

University of Michigan Business and Finance

Vendor Gift & Gratuity Policy

As a public institution, the University of Michigan is committed to an environment that fosters open decision-making, practices, and policies. One business objective is to select vendors and suppliers on the basis of the quality of their respective products and services; and to do so in a manner that any interested citizen can see that we, in fact, live up to our stated principles.

The Business and Finance Division (B&F) at the University of Michigan is comprised of many diverse departments that interface with a variety of businesses in the public sector with differing norms of business behavior. Due to this diversity and the breadth of job responsibilities among its many employees, the following Vendor Gift and Gratuity Policy is meant to offer further definition and clarification to the existing language contained in the Gifts and Gratuities section of the University of Michigan Standard Practice Guide (Section 507.1: Purchasing - General Policy and Procedures).

This Vendor Gift and Gratuity policy is intended to clarify and define the limits of acceptable employee behavior within the Business and Finance Division. It is recognized and understood that some or all B&F units may opt for a more stringent or "no tolerance" policy. Further, this policy in no way exempts employees from conformance with specific Codes of Conduct for their respective professions.

Gifts, gratuities, and entertainment are defined as anything given as a result of a business relationship for which the recipient does not pay fair market value. This includes such things as meals, material goods, travel and accommodations, tickets to sporting or cultural events, golf outings, and any other merchandise or services.

Typically, business gifts, services, gratuities, and entertainment are forms of courtesies designed to build and/or enhance teamwork, partnerships, and goodwill between various business entities. Ethical problems arise when these items compromise an individual's ability to make objective and fair business decisions. Unfortunately, even the perception of compromise to an outside observer can be very damaging to the image of a department and inconsistent with the University's overall operating principles.

For these reasons, B&F employees should not accept gifts, services or gratuities from vendors or potential vendors. Employees may accept invitations to business meals and entertainment. However, any expenses incurred by a B&F employee in the course of these activities should be borne by the employee.

This policy does not apply to unsolicited promotional materials of a general nature and nominal value, such as imprinted pencils, memo pads, calendars, coffee mugs, baseball caps, T-shirts, or other similar items. These types of gifts are permitted, provided they are given as a gesture of a professional relationship, and do not involve a commitment having to do with the transaction of business.

B&F employees and their family members are prohibited from requesting gifts, services, gratuities, or access to entertainment activities from any vendors or potential vendors.

Due to the myriad of business situations encountered daily within B&F, one policy cannot cover every eventuality that an employee may encounter. The expectation is that all B&F employees are professionals with the capacity to exercise sound business judgment. "Everyone else does it" is not a sufficient justification to accept gifts or gratuities. A decision to accept or decline invitations or gifts requires common sense and careful judgment. Employees must carefully weigh the business interest involved against the possible public perception. In difficult situations, the following guiding questions can be asked:

- *Is it clearly related to the conduct of business?*
- *Is it moderate, reasonable, of nominal value, and in good taste?*
- *Would I feel comfortable owning up to the giving or receipt of this gift in front of other customers and vendors? Other employees? My manager? My family? The Media?*
- *Do I feel any pressure to reciprocate or grant special favors as a result of this gift?*
- *Am I certain the gift does not violate any law or business regulation?*

If employees are still uncertain about specific situations, they should consult their managers to obtain an objective perspective of the situation and should always choose the most cautious approach to avoid even perceptions of impropriety.