

## Chapter 03 -- Personnel

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*[see last page for list of amendments adopted]*

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03.00 **Definitions.** For the purposes of this chapter, the following definitions are assigned:

03.00.1 “Officers and employees” shall mean: The officers and employees of the TTU system, including members of the board.

03.01 **Ethics policy.** It is important that the people of Texas have complete confidence in the integrity of public servants. This need is especially critical in the area of state-supported higher education. The responsibility for educating and training the future leaders of the state and nation carries with it the duty to adhere to the highest ethical standards and principles. The principles and guidelines contained in this policy shall apply to all officers and employees regardless of rank or position to ensure that the primary responsibility of the TTU system officers and employees is to accomplish the duties and responsibilities assigned to their position. Each component institution's operating manuals should be referenced for further information and/or greater specifics not in conflict with the *Regents' Rules*.

03.01.1 **Conduct.** Officers and employees shall not:

- a. accept or solicit any gift, favor, or service that might reasonably tend to influence officers or employees in the discharge of official duties or that officers or employees know, or should know, is being offered with the intent to influence the officers' or employees' official conduct;
- b. accept other employment or engage in a business or professional activity that officers or employees might reasonably expect would require or induce them to disclose confidential information acquired by reason of the official position;
- c. accept other appointments or any employment or compensation that could reasonably be expected to impair officers' or

employees' independent judgment in the performance of official duties;

- d. make personal investments or engage in other activities, including having a direct or indirect financial or other interest, engaging in a business transaction or professional activity, or incurring any obligation that could reasonably be expected to create a substantial conflict with the proper discharge of the officers' or employees' duties related to the public interest;
- e. intentionally or knowingly solicit, accept, or agree to accept any benefit for having exercised their official powers or performed official duties in favor of another; or
- f. act as an agent for another person or entity in the negotiation of the terms of an agreement relating to the provision of money, services, or property to the TTU system.

03.01.2 Ethical behavior. Officers and employees shall:

- a. obey all federal, state, and local laws or be subject to disciplinary action for a violation of those laws;
- b. put forth honest effort in the performance of their duties;
- c. not make unauthorized commitments or promises of any kind purporting to bind the TTU system or any of its components;
- d. not use their public offices for private gain;
- e. act impartially and not give preferential treatment to any private or public organization or individual;
- f. protect and conserve public property, including all institutional resources, and shall not use it for anything other than authorized activities;
- g. promptly disclose waste, fraud, abuse, and corruption to appropriate authorities;

- h. adhere to all laws, regulations, and policies that provide equal opportunity for all persons regardless of sex, sexual orientation, gender identity, race, national origin, religion, age, disability, status as a covered veteran, genetic information, or other legally protected categories, classes, or characteristics;
- i. endeavor to avoid any actions that would create the appearance that they are violating the law or the ethical standards of the TTU system;
- j. if involved in procurement or contract management for the TTU system, disclose to the TTU system in the manner prescribed by the applicable contract management handbook or institutional operating policy any actual or potential conflict of interest that is known by the employee or official with respect to any contract with a private vendor or bid for the purchase of goods or services from a private vendor by the TTU system at any time during: (i) the procurement process, from the initial request for bids for the purchase of goods or services from the private vendor until the completed final delivery of the goods or services, or (ii) the term of the contract with a private vendor; however, for a contract for the purchase of goods or services solicited through a purchase order, this subsection only applies if the amount of the purchase order exceeds \$25,000; and
- k. participate in regular training concerning ethics policies of the TTU system.

03.01.3 Conflict of interest – generally. It is state policy that state officers and employees may not have direct or indirect interests, including financial and other interests, engage in business transactions or professional activities, or incur any obligation of any nature that is in substantial conflict with the proper discharge of the officers' or employees' duties in the public interest. *(See also: Section 03.03, Regents' Rules, regarding a specific conflict of interest policy that applies to the board; and Section 03.04, Regents' Rules, regarding a specific conflict of interest policy that applies to executive administration.)*

03.01.4 Benefits, gifts, and honoraria. No benefits, gifts, or accommodations of any nature, including unrestricted grants, may be solicited,

offered, or accepted by a TTU system component or by an officer or employee when to do so would place the component, officer, or employee in a prejudicial or compromising position, interfere in any way with the impartial discharge of the officer's or employee's official duties, interfere with the exercise of the officer's or employee's official powers, result in performance of official duties in favor of another, or reflect adversely on the integrity of the TTU system or of the officer or employee. This prohibition includes benefits, gifts, or accommodations to a family member as defined in Section 03.03.2, *Regents' Rules*.

- a. Bribery. No officers or employees may solicit, offer, or accept any benefit in exchange for their decisions, opinions, recommendations, votes, or other exercises of official power or discretion. A benefit that is otherwise allowed by TTU system policy is nevertheless prohibited if it is offered in exchange for official action.
- b. Prohibited benefits. Officers and employees who exercise discretion in connection with contracts, purchases, payments, claims, and other financial transactions of government, commit an offense under Texas law if they solicit, accept, or agree to accept any benefit from any person the officers or employees know is interested in or is likely to become interested in any contract, purchase, payment, claim, or transaction involving the officers' or employees' discretion. The prohibition does not apply to the following:
  - (1) gifts or other benefits conferred on account of kinship or a personal, professional, or business relationship independent of the official status of the recipient;
  - (2) a fee prescribed by law to be received by officers or employees or any other benefit to which they are lawfully entitled or for which they give legitimate consideration in a capacity other than as officers or employees; and
  - (3) items having a value of less than \$50, not including cash or negotiable instruments.

Officers or employees who receive an unsolicited benefit that they are prohibited by law from accepting may donate the benefit to a governmental entity that has the authority to accept the gift or may donate the benefit to a recognized tax-exempt charitable organization formed for educational, religious, or scientific purposes.

