration of Lobbyists\)](#)

[20 U.S.C. Section 1019b\(c\)\(2\)](#)

[20 U.S.C. Section 1094\(a\)\(25\) and \(e\)](#)

**5. Relevant System Policies, Procedures, and Forms**

[Board of Regents' Rules and Regulations, Rule 30103 \(Standards of Conduct\)](#)

[Board of Regents' Rules and Regulations, Rule 30104 \(Conflict of Interest\)](#)

[UTS109, Chancellor and Presidents of The University of Texas System: Financial Disclosure and Conflict of Interest Statement](#)

[UTS110, Employees of The University of Texas System: Financial Disclosure and Conflict of Interest Statement](#)

[UTS123, Policy on Service on Outside Boards](#)

[UTS131, Protection from Retaliation for Reporting Suspected Wrongdoing](#)

[UTS134, Code of Ethics for Financial Officers and Employees](#)

[UTS159, Purchasing](#)

[UTS171, Student Financial Aid Code of Conduct](#)

[UTS175, Disclosure of Significant Financial Interests and Management and Reporting of Financial Conflicts of Interest in Research](#)

[INT129, Outside Employment](#)

[Acknowledgment](#)

**6. Who Should Know**

All employees of U. T. System Administration

**7. System Administration Office(s) Responsible for Policy**

Office of General Counsel

**8. Dates Approved or Amended**

November 27, 2007

November 17, 2011

Editorially Amended January 31, 2012

**9. Contact Information**

Questions or comments about this policy should be directed to:

- [bor@utsystem.edu](mailto:bor@utsystem.edu)