

**Buying Manual**

Subject: General Information

Title: Legal and Ethical Conduct and Purchases for Employees

Number: 101

Issued: February 9, 2009

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## Legal and Ethical Conduct

**Purpose:**

It is the policy of Cornell to comply with all laws governing its operation and to conduct its affairs in keeping with the highest moral, legal and ethical standards.

Compliance with the law (including anti-bribery and antitrust laws and other applicable regulatory law) means not only following the law but so conducting Cornell business that Cornell will deserve and receive recognition as a good and law-abiding citizen, alert to its responsibilities in all areas of good citizenship. Even where the law does not apply, applicable standards of ethics and morality relate to our activities and require the same diligence and attention to good conduct and citizenship.

Illegal and unethical practices include engaging in price fixing arrangements; bid rigging acts; agreements with competitors to divide or allocate markets or customers; falsifying of accounting records; intentional misrepresentations to the University's auditors; bribery; illegal kickbacks; or illegal political contributions.

**Conflict of Interest:**

Loyalty and the practice of good business ethics are a part of the obligation of employees to their employer. One aspect of this is the requirement that an employee refrain from engaging in personal activities which injure or take advantage of the University. Employees are prohibited from using their position at the university to realize a personal profit.

Per University Policy 4.14, "a conflict of interest may arise when an individual has the opportunity to influence the university's business, administrative, academic, or other decisions in ways that could lead to personal gain or advantage of any kind." Conflict of interest is most likely to occur when the Cornell employee is employed for personal gain by another firm, directly or as a consultant; has a direct financial interest in another firm; has an immediate family financial interest in another firm; or is a director or officer of another firm.

For additional information please see [University Policy 4.6, Standards of Ethical Conduct and University Policy 4.14, Conflicts of Interest, which specifies the](#) reporting requirements and responsibilities for review.

All individuals initiating transactions on behalf of the university should report any conflict of interest in accordance with policy and college or administrative unit requirements. Upon full reporting, the university may approve a transaction or affiliation, provided that the conflict can be managed.

**Gifts:**

Mutual respect between supplier and buyer has always been and always will be an important factor in business. It is to be encouraged between two parties where it can be of advantage to both. There is nothing questionable or unethical in lunching with a supplier, either to give the salesperson a better opportunity to present his or her case or to cultivate a business relationship, provided the employee accepts such intentions as they would from any other person and keep themselves free from obligation. Employees must not become obligated to any supplier and shall not participate in any transaction in which they may personally benefit. No gifts, beyond those of an advertising nature and insignificant value, generally distributed to all potential customers, may be accepted by any Cornell employee.

Gifts received, which are unacceptable according to this policy, shall be returned to the donors.

**Entertainment:**

Cornell employees shall not accept purely social entertainment offered or sponsored by suppliers.

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Entertainment is not construed to mean an occasional business meal or a function where Cornell stands to benefit from the supplier association.

**Code of Ethics:**

All individuals initiating transactions on behalf of the university have requirements relating to their interaction with, and selection of, vendors. Employees must be careful not to become obligated to any supplier and must not participate in any transaction in which they may personally benefit. See paragraph above on gifts. Personal purchases that utilize the university's discount or sales tax exemption are not allowed. (Note: Some vendors offer discounts to Cornell employees for personal purchases. See Human Resources Perks web page at <https://www.hr.cornell.edu/benefits/perks.html> for a complete list.) All individuals initiating transactions on behalf of the university will review and comply with the "Legal and Ethical Conduct" section of this Manual, and with the National Association of Educational Procurement Code of Ethics which is in [University Policy 3.25, Procurement of Goods and Services](#), Appendix E.

**Purchases / Rebates / Free Merchandise:**

If a vendor offers free merchandise or a rebate with purchase, that merchandise or rebate is the property of Cornell University. Rebates will be returned to the account that was utilized to pay for the purchase. Free merchandise will be turned over to the unit's director/department head for appropriate distribution (e.g., departmental use, drawing for all faculty/staff, charitable donation).

**University Purchases for Employees**

Agents in Procurement and Payment Services (Procurement) and other agents of the university are not permitted to make personal purchases for employees. An enterprise has been established for the sole purpose of acting as a distributor for the specified equipment or material for resale to individuals, e.g., [Technology Connection](#), a division of Cornell Business Services. In cases where agents in Procurement have negotiated contracts with suppliers that include [employee discounts for personal purchases](#), these purchases are to be made by the individual employee with personal funds. For a complete listing of discounts available to the community, please visit the [HR Web site for Benefits / Perks](#).