



February 16, 2011

## **PROCUREMENT GUIDELINES**

PROCUREMENT OPERATIONS  
HOUSTON COMMUNITY COLLEGE SYSTEM

Procurement Guidelines are issued by the Executive Director under Article 1 of the Houston Community College Procurement Operations Procedures Manual.

### **No. 2**

Subject:       **Disclosure and Avoidance of Even the Appearance  
of a Conflict of Interest**

As internal guidelines and supplemental guidance under Article 3.2 of the Houston Community College Procurement Procedures Manual, "Conflict of Interest," this Guideline shall govern the conduct of all Staff, Supervisors, Managers, the Director and the Executive Director, employed in the Procurement Operations Department for the disclosure and avoidance of conflicts of interest "in fact" and, whenever feasible, even the appearance of a conflict of interest. The Procurement Operations Department consists of Procurement and Contract Administration, and is responsible for the procurement of all goods and services for the entire Houston Community College System. This Procurement Guideline is supplemental to all State Statutes and Houston Community College resolutions and policies governing employee standards of conduct and conflicts of interest, including Article 3, Procurement Standards of the Procurement Operations Procedures Manual.

**Guideline:** It is the guideline of the Procurement Operations Department to promote, maintain and exemplify the highest standards of conduct given our central roles and responsibilities in the public procurement process including value analysis. In particular, we understand and appreciate the importance of avoiding conflicts of interest "in fact," and even the appearance of a conflict of interest, in relation to the bids, proposals, offers and contracts that we solicit, evaluate, negotiate and award, and the respective vendors including their owners, officers, managers and staff.

**Process:** The key process features are (a) **awareness** of our roles and responsibilities, and our commitment to avoid conflicts of interest “in fact” and even the appearance of a conflict of interest; (b) timely, written **disclosure**; (c) **recusal** from personal participation in any transaction in which there is a conflict of interest, and even the appearance of a conflict of interest.

1. Conflicts of interest “*in fact*” (or “*actual*” conflicts of interest) are well described in the Procurement Operations Procedures Manual, and in the Houston Community College Professional Standards and Codes of Conduct. This Procurement Guideline, therefore, is intended to address particularly the more difficult concept, and process for, *the avoidance of even the “appearance of a conflict of interest.”* **Both** kinds of conflict of interest are to be avoided, and this Procurement Guideline describes the procedure to be used in the Procurement Operations Department for the disclosure of **either** kind of conflict of interest, including the introduction with this Procurement Guideline of the “Procurement Operations Department Conflict of Interest Disclosure Form.”

2. For purposes of this Procurement Guideline, “the appearance of a conflict of interest” **means** the *appearance of a conflict of interest in the eyes of a reasonable observer.*

3. For the purposes of this Procurement Guideline, conflicts of interest, either “in fact,” or as an “appearance of a conflict of interest,” may arise in relation to any of the following categories of “interests” or “relationships”: **financial interest**; **employment relationship**; **family relationship**; and **friendship**, as defined below.

**“Financial interest”** means any ownership interest of 10% or \$15,000 of the fair market value of the business entity (whichever is lower) or with the particular vendor possessed at the present time by the Procurement Operations employee, or possessed by a “relative” of the Procurement Operations employee as that term is broadly defined in the Board Policy: C: 2.4 Human Resources - Nepotism, Conflicts of Interest. This includes any form of income or revenue received by the Procurement Operations Department employee at the present time, or by a “relative” of the Procurement Operations employee, from the particular vendor.

**“Employment relationship”** means any employment relationship with the particular vendor by the Procurement Operations employee, or by the parents, spouse or children of the Procurement Operations employee, at the present time, or that existed at any time within the past five years, and also means any present offer of future employment by the particular vendor to the Procurement Operations employee or to the parents, spouse or children of the Procurement Operations employee.

**“Family relationship”** means a relationship between the Procurement Operations employee and an individual associated with the particular vendor that is a “relative” of the Procurement Operations employee as that term is broadly defined in the Board Policy: C: 2.4 Human Resources - Nepotism, Conflicts of Interest.

**“Friendship”** means a relationship between the Procurement Operations employee and an individual associated with the particular vendor that does in fact exceed, or that

would "appear" to exceed in "the eyes of a reasonable observer," a routine workplace or professional acquaintance, either at the present time or at any time in the past five years.

**"An individual associated with the particular vendor,"** as that term is used above, means any individual that owns 10% or \$15,000 of the fair market value of the business entity (whichever is lower) of the vendor company, or that is an officer or executive of the vendor company or its governing board, or that is employed by the particular vendor and is reasonably expected to perform at least 50% of the contract work for Houston Community College System.

