

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Quarterly Review of Conflict of Interest
Date: September 1, 2004

Recommended Action:

Approve the following additions to the University of Iowa's list of approved vendors with a potential conflict of interest:

- Donald A. Baxter dba Donald Baxter Graphic Design
 - James Berg dba Focus Productions, Inc.
 - Greg Easley dba Greg Easley Design
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Executive Summary:

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

UNIVERSITY OF IOWA

Donald A. Baxter dba Donald Baxter Graphic Design

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| Nature of Business | Donald A. Baxter dba Donald Baxter Design provides web and print graphic design services. Michael L. Barber is the sole proprietor of the company, which is located in Iowa City, Iowa. The University requests that the company be added to the list of approved vendors. |
| Employee Relationship | Donald A. Baxter is a half-time library assistant for the Law Library at the University of Iowa. |
| Previous Payments | <p>The University reports that payments were made to Donald A. Baxter dba Donald Baxter Design prior to the purchasing department being notified of the conflict of interest. The process to report a conflict of interest vendor is through self reporting by employees.</p> <p>In this particular situation, Donald Baxter is a half-time employee. The University's conflict of interest review criteria was for full-time employees.</p> <p>SUI will revise the vendor application to further explain the policy, add a compliance statement, and include all employees.</p> |
| Purchasing Authority | <p>The University reports that:</p> <ul style="list-style-type: none"> • Donald Baxter does not have any order or payment authority for his department; • Donald Baxter has not been issued a University procurement card; • Donald Baxter does not have any decision making authority to determine vendors selected for goods and services; and • The Law Library will not enter into any transactions with Donald Baxter Design. |

James Berg dba Focus Productions, Inc.

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| Nature of Business | James Berg dba Focus Productions, Inc. provides video production, television, still photography services, and installation. James Berg is the owner of the company, which is located in Iowa City, Iowa. The University requests that the company be added to the list of approved vendors. |
| Employee Relationship | James Berg is the spouse of Karen J. Berg who is a full-time Nurse Clinician Specialist for the Heart Clinic at the University of Iowa Hospitals and Clinics. |
| Purchasing Authority | The University reports that: <ul style="list-style-type: none">• Karen Berg does not have any order or payment authority for her department;• Karen Berg has not been issued a University procurement card;• Karen Berg does not have any decision making authority to determine vendors selected for goods and services; and• The Heart Clinic does not have any professional need for video production services or installation; and• The Heart Clinic will not enter into any transactions with Focus Productions, Inc. |

Greg Easley dba Greg Easley Design

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| Nature of Business | Greg Easley Design. Greg Easley is the sole proprietor of the company, which is located in Iowa City, Iowa. The University requests that the company be added to the list of approved vendors. |
| Employee Relationship | Greg Easley is the spouse of Lauren Rabinovitz who is employed as a full-time professor in the American Studies and the Cinema and Comparative Literature departments at the University of Iowa. Ms. Rabinovitz is the department head. |
| Previous Payments | <p>The University reports that payments were made to Greg Easley dba Greg Easley Design prior to the purchasing department being notified of the conflict of interest. The process to report a conflict of interest vendor is through self reporting by employees.</p> <p>In this particular situation, the husband and wife's last names are not the same and the conflict was not reported by the employee. The University is strengthening its procedures for conflict of interest vendors.</p> |
| Purchasing Authority | The University reports that: <ul style="list-style-type: none">• Lauren Rabinovitz has purchase order and payment approval authority;• Lauren Rabinovitz has not been issued a procurement card, but she does approve procurement card payments for her staff; and• The departments of American Studies and Cinema and Comparative Literature will not enter into any transactions with Greg Easley Design. |

Background:

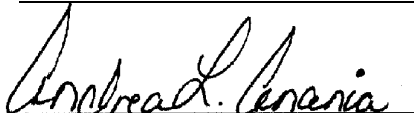
Requirements


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 \$1,000 or a fiscal year's cumulative purchases exceed \$2,000.
- Requires that a summary of institutional expenditures with approved conflict of interest vendors will be included in the annual purchasing report presented to the Board in November.


Andrea L. Anania

Approved: 
Gregory S. Nichols