- c. Food, lodging, transportation, and entertainment received as a guest.
  - (1) Subject to the first paragraph of Section 03.01.4 herein, officers and employees, other than those referenced in Section 03.01.4.b, may accept food, lodging, transportation, or entertainment from persons or entities they know or reasonably should know, are interested in or likely to become interested in a contract, purchase, payment, claim, decision, or transaction involving the exercise of the officers' or employees' discretion only if the officers or employees are "guests" as defined by the state laws. Officers and employees are "guests" if the person or a representative of the entity providing the food, lodging, transportation, or entertainment is present at the time the food, lodging, transportation, or entertainment is received or enjoyed by the officers or employees. Any such acceptance of food, lodging, transportation, or entertainment must be for the benefit of the TTU system.
  - (2) Officers and employees who are subject to Chapter 572, *Texas Government Code*, are required to report any such benefits valued at over \$250 on their annual disclosure statements filed with the Texas Ethics Commission.
- d. Benefits from friends, relatives, and associates. Officers and employees may accept benefits from personal friends, relatives, or business associates with whom they have a relationship independent of their official status, so long as the benefit is not offered in exchange for official action or decision.
- e. Awards. Officers and employees may accept plaques and similar recognition.

- f. Honoraria. Officers and employees may not solicit, accept, or agree to accept an honorarium in consideration for services they would not have been asked to provide, but for their official position or duties. This prohibition includes a request for or acceptance of a payment made to a third party if made in exchange for such services. This provision does not prohibit an officer or employee from accepting payment for providing services if the individual was asked to provide the service or services because of the officer's or employee's expertise and not because of the officer's or employee's official status as a TTU system officer or employee. However, they may accept the direct provision of or reimbursement for expenses for transportation and lodging incurred in connection with a speaking engagement at a conference or similar event. Meals provided as a part of the event or reimbursement for actual expenses for meals may also be accepted. Participation by an officer or employee must be more than merely perfunctory.

03.01.5 Conflict of commitment. A conflict of commitment refers to a situation where a TTU system employee engages in external activities, including service on an outside entity's board, either compensated or uncompensated, that interfere with the employee's obligation and responsibilities to the TTU system. Employees shall evaluate and arrange their external interests and activities in order to avoid conflicts of commitment that would compromise their ability to carry out their obligations to the TTU system.

- a. Primary responsibility of employees. The primary responsibility of a TTU system employee is the full and complete execution of all assigned duties, the fulfillment of those professional obligations not ordinarily reduced to written assignment, and the maintenance of current professional skills.
- b. Outside employment. Outside employment is self-employment or any compensated service or employment by an entity or individual, other than the TTU system, of a TTU system employee.
  - (1) Outside employment must be compatible with the interests of the TTU system and of such a nature that it will

not detract from the effectiveness and performance of the employee.

- (2) Clinical faculty. Full-time clinical faculty at TTUHSC and TTUHSC El Paso who are involved in outside employment must do so under the provisions of the respective school's medical practice income plan.
  - (3) Institutional operating policies shall provide a procedure by which a TTU system employee must disclose the outside employment, including the name of the employer, the specific nature of the work, and the amount of time to be spent, and obtain authorization from the chancellor, or the chancellor's designee, for such outside employment.
  - (4) If the outside employment is for the chancellor or a president, authorization from the board is required.
- c. External activities. External activities shall not detract from primary responsibilities and shall not require such extensive absence so as to cause an employee to neglect the employee's obligations to the TTU system.

#### 03.01.6 Political activities

- a. Use of TTU system funds or property. Except as authorized by state or federal law or by Chapter 08, *Regents' Rules*, no officer or employee shall expend or use, or authorize the expenditure or use, of any TTU system funds or other resources for the purpose of influencing the outcome of any election, or the passage or defeat of any legislative measure.
- b. Political contributions. Unless prohibited by state law, officers and employees may make personal contributions to political organizations and candidates for political office.

#### 03.01.7 Preservation of resources. Officers and employees shall protect and conserve the property and resources of the TTU system and shall not use TTU system property or resources for any purpose other than authorized activities. Officers and employees shall at

all times protect the best interests of the TTU system pertaining to the assets of the TTU system.

- a. Misapplication of property. It is a violation of state law for officers or employees, acting with the intent to obtain a benefit or with intent to harm another, to intentionally or knowingly misapply any thing of value belonging to the government that comes into their custody or possession by virtue of their office as stated in state law.
- b. Misuse of official information. It is a violation of state law for officers or employees if, in reliance on information that they have access to in an official capacity and that has not been made public, they:
  - (1) acquire or aid another to acquire a financial interest in any property, transaction, or enterprise that may be affected by the information; or
  - (2) speculate or aid another to speculate on the basis of the information as stated in state laws.
- c. Misuse of official time. Official time shall be used by TTU system employees to perform TTU system duties and responsibilities. TTU system employees shall not encourage, direct, coerce, or request a subordinate to use TTU system time to perform personal activities for the supervisor or for activities other than those required in furtherance of the TTU system.

03.01.8 Discriminatory conduct prohibited.

- a. The TTU system shall not tolerate discrimination or harassment of employees and applicants based on or related to sex, sexual orientation, gender identity, race, national origin, religion, age, disability, status as a covered veteran, genetic information, or other legally protected categories, classes, or characteristics. Employment actions (including but not limited to hiring, promotion, demotion, transfer, rate of pay or other forms of compensation, selection for training, and termination) shall not be made based on an employee's legally protected status.



- b. All officers and employees shall comply with statutory requirements in connection with their employment and employment decisions. Officers and employees shall maintain a workplace environment that is free of discriminatory harassment and intimidation.

