

MIDDLE TENNESSEE STATE UNIVERSITY  
POLICIES AND PROCEDURES MANUAL

POLICY NO: I:01:25

DATE: April 30, 2008

SUPERSEDES POLICY NO: None

DATED: None

SUBJECT: Ethics and Code of Conduct

APPROVED: Sidney A. McPhee, President



**I. Introduction**

The university has a fiduciary responsibility to fulfill its overall mission in compliance with applicable policies, laws, regulations, and rules, and contracts, grants and donor restrictions. Under Tennessee Board of Regents policy, all employees are entrusted with the responsibility of preserving university resources and using those resources in a prudent manner for their designated purposes, as prescribed by policies, laws, regulations, and rules, and contracts, grants and donor restrictions.

This policy was prepared by the University's Fiscal Compliance Officer. This statement sets forth the university's Fiscal Code of Ethics. Accordingly, this policy applies to all employees. In addition, if an affiliate's employee agrees to conduct fiscal transactions on behalf of the university as a resulting condition of her or his duties, this policy applies to all affiliate fiscal staff in conducting the University's fiscal transactions.

As public employees, university employees are described in this policy statement, and also are obligated to comply with the Code of Ethics established in the state law. In addition, state criminal statutes provide criminal sanctions for employees who fail to disclose a conflict of interest, misuse official information, engage in official misconduct, or embezzle public property.

As set forth in the Administrative Policy Statement Fiscal Roles and Responsibilities, employees are entrusted with fiscal responsibility for their functional area of responsibility. They are responsible for setting a tone within their functional area of responsibility (and the university as a whole) for ethical conduct and integrity.

**II. Definitions**

The following terms are specific to this Administrative Policy Statement:

- A. Banner Finance/MT\$ource Users are employees or affiliate fiscal staff with access to the University's Finance System.
- B. Procurement Card/MT\$ource Users are employees or affiliate fiscal staff assigned a role associated with a University Procurement Card, including card holder, reallocator or approving authority.<sup>1</sup>

### III. Policy Statements

As the University pursues its mission, it is committed to conducting all of its business in an ethical and law-abiding fashion. The University will maintain a business culture that builds and promotes compliance consciousness and encourages employees and faculty to conduct all University business with honesty and integrity.

The reputation of MTSU for its honesty, fairness and academic integrity is vital to its continued growth and success. The very purpose for our existence places a special responsibility on each employee. An obligation rests with every employee of MTSU to render honest, efficient and courteous performance.

MTSU is committed to complying with all applicable federal and state grant and procurement laws and regulations, and environmental laws and regulations.

All employees are required to adhere to the Employee's Fiscal Code of Ethics as set forth below.

All Banner Finance/MT\$ource users, Procurement Card MT\$ource users and other specified employees shall demonstrate their awareness of and compliance with the University's Fiscal Code of Ethics through the Acknowledgement Process that follows.

#### A. Acknowledgment Process

The applicable Fiscal Code of Ethics statement must be signed (as monitored by the responsible party identified in parentheses)<sup>2</sup>:

1. By employees upon signing their letter of offer for employment with the university (the respective department or college);
2. By individuals requesting access to the University's Finance System/MT\$ource as Finance System Users prior to receiving such

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<sup>1</sup> See Procurement Service Center Procurement Card information

<sup>2</sup> In first year of implementation, current employees must sign the Fiscal Code of Ethics Statement within 180 days of the policy's effective date. The Fiscal Code of Ethics is attached to this policy as Attachment A.

access (the appropriate campus Finance System Access Security Coordinator);

3. By individuals asking for authority as a Procurement Card/MT\$ource user prior to receiving such authority (the Procurement Services);
  4. By all the Principal Investigators, Project Directors, and everyone associated with a grant as may be required by the terms of the grant or relevant laws, regulations or policies; and
  5. By other employees as required by a his/her university vice president.
- B. If an individual fails to sign the statement as required, the respective Finance System/MT\$ource or Procurement Card MT\$ource access will not be provided. If the individual already has access, then the access will be withdrawn. The failure to sign will be reported to the relevant supervisor for appropriate action. Employees who fail to sign as required will be deemed to have failed to meet a condition of their appointment/employment.

For employees, the original signed Fiscal Code of Ethics Statements shall be maintained in the employee's personnel file with a copy provided to the appropriate department head or dean of the college to demonstrate compliance.

All employees should direct questions about the Fiscal Code of Ethics policy to their respective department head, who will consult with the Fiscal Compliance Officer of the University as needed.

