

## **Procedure III.3003.A.a, Ethical Conduct and Conflicts of Interest**

### **Associated Policy**

Policy III.3003.A, Ethical Conduct and Conflicts of Interest

### **Procedures**

It is expected that trustees and employees of the College will act ethically and with the sole purpose of advancing the best interest of the College and its constituents. All persons who represent the College have the responsibility to do so with a high standard of personal and business ethics which protects the integrity of the College at all times. To ensure that this goal is understood and achieved, the following procedure serves as the standard applicable to all individuals when performing their duties as representatives of the College.

### **Standards for Ethical Conduct**

College trustees and employees shall:

- Perform their duties to the best of their ability in good faith while supporting the objectives and policies of the College.
- Be truthful when called upon by leaders to provide information regarding their work activities and disclose all information that a reasonable employee would view as relevant to a leader's inquiry.
- Protect the confidentiality of all information to which they have access.
- Disclose waste, fraud, abuse, and corruption in accordance with College policy.
- Act impartially and not give preferential treatment or special privileges to any student, colleague, vendor, individual, or organization.
- Protect and preserve public property and equipment and not use it for any unauthorized purpose.
- Abstain from intentionally or knowingly misusing anything of value belonging to the College for the purpose of obtaining a benefit or for the purpose of harming or defrauding another.
- Abstain from making unauthorized commitments or promises binding or construed to be binding to the College.
- Abstain from unauthorized use of College funds or property for the purpose of influencing an election.

- Abstain from accepting gifts in excess of nominal value (\$50.00) from people or organizations with whom the College has or may have a business relationship.
- Provide full disclosure of any business or financial enterprise or activity in which they are involved, either directly or through family connections, which might influence, or might appear to have the capacity to influence, their official decisions on College matters (see Conflict of Interest section below).
- Abstain from using their positions or information obtained at the College for private gain or for the private gain of family members or friends.
- Recuse themselves from participation in any activities or decision making which may be impacted by a potential conflict of interest situation.

### **Confidential Information**

Although the College is a public institution and is subject to the Texas Public Information Act, the College maintains data and documents that are confidential by law. Employees with access to confidential information shall not disclose such information to unauthorized persons and shall not use the information for the employee's personal benefit.

See **Procedure on Student Records and FERPA 8-1-e** for further information on confidential information.

### **Conflicts of Interest**

The College desires to avoid any conflict of interest (actual, perceived or potential) or appearance of conflict between the College's interests and those of any trustee or employee. Any circumstances which could cast doubt or even the appearance of doubt, upon an individual's ability to act with total objectivity regarding the College's interests represent a potential conflict of interest situation.

A conflict of interest exists when any trustee and/or employee owes a professional obligation to the College 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 the College and the trustee's or employee's private interests and may prevent the trustee or employee from making decisions that are in the best interest of the College. Even when outside interests do not actually impair the trustee's or employee's ability to act in the best interest of the College, the appearance of a conflict may suggest that the trustee's or employee's independence of judgment has been affected, or it may erode public confidence in the trustee or employee.

On an annual basis identified individuals shall complete the Conflict of Interest Disclosure form provided by the Internal Audit Department. These individuals include, but are not

limited to, Board of Trustee members and employees grade 27 and higher, as well as all employees of the Office of Grants Management and Contracts and Purchasing Services.

All trustees and employees must complete and submit a Conflict of Interest Disclosure form to the Internal Audit Department any time a conflict (or the appearance of a conflict) arises during the course of the year.

### **Personal Investments**

Trustees and employees must not make personal investments that could reasonably be expected to create a substantial conflict between the trustee's or employee's private interest and the public interest. This means that the trustee or employee must not have a direct or indirect financial interest in a business that conflicts with the College's interests or that might influence how the trustee or employee does his or her 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 the trustee or employee does not exercise discretion regarding the investment of the assets of the fund.

If a trustee or employee has an interest in a business that might constitute a conflict of interest, the trustee or employee must immediately disclose that interest to the Internal Audit Department, Vice Chancellor of Fiscal Affairs, or the Vice Chancellor of Human Resources. In some cases, the employee may be able to resolve the conflict by not participating in any decision concerning that business. However, if the conflict is significant, the employee may be required to divest himself or herself of the interest that causes the conflict. If a trustee has an interest in a business that might constitute a conflict of interest, the trustee must immediately disclose that interest to the Chancellor.

### **Self-Dealing/Transactions with Trustees and Employees**

A trustee or employee may not transact any business in an official capacity with any business entity in which the trustee or employee is an officer, agent, or member, or in which the trustee or employee owns a substantial interest. Additionally, before the College may purchase any supplies, materials, services, equipment, or property from a business entity in which a trustee or employee or a member of their immediate family is an officer, agent, or member, or in which a trustee or employee or a member of their immediate family owns a substantial interest, the Chancellor must approve the purchase, and the purchase may be made only if doing so will provide the best value to the College.

### **Benefits for Performing Official Duties**

A trustee or employee should not intentionally or knowingly solicit, accept, or agree to accept any benefit for having exercised their official powers or for having performed their 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.

