

NEPOTISM DISCLOSURE REQUIREMENT FOR CONTRACTS EQUAL TO \$1 MILLION OR MORE

I. PURPOSE

This document sets forth the University Purchasing Personnel’s nepotism disclosure requirement in compliance with State of Texas statutes (Government Codes 2262.001, 573.023, and 573.024) and regulations regarding unfair employment practices due to nepotism. This administrative policy applies to all positions, full and part-time, regular and temporary, in all component university programs, regardless of funding source.

II. DEFINITIONS

1. Nepotism

Nepotism is the practice among those with power or influence of favoring relatives or friends, especially by giving them employment on the basis of relationship.

2. Relationship

Texas Government Code, Section 573.023 states that the degree of relationship by consanguinity between an individual and the individual's descendant is determined by the number of generations that separate them. A parent and child are related in the first degree, a grandparent and grandchild in the second degree, a great-grandparent and great-grandchild in the third degree and so on.

(b) If an individual and the individual's relative are related by consanguinity, but neither is descended from the other, the degree of relationship is determined by adding:

- (1) the number of generations between the individual and the nearest common ancestor of the individual and the individual's relative; and
- (2) the number of generations between the relative and the nearest common ancestor.

(c) An individual's relatives within the third degree by consanguinity are the individual's:

- (1) parent or child (relatives in the first degree);
- (2) brother, sister, grandparent, or grandchild (relatives in the second degree); and
- (3) great-grandparent, great-grandchild, aunt who is a sister of a parent of the individual, uncle who is a brother of a parent of the individual, nephew who is a child of a brother or sister of the individual, or niece who is a child of a brother or sister of the individual (relatives in the third degree).

3. Relative

For this administrative memorandum, the term “relative” is defined as anyone related to the employee within the second degree of affinity or the third degree of consanguinity and includes the following relations (Gov. Code 523.024):

- The employee’s spouse.
- The employee or the spouse’s natural and adopted children, parents, grandparents, great-grandparents, brothers, sisters, half brothers and sisters, grand-children, great-grandchildren, aunts, uncles, nieces, nephews, first cousins, second cousins and persons married to them.

4. Major Contract

Government Code 2262.001(4) defines “major contract” as a contract that has a value of at least \$1 million.

III. NEPOTISM DISCLOSURE REQUIREMENTS BY TEXAS GOVERNMENT CODE

University purchasing personnel working on a major contract for the purchase of goods or services must disclose any relationship they have with the business entity of the contract.

Government Code 2262.004 states the following:

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- (a)(2) "Purchasing personnel" means an employee of a state agency who makes decisions on behalf of the state agency or recommendations regarding:
- (A) contract terms or conditions on a major contract;
 - (B) who is to be awarded a major contract;
 - (C) preparation of a solicitation for a major contract; or
 - (D) evaluation of a bid or proposal.
- (b) Before a state agency may award a major contract for the purchase of goods or services to a business entity, each of the state agency's purchasing personnel working on the contract must disclose in writing to the administrative head of the state agency any relationship the purchasing personnel is aware about that the employee has with an employee, a partner, a major stockholder, a paid consultant with a contract with the business entity the value of which exceeds \$25,000, or other owner of the business entity that is within a degree described by Section 573.002.

IV. NEPOTISM DISCLOSURE REQUIREMENTS

Nepotism disclosure is required for all employees involved in the procurement process (i.e., procurement committee members and applicable Purchasing staff) when the procurement value is \$1 million or more. The forms must be properly completed, signed, and submitted along with the evaluation matrix to the Purchasing Department.

V. PURCHASING PROCEDURES FOR NEPOTISM DISCLOSURE

1. The Department Purchaser will provide the Nepotism Form and the Evaluation Matrix to the committee members. The Nepotism Form can be found on <https://www.sao.texas.gov/Documents/Forms/NepotismDisclosureForm.pdf>.
2. All committee members are required to sign and return the Nepotism Form and the scored Evaluation Matrix to the Purchaser (Buyer assigned to the project).
3. Purchasing will forward all signed Nepotism forms to Internal Audit as part of the project checklist.
4. When Internal Audit approves the project checklist, the assigned Buyer will save one copy of Nepotism forms in procurement folder (UH Purchasing share-drive).
5. Purchasing will e-mail a project notification memo to Sr. VC/VP of Administration & Finance. The e-mail will indicate at the end that "all nepotism forms are attached and all reports are negative."

VI. OTHER POLICY ASSOCIATED WITH NEPOTISM

- The University of Houston System's nepotism policy (SAM 02.A.21)
<http://www.uhsystem.edu/compliance-ethics/docs/sam/02/2a21.pdf>
- Board of Regents' nepotism policy (Board of Regents Policy [57.07](#))
<http://www.uhsystem.edu/board-of-regents/policies/index.php#SectionVI>