

Conflict of Interest for Procurement Transactions; Gifts and Gratuities

FIN-PUR-15

About This Policy

Effective Dates:

02-18-1992

Last Updated:

09-11-2018

Responsible University Administrator:

Vice President and Chief Financial Officer

Policy Contact:

Jill Schunk

Associate VP, Office of Procurement Services

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Scope

This policy applies to all individuals responsible for University purchases, regardless of the procurement mechanism.

Policy Statement

1. State Statute #35-44-1.3, Section 2.50 - Conflicts of Interest; public servants:
 - a. "A public servant who knowingly or intentionally: (1) Has a pecuniary interest in; or (2) Derives a profit from; a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a Class D felony."
 - b. Purchasing professionals at Indiana University shall annually sign conflict of interest statements. Individual faculty and staff may be required to submit a conflict of interest statement related to a specific procurement transaction when circumstances warrant.
2. Uniform Guidance (2 CFR Part 220): Conflicts of Interest; Gratuities
 - a. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest, and may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts.
3. **Gifts & Gratuities**
 - a. Indiana University faculty and staff shall not engage in any activity paid for or provided by a supplier or potential supplier to the University, where the public perception of the activity may have the appearance of placing favor with the supplier, or where the employee sustains, or appears to sustain, personal gain by such participation.
 - b. When employee participation in activities provided by a supplier of the University provides a greater overall benefit to the University than to the employee, the University should pay for the employee's participation.
 - c. Exceptions to this policy are general advertising tokens (small dollar items bearing the suppliers name or logo), as well as exceptions listed in the [HR Conflict of Interest policy](#). Additionally, from time to time, a circumstance may warrant that an activity or meal would be an exception to this policy as a part of a typical business meeting.
 - d. The NAEP Code of Ethics, articulated in Policy [FIN-PUR-09](#), states that personal gifts or gratuities should be declined.

4. Reciprocity

- a. Indiana University personnel will not participate in reciprocal purchasing arrangements. Indiana University shall continue to separate purchasing considerations from the objectives of fundraising endeavors of the institution including but not limited to sponsorship activity.

Reason For Policy

1. No University employee may use his or her purchasing authorities for personal gain. These steps are taken to ensure that all job related decisions are made on sound business principles.
2. **Gifts & Gratuities**
 - a. Gifts, paid invitations, entertainment, travel, room or housing, meals, transportation, and other such activity provided to an employee by a supplier may damage the reputation of the University. Activity of this nature may subvert the employee's judgment or create the perception that the employee, or the employee's family, is receiving personal gain by virtue of his or her position at the University and the relationship with a supplier.
3. **Reciprocity**
 - a. Purchasing awards will be made on the merits of the purchasing process and not influenced by considerations outside of the purchasing environment. Awards of contracts or purchase orders may not be made on a quid pro quo (an exchange of goods or services where one transfer is contingent upon the other) basis.

Procedure

1. Purchasing employees annually file Conflict of Interest Statements with the Associate Vice President, University Procurement Services. Prior to any transaction with the potential for a conflict of interest, complete disclosure shall be made to the Associate Vice President, University Procurement Services to allow sufficient opportunity for appropriate review.
2. **Gifts & Gratuities**
 - a. If an employee or an employee's family member receives a gift or supplier invitation which is contrary to this policy, the employee's immediate supervisor should be informed and the gift refused or returned to the sender, or the invitation declined with a letter indicating that the acceptance of such is contrary to University policy and practice. Should a questionable situation arise, the University employee shall contact his or her immediate supervisor or the Associate Vice President, University Procurement Services.

Definitions

Conflict of Interest: When a person's private interests and his or her University responsibilities are at odds. This means an individual should not be in a position to gain personally as a result of procuring goods or services on behalf of the University. Employees engaged in any aspect of the purchasing process are expected to be free of interests or relationships which are actually or potentially detrimental to the best interests of Indiana University. For instance, employees should not conduct University business with a company he or she owns or with businesses owned by relatives until a state conflict of interest disclosure is approved by the trustees and the requirements of other University conflict of interest policies have been met.

Gifts & Gratuities

Gratuity: Any gift, or invitation to entertainment venues, travel, room or housing, meals, transportation, and any other such action whereby the employee or family of the employee, sustain personal gain from its acceptance.

Personal Gain: Anything received and accepted, regardless of value, which is provided to an employee or family of the employee, by a supplier or potential supplier to Indiana University.

Supplier: any individual, company, corporation or other entity that provides goods or services to the University.

Reciprocity

Reciprocity defines an act whereby something is offered to a person or entity with the understanding that there will be a quid pro quo action that will benefit both parties e.g. where an exchange of goods or services is contingent

upon the other, such as a favor for a favor. Reciprocity can be viewed as a reward, mutual dependence or an action of influence.

Sanctions

1. Gifts & Gratuities

- a. A University unit or the individual employee may be required to repay the vendor for the gift or gratuity. There may also be personal tax implications for the employee based on the value of the gratuity.
- b. Engaging in or permitting unethical or illegal conduct constitutes grounds for disciplinary action that may include disciplinary action up to and including denied or restricted access to the review of solicitation responses and other purchasing information, termination of employment and/or criminal prosecution.

Additional Contacts

Office of Procurement Services	812-856-5008	purhelp@iu.edu
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Tim Rice	812-855-5646	trice@iu.edu

History

The source to this policy is:

State Statute #35-44-1.3, Section 2.50, University Procurement Services, and University Human Resources Department.

In an effort to streamline and consolidate policies: FIN-PUR-3.2, Reciprocity, FIN-PUR-3.3, State Conflict of Interest for Procurement Transactions, and FIN-PUR-3.4, Gifts and Gratuities were combined to both clarify and merge those policies related to Conflict of Interest for Procurement Transactions; Gifts and Gratuities into a single policy in October 2018.

Related Information

[Conflict of Interest and Disclosure Form](#)
[FIN-PUR-09, Procurement Ethics](#)
[HR-07-30, Conflicts of Commitment](#)
[HR-07-40, Conflicts of Interest](#)
[Indiana Code 35-44-1](#)
[Uniform Guidance](#)
[Whistleblower Policy, UA-04](#)