#### C. Tennessee State Law

Various statutes contained in the Tennessee Code Annotated (T.C.A.) (2007) are pertinent to the issue of Ethics Compliance within the TBR System, including:

- T.C.A. § 80-50-501, Disclosure statements of conflict of interests by certain public officials
- T.C.A. § 12-2-208, Purchase by officer unlawful – penalty for violation
- T.C.A. § 12-2-415, State surplus property disposition regulation
- T.C.A. § 12-2-416, Violation of § 12-2-415
- T.C.A. § 12-2-417, State employee violation – punishment
- T.C.A. § 12-3-106, Conflict of interest – Rebates, gifts, etc., from contractors
- T.C.A. § 12-4-101, Personal interest of officers prohibited
- T.C.A. § 12-4-102, Penalty for unlawful interest
- T.C.A. § 12-4-103, Bidding by state employees prohibited

- T.C.A. § 12-4-104, Penalty for unlawful transactions
- T.C.A. § 49-8-203(d), Powers and duties (of the Board of Regents)

It is significant to note that violation of some of these statutes may lead to criminal penalties (e.g., violation of T.C.A. § 12-4-103 is a Class E felony).

#### D. TBR Policies

The following TBR policies and guideline deal with issues which implicate conflict of interest situations:

- TBR Policy 1:02:03:10, Conflict of Interest TBR Policy 4:02:10:00, Purchasing Policy and Procedures
- TBR Policy 4:02:20:00, Disposal of Surplus Personal Property
- TBR Policy 5:01:05:00, Outside Employment
- TBR Policy 5:01:06:00, Intellectual Property
- TBR Guideline P: 090, Nepotism

#### E. University Policies

- II: 01:12, Conflict of Interest for Externally Funded Projects
- IV: 04:01, Cash Purchases and Petty Cash Funds
- IV: 04:05, Receipts of Materials and Approval of Invoices
- IV: 06:01, Purchasing Procedures
- IV:07:01, Nepotism

The laws and policies listed are not intended to be exhaustive. Additional laws, regulations, and policies may be implicated under given circumstances.

### **IV. Employee's Fiscal Code of Ethics**

Under TBR policy, all employees are entrusted with the responsibility for preserving university resources and using those resources in a prudent manner for their designated purposes, as prescribed by policies, laws, regulations, and rules, and contracts, grants and donor restrictions. The responsibilities of employees are intended to incorporate their responsibilities arising under the state law. In addition, state criminal statutes provide criminal sanctions for employees who fail to disclose a conflict of interest, misuse official information, engage in official misconduct, or embezzle public property. All employees who are entrusted with fiscal responsibility for their functional area are responsible for setting a tone within their functional area of responsibility (and the university as a whole) for ethical conduct and integrity.

To fulfill this responsibility, an employee's conduct shall conform to the following guidelines and requirements, and should expect and encourage such conduct on the part of others. Any employee whose conduct violates this policy

and/or applicable laws, regulations or rules is subject to disciplinary action up to and including dismissal.

#### A. Professional Values

Employees should demonstrate the following behaviors in carrying out fiscal transactions by:

- According respect to self and others;
- Exhibiting commitment to both the university and organizational unit;
- Accepting responsibility; and
- Striving to enhance one's own capabilities, and provide the highest quality of performance and counsel.

#### B. Employment Responsibility

Employees shall, in the performance of their duties, be accountable for:

- Knowing, supporting, and implementing the University's and functional area operational plans;
- Exercising prudence and integrity in the management of resources in their custody and in all fiscal transactions in which they participate;
- Acting in a competent manner and in compliance with applicable policies, laws, regulations, and rules, and contracts, grants, and donor restrictions;
- Not knowingly being a party to or condoning fiscal misconduct;
- Reporting fiscal misconduct as required by university policy;
- Not knowingly signing, subscribing to, or permitting the issuance of any financial statement or report that contains any material misstatement or that omits any material fact;
- Knowing and fulfilling the fiscal responsibilities set forth in university policy;
- Preparing or presenting financial information as required by university policies; and
- Protecting privileged or confidential information to which they have access by virtue of their position;
- Complying with the requirements of the State Code of Ethics as applicable to them.