4. As soon as an employee of the Procurement Operations Department reasonably knows, or foresees, that he or she may have either (a) a conflict of interest "in fact" as defined here or in the Board Policy: C: 2.4 Human Resources - Nepotism, Conflicts of Interest at Section of the Houston Community College System Standards of Conduct, **or** (b) an "appearance" of a conflict of interest in "the eyes of a reasonable observer," the employee shall **disclose** by filling out and giving the "Procurement Operations Department Conflict of Interest Disclosure Form" to his/her Department Director and also to the Chief Procurement Officer (Executive Director, Procurement Operations). Early presentation of the disclosure form is essential.

5. Upon receipt of the "Procurement Operations Department Conflict of Interest Disclosure Form," the Department Director, together with the Chief Procurement Officer, shall assess the situation and produce the appropriate protection for the employee, and for Houston Community College System, as early as possible, in the form of the employee's **"recusal"** from future work in relation to the project, procurement or contract, or other reasonable remedy.

**Procurement Operations Department**  
**Conflict of Interest Disclosure Form**

**For all executives, managers and staff (“employees”) of the  
Procurement Operations Department (see Procurement Guideline No. 2)**

Purpose: To disclose voluntarily and in good faith, as early as possible, the existence of a conflict of interest “in fact”, **or** the “appearance of” a conflict of interest in “the eyes of a reasonable observer.”

In relation to either:

- (a) a particular procurement/evaluation/negotiation process for \_\_\_\_\_  
(description of goods or services) where \_\_\_\_\_  
(name the particular vendor) can reasonably be expected to be a competitor or candidate for contract (or purchase order) award;
- or**
- (b) a proposed contract (or purchase order) award to \_\_\_\_\_  
(name the particular vendor).

Your name: \_\_\_\_\_ (printed)

In relation to either (a) or (b), above, **this is to disclose that**: (i) I have “in fact” a conflict of interest, **or** (ii) I may “appear” to have a conflict of interest in “the eyes of a reasonable observer.”

For the purposes of this disclosure form, a conflict of interest, or the appearance of a conflict of interest, shall take into consideration any and all of the following categories of “**interests**” or “**relationships**”: **financial interest**; **employment relationship**; **family relationship**; and **friendship**, as defined below.

“**Financial interest**” means any ownership interest of 10% or \$15,000 of the fair market value of the business entity (whichever is lower) or with the particular vendor possessed at the present time by the Procurement Operations employee, or possessed by a “relative” of the Procurement Operations employee as that term is broadly defined in the Board Policy: C: 2.4 Human Resources - Nepotism, Conflicts of Interest. This includes any form of income or revenue received by the Procurement Operations Department employee at the present time, or by a “relative” of the Procurement Operations employee, from the particular vendor.

“**Employment relationship**” means any employment relationship with the particular vendor by the Procurement Operations employee, or by the parents, spouse or children of the Procurement Operations employee, at the present time, or that existed at any time within the past five years, and also means any present offer of future employment by the particular vendor to the Procurement Operations employee or to the parents, spouse or children of the Procurement Operations employee.

**“Family relationship”** means a relationship between the Procurement Operations employee and an individual associated with the particular vendor that is a “relative” of the Procurement Operations employee as that term is broadly defined in the Board Policy: C: 2.4 Human Resources - Nepotism, Conflicts of Interest.

**“Friendship”** means a relationship between the Procurement Operations employee and an individual associated with the particular vendor that does in fact exceed, or that would “appear” to exceed in “the eyes of a reasonable observer,” a routine workplace or professional acquaintance, either at the present time or at any time in the past five years.

**“An individual associated with the particular vendor,”** as that term is used above, means any individual that owns 10% or \$15,000 of the fair market value of the business entity (whichever is lower) of the vendor company, or that is an officer or executive of the vendor company or its governing board, or that is employed by the particular vendor and is reasonably expected to perform at least 50% of the contract work for Houston Community College System.

Using the guidelines and definitions given above, **please use the space below to specifically disclose and describe** the nature of, or the basis for, the conflict of interest “in fact”, **or** for the “appearance of” a conflict of interest in “the eyes of a reasonable observer.”

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\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name

**Instructions:** Please submit this form to the Chief Procurement Officer (Executive Director, Procurement Operations) and to your Department Director, as soon as you become **aware** of either a conflict of interest “in fact,” **or** the “appearance” of a conflict of interest in “the eyes of a reasonable observer.” Pursuant to Procurement Guideline No. 2, this **disclosure** will enable the Chief Procurement Officer and your Director to assess the situation and produce the appropriate protection for you, and for Houston Community College System, as early as possible, in the form of your **“recusal”** from participation in that project or procurement, or other reasonable remedy.