

Contact: Andrea Anania

CONFLICT OF INTEREST VENDORS

Action Requested: Consider approval of the following vendors with a potential conflict of interest:

IOWA STATE UNIVERSITY

- ◆ The Branding Iron
- ◆ UQ Strategies, LLC

UNIVERSITY OF NORTHERN IOWA

- ◆ Roger Smith Construction Inc.

Executive Summary: Vendors at the Regent institutions and the Board Office with a potential conflict of interest are required by statute to be approved by the Board of Regents.

IOWA STATE UNIVERSITY

The Branding Iron (TBI) is a catering business. Rachelle “Shellie” Black has a 50% ownership in the business, which is located in Nevada, Iowa.

Ms. Black is employed on a full-time basis as a Buyer in the Department of Facilities Planning and Management (FP&M) at Iowa State University.

The University reports that:

- ◆ Ms. Black has been issued a university procurement card. A Clerk III in FP&M validates and reallocates Ms. Black’s procurement card transactions, and the project manager for whom Ms. Black makes a purchase reviews and approves her procurement card transactions;
- ◆ Ms. Black will not participate in any discussions, decisions, business transactions, or correspondence involving her business and the Regent institutions, nor will she have any authority to make any University purchasing or payment decisions associated with TBI or be permitted to serve on any University committee related to this type of work;
- ◆ FP&M Executive Director for Operations and FP&M Associate Vice President for Facilities acknowledge awareness of Ms. Black’s request to do business as a conflict of interest vendor and will permit these efforts as long as they are conducted outside the workplace and on her own time; the Executive Director for Operations will assure that the work is conducted outside the ISU workplace;
- ◆ No University resources will be consumed or utilized, nor will TBI will not sell catering services to FP&M; and
- ◆ ISU will solicit competitive bids whenever a conflict exists.

UQ Strategies, LLC (UQS) is a consulting business located in Gilbert, Iowa. Peggy and Dan Uthe own 60% and 40% interest in the business, respectively.

Peggy Uthe is employed as a full-time program coordinator in the Department of Animal Science (DAS), College of Agriculture and Life Sciences (CALs), at Iowa State University. Her husband, Dan Uthe, is requesting approval to provide consulting services in food safety and quality management to ISU.

The University reports that:

- ◆ Peggy Uthe has been issued a university procurement card; the DAS Office Coordinator reviews and approves her procurement card transactions;
- ◆ Peggy Uthe will not participate in any discussions, decisions, business transactions, or correspondence involving UQS, nor will she have any authority to make any University purchasing or payment decisions associated with UQS;
- ◆ DAS and the Dean of CALS acknowledge awareness of Dan Uthe's request to do business as a conflict of interest vendor and will permit these efforts. The DAS Chair will assure that Peggy Uthe will not have any input into or make any University purchasing or payment decisions associated with UQS or serve on a committee where she would have input into University decisions relative to awards to UQS;
- ◆ UQS will not sell consulting services to DAS; and
- ◆ ISU will solicit competitive bids whenever a conflict exists.

UNIVERSITY OF NORTHERN IOWA

Roger Smith Construction Inc. (RSCI) provides concrete and construction services. Roger Smith owns the business, which is located in Cedar Falls, Iowa.

Roger Smith's wife, Darla Smith, is employed on a full-time basis as a Custodian II in the Department of Residence (DOR) at the University of Northern Iowa.

The University reports that:

- ◆ Darla Smith does not have any authority to issue purchase orders or approve payments for her department, nor has she been issued a University procurement card;
- ◆ DOR Director of Residence Facilities and DOR Assistant Vice President and Executive Director acknowledge awareness of RSCI's request to do business as a conflict of interest vendor and agree that Darla Smith would have no influence in awarding a University contract or approving payments relevant to RSCI; and
- ◆ DOR will not purchase services from RSCI without prior bidding, where appropriate, and review of outside experts, if necessary.

Background:

The Iowa Code [68B]:

- ◆ Does not alleviate the requirement for institutions to obtain competitive bids and provide public notice.
- ◆ Prohibits an official or employee of a regulatory agency from selling, either directly or indirectly, goods or services to the agency of which the individual is an official or employee, except when certain conditions are met.
- ◆ Requires all regulatory agencies to adopt rules specifying the method by which employees may obtain agency consent for exception.
- ◆ Requires the person making a permissible sale under this statute to file a report with the Iowa Ethics and Campaign Disclosure Board disclosing the transaction.

The Iowa Administrative Code [681-8.9]:

- ◆ Precludes individuals with potential conflicts from being directly involved in the purchasing decisions or authorizing of any such contracts making material changes to such contracts.
- ◆ Requires Board authorization when a single purchase from a conflict of interest vendor (Regent employee) exceeds \$2,000 unless the sale is made after public notice and competitive bidding.

Once a vendor with a potential conflict of interest is approved by the Board, any Regent institution is authorized to purchase from that vendor.