#### C. Conflict of Interest

Employees shall actively avoid conflicts between personal and university interests by:

- Discharging their duties in the best interest of the university and in such a manner that their professional judgment in administration,

- management, instruction, research, and other professional activities is not affected by any outside financial or personal interest;
- According to the University their primary professional loyalty;
  - Conducting their affairs so that they shall not derive private gain from their association with the university except as provided by the TBR or university policies, including but not limited to:
    1. Not assisting any person or organization for a fee, contingent fee or other compensation in obtaining any contract, license or other economic benefit from the university;
    2. Not receiving material compensation from others for performance of university duties;<sup>3</sup> and
    3. Not using university property or resources for personal gain except as authorized by university policy.
  - Disclosing all financial and personal interests as required by university policy.
  - Arranging outside obligations, financial interests, and activities so as not to compromise their overriding commitment to the university;

Employees should strive to avoid the appearance of conflict as described above.

#### D. Professional Development

Employees shall strive to:

- Enhance their own proficiencies;
- Enhance the capabilities and skills of their colleagues and supervisors;
- and
- Promote excellence in public service.

#### E. Integrity of Information

Employees shall demonstrate professional integrity in the issuance and management of information by:

- Not knowingly signing, subscribing to, or permitting the issuance of any statement or report that contains any material misstatement or that omits any material fact;

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<sup>3</sup> When the situation does not involve carrying out a procurement-related process, materiality is a personal measurement or threshold to gauge the significance of the compensation based on what a reasonable person would customarily apply to other individuals with the comparable personal financial resources. All compensation is considered material when carrying out a procurement-related process. In general, material compensation does not include informational materials, appreciation tokens, sample merchandise, and food and entertainment within limits. Please refer to TBR Policy No. 1:02:03:10, Section 7 for additional guidance.

- Preparing or presenting financial information as required by university policies;
- Protecting privileged or confidential information to which they have access by virtue of their position; and
- Adhering to university policy governing responses to inquiries about fiscal matters from the public and the media.

#### F. Reporting Fraud, Waste or Abuse of University Resources

Several options are available to all University employees, students, and others for reporting known or suspected acts of fraud, waste or abuse. You may report your concerns to the following:

- Your supervisor or department head
- An official at the University
- Audit and Consulting Services by phone at (615) 898-2914 or by e-mail at [reportfraud@mtsu.edu](mailto:reportfraud@mtsu.edu)
- The MTSU Office of Fiscal Compliance by phone at (615) 898-5090
- The Tennessee Board of Regents by e-mail at: [ReportFraud@tbr.state.tn.us](mailto:ReportFraud@tbr.state.tn.us)
- The Tennessee Comptroller's Hotline for Fraud, Waste, and Abuse at 1-800-232-5454
- The Office of Inspector General (“OIG”) Fraud, Waste and Abuse Hotline for the relevant federal agency/department when federal monies are involved. For example, concerns regarding the University’s Compliance Agreement with the U.S. Environmental Protection Agency (“EPA”) and adherence with federal law may be reported to the EPA OIG Hotline at 1-888-546-8740.

# MIDDLE TENNESSEE STATE UNIVERSITY

## CODE OF ETHICS

### For Employees

#### Responsible for Purchasing

**RESPONSIBILITY STATEMENT:** With regard to my responsibilities for departmental purchasing, I accept the responsibility to:

1. Support and uphold the values, policies and procedures of the Middle Tennessee State University in all my purchasing activities, since compliance with good public purchasing practice ensures the continued flow of public funding to the University.
2. Attend appropriate training for my departmental purchase function and continue on-going (refresher) training as needed to ensure my department follows University policies and procedures.
3. Read Purchasing Services communications vehicles and advise my department on implementing any new practices, forms, systems, policies, etc.
4. Maintain a high level of ethics:
  - a. Have no financial or personal beneficial interest directly or indirectly with vendors when I am in a position to influence the University decision to purchase from those vendors.
  - b. Decline rebates, gifts, money, or anything of value offered by vendors other than items of nominal value.
5. Conduct business with vendors:
  - a. In an atmosphere of honesty and good faith, without intentional misrepresentation and with equal objectivity and fairness to all vendors. I will also demand honesty of sales representatives in all matters regarding the Middle Tennessee State University.
  - b. Affording prompt and courteous reception as business conditions permit to vendors who arrange to meet with my department on legitimate business missions.

6. Strive to obtain the maximum value for each purchase, including use of cost-effective purchasing processes.
7. Afford maximum opportunity to small businesses and businesses owned by minorities, women and persons with disabilities.

I have read and understand the above statements, and agree to meet the expectations to the best of my ability while performing my department's purchasing functions for the Middle Tennessee State University. I understand that failure to comply with University ethical standards, and state and federal law will subject me to disciplinary action up to and including dismissal.

Print or Type Name \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_