

**UNIVERSITY OF HOUSTON SYSTEM
ADMINISTRATIVE MEMORANDUM**

SECTION: Fiscal Affairs

NUMBER: 03.A.17

AREA: General

SUBJECT: Disclosure of Related Party Interests

1. PURPOSE

This document provides a means for disclosure of related party interests by faculty and staff.

2. DEFINITIONS

2.1. Conflict of Interest: A situation in which there is a divergence between the employee's private interests and professional obligations to the component university (i.e., the public interest) such that an independent observer might reasonably question whether the employee's actions or decisions are determined by considerations of private gain, financial or otherwise, to the component university's detriment. Such a situation may result from consulting or other outside employment, a relationship defined as a related-party interest, or any other relationship that results in a gift or other benefits to the employee.

2.2. Related Party Interest: A business or personal relationship that exists between a component university employee and an outside individual or organization that may influence the employee's actions or decisions due to considerations of private benefit - financial or otherwise - and/or may create or be perceived as creating a conflict of interest.

3. PROCEDURE

3.1. There is an important distinction between a related-party interest and a conflict of interest. A related-party interest is a question of fact and results when an individual is in a position to personally benefit from transactions entered into by the University of Houston System. Whether such a transaction or relationship creates a conflict of interest requires a subjective evaluation of the facts and circumstances by the Chancellor.

3.2. All faculty and staff in a position to originate purchase requests or influence purchasing decisions shall annually complete a disclosure statement regarding related-party interests.

3.3. To avoid timing problems associated with annual reporting, it is suggested that before engaging in such activities, administration, faculty and staff members disclose in writing through their department chairman to the Chancellor the nature and extent of planned related-party interests.

3.4. Department chairmen and the Chancellor shall review the disclosures and inform any faculty or staff member if their outside activity or relationship represents or is believed to represent a conflict of interest. Remedial action will be suggested when indicated.

4. REVIEW AND RESPONSIBILITIES

Responsible Party: Associate Vice Chancellor for Finance

Review: Every three years on or before April 1

5. APPROVAL

Approved: _____
Vice Chancellor for Administration and Finance

Chancellor

Effective Date: August 31, 2006

6. INDEXING TERMS

Conflict of interest
Disclosure statement
Related-party