## **Honoraria**

A trustee or employee may not accept any outside payment for services that the trustee or employee would not have been asked to provide but for his/her official status. For example, a trustee or employee may not accept a gift or payment for giving a speech if the trustee or employee would not have been asked to provide the speech but for his/her official position. Trustees or employees may either decline payments offered, or request those payments be made directly to the College or to the San Jacinto College Foundation. However, a trustee or employee may accept meals, transportation, and lodging in connection with their services as long as the services are more than merely perfunctory or superficial. Please see **Policy IV-E-14 and related Procedure 5-15 on Intellectual Property Rights and Honoraria** on accepting honorarium payments from the San Jacinto College Board of Trustees.

## **Gifts**

There are two standards under Texas law governing gifts; (1) a general standard of conduct that applies to all trustees or employees and (2) a criminal standard that applies only to those persons who make recommendations or decisions about contracts and other financial transactions. Under the general standard, a trustee or employee must not accept or solicit any gift, favor, or service that might reasonably tend to influence the trustee or employee in the discharge of official duties or that the trustee or employee knows or should know is being offered with the intent to influence official conduct. This standard applies even though the donor is not asking the trustee or employee to do something in exchange for the gift.

Criminal penalties may apply to persons who make recommendations or decisions about the College's financial transactions. Such trustees or employees 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 official action (it is never lawful to accept a gift in exchange for official action):

- Non-cash items worth less than \$50.
- A gift from a person such as a relative, friend, or business associate with whom the trustee or employee has a relationship independent of the trustee's or employee's official status, if the gift is given on account of that relationship rather than the trustee's or employee's official status.

When College trustees or employees are dining with vendors or potential vendors in a private setting limited to only San Jacinto College trustees or employees, vendors should not pay for College trustee or employee meals. In situations where trustees or employees are part of a large conference or group with multi-college participants and an educational

purpose, trustees or employees may participate and accept the free meal that is included in the event.

Under some circumstances acceptance of a gift, even though not a criminal offense, may still violate these general standards of conduct and may constitute grounds for discipline. Acceptance of a gift of even nominal value is improper if the purpose of the gift is to influence the trustee's or employee's actions. When a trustee or employee is in doubt regarding the permissibility of accepting a gift or giving a gift, he or she may contact the Internal Audit Department, Vice Chancellor of Human Resources or the Vice Chancellor of Fiscal Affairs.

### **Outside Employment or Compensation**

Conflict of interest considerations related to outside employment or compensation can be found in **Policy IV.4003.C, Outside Employment and associated Procedure IV.4003.C.a.**

### **Federal Awards (Grants)**

A trustee or employee must not participate in the administration of a contract supported by a Federal award if the trustee or employee has a real or apparent conflict of interest. Such a conflict of interest would arise when the trustee or employee, or any member of the trustee's or employee's immediate family, the trustee's or employee's partner, or an organization which employs or is about to employ any of the parties indicated above, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The trustees or employees of the San Jacinto Community College District must neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts supported by a Federal grant or contract.

### **Conflict of Interest Disclosure**

Employees must disclose any potential conflict of interest to the College immediately upon becoming aware of said conflict by contacting the Internal Audit Department and completing a Conflict of Interest Disclosure Form.

### **Filing a Complaint**

- Employees may report suspected conflict of interest violations as detailed in **Policy III.3003.B for Prevention of Fraud and Fraudulent Actions and associated Procedure III.3003.B.a.**
- The College, through the Internal Audit Department, shall annually notify all employees that it encourages employees to report specific instances of suspected violations and that retaliation is prohibited against employees who report such

violations, as stated in **Policy IV.4002.A for Protection from Retaliation for Reporting Suspected Wrongdoing and associated Procedure IV.4002.A.a.**

**Violations**

A College employee who violates this procedure may be subject to disciplinary action, up to and including termination of employment, in accordance with applicable College policies and procedures. See **Procedure 4-24 Employee Performance Counseling and Corrective Action.**

As used throughout this policy, the terms “trustee” and “employee” includes the trustee and employee himself or herself, plus any person related to the trustee or employee within the first degree by consanguinity (blood/adoption) or affinity (marriage). This includes spouses, parents, parents in-law, children, or children in-law.

**Definitions**

**Ethical conduct:** honesty, transparency, personal accountability, and an appreciation that trustees and employees are stewards of the public trust

**Conflicts of interest:** when a college trustee and/or employee’s direct or indirect personal interests are inconsistent with or interfere in any way with the best interests of the College

**Trustee:** persons who are elected in accordance with the State statute and collectively comprise the governing body of the College

**Employee:** a full-time or part-time employee of the College as defined by Human Resources policy and procedure

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Associated Policy	Policy III.3003.A, Ethical Conduct and Conflicts of Interest
Primary Owner of Policy Associated with the Procedure	Vice Chancellor, Fiscal Affairs
Secondary Owner of Policy Associated with the Procedure	Director, Internal Audit

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