03.01.9 Familial and household relationships – faculty and students.

- a. For the purposes of this section:
  - (1) “Familial relationship” shall mean: A relationship involving faculty members and students who are: spouses; a parent and a child or step-child of that parent; or a grandparent and a grandchild of that grandparent.
  - (2) “Household relationship” shall mean: A relationship involving faculty members and students who reside in the same household.
- b. Faculty members shall not have instructional, evaluative, or supervisory oversight over a student with whom the faculty member has a familial or household relationship. Specifically, a faculty member who has such a relationship with a student may not have the student enrolled in any class taught or supervised by the faculty member, and the faculty member shall not be involved in any matter directly relating to the acquisition of a degree by the family or household member.
- c. Should such a familial or household relationship exist or develop, the faculty member has the obligation to disclose the existence of the relationship to the faculty member’s immediate supervisor and either end the relationship or cooperate in making alternative arrangements for teaching, training, advising, or supervising the student involved. In the case that the relationship does not cease, a written management plan shall be prepared that details the arrangements for the student’s continued education, and if the student is to continue in the faculty member’s program area, the written management plan shall specify the faculty member’s role relative to the student’s degree acquisition.

03.01.10 Consensual relationships – faculty and students.

- a. For the purposes of this section, “consensual relationship” shall mean: a mutually acceptable, intimate, romantic, or sexual relationship between a TTU system faculty member and a student.
- b. Consensual relationships are prohibited between faculty and:
  - (1) students in the faculty member’s class;
  - (2) students with whom the faculty member has a supervisory or instructional connection; or
  - (3) students with whom the faculty member is in a position of real or perceived authority.
- c. Should such a consensual relationship exist or develop, the faculty member has the obligation to disclose the existence of the relationship to the faculty member’s immediate supervisor and either cease the relationship or cooperate in making alternative arrangements for teaching, training, advising, or supervising the student involved. In the case that the relationship does not cease, a written management plan shall be prepared that details the arrangements for the student’s continued education, and if the student is to continue in the faculty member’s program area, the written management plan shall specify the faculty member’s role relative to the student’s degree acquisition.

03.01.11 Nepotism

- a. Whenever an appointment is made, either on a full or part-time basis, it shall be made on the basis of the qualifications and suitability of the appointee, subject to applicable statutes and subject to the provisions of this policy.
- b. Prohibition applicable to TTU system and system component officials. No person related to any member of the board, to any component institution’s president, or to the chancellor

within the second degree by affinity (marriage) or within the third degree by consanguinity (blood) shall be eligible for appointment to any position in the TTU system.

- (1) The above does not apply to any employee who has been continuously employed for thirty or more days prior to the appointment of a member to the board, a president, or the chancellor who is related to the employee within a prohibited degree, and it does not apply to honorary or non-remunerative positions.
  - (2) Any employee who has been continuously employed for less than thirty days prior to the appointment of a member to the board, a president, or the chancellor who is related within a prohibited degree shall be removed from the individual's position.
  - (3) When good cause exists, the board may grant an exception to this prohibition.
- c. Prohibition applicable to administrators, supervisors, and others. No person related to an administrator within a prohibited degree shall be eligible for initial appointment to a position in an area of responsibility over which an administrator has appointive authority, in whole or in part, regardless of the source of funds from which the position's salary is to be paid. Exceptions to this restriction on the initial appointment of an individual may be made only by the board upon recommendations of the president and the chancellor and then only when the administrator in question does not directly supervise the person to be appointed.
- d. No employee may approve, recommend, or otherwise take action with regard to the appointment, reappointment, promotion, salary, or supervision of an individual related to the employee within a prohibited degree.
- e. If the appointment, reappointment, reclassification, or promotion of an employee places the employee under an administrative supervisor who is related within a prohibited degree, all subsequent personnel and compensation actions affecting the

employee shall become the responsibility of the next higher administrative supervisor. If the next higher administrative supervisor is in the same department, college or administrative unit, arrangements shall be made to shift the supervisory responsibility to another department, college or administrative unit.

- f. If the appointment, reappointment, reclassification, or promotion of an employee makes the employee an administrative supervisor over an employee who is related within a prohibited degree, all subsequent personnel and compensation actions affecting the subordinate employee shall become the responsibility of the next higher administrative supervisor. If the next higher administrative supervisor is in the same department, college or administrative unit, arrangements shall be made to shift the supervisory responsibility to another department, college or administrative unit.
- g. The provisions of subsections e. and f. shall apply to situations where two employees marry and one spouse is the administrative supervisor of the other.
- h. All instances where an employee marries an administrative supervisor, is placed under the administrative supervision of a relative, or is made the administrative supervisor of a relative within the prohibited degree shall be reported to the board as an information item.
- i. Exception. The provisions of the policy do not apply to the appointment or employment of a personal attendant by any member of the board, a president, the chancellor, or an employee for attendance on the officer or employee who, because of physical infirmities, is required to have a personal attendant.
- j. Enforcement. An individual who is appointed in violation of this policy shall be removed from the individual's position.
- k. Persons related within the prohibited degrees are indicated in the Affinity Kinship/Consanguinity Kinship Chart displayed below.

- I. Arrangements designed to manage a conflict of interest that arises under this nepotism policy shall be evaluated at the end of each academic year to assure there continues to be effective management of the conflict of interest and to determine whether modifications are necessary.

