



10.1.9 Conflict of Interest in Procurement Activities

Chapter 10 - Ethics, Standards of Conduct, and Relationships with External Entities	Original Effective Date: April 2000
Section: 10.1 Ethics, Standards of Conduct, and Relationships with External Entities	Date Last Reviewed: September 2019
Responsible Entity: Vice President and Chief Financial Officer	Date Last Revised: September 2019

I. Purpose

To establish the responsibility for ensuring integrity and regulatory compliance in procurement activities of UT Health San Antonio.

II. Scope

This policy applies to Conflicts of Interest in the procurement and purchasing activities of all employees of UT Health San Antonio (UTHSA). This policy does not address Conflicts of Interest in Research or Clinical activities. Refer to the Handbook of Operating Policies (HOP), Policy [10.1.6 Conflicts of Interest in Research and Disclosure](#) and to HOP Policy [10.1.11 Guidelines for Interactions Between Clinicians and Researchers with Industry](#).

III. Policy

A. General Principles

The primary responsibility of employees of UTHSA is the accomplishment of the duties and responsibilities assigned to their positions at UTHSA.

This policy is intended to ensure integrity and regulatory compliance in all stages of the university’s procurement procedures, to protect the credibility and reputation of UTHSA. UTHSA officers and employees are responsible for maintaining the high ethical standards required for our stewardship of public monies. All UTHSA officers and employees should pursue a course of conduct that does not create a conflict of interest.

UTHSA personnel must adhere to the highest level of professionalism in discharging their official duties. The nature of the procurement function makes it critical that everyone in the purchasing and contracting process remains independent and free from the perception of impropriety. Any erosion of public trust or any shadow of impropriety is detrimental to the integrity of the purchasing process. Clear, established guidelines and rules provide credibility for a purchasing program. Such guidelines are

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designed to prevent current and potential vendors from influencing UTHSA officers or employees in discharging their official duties. In addition, these guidelines will help prevent UTHSA officers' and employees' independent judgment from being compromised.

B. Standards of Conduct

Regarding all university procurement decisions, from selection of goods or services to be purchased, through selection of suppliers and establishing purchase orders or contracts, all university employees have a duty to conduct themselves for the benefit of the university without bias or conflict of interest. A UTHSA officer or employee will not:

1. Accept or solicit any gift, favor, or service that might reasonably tend to influence the officer or employee in the discharge of official duties or that the officer or employee knows, or should know, is being offered with the intent to influence the officer's or employee's official conduct;
2. Intentionally or knowingly solicit, accept, or agree to accept any benefit for having exercised the officer's or employee's official powers or performed their official duties in favor of another. This standard includes a general prohibition for employees to seek to sell goods or services to the university outside the compensation paid for employment and performance of one's normal job duties.

C. Procurement Ethics Requirement

State of Texas statutes and UTHSA require that:

1. Each UTHSA officer or employee who is involved in procurement or in contract management for UTHSA will disclose any potential conflict of interest, specified by state law ([Texas Government Code Chapter 2261, Subchapter F of the Texas Government Code](#)) or UTHSA policy ([Procurement & Contract Management Handbook](#)), that is known by the employee or official with respect to any contract with a private vendor or bid for the purchase of goods/services from a private vendor by the UTHSA. The disclosure of a procurement conflict of interest should take place prior to the submission of a purchase requisition or any other type of request to purchase or contract for goods or services. Procurement conflict of interest disclosures should be emailed to the Senior Director of Supply Chain Management.
2. Each officer or employee is expected to obey all federal, state, and local laws and is subject to disciplinary action for a violation of those laws.
3. When engaging in a business transaction or professional activity for the university, an employee is prohibited from having a direct or indirect financial or other interest, or incurring any obligation that is in substantial conflict with the proper discharge of the employee's duties related to the public interest.

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4. An officer or employee of the university is prohibited from acting as an agent for another person in the negotiation of the terms of an agreement relating to the provision of money, services, or property to the UTHSA.
5. UTHSA may not enter into a contract for the purchase of goods/services with a private vendor with whom any of the following employees or officials have a financial interest:
 - a. the university President, Chief Legal Officer, and Senior Director of Supply Chain Management; or
 - b. a family member related to an employee or official described above within the second degree of affinity or consanguinity (see [Chapter 2261, Subchapter F of the Texas Government Code](#)).
6. A UT Health San Antonio employee or official has a financial interest in a private vendor if the employee or official:
 - a. owns or controls, directly or indirectly, an ownership interest of at least one percent in the private vendor, including the right to share in profits, proceeds, or capital gains; or
 - b. could reasonably foresee that a contract with the person or vendor could result in a financial benefit to the employee or official.
7. A family member is defined as: spouse, 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 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.

D. Purchases from UTHSA Employees

In accordance with UT System Policy [UTS 159](#), purchases of goods or services are not permitted from any officer or employee of The University of Texas System unless the cost is less than that from any other known source, and unless approved by the President or his/her designee. Exceptional approval will not be allowed for procurements greater than \$5,000, or for services that are within the employee's normal work duties.

On exceptional occasions employees may submit requests to make small purchases of goods or services from a UT employee. To ensure compliance with UT System Policy [UTS 159](#), requests for this type of procurement must be submitted via the [Prior Approval](#) mechanism. Such a request will not be approved for provision of goods or services that are similar to or related to the employee's normal work responsibilities.

Honoraria less than \$2,500 for UT visiting lecturers may be allowed and should be requested via the Prior Approval mechanism (see HOP Section 6.1.4, "Payments to Consultants and Non-Employees"). Honoraria between \$2,500 and \$5,000 for UT

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visiting lecturers will be allowed only with approval from the UT visitor's supervisor or institutional designated approver. Payment of honoraria in excess of \$5,000 for a visiting UT professor or lecturer will require execution of an interagency contract between the university and the UT component of the visiting professor or lecturer.

E. Policies and Relevant Statutes

Individuals subject to this policy should also be aware of and in compliance with the following policies:

- a. UT Health San Antonio:
 - i. HOP Policy [6.1.4 Payments to Consultants and Non-Employees](#)
 - ii. HOP Policy [10.1.2 Code of Ethics and Standards of Conduct](#)
 - iii. HOP Policy [10.1.6 Conflicts of Interest in Research and Disclosure](#)
 - iv. HOP Policy [10.1.11 Guidelines for Interactions Between Clinicians and Researchers with Industry](#)
 - v. HOP Policy [10.1.12 Institutional Conflicts of Interest](#)
- b. The University of Texas System:
 - i. [UTS 159](#), Purchasing

IV. Definitions

There are no defined terms used in this Policy.

V. Related References

UT Health San Antonio:

HOP Policy [6.1.4 Payments to Consultants and Non-Employees](#)

HOP Policy [10.1.2 Code of Ethics and Standards of Conduct](#)

HOP Policy [10.1.6 Conflicts of Interest in Research and Disclosure](#)

HOP Policy [10.1.11 Guidelines for Interactions Between Clinicians and Researchers with Industry](#)

HOP Policy [10.1.12 Institutional Conflicts of Interest](#)

The University of Texas System:

[UTS 159](#), Purchasing

VI. Review and Approval History

- A. The approving authority of this policy is the University Executive Committee.
- B. The review frequency cycle is set for three years following the last review date, a timeperiod that is not mandated by regulatory, accreditation, or other authority.

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Effective Date	Action Taken	Approved By	Date Approved
04/2000	Policy Origination	Executive Committee	04/2000
09/2019	Policy Review	Executive Committee	09/2019