

1. Title

Conflicts of Interest, Conflicts of Commitment, and Outside Activities

2. Policy

Sec. 1 Applicability. This policy applies to all employees of The University of Texas System Administration, and to all those employed by a University of Texas institution.

Sec. 2 Purpose. This policy is intended to protect the credibility and reputation of the U. T. System Administration, of each U. T. institution, and their employees, by providing a framework to address conflicts of interest, conflicts of commitment, and outside activities.

Sec. 3 Primary Responsibility. The primary responsibility of employees of the U. T. System Administration and each of the U. T. institutions is the accomplishment of the duties and responsibilities assigned to one's position of appointment.

Sec. 4 Value in Certain Outside Activities. Regents' Rule 30104 permits U. T. employees to engage in outside work or activities, subject to State laws, U. T. System Administration and U. T. institution rules or policies. Institutions may encourage certain specified outside activities that clearly contribute to the mission of the institution and/or provide important elements of faculty or staff development related to their institution responsibilities.

Sec. 5 Un-Managed Conflicts of Interest and Conflicts of Commitment Prohibited. U. T. employees may not have a direct or indirect interest, including financial and other interests, or engage in a business transaction or professional activity, or incur any obligation of any nature that is in substantial conflict with the proper discharge of the employees' duties to their institution.

Activities on behalf of outside entities or individuals must not interfere with a U. T. employee's fulfillment of his/her duties and responsibilities to U. T. Such conflicts of commitment may arise regardless of the location of these activities, the type of outside entity, or the level of compensation.

Sec. 6 Policy on Outside Activities Required. System Administration and each Institution shall adopt a policy governing an officer's or employee's outside activities, including compensated employment and board service, that clearly delineates the nature and extent of permissible outside activities and that includes processes for

electronically disclosing the outside activities and for obtaining and electronically documenting institutional approval to perform the activities.

- Sec. 7 Approval and Disclosure Policy for Executive Officers and Employees Involved in Procurement Activities Required. U. T. System Administration and each U. T. institution shall adopt policies that clearly delineate the nature and extent of permissible outside activities and interests for Executive Officers and Employees Involved in Procurement Activities or contract management. Institutions may broaden the scope of disclosure to include additional categories of employees.

The policies shall create a process for electronic approval and disclosure of outside activities. At minimum, the policies shall require prior annual approval for all activities listed in section 8(i)-(iii).

- Sec. 8 Information to be disclosed to UT System Administration in an electronic database. U.T. System Administration shall develop a shared service electronic reporting system that is consistent with this policy. Institutions may choose to utilize this system to meet the reporting guidelines outlined below or they may choose to electronically collect and transfer equivalent data to U.T. System Administration using their own electronic systems. Data transfers to U.T. System Administration shall occur on at least a bi-annual basis. All data locally collected and transferred to U.T. System Administration must comport with the data definitions, template, and format provided by U.T. System Administration. With the exception of the Chancellor and each institution president, and the minimum purchasing threshold discussed below, all individuals covered by Section 7 above shall disclose for themselves and for immediate family members¹:

- (i) a description of the nature and extent of all outside employment or other compensated activity;
- (ii) a description of the nature and extent of any outside activity, regardless of compensation, that reasonably appears to create a conflict of interest or a conflict of commitment;
- (iii) a description of the nature and extent of outside board service as described in Section 11 below,

¹ When in doubt in determining whether an activity or interest should be disclosed, the individual should resolve the doubt in favor of disclosure.

- (iv) a description, including the amount of compensation or interest, of any substantial interest in a business entity which should be provided no later than 30 days after acquiring the interest;
- (v) a description of gifts over \$250. Do not include gifts received from: one's parent, child, sibling, grandparent, or grandchild; one's spouse or the spouse of anyone mentioned above; or the parent, child, sibling, grandparent, or grandchild of one's spouse;

The Chancellor and presidents are required by state law to file Personal Financial Statements with the Texas Ethics Commission. In lieu of filing the information listed above, the Chancellor and presidents shall file a duplicate copy of their Personal Financial Statement with the Office of the Chancellor of U.T. System Administration at the time that it is filed with the Ethics Commission. If an institution president seeks an extension of the time to file a Personal Financial Statement with the Texas Ethics Commission, the president must also notify the Chancellor's Office of the extension.

Outside activity disclosed under institutional HOPs developed pursuant to UTS 175, "Disclosure of Significant Financial Interests and Management and report of Financial Conflicts of Interest in Research," need not be re-disclosed.

Minimum Purchasing Threshold: Employees Involved in Procurement Activities who are not authorized to make purchases of \$15,000 or more, and who make no decisions or recommendations regarding purchases of \$15,000 or more, are not required to disclose their outside activities and interests in the U.T System electronic disclosure database.

Individuals covered by Section 7 with nothing to disclose must affirmatively indicate that fact in the electronic database.