## AFFINITY KINSHIP / CONSANGUINITY KINSHIP CHART

### Affinity Kinship

The following persons are relatives of the official/employee within the second degree by affinity (marriage):

1 <sup>st</sup> Degree	Spouse, spouse's child, spouse's mother or father, child's spouse, parent's spouse
2 <sup>nd</sup> Degree	Spouse's brother or sister, spouse's grandparent, spouse's grandchild, brother or sister's spouse, grandparent's spouse, grandchild's spouse

### Consanguinity Kinship

The following persons are relatives of the official/employee within the third degree by consanguinity (blood):

1 <sup>st</sup> Degree	Mother, father, daughter, son
2 <sup>nd</sup> Degree	Brother, sister, grandparent, grandchild
3 <sup>rd</sup> Degree	Great-grandparent, great-grandchild, uncle (brother of parent), aunt (sister of parent), nephew (son of brother or sister), niece (daughter of brother or sister)

#### 03.02 TTU system community conduct.

03.02.1 Breach of trust. Institutions of higher education that are tax supported must function in accordance with the public trust and the actions by faculty, staff and students within them must be consistent with the execution of that trust. A breach of trust includes, but is not limited to, the following:

- a. academic dishonesty;

- b. plagiarism;
- c. forgery, alteration or unauthorized use of TTU system documents, records, or identification materials;
- d. knowingly furnishing false information to the TTU system, whether by words or by conduct, by false or misleading allegations, or by concealment or omission of that which should have been disclosed;
- e. the use of force or violence or other methods of obstructing the functions of the TTU system, which include teaching, research, administration, public service, presentations by guest lecturers and speakers, and other authorized activities;
- f. physical abuse of any person on TTU system-owned or controlled property or at TTU system-sponsored or supervised functions or conduct which threatens or endangers the health or safety of any such person;
- g. theft of or damage to the tangible property of the TTU system or of a member of the TTU system community or campus visitor;
- h. unauthorized entry to or use of TTU system facilities;
- i. unlawful manufacture, distribution, dispensing, possession or use of a controlled substance, or any substance the possession or distribution of which is regulated by federal or Texas law, except where the manufacture, distribution, dispensing, possession or use are in accordance with the laws of each;
- j. lewd, indecent, or obscene conduct on TTU system-owned or controlled property or at a TTU system-sponsored or supervised function;
- k. failure to comply with the lawful directions of TTU system officials where such directions are issued in the performance of their duties;

- l. violation of other laws or promulgated TTU system policies or rules;
- m. unauthorized release or removal of any information from university records, including but not limited to patient, student, financial and personnel records;
- n. behavior or activity, on or off campus, that is of such a nature to cause discredit or embarrassment to the university;
- o. commission of an act of moral turpitude, on or off campus, including, but not limited to, sexual harassment, sexual assault, fraud or theft; and/or
- p. criminal or unethical conduct, on or off campus, (including a change in driving status when driving is an essential job function), or employee's failure to report his or her criminal or unethical conduct, that the university could reasonably construe as having an adverse impact on the employee's work performance or work environment, or that would cause discredit or embarrassment to the university.

03.02.2 Conviction notification. Each faculty, staff and/or student employee is required to notify the TTU system of any felony conviction, conviction of a Class A misdemeanor, or any drug, assault or theft conviction no later than five days after such conviction.

03.02.3 Determination of a violation. Determination of a violation of the standards established in this policy shall result in the assessment of a penalty ranging from an oral reprimand to separation from the TTU system.

### 03.03 **Conflict of interest and the board.**

03.03.1 Introduction.

- a. The statement of policy in this section applies to each member of the board and shall serve as a guide for board members in fulfilling their position of significant responsibility. Members of the board serve the public trust and have a clear obligation to fulfill their responsibilities in a manner consistent with this

duty and the provisions of Chapter 572, *Texas Government Code*, and in particular with the standards of conduct set out in Section 572.051 of that chapter. All decisions of the board are to be made solely on the basis of the desire to promote the best interests of the TTU system and the public good. The integrity of the TTU system must be protected and advanced at all times.

- b. Men and women of substance, such as those who serve on the board, commonly have a wide range of professional and personal associations with interests and involvement in other entities, institutions, and organizations. To assure the TTU system's many constituents of the integrity of its endeavors, board members shall avoid situations in which such associations, interests or involvement could compromise or reasonably appear to compromise important academic values or the business decisions of the TTU system. Accordingly, it is the policy of TTU system that board members shall act in a manner consistent with their responsibilities to the TTU system and avoid circumstances in which their financial or other ties to outside persons or entities could present an actual, potential, or apparent conflict of interest or impair the reputation of the TTU system.
- c. No policy statement can specifically address every conceivable situation that might entail a conflict of interest. However, as a general principle, board members shall avoid any actions or situations that might result in or create the appearance of using their association with the TTU system for private gain, according unwarranted preferential treatment to any outside individual or organization, losing independence or impartiality, or adversely affecting the reputation of or public confidence in the integrity of the TTU system. Toward this end, it is the responsibility of each board member to ensure that the board is made aware of situations that involve personal, familial, or business relationships that could jeopardize the reputation of or public confidence in the TTU system. The board requires each board member to annually:
  - (1) review this policy;



- (2) disclose all business entities in which a board member, or a board member's family member, has a financial interest; and
  - (3) acknowledge by his or her signature that he or she is in compliance with the letter and spirit of this policy.
- d. For the purposes of Sec. 03.03, *Regents' Rules*, "business entity" means: any entity recognized by law through which business is conducted, including a sole proprietorship, partnership, firm, corporation, limited liability company, holding company, joint stock company, receivership, or trust.

03.03.2 Conflict of interest. A conflict of interest arises when the TTU system has or is considering a transaction or other business relationship with a board member or a board member's family member (defined to include family members within the first degree of affinity or consanguinity and dependent relatives or household members). For this reason, any transaction or other business relationship between the TTU system and a board member or board member's family member is prohibited, except as permitted by Section 03.03.5.a herein.

