

# Internal Audit Spotlight

## Conflicts of Interest

### It's that time of year again!

During September of each fiscal year certain identified employees will receive an email request to complete a conflict of interest disclosure electronically. Completing this disclosure form is mandatory and we will be following up to ensure 100% compliance. While these employees are identified by their role in the college, it is important to remember that **ALL** college employees are required to disclose any actual, potential or perceived conflict of interest to the Internal Audit Department any time during the year a conflict develops.

### What is a Conflict of Interest?

A conflict of interest arises when an employee's personal interests (i.e., family, friends, financial, etc.) could compromise their judgment, decisions or actions in the college. As an entity that is funded by the government, such potential conflicts are regulated and the college must adhere to these regulations. For San Jacinto Community College District, we must follow Texas Local Government Code Chapter 171 and 176, as well as guidance provided by the Texas Ethics Commission. College Board approved *Policy III.3003.A, Ethical Conduct and Conflicts of Interest* and related procedure address the topic of conflicts of interest.

Transparency becomes important when dealing with both actual, potential and perceived conflicts of interest. Perception happens when an individual observes something and comes to a conclusion. Perceiving a conflict of interest does not make it a conflict of interest; however, when it comes to conflicts of interest, appearance is as important as reality. The true test of verifying whether a matter is just a perceived conflict of interest, or an actual conflict of interest, is disclosure. This is why disclosing conflicts of interest is important.

### What must be disclosed?

It is important to remember that any actual, potential or perceived conflict should be disclosed in order that college leadership can review each individual situation to determine what mitigating steps should be put in place to address the conflict of interest. Certain activities and relationships clearly represent conflicts of interests that must be avoided; however, many situations are unique and must be evaluated independently. While we understand that a list of exactly what constitutes a conflict of interest would be helpful, the fact is that there are endless scenarios and relationships that could rise to a level of a conflict of interest that must be avoided and/or mitigated. For this reason, *Conflict of Interest Guidance and Additional Information* can be located on the Internal Audit page of the college website (<https://www.sanjac.edu/about-san-jac/internal-audit>) to help you determine what must be disclosed.

#### *In This Issue:*

- Conflicts of Interest
- Ethical Conduct, Fraud Prevention and Conflict of Interest Training

#### *Upcoming November 2022 Issue:*

- Common audit observations

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<https://www.sanjac.edu/about-san-jac/internal-audit>

**Ethics Point Hotline**  
<https://www.sanjac.edu/my-san-jac>

## Conflicts of Interest *continued*

### How to disclose a conflict of interest?

If you determine that you need to complete a conflict of interest disclosure form and do not receive an electronic version of the form in September, you can find the disclosure form on the Internal Audit page of the college website under *Conflict of Interest* section. Once you complete this form, please forward it to the Internal Audit Department at [internal.audit@sjcd.edu](mailto:internal.audit@sjcd.edu). Remember, this form must be completed any time a conflict of interest arises throughout the year.

### What happens next?

Once the completed conflict of interest disclosure form is received by the Internal Audit Department, we will review the information provided and reach out to you if we require any additional, clarifying information. Depending on the nature of the conflict presented, we will notify you if a conflict must be eliminated and avoided or if mitigating steps can be put in place to address the potential conflict. We will collaborate with the Strategic Leadership Team (SLT) for additional guidance for unique situations that are presented.

### Final Point to Consider

“When in doubt, ask” is an old saying that makes a great deal of sense when working through conflicts of interest. There is no harm in asking, but there could be a great deal of harm to an individual, the college, or both, by not asking. It is always best to be transparent and accountable to ensure we eliminate either the perceived or actual conflict of interest.

## *Reminder!*

### Ethical Conduct, Fraud Prevention, and Conflicts of Interest Training is Coming!

As part of the 2022-2023 Annual Compliance Training, you will receive on August 15<sup>th</sup>, all full-time faculty and staff will be required to complete the *ETHC 1001 - Ethical Conduct, Fraud Prevention, and Conflicts of Interest* training. This training identifies the college's expectations for all employees regarding ethical conduct, fraud prevention and conflict of interests.