Sec. 9 Additional Process Requirements. In addition to the approval and disclosure requirements outlined above, policies must include the following minimum features:

- (i) A process to prevent, identify, manage, and resolve conflicts of interest and commitment;
- (ii) A process to electronically document the approval and disclosure process for outside interests and activities;

- (iii) a process for appealing a decision that includes at least one level of higher review and access to standard grievance procedures in appropriate cases;
 - (iv) a process for approval, prospectively or promptly retrospectively, of activities that by their nature cannot be specifically approved before the work must begin, such as consulting on an emergency or other urgent need;
 - (v) a process for approving and disclosing activities the details of which must remain confidential (e.g. third party proprietary information, classified government work, and other information made confidential by law);
 - (vi) a process for rescinding approvals; and
 - (vii) a process for annual re-approval and disclosure.
- Sec. 10 Annual Report. Employees who are covered by Section 7 shall review and finalize all disclosures after the end of the calendar year during the annual reporting period (January through March of the following year).
- Sec 11 Accounting for Outside Board Service. Institution policies regarding approval and disclosure of outside board service should balance the need to protect UT institutions from even the appearance of conflicts of interest with the rights of employees to engage in outside board service activities which are entirely unrelated to UT business without undue burden.
- Sec. 12 Noncompliance. Noncompliance with this policy may subject one to discipline in accord with applicable procedures up to and including termination of employment.
- Sec. 13 Education and Training. Each institution must develop a comprehensive training program to implement this policy that includes at a minimum: training for those responsible for approving and managing outside activities and interests and annual distribution to all employees of the institution's conflicts of interest and conflicts of commitment HOPs.
- Sec. 14 Effective Date. This policy shall be effective August 1, 2016.

3. Definitions

Business Entity - Any entity recognized by law through which business is conducted, including a sole proprietorship, partnership, firm, corporation, holding company, joint stock company, receivership, or trust.

Compensation - Any form of benefit including but not limited to salary, retainer, honoraria, intellectual property rights or royalties, or promised, deferred, or contingent interest. It also includes sponsored travel or reimbursement.

Conflict of Commitment - A state in which the time or effort that a U. T. employee devotes to an outside activity directly or significantly interferes with the employee's fulfillment of their institutional responsibilities or when the employee uses State property without authority in connection with the employee's outside employment, board service, or other activity (See Sec. 8, RR 30104). Exceeding the amount of total time permitted by U.T. System Administration or institution policy for outside activities creates the appearance of a conflict of commitment.

Conflict of Interest - A significant outside interest of a U. T. employee or one of the employee's immediate family members that could directly or significantly affect the employee's performance of the employee's institutional responsibilities. The proper discharge of an employee's institutional responsibilities could be directly or significantly affected if the employment, service, activity or interest: (1) might tend to influence the way the employee performs his or her institutional responsibilities, or the employee knows or should know the interest is or has been offered with the intent to influence the employee's conduct or decisions; (2) could reasonably be expected to impair the employee's judgment in performing his or her institutional responsibilities; or (3) might require or induce the employee to disclose confidential or proprietary information acquired through the performance of institutional responsibilities.

Employees Involved in Procurement Activities - An employee who makes decisions or recommendations regarding:

- a) contract terms or conditions on a contract;
- b) who is to be awarded a contract;
- c) preparation of a solicitation for a contract; or
- d) evaluation of a bid or proposal.

Executive Officer- Includes, but is not limited to, the president and Chancellor, all individuals who report directly to a president or Chancellor (other than administrative support positions), and any employee who exercises broad and significant discretion over key Institution or System functions.

Immediate Family Members - include:

- a) a spouse;

- b) a dependent child or stepchild or other dependent, for purposes of determining federal income tax liability during the period covered by the disclosure statement; and
- c) a related or non-related, unmarried adult who resides in the same household as the individual and with whom the individual is financially interdependent as evidenced, for example, by the maintenance of a joint bank account, mortgage, or investments.

Nature and Extent - Shall include a description of the activity, the time commitment, the amount of compensation, if any, and the anticipated length of time the commitment is expected to continue.

Outside Board - The board, council, or other governing or advisory body of a business, civic, professional social, or religious organization, whether for profit or nonprofit.

Outside Employment - Any activity performed by an employee, other than fulfilling employment obligations at U.T. System Administration or a U.T. System institution, for which remuneration is received, including distance teaching.

Substantial Interest in a Business Entity - For purposes of this policy, means:

- a) a controlling interest;
- b) ownership of more than 1 percent of the voting interest;
- c) ownership of more than \$5,000 of the fair market value;
- d) a direct or indirect participating interest by shares, stock, or otherwise, regardless of whether voting rights are included, in more than 1 percent of the profits, proceeds, or capital gains; or
- e) service as an officer.

Not to include investments in mutual funds or retirement accounts, so long as the individual does not directly control the investment decisions made in those vehicles.

4. Relevant Federal and State Statutes

[Texas Government Code Chapter 572 - Personal Financial Disclosure, Standards of Conduct, and Conflict of Interest](#)

[Texas Government Code Chapter 574 - Dual Office Holding](#)

[Texas Constitution, Article 16, Section 40 - Holding More Than One Office](#)

5. Relevant System Policies, Procedures, and Forms

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

[Board of Regents' Rules and Regulations, Rule 60306, Use of University Resources](#)

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

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

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

[Model HOP 1, Model HOP 2, Model HOP 3](#)

6. System Administration Office(s) Responsible for Policy

Office of Systemwide Compliance

7. Dates Approved or Amended

January 15, 2013

March 26, 2013

October 1, 2013

January 27, 2014

August 1, 2016