03.03.3 Presumed conflict of interest.

- a. A conflict of interest is presumed to arise when the TTU system has or is considering a transaction or other business relationship with a business entity in which the board member or the board member's family member has a substantial financial interest. A financial interest is presumed to be substantial if it entails:
  - (1) Any ownership or investment interest in a business entity (including stock, options, a partnership interest, or any other ownership or investment interest) valued at \$15,000 or more, except equity in a company amounting to less than 1% ownership interest in the company;
  - (2) Receipt of funds from the business entity that exceed 1% of the board member's or the board member's family

member's gross income for the previous year, or the expectation of the receipt of such funds in the future;

- (3) Any ownership interest in real property, personal property, intellectual property or any other interest valued at \$15,000 or more;
  - (4) A position of real or apparent authority in a business entity such as director, officer, trustee, partner, agent, controlling share holder, share holder with a 1% or more voting interest, or a direct or indirect participating interest in any shares, stock or otherwise, regardless of whether voting rights are included, in 1% or more of the profits, proceeds or capital gains of the entity involved; or
  - (5) Any position as an employee of the entity involved.
- b. A board member is not deemed to have a substantial financial interest in a publicly traded entity by reason of an investment in that entity by another publicly traded entity, such as through a mutual fund, of which the board member does not control investment decisions.

#### 03.03.4 Disclosure of financial interest.

- a. A board member or a board member's family member who has a known substantial financial interest in a pending or a proposed transaction or business arrangement involving the TTU system shall promptly disclose to the board the existence of the interest and other material information that the board member may have regarding the transaction or arrangement.
- b. Each board member annually shall execute and submit to the chief financial officer a statement disclosing all business entities in which the board member has a financial interest. This disclosure shall be achieved by the board member submitting to the Office of the Board of Regents, no later than June 1 of each year, a copy of the board member's Personal Financial Statement that is required to be submitted to the Texas Ethics Commission. This disclosure shall be updated throughout the

year by board members if a board member acquires or divests a substantial financial interest in any entity.

03.03.5 Determination of the existence of a conflict of interest.

- a. If a board member is aware of a conflict of interest, the board member shall inform the board during a meeting of the board conducted in accordance with the Texas Open Meetings Act and abstain from any participation in the transaction or matter in which the conflict exists. Any such contract or transaction requiring board approval must be approved by an affirmative majority of the board members voting on the contract or transaction.
- b. The chief financial officer shall review board members' annual disclosure statements to determine whether a substantial financial interest has been disclosed in any business entity in which the TTU system is considering entering into a transaction or business relationship. The chief financial officer also shall monitor the agendas of board meetings to determine if a conflict arises subsequent to the board members' annual disclosures and shall advise board members if a conflict develops. If a substantial financial interest has been disclosed in which a board member has not previously notified the board of a conflict of interest, the chief financial officer shall promptly submit to the Audit Committee chair, or if the interest involves the Audit Committee chair, another member of the Audit Committee, such disclosure forms together with any additional information about the current or proposed transaction or business relationship that may give rise to a conflict of interest that the chief financial officer, in consultation with the Audit Committee, believes may be informative.
- c. The Audit Committee shall review the matter and determine whether a conflict of interest exists. If the interests being reviewed involve a member of the Audit Committee, the member shall not participate in or be present during the committee's consideration of the matter, except as requested by the committee to answer questions or provide information. The Audit Committee may review such information as it deems pertinent, including posing questions to the board

member involved. If the Audit Committee determines that a conflict of interest exists, the Audit Committee shall so advise the board member involved and the board, and the board member involved shall abstain from any discussion or participation on the matter in which there is a conflict.

- 03.03.6 Record of proceedings. When the board conducts a meeting in which a board member's financial interest in a matter is disclosed, a determination regarding an existence of a conflict of interest is made, or a transaction or arrangement with respect to a board member who has a conflict of interest is considered, the board's consideration of these issues shall be reflected in the minutes of the board meeting.
- 03.03.7 Gifts. Board members shall not accept, solicit, or encourage gifts, favors, benefits, gratuities, services, or other items of value for themselves or family members which the board member knows or should know is offered with the intent to influence the board member's conduct or which might reasonably:
- a. affect the exercise of the board member's judgment on behalf of the TTU system;
  - b. tend to influence the board member in the discharge of the board member's duties;
  - c. tend to impair confidence in the TTU system; or
  - d. create the appearance of impropriety.
- 03.03.8 Use of office for personal gain. Board members shall not use the authority, title, prestige or other attribute of the office for personal benefit or gain for themselves or for any relative. Board members specifically are prohibited from procuring or being a party in any way to procuring the appointment of a relative to a position of trust or profit connected with the TTU system.
- 03.03.9 Favored treatment. Board members shall not use the authority, title, prestige or other attribute of the office to obtain consideration, treatment, or favor for any person beyond that which is generally available. This subsection applies, but is not limited to, efforts to

influence administrative decisions with respect to an individual's admission, employment, discipline, and similar matters. However, this subsection does not prohibit letters of recommendation or requests for information about the status of an individual's admission, employment, discipline, and similar matters.

03.03.10 Appropriation of TTU system opportunities. If a board member becomes aware of a business, investment, or other financially valuable opportunity that rightfully belongs to the TTU system and not to the board member individually or another entity with which the board member is affiliated, the board member shall bring the opportunity to the attention of the board.

03.03.11 Confidentiality. Board members may not use confidential information acquired as a result of service to the TTU system for any purpose unrelated to TTU system business, or provide such information to any third party, without the consent of the board. Wrongful use of TTU system information includes, but is not limited to, use or disclosure of information to engage, invest, or otherwise participate in any business, project, venture, or transaction other than through the TTU system.

