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270 WASHINGTON STREET, S.W.
ATLANTA, GEORGIA 30334

OFFICE OF INTERNAL AUDIT
270 WASHINGTON STREET, S.W.
ATLANTA, GEORGIA 30334

MEMORANDUM

To: University System Presidents
From: John Fuchko, Vice Chancellor for Organizational Effectiveness
Terry Thompson, Vice Chancellor for Internal Audit
cc: Chief Business Officers, Provosts
cc: Institutional Legal, Human Resources, Internal Audit, & Compliance
Date: January 2, 2018
Re: Conflicts of Interest & Related Compliance Requirements

The University System of Georgia participates in an Ethics Awareness Week each November to reinforce our commitment to the highest ethical and professional standards of conduct. Part of maintaining an ethical culture is properly managing outside activities and avoiding conflicts of interest. The State of Georgia has conflict of interest and disclosure laws that are directly applicable to USG employees. It is important for USG employees to be aware of these laws and also the relevant USG policies governing conflict of interest, gratuities and malfeasance reporting. Accordingly, please ensure all University System employees are made aware of the following important compliance requirements related to conflicts of interest, outside activities, gratuities, malfeasance reporting and mandatory disclosure reports.

Conflicts of Interest

Employees must avoid even the appearance of a conflict of interest. An appearance of conflict exists when a reasonable person will conclude from the circumstances that the employee's ability to protect the public interest, or perform public duties, is compromised by personal interest. It is, of course, almost impossible for an employee to avoid every possible instance of a conflict; however, an employee may "cure" or otherwise mitigate a conflict through proactive disclosure to a supervisor and through taking steps to mitigate the conflict as recommended by HR, legal, compliance, ethics, etc. For more information, please reference, [Ethics Policy](#), [Gratuities Policy](#), and [Outside Activities Policy](#).

Outside Activities

In accordance with [BOR 8.2.15 Outside Activities](#), employees must secure written approval from the institution president or designee prior to engaging in outside activities such as consulting, teaching, speaking, and participating in business enterprises. **Institutional leadership should ensure each employee is aware of the approval process for outside activities and to whom the**

authority to approve outside activities has been delegated. Please refer to [BOR 8.2.15.2 Consulting](#) for guidelines regarding faculty consulting. Institutional leadership should ensure that each faculty member is aware of the approval process for consulting.

Gratuities

The USG [Gratuities Policy](#) generally prohibits employees from receiving gifts from vendors or lobbyists. There are certain exceptions around what is considered a “gift” as detailed in the Gratuities policy to include an occasional meal and promotional items generally available to the general public. There is another important exception related to travel and other expenses paid by a 3rd party to permit participation in a meeting, demonstration, or training related to official or professional duties. **Under these circumstances, written approval must be obtained in writing and in advance from the institution president or designee.** For more details, please refer to [BOR 8.2.13.1](#).

Malfeasance Reporting

USG employees have an affirmative duty to report wrongdoing and to refrain from retaliating against those who do report violations. Additionally, it is the policy of the USG to refer all criminal acts to law enforcement for investigation. In accordance with USG policy, any incident involving suspected criminal malfeasance shall be reported to the USG Director of Ethics and Compliance once an initial determination has been made that employee malfeasance may have occurred. Malfeasance reports involving financial fraud should also be sent to the USG Chief Audit Officer and Fiscal Affairs. For additional details, please see, [BPM 16.4.5 Malfeasance Reporting](#).

State Conflict of Interest Laws

Prohibition from Transacting Business with Own State Agency: Georgia law prohibits any full-time employee, for himself or on behalf of any business, or for any business in which such employee or member of his family has a substantial interest to transact any business with the agency by which such employee is employed. Georgia law does not prohibit full-time USG employees from serving as members of the governing boards of private, nonprofit, educational, athletic, or research related foundations and associations which are organized for the purpose of supporting institutions of higher education in this state and which in furtherance of this purpose may transact business with such institutions or with the Board of Regents of the University System of Georgia. For more information, reference O.C.G.A. § 45-10-23.

Required Disclosure for Business Transactions with other State Agencies: Georgia Law requires all state employees to disclose all business transactions with the State of Georgia or any state agency where such transactions were made on behalf of the state employee or behalf of any business in which the state employee or member of his or her family has a substantial interest. Disclosure reports for transactions occurring in calendar year 2017 are due on or before January 31, 2018. This reporting requirement will not affect most USG employees. Reports must be electronically filed. If an employee has not transacted business with the State of Georgia, then no report is required. Additional information regarding required disclosure can be located at the following link: www.ethics.ga.gov.

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If you have any questions or concerns about any of the information contained in this memorandum, please do not hesitate to reach out to us.

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