Finance & Operations Procurement and Business Services Policy-FO-PUR-02

Ethics

PUBLIC TRUST
Public employment is a public trust. Any attempt to realize personal gain through conduct inconsistent
with the proper discharge of an employee’s duties is a breach of the public trust.

As employees of Sam Houston State University and The Texas State University System we are subject to
the standards of conduct of the University, and the System. Employees exercising delegated purchasing
authority or who participate directly or indirectly in the procurement process are bound to honor these
standards of conduct. The standards of the University are published in the Administrative Policies and
Procedures Manual. The standards of the System are published in the Board of Regents’ Rules and
Regulations.

HONOR
Employees acknowledge and honor the standards of conduct and the policies and procedures of the
University.

CONDUCT
Employees shall conduct purchasing without favoritism and without arbitrariness or caprice.

PECUNIARY INTEREST
No employee shall enter into discussion or participate directly or indirectly in a procurement in which the
employee has pecuniary interest.

CONFLICT OF INTEREST
No employee shall enter into discussion or participate directly or indirectly in a procurement in which the
employee has a conflict of interest. Employees who breach an ethical standard of conduct will be subject
to disciplinary action and may be subject to criminal prosecution for fraud. Fraud is a deliberate action
intended to deceive another for personal gain.

NEPOTISM DISCLOSURE
HB 2932 from the 79th Legislative Session created Texas Government Code 2262.004, Required
Nepotism Disclosure. Section B of this statute states the following:

Before a state agency may award a major contract for the purchase of goods or services to a business
entity, each of the state agency's purchasing personnel working on the contract must disclose in writing to
the administrative head of the state agency any relationship to the purchasing personnel it is aware about
that the employee has with an employee, a partner, a major stockholder, a paid consultant with a contract
with the business entity the value of which exceeds $25,000, or other owner of the business entity that is
within a degree described by Section 573.002.

Any person who makes decisions or recommendations at any point throughout the process of major
contract development, evaluation, award, monitoring and re-award are required to disclose in writing to
the Administrative Head (AH) or AH’s designee any relationship the prescribed person has with the
respondent or potential respondent(s) with pecuniary interest value of $25,000 or higher who directly or
indirectly controls more than 10% interest in the respondent’s company.

Before awarding or re-awarding any major contract any person as described above must comply with the
following:

- Disclosure must be provided by signing the State Auditor’s Office (SAO) Nepotism Disclosure
  form (ND Form). The ND Form may be located at
  http://www.sao.state.tx.us/Resources/forms/NepotismDisclosureForm.pdf
• If no conflicts exist, include the ND Form as the first page of the contract file so that other persons provide requisite signatures on the same form.

• If conflicts of interest exist, the ND Form must be signed by the person making decisions and or recommendations regarding the major contract. A copy of the signed ND form must be forwarded to the Agency head or designee for evaluation.

• This Act took effect on September 1, 2005.

• Applies only to a contract awarded or extended on or after the effective date of Texas Government Code 2262.004.

**DEFINITIONS**

**Major Stockholder** means a person who directly or indirectly owns or controls more than 10 percent interest or a pecuniary interest with a value exceeding $25,000 in a business entity.

**Procurement and Business Services Personnel** means an employee of a state agency who makes decisions on behalf of the State agency or recommendations regarding:

• Contract terms or conditions on a major contract;

• Who is to be awarded a major contract;

• Preparation of a solicitation for a major contract; or

• Evaluation of a bid or proposal.

Reviewed by: John C. Hitzeman - Director of Procurement and Business Services - 03/28/11
Next Review: 03/28/12