03.03.12 Actions not void or voidable. Except as otherwise provided by law, no transaction or action undertaken by the TTU system shall be void or voidable, or may be challenged as such by an outside party, by reason of having been undertaken in violation of Section 03.03, *Regents' Rules*, or the principles set forth therein.

#### 03.04 **Conflict of interest and executive administration.**

##### 03.04.1 Introduction.

- a. The statement of policy in this section applies to each member of executive administration ("executive administrators") of: the TTUSA (including the chancellor, chief financial officer, vice chancellor and general counsel, vice chancellors, chief audit executive, and any other TTUSA administration officers as designated by the chancellor); and the component institutions of the TTU system (including presidents, provosts, vice presidents, vice provosts, deans of schools and colleges, directors of intercollegiate athletics, and other component institution offic-

ers as designated by the president of the institution that employs the executive administrator). This policy statement shall serve as a guide for executive administrators in fulfilling their positions of significant responsibility. Executive administrators serve the public trust and have a clear obligation to fulfill their responsibilities in a manner consistent with this duty and the provisions of Chapter 572, *Texas Government Code*, and in particular with the standards of conduct set out in Section 572.051 of that chapter. All decisions of executive administrators are to be made solely on the basis of the desire to promote the best interests of the TTU system and the public good. The integrity of the TTU system must be protected and advanced at all times.

- b. Men and women of substance, such as those who serve as executive administrators, commonly have a wide range of professional and personal associations with interests and involvement in other entities, institutions, and organizations. To assure the TTU system's many constituents of the integrity of its endeavors, executive administrators shall avoid situations in which such associations, interests or involvement could compromise or reasonably appear to compromise important academic values or the business decisions of the TTU system. Accordingly, it is the policy of TTU system that executive administrators shall act in a manner consistent with their responsibilities to the TTU system and avoid circumstances in which their financial or other ties to outside persons or entities could present an actual, potential, or apparent conflict of interest or impair the reputation of the TTU system.
- c. No policy statement can specifically address every conceivable situation that might entail a conflict of interest. However, as a general principle, executive administrators shall avoid any actions or situations that might result in or create the appearance of using their association with the TTU system for private gain, according unwarranted preferential treatment to any outside individual or organization, losing independence or impartiality, or adversely affecting the reputation of or public confidence in the integrity of the TTU system. Toward this end, it is the responsibility of each executive administrator to ensure that the TTUSA and, if applicable, the component enti-

ty that employs the executive administrator are made aware of situations that involve personal, familial, or business relationships that could jeopardize the reputation of or public confidence in the TTU system. The TTU system requires each executive administrator to annually:

- (1) review this policy;
  - (2) disclose all business entities in which an executive administrator, or an executive administrator's family member (defined throughout this section to include a spouse and dependent relatives or household members), has a financial interest; and
  - (3) acknowledge by his or her signature that he or she is in compliance with the letter and spirit of this policy.
- d. For the purposes of Sec. 03.04, *Regents' Rules*, "business entity" means: any entity recognized by law through which business is conducted, including a sole proprietorship, partnership, firm, corporation, limited liability company, holding company, joint stock company, receivership, or trust.

03.04.2 Conflict of interest. A conflict of interest arises when the TTU system has or is considering a transaction or other business relationship with an executive administrator or an executive administrator's family member. For this reason, any transaction or other business relationship between the TTU system and an executive administrator or an executive administrator's family member is prohibited.

03.04.3 Presumed conflict of interest.

- a. A conflict of interest is presumed to arise when the TTU system has or is considering a transaction or other business relationship with an executive administrator or an executive administrator's family member, or with a business entity in which the executive administrator or executive administrator's family member has a substantial financial interest. A financial interest is presumed to be substantial if it entails:

- (1) Any ownership or investment interest in a business entity (including stock, options, a partnership interest, or any other ownership or investment interest) valued at more than \$10,000, except equity in a company amounting to less than 10% ownership interest in the company;
  - (2) Receipt of funds from the business entity that exceed 10 percent of the executive administrator's gross income for the previous year, or the expectation of the receipt of such funds in the future;
  - (3) Any ownership interest in real property, personal property, intellectual property or any other interest valued at \$10,000 or more;
  - (4) A position of real or apparent authority in a business entity such as director, officer, trustee, partner, agent, controlling share holder, or share holder with a 10% or more voting interest, or a direct or indirect participating interest in any shares, stock or otherwise, regardless of whether voting rights are included, in 10% or more of the profits, proceeds or capital gains of the entity involved; or
  - (5) Any position as an employee of the entity involved.
- b. An executive administrator is not deemed to have a substantial financial interest in a publicly traded entity by reason of an investment in that entity by another publicly traded entity, such as through a mutual fund, of which the executive administrator does not control investment decisions.

#### 03.04.4 Disclosure of financial interest.

- a. An executive administrator or an executive administrator's family member who has a known substantial financial interest in a pending or a proposed transaction or business arrangement involving the TTU system shall promptly disclose to the TTUSA and, if applicable, the component entity that employs the executive administrator the existence of the interest and



other material information that the executive administrator may have regarding the transaction or arrangement.

- b. Each executive administrator annually shall execute and submit to the chief financial officer a statement disclosing all business entities in which the executive administrator has a financial interest. This disclosure shall be achieved by the executive administrator submitting to the chief financial officer, by no later than June 1 of each year, a disclosure statement provided by the chief financial officer or, if the executive administrator is required under Chapter 572, *Texas Government Code*, to file a Personal Financial Statement with the Texas Ethics Commission, a copy of the executive administrator's Personal Financial Statement. The chief financial officer annually shall submit his or her disclosure statement to the chair of the board's Finance and Administration Committee. This disclosure shall be updated throughout the year by executive administrators if an executive administrator acquires or divests a substantial financial interest in any entity.

