



### About This Policy

**Effective Dates:**

02-18-1992

**Last Updated:**

07-27-2016

**Responsible University Administrator:**

Vice President and Chief Financial Officer

**Policy Contact:**

Jill Schunk

Associate VP, Office of Procurement Services

[jschunk@iu.edu](mailto:jschunk@iu.edu)

### Scope

All Indiana University units and employees as well as all other individual(s) responsible for the expenditure of University funds or those who influence or affect the decision to purchase products or services, regardless of the procurement mechanism employed.

### Policy Statement

All University personnel authorized to conduct purchasing activities and influence or affect the process or outcome of any expenditures shall adhere to the highest degree of ethical standards. No employee authorized to conduct purchasing activities shall engage in or permit any illegal or improper purchasing practice. Further, any employee having knowledge of any questionable procurement practices shall immediately report this knowledge to the Associate Vice President of Procurement Services. Engaging in or permitting unethical or illegal conduct constitutes grounds for disciplinary action up to and including denied or restricted access to solicitation responses and other purchasing information, termination of employment and/or criminal prosecution.

Indiana University requires that all professional purchasing employees, Fiscal Officers and their delegates authorized to conduct purchasing activities adhere to the principles and standards promulgated by the National Association of Educational Procurement (NAEP) Code of Ethics in order to promote public confidence in the integrity of the University and protect the University's reputation. However, in adhering to the NAEP Code of Ethics listed below, they do not supersede the expectation and obligation that all IU employees are to operate and make purchasing decisions based upon IU procurement contracts that have been negotiated to provide for an enhanced overall value to the University and are enforced by University Procurement Services.

The NAEP Code of Ethics is as follows:

- Give first consideration to the objectives and policies of my institution.
- Strive to obtain the maximum value for each dollar of expenditure.
- Decline personal gifts or gratuities.
- Grant all competitive suppliers equal consideration insofar as state or federal statute and institutional policy permit.
- Conduct business with potential and current suppliers in an atmosphere of good faith, devoid of intentional misrepresentation.

- Demand honesty in sales representation whether offered through the medium of a verbal or written statement, an advertisement, or a sample of the product.
- Receive consent of originator of proprietary ideas and designs before using them for competitive purchasing purposes.
- Make every reasonable effort to negotiate an equitable and mutually agreeable settlement of any controversy with a supplier; and/or be willing to submit any major controversies to arbitration or other third party review, insofar as the established policies of my institution permit.
- Accord a prompt and courteous reception insofar as conditions permit to all who call on legitimate business missions.
- Cooperate with trade, industrial and professional associations, and with governmental and private agencies for the purposes of promoting and developing sound business methods.
- Foster fair, ethical and legal trade practices.
- Counsel and cooperate with NAEP members and promote a spirit of unity and a keen interest in professional growth among them.

## Reason For Policy

All University faculty and staff engaged in the decision-making process or in a position to influence the decision must apply the highest standards of integrity and personal conduct. This policy is meant to prevent unethical behavior in purchasing transactions. Examples of such behavior may include but are not limited to:

- Contracts or transactions where an employee attempts to influence a purchasing decision because of an undisclosed relationship an employee has with a particular supplier;
- Sharing pricing provided by a supplier with a competitor
- Personal gain from a University business transaction

## Procedure

Developing a complete and transparent audit trail, complying with the University's solicitation requirements, and completing Conflict of Interest and Disclosure Statements, are all a part of the ethical transparency required by the University and this policy.

### Audit Trail

By institutional requirement, the procurement process calls for the Purchasing Department to develop and maintain an adequate audit trail for every transaction that creates liability for the University. (FIN-PUR-1.0; FIN-PUR-4.0; FIN-PUR-5.0; FIN-PUR-5.7).

An audit trail for a transaction must cover that transaction from its beginning to its end and must illustrate how the procurement process was handled, who was involved, what decisions were made and how and why a supplier was selected to provide goods or services.

### Solicitation Requirements

Part of the documentation process may involve formal solicitations which are described in [Appendix O, Solicitation Process Procedures](#) of the Purchasing Guidelines.

### Conflict of Interest and Disclosure Statements

For an understanding of conflict-of-interest obligations, see [Filing of Conflict of Interest and Disclosure Statement](#).

## Sanctions

Engaging in or permitting unethical or illegal conduct constitutes grounds for disciplinary action up to and including denied or restricted access to solicitation responses and other purchasing information, termination of employment and/or criminal prosecution.

## Additional Contacts

Ethics	Office of Procurement Services	812-855-5646	<a href="mailto:purhelp@iu.edu">purhelp@iu.edu</a>
Ethics	Robert Halter	317-274-7746	<a href="mailto:rhalter@iu.edu">rhalter@iu.edu</a>
Ethics	Tim Rice	812-855-5646	<a href="mailto:trice@iu.edu">trice@iu.edu</a>

## History

The source to this policy is:

The National Association of Educational Procurement Code of Ethics (NAEP), University Procurement Services In an effort to streamline and consolidate policies, FIN-PUR-3.0 which was titled "Ethics" and FIN-PUR-3.1 which was titled "NAEP Code of Ethics" were combined to both clarify and merge those policies related to Ethics into a single policy on January 13, 2016.

Previous Versions:

[Effective Dates: 06/03/2009 - 01/13/2016](#)

## Related Information

[Reciprocity, FIN-PUR-3.2](#)  
[Conflicts of Interest \(Office of General Counsel\)](#)  
[Principles of Ethical Conduct](#)  
[Conflict of Commitment, HR-07-30](#)  
[Conflict of Interest \(Office of Research of Administration\)](#)  
[Financial Conflicts of Interest in Research, ACA-74](#)  
[Appendix O, Solicitation Process Procedures](#)

## Related Forms

[Conflict of Interest](#)  
[State Conflict of Interest Form Fact Sheet](#)  
[State Law Conflict of Interest Form](#)  
[Indiana University Conflict of Interest Disclosure](#)