

CONFLICT OF INTEREST VENDORS

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

UNIVERSITY OF IOWA

- ◆ Adjunct Engineering, LLC
- ◆ Advanced Blasting
- ◆ Counseling Center of Iowa City
- ◆ Anne M. Stapleton and Jack Stapleton

IOWA STATE UNIVERSITY

- ◆ Lisa Ailshie Graphic Designer
- ◆ Marstat, L.C.
- ◆ MJ Glanville Communication Services
- ◆ Photosynthesis, LLC

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.

UNIVERSITY OF IOWA

Adjunct Engineering, LLC is a software engineering consultant company. William Zelsnack owns the company, which is located in Iowa City, Iowa.

William Zelsnack's wife, Dr. Janel Hanmer, is employed on a full-time basis as a Resident in the Department of Internal Medicine (DIM), College of Medicine, at UIHC.

The University reports that:

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

Advanced Blasting is a sandblasting business. Van Smiley owns the company, which is located in Cedar Rapids, Iowa.

Van Smiley's wife, Sheryl Smiley, is employed on an 80% basis as a Dental Hygienist in the Dental Clinic Department (DCD), College of Dentistry (COD), at the University of Iowa.

The University reports that:

- ◆ Sheryl Smiley does not have any authority to issue purchase orders or to approve payments for her department, nor has she been issued a procurement card;
- ◆ Sheryl Smiley will not participate in any discussions, decisions, business transactions, or correspondence involving Advanced Blasting and the University of Iowa; and
- ◆ DCD COD will solicit competitive bids whenever Advanced Blasting is involved.

Counseling Center of Iowa City (CCIC) is a counseling and education service located in Iowa City, Iowa.

Phil Striegel holds a 33% ownership in CCIC and is also employed on a 15% basis as an Adjunct Lecturer in the Department of Rehabilitation and Counselor Education (DRCE), College of Education (COE), at the University of Iowa.

The University reports that:

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

Anne McKee Stapleton and Jack Stapleton – Executive Director Bob Donley approved an Emergency Conflict of Interest Vendor Approval for Real Estate Purchase on October 20, 2010, with subsequent ratification by the Board at its October 28, 2010, meeting. The real estate property was owned by Ann McKee Stapleton.

Anne McKee Stapleton and her husband, Jack Stapleton, are both employed at the University of Iowa – Anne M. Stapleton is employed on a 67% basis as a Lecturer in the Department of English, College of Liberal Arts, and Jack Stapleton is employed on a full-time basis as a Professor in the Department of Internal Medicine, College of Medicine.

The University requests that Anne McKee Stapleton and her husband, Jack Stapleton, both be approved as standing conflict of interest vendors.

The University reports that:

- ◆ Neither Anne McKee Stapleton, nor Jack Stapleton have been issued procurement cards; and
- ◆ Neither Anne McKee Stapleton, nor Jack Stapleton has any authority to issue purchase orders or to approve payments for each of their respective departments.

IOWA STATE UNIVERSITY

Lisa Ailshie Graphic Designer (LAGD) provides graphic design services. Lisa Ailshie owns the business, which is located in Ames, Iowa.

Lisa Ailshie's husband, Steven Ailshie is employed as a full-time Custodian Services Supervisor in the Department of Residence at Iowa State University.

The University reports that:

- ◆ Steven Ailshie has not been issued a procurement card;
- ◆ Steven Ailshie will not participate in any discussions, decisions, business transactions, or correspondence involving his wife's business and Iowa State University, nor will he have any authority to make any University purchasing or payment decisions associated with her business;
- ◆ LAGD services will not be sold to the department in which Steven Ailshie is employed; and
- ◆ ISU will solicit competitive bids whenever a conflict exists.

Marstat, L.C. provides survey research services. Martha M. Stewart holds a 60% ownership in the company, which is located in Ames, Iowa.

Ms. Stewart is employed as a full-time Human Services Specialist II in the Department of Human Development and Family Studies (DHDFS), College of Human Sciences (CHS), at Iowa State University.

The University reports that:

- ◆ Martha Stewart has not been issued a procurement card;
- ◆ Martha Stewart will not participate in any discussions, decisions, business transactions, or correspondence involving her business and Iowa State University, nor will she have any authority to make any University purchasing or payment decisions associated with her business;
- ◆ DHDFS and the CHS Dean acknowledge awareness of Martha Stewart'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;
- ◆ Marstat services will not be sold to the department in which Martha Stewart is employed;
- ◆ CHS agrees that Martha Stewart would have no influence in awarding a University contract, nor will she be permitted to serve on any university-related committees for this type of work; and
- ◆ ISU will solicit competitive bids whenever a conflict exists.

MJ Glanville Communication Services (MJGCS) provides communication services such as writing and editing. Mary Jo Glanville owns the business, which is located in Ames, Iowa.

Mary Jo Glanville's husband, Dr. Thomas Glanville, is employed as a full-time professor in the Department of Agricultural and Biosystems Engineering (DABE), Colleges of Engineering and Agriculture and Life Sciences, at Iowa State University.

The University reports that:

- ◆ Dr. Glanville has been issued a procurement card. An administrative specialist in DABE reviews and approves his procurement card transactions;
- ◆ Dr. Glanville will not participate in any discussions, decisions, business transactions, or correspondence involving MJGCS and ISU, nor will he have any authority to make any University purchasing or payment decisions associated with MJGCS;
- ◆ MJGCS services will not be sold to the department in which Dr. Glanville is employed; and
- ◆ ISU will solicit competitive bids whenever a conflict exists.

Photosynthesis, LLC is a photofinishing and photo services store. Dr. Jeffrey Houghtby and his wife, Lisa Hovis, each have a 50% ownership in the business, which is located in Ames, Iowa.

Dr. Houghtby is employed as a full-time Assistant Professor in the Department of History (DOH), College of Liberal Arts and Sciences (CLAS), at Iowa State University.

The University reports that:

- ◆ Dr. Houghtby has been issued a procurement card. His transactions are reviewed by both the DOH secretary and the accounting office, and are approved by the accounting office;
- ◆ Dr. Houghtby will not participate in any discussions, decisions, business transactions, or correspondence involving Photosynthesis and the Regents institutions, nor will he have any authority to make any university purchasing or payment decisions associated with Photosynthesis;
- ◆ DOH and the CLAS Dean acknowledge awareness of Dr. Houghtby'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 his own time;
- ◆ Photosynthesis products or services will not be sold to DOH;
- ◆ CLAS agrees that Dr. Houghtby would have no influence in awarding a University contract, nor will he be permitted to serve on any university-related committees for this type of work; and
- ◆ ISU will solicit competitive bids whenever a conflict exists.

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.