

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Approval of Vendors with a Potential Conflict of Interest
Date: July 6, 2001

Recommended Actions:

1. Approve the following additions to the respective university's list of approved vendors with a potential conflict of interest:

IOWA STATE University

- Dan Pratt Design
- Sharon Taylor

UNIVERSITY OF NORTHERN IOWA

- Joel Kidder/Kidder Construction Inc.

2. Request the University of Northern Iowa to take additional steps to notify its employees of the statutory and Board requirements.

Executive Summary:

Vendors at the Regent institutions with a potential conflict of interest are required by statute to be approved by the Board.

Iowa State University (ISU) requests that Dan Pratt/Dan Pratt Design and Sharon Taylor be approved as vendors with a potential conflict of interest. The University of Northern Iowa (UNI) requests that Joel Kidder/Kidder Construction be approved as well. Kidder Construction has bid or performed services for UNI since November 1998.

Dan Pratt is a Landscape Architect from Boone, Iowa, and provides professional design services. Mr. Pratt's wife is a Program Coordinator-Head Teacher in the Child Development Lab School at ISU. Sharon Taylor of Roland, Iowa, provides basic office cleaning services. Ms. Taylor's husband is a Support Specialist for the Small Business Development Center at ISU. ISU reports that Don Pratt, Sharon Taylor nor their spouses will participate in any evaluation or award decisions relative to services provided to Iowa State University.

Joel Kidder/Kidder Construction, Inc., of Waterloo, Iowa, provides general contractor services. Mr. Kidder's wife is an Office Manager at the Iowa Waste Reduction Center. UNI reports that Ms. Kidder will not participate in any evaluation or award decision for purchases and will not have any influence on departments placing orders.

The University of Northern Iowa indicates that, during the processing of the request to add Kidder Construction, it was discovered that Kidder Construction was paid in excess of \$12,000 during FY 2001. Ms. Kidder has been employed at UNI since 1998. The University reports that its guidelines and procedures, as posted on UNI's web site, do highlight the Regent policies on conflict of interest vendors. It is suggested that UNI take additional steps to notify employees of the requirements.

A summary of institutional expenditures with approved conflict of interest vendors is included in the annual purchasing report presented to the Board in November.

Background:

Iowa Code §68B.4 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. The Iowa Code requires all regulatory agencies to adopt rules specifying the method by which employees may obtain agency consent for exception.

The Board's adopted rules are incorporated in Regent Procedural Guide §10.09. Board authorization is required when a single purchase from a conflict of interest vendor (Regent employee) exceeds \$1,000 or a fiscal year's cumulative purchases exceed \$2,000.

The Board's authorization of a vendor with a potential conflict of interest does not alleviate the requirement to obtain competitive bids and provide public notice as prescribed in Iowa Code §68B.3.

Board rules preclude individuals with potential conflicts from being directly involved in the purchasing decisions or authorizing of any such contracts as well as making material changes to such contracts.

Analysis:

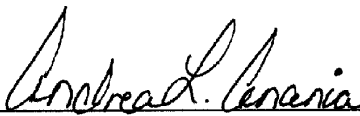
Iowa State University wishes to add Dan Pratt/Dan Pratt Design to its list of approved vendors with a potential conflict of interest. Dan Pratt is a Landscape Architect from Boone, Iowa, and provides professional design services. Mr. Pratt's wife, Angela, is employed as a Program Coordinator and Head Teacher for the Child Development Lab School in the Human Development and Family Studies Department. The University states that Ms. Pratt will not participate in any evaluation or award decisions relative to services provided by Mr. Pratt.

ISU also wishes to add Sharon Taylor to its list of approved vendors with a potential conflict of interest. Ms. Taylor, of Roland, Iowa, provides basic office cleaning services. Ms. Taylor's husband is employed by the University in the Iowa Small Business Development Center as a Systems Support Specialist. The University reports that Mr. Taylor has no responsibilities related to the selection or supervision of custodial contractors.

The University of Northern Iowa wishes to add Joel Kidder/Kidder Construction, Inc., of Waterloo, Iowa, to its list of approved vendors. Kidder Construction provides general contractor services. Mr. Kidder's wife has been employed at UNI as an Office Manager at the Iowa Waste Reduction Center since November 1998.

The University reports that Kidder Construction has bid or completed jobs since November 1998. In FY 2001, UNI paid Kidder Construction in excess of \$12,000. The Board had not previously approved Kidder Construction as a vendor with a potential conflict of interest.

The University reports that, given Ms. Kidder's position in the Waste Reduction Center, the Purchasing Office will take competitive bids and make all decisions relative to awards for the Waste Reduction Center in all cases where Kidder Construction is considered. In implementing these additional procedures, UNI can assure that Ms. Kidder will not participate in any evaluation or award decision for purchases from this vendor and will not have any influence on departments placing orders with this vendor.



Andrea L. Anania

Approved:



Frank J. Stork