03.04.5 Determination of the existence of a conflict of interest. If an executive administrator is aware of a conflict of interest, the executive administrator shall inform the TTUSA and, if applicable, the component entity that employs the executive administrator, and abstain from any participation in the transaction or matter in which the conflict exists. In matters involving a presumed conflict of interest for which the executive administrator does not believe an actual conflict of interest exists, the chief financial officer, in consultation with the vice chancellor and general counsel, shall make the determination of whether there is an actual conflict of interest. However, if the presumed conflict of interest involves the chancellor, a president, the chief financial officer, the vice chancellor and general counsel, or a family member thereof, the chair of the Audit Committee shall make the determination.

03.04.6 Gifts. Executive administrators shall not accept, solicit, or encourage gifts, favors, benefits, gratuities, services, or other items of value for themselves or family members from any individual or entity that, to the executive administrator's knowledge, has or seeks to have a business relationship with the TTU system and for which the executive administrator knows or should know is offered with

the intent to influence the executive administrator's conduct or which might reasonably:

- a. affect the exercise of the executive administrator's judgment on behalf of the TTU system;
- b. tend to influence the executive administrator in the discharge of the executive administrator's duties;
- c. tend to impair confidence in the TTU system; or
- d. create the appearance of impropriety.

03.04.7 Use of office for personal gain. Executive administrators shall not use the authority, title, prestige or other attribute of his or her office or position for personal benefit or gain for themselves or for any relative. Executive administrators specifically are prohibited from procuring or being a party in any way to procuring the appointment of a relative to a position of trust or profit connected with the TTU system.

03.04.8 Favored treatment. An executive administrator shall not use the authority, title, prestige or other attribute of his or her office or position to obtain consideration, treatment, or favor for any person beyond that which is generally available. This subsection applies, but is not limited to, efforts to influence administrative decisions with respect to an individual's admission, employment, discipline, and similar matters. However, this subsection does not prohibit letters of recommendation or requests for information about the status of an individual's admission, employment, discipline, and similar matters.

03.04.9 Appropriation of TTU system opportunities. If an executive administrator becomes aware of a business, investment, or other financially valuable opportunity that rightfully belongs to the TTU system and not to the executive administrator individually or another entity with which the executive administrator is affiliated, the executive administrator shall bring the opportunity to the attention of the TTUSA and, if applicable, the component entity that employs the executive administrator.

- 03.04.10 Confidentiality. Executive administrators may not use confidential information acquired as a result of service to the TTU system for any purpose unrelated to TTU system business, or provide such information to any third party, without the consent of the TTUSA and, if applicable, the component entity that employs the executive administrator. Wrongful use of TTU system information includes, but is not limited to, use or disclosure of information to engage, invest, or otherwise participate in any business, project, venture, or transaction other than through the TTU system.
- 03.04.11 Actions not void or voidable. Except as otherwise provided by law, no transaction or action undertaken by the TTU system shall be void or voidable, or may be challenged as such by an outside party, by reason of having been undertaken in violation of Section 03.04, *Regents' Rules*, or the principles set forth therein.
- 03.05 **The classified compensation plan.** Each component institution shall promulgate policies and procedures for the appropriate classification and compensation of non-faculty employees. Each component institution shall publish and annually review the classified compensation plan to ensure that employees are compensated in a fair and equitable manner by establishing rates of pay that are directly related to such factors as skill, ability, education, training, experience, level of responsibility, physical and mental effort demanded, and the working conditions involved.
- 03.06 **Appellate procedures for grievances.**
- 03.06.1 Board and individual grievances. Except as specifically provided in the *Regents' Rules*, the board shall not serve as an appellate body for individual grievances of students, faculty or staff members.
- 03.06.2 Grievance procedures. The TTU system administration and component institutions shall establish grievance procedures for the types of grievances of students, faculty and staff members applicable to the component. Each such procedure shall indicate the final level of review within the TTU system administration or component institution that is available to an individual grievant, and a decision at the level so indicated shall constitute final institutional action on the grievance.

## 03.07 Service on outside boards.

### 03.07.1 Service on an outside board by any TTUS employee.

- a. Conditions of service on an outside board by any TTUS employee. Service on the governing board of an entity other than the TTU system (“outside board” and “outside entity”) by any TTUS employee, including executive administrators subject to the provisions of Section 03.07.2 of this section, shall be subject to and conditioned upon compliance with all applicable policies relating to ethics, conflicts of interest, conflicts of commitment, consulting or outside employment, and disclosure provided in Chapters 03 and 10, *Regents’ Rules*, and in institutional operating policies.
- b. Risk of liability. It is the responsibility of all TTUS employees to be aware of the potential risk of liability associated with outside board service and to evaluate those risks and the need for appropriate insurance and indemnification. It also is the responsibility of all TTUS employees to be aware that statutory limitations on liability of state officials and employees may not apply and that indemnification by TTUS and insurance coverage provided by TTUS may not apply or may be severely limited.

### 03.07.2 Service on an outside board by an executive administrator.

- a. Approval required.
  - (1) Except as provided in Section 03.07.2.a(2) of this section, for an appointment or re-appointment to the governing board of an entity other than the TTU system (“outside board” and “outside entity”) that is made on or after December 17, 2010, an executive administrator subject to Section 03.04, *Regents’ Rules*, may serve on the outside entity’s governing board only with the approval of the appropriate authority as set forth in Section 03.07.2.b of this section.
  - (2) This section does not provide an exception to the requirements of Section 10.16.2, *Regents’ Rules*, regarding

participation as a member of the governing board of a business entity that has an agreement with TTUS relating to the research, development, licensing or exploitation of intellectual property in which TTUS has an ownership interest. Such situations shall be governed by the provisions of Section 10.16.2, *Regents' Rules*.

