

Contact: Andrea Anania

CONFLICT OF INTEREST VENDORS

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

UNIVERSITY OF IOWA

- ◆ Corridor Courier and Delivery Inc.
- ◆ Des Moines Pediatric Dental Center
- ◆ Griffin International Word Co.
- ◆ Monkey Around, L.L.C.
- ◆ VIDA Diagnostics 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.

Corridor Courier and Delivery Inc. (CCDI) provides courier services. Holly Wellendorf owns 33% of the business, which is located in Iowa City, Iowa.

Holly Wellendorf is employed on a 50% basis as a Cashier I in the Department of Food and Nutrition Services (DFNS) at the University of Iowa Hospitals and Clinics (UIHC).

The University reports that:

- ◆ Holly Wellendorf does not have any authority to issue purchase orders or approve payments for her department, nor has she been issued a University procurement card;
- ◆ Holly Wellendorf will not participate in any discussions, decisions, business transactions, or correspondence involving CCDI and the University of Iowa; and
- ◆ DFNS will solicit competitive bids whenever CCDI and DFNS are involved.

Des Moines Pediatric Dental Center is a pediatric dental business. Matt Kubovich owns the business, which is located in West Des Moines, Iowa.

Matt Kubovich is employed six days per year as an Adjunct Assistant Professor in the College of Dentistry, Pediatrics Dentistry Department, at the University of Iowa.

Dr. Kubovich reports that:

- ◆ He has a full-time private practice in West Des Moines and travels to Iowa City to provide clinical instruction to third-year dental students once every other month;
- ◆ The Department of Pediatric Dentistry has a program that refers special needs patients to local pediatric dentists and pays for necessary dental treatment;
- ◆ He is one of a few pediatric dentists in the area willing to provide dental services for these children;
- ◆ There is no financial incentive to provide treatment for these children; reimbursement is far below his customary fees; and he is not involved in selecting which children are referred.

The University reports that:

- ◆ Dr. Kubovich does not have any authority to issue purchase orders or to approve payments for his department, nor has he been issued a procurement card.

Griffin International Word Co. (GIWC) provides translation services. Torsten Opitz owns the business, which is located in Iowa City, Iowa.

Mr. Opitz's wife, Cindy Opitz, is employed on a full-time basis as a Secretary III for the Pentacrest Museums (PM) at the University of Iowa.

The University reports that:

- ◆ Cindy Opitz does not have any authority to approve purchase orders or approve payments for PM;
- ◆ Cindy Opitz has been issued a University procurement card; all transactions are reviewed and approved by PM's Program Associate I;
- ◆ Cindy Opitz will not participate in any discussions, decisions, business transactions, or correspondence involving GIWC and the University of Iowa; and
- ◆ PM will solicit competitive bids whenever GIWC and PM are involved.

Monkey Around, L.L.C. (MA) is a musical ensemble that provides live music for entertainment. Dr. Steven P. Anderson is a member of the ensemble, which is located in Davenport, Iowa.

Dr. Anderson is employed on a 17% basis as an Adjunct Assistant Professor in the College of Dentistry, Family Dentistry Department (FDD), at the University of Iowa.

The University reports that:

- ◆ Dr. Anderson does not have any authority to issue purchase orders or approve payments for his department, nor has he been issued a University procurement card;
- ◆ Dr. Anderson will not participate in any discussions, decisions, business transactions, or correspondence involving MA and the University of Iowa; and
- ◆ The University will solicit competitive bids whenever MA and FDD are involved.

VIDA Diagnostics Inc. (VDI) develops and markets software for the enhancement of lung imaging. Eric Hoffman, Geoffrey McLennan, Joseph Reinhardt, and Milan Sonka are all founders and part owners of VDI, which is located in Iowa City, Iowa.

All four gentlemen are employed on a full-time basis at the University of Iowa: (1) Eric Hoffman as a Professor in the Department Radiology, Division of Physiologic Imaging, Carver College of Medicine; (2) Geoffrey McLennan as a Professor in the Department of Internal Medicine, Carver College of Medicine; (3) Joseph Reinhardt as an Associate Professor in the Department of Biomedical Engineering (DBE), College of Engineering; and (4) Milan Sonka as a Professor in the Department of Electrical and Computer Engineering (DECE), College of Engineering.

All four gentlemen hold stock interest in VDI: Milan Sonka 20%; Eric Hoffman 18%; and Geoffrey McLennan and Joseph Reinhardt greater than 5%; Eric Hoffman is a VDI board member; and Geoffrey McLennan and Milan Sonka are Director and Co-Director of The Iowa Institute of Biomedical Imaging, respectively.

The University reports that:

- ◆ Eric Hoffman does not have the authority to issue purchase orders but has the authority to approve payments for his department. Professor Hoffman has been issued a procurement card; Laurie Fajardo, Professor, Radiology, reviews and approves his procurement card transactions.
- ◆ Geoffrey McLennan has the authority to issue purchase orders and to approve payments for his department. Dr. McLennan has been issued a procurement card; Gary Hunninghake, Associate Dean, Institute for Clinical and Translational Science Administration, reviews and approves his procurement card transactions.
- ◆ Joseph Reinhardt has the authority to issue purchase orders but no authority to approve payments for his department. Associate Professor Reinhardt has been issued a procurement card; Janann Schiele, Associate Director, Financial Management and Control, reviews and approves his procurement card transactions.
- ◆ Milan Sonka has the authority to issue purchase orders and to approve payments for his department. Professor Sonka has not been issued a procurement card.

The University also reports that a conflict of interest management plan is in place with each of these individuals and their respective departments. The decision to purchase from VDI will be made by Edwin Dove, Associate Professor in the DBE, College of Engineering, and/or by Jon Kuhl, Professor in the DECE, College of Engineering and not by Eric Hoffman, Geoffrey McLennan, Joseph Reinhardt or Milan Sonka.

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.

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.