- (3) An executive administrator subject to this section who wishes to accept a position on the governing board of an outside entity must advise the vice chancellor and general counsel, who shall evaluate whether an actual or apparent conflict of interest would result from the service of the executive administrator on the governing board of the outside entity. The vice chancellor and general counsel shall report the results of the evaluation to the chair, the chancellor, and the designated approval authority, if different.
- (4) An approval to serve on the governing board of an outside entity as provided by this section shall take into consideration the evaluation by the vice chancellor and general counsel, and approval shall not be granted if the designated approval authority determines that such service would result in an actual or apparent conflict of interest.

b. Designated approval authority.

<u>Person Seeking Approval</u>	<u>Approval Authority</u>
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Chancellor, president, or vice chancellor and general counsel.....	Board
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TTUSA: other executive admin- istrator subject to Section 03.04, <i>Regents' Rules</i> .....	Chancellor
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TTUS component: other executive administrator subject to Section 03.04, <i>Regents' Rules</i> .....	President of the institution
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- c. Use of executive administrator's time in service on an outside board.
  - (1) An executive administrator who is approved to serve on the governing board of an outside entity under the provisions of this section shall use the executive administrator's own time (time outside of business hours, vacation time, compensatory time, or other leave time) while providing service on the outside entity's governing board so that such service is without cost to TTUS.
  - (2) Notwithstanding Section 03.07.2.c(1) of this section, if the service is in a non-compensated position on the governing board of a civic or non-profit entity, the designated approval authority, upon a finding that such service is in furtherance of the best interest and mission of TTUS, may waive the use-of-own-time requirement imposed by this section.
  
- d. Reporting requirements. In addition to any other required report or disclosure, each executive administrator who serves on an outside board shall file a report with the TTUS chief financial officer at the same time as the annual disclosure of financial interest report required by Section 03.04.4, *Regents' Rules*. On the service-on-outside-board(s) report, the executive administrator must list each outside board on which the executive administrator serves and must include the following information for each outside board:
  - (1) the number of hours per month, quarter or year normally required by service on the outside board;
  - (2) whether the service is compensated or not compensated; and
  - (3) whether the service is protected by one or more policies of directors and officers liability insurance, and whether that insurance coverage provides for general indemnification or only costs of defense.

- 03.08 **Holidays.** The TTU system administration and each component institution annually shall prepare and present to the board for approval a holiday schedule for the following fiscal year. This schedule shall be prepared in accordance with state law and shall provide the same number of holidays observed by other state agencies. The holiday schedule may differ from the prescribed state holidays so as to coincide with the academic calendar.
- 03.09 **Leaves.** Each component institution shall promulgate operating policies and procedures governing employee leave regulations in conformity with federal and state laws.
- 03.10 **TTU system employee retirement.** The TTU system administration and each component institution shall promulgate rules in its operating manuals governing the retirement of employees in conformity with federal and state laws.
- 03.11 **Personnel files.**
- 03.11.1 **Maintenance.** The TTU system shall maintain, either electronically or in written form in an appropriate office, a personnel file on each employee. This file shall contain the employee's application for employment, appointment information, contracts, performance evaluations, disciplinary notices, and such additional material as is appropriate.
- 03.11.2 **Confidentiality.** The contents of the personnel file and copies of all parts of the contents of the file that may be maintained elsewhere by the institution are confidential except as provided by law. The materials described in this policy shall be disclosed to the employee and to other officers, including members of the board, and employees of the TTU system who have responsibilities requiring use of the records.
- 03.11.3 **Exceptions.** Upon receipt by the TTU system of a subpoena or a court order, or upon the request of the employee, access to personnel files shall be granted to persons not having access under Section 03.11.2, *Regents' Rules*, in the manner and under the terms specified in the subpoena, order, or request.
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***Dates Approved or Amended:***

-- <i>Comprehensive review of chapter</i> .....	10-11-2013	<ul style="list-style-type: none"> <li>• amendments throughout</li> </ul>
-- <i>Technical adjustment</i> .....	10-10-2014	<ul style="list-style-type: none"> <li>• to §03.01.5.b(2)</li> </ul>
-- <i>Amendments</i> .....	10-09-2015	<ul style="list-style-type: none"> <li>• revised §03.01.2.e to conform to changes in state contracting laws</li> <li>• technical adjustments to §03.07.2.a(2)</li> </ul>
-- <i>Amendments</i> .....	05-20-2016	<ul style="list-style-type: none"> <li>• updated various sections relative to 2015 state contracting law changes, including: §03.01; §03.01.1.d; §03.01.1.f; §03.01.2.a; §03.01.2.j-k; and §03.01.5</li> <li>• conforming changes to various sections relative to EEO provisions in Title IX, Title VII and U.S. Executive Order 11246, including: §03.01.2.h; and §03.01.8.a</li> <li>• clarifying change to §03.01.5.b(3)-(4) regarding the approving authority for outside employment</li> </ul>
-- <i>Amendments</i> .....	03-02-2018	<p>Various updates and conforming changes due to revisions in state law relating to contracts and conflicts of interest, including: §03.01.2.j; §03.01.5.b(3); §03.03.2; §03.03.3.a; and §03.03.5.a</p>
-- <i>Amendments</i> .....	05-17-2019	<p>§03.03.2 was amended to reflect that §03.03.5.a provides a less restrictive policy for dealing with a regent’s conflict of interest in a contract or other transaction</p>
-- <i>Amendments</i> .....	12-13-2019	<p>§03.01.11.e-f were amended and §03.01.11.l was added to more fully specify the steps that must be taken to assure proper supervisory relationships when a nepotism exception is granted.</p>

*See also the document entitled “Comprehensive Reviews and Updates” for a more complete explanation of the amendments listed above.*