

# 1 **Conflict of Interest Vendors/Employees, Procurement**

2 Effective: Moved to Policy Library from UPM 10.2(9), UPM 10.3(4)

3 Updated/Revised: December 2, 2011

4 Contact: [Director of Purchasing](#)

## 5 **Introduction**

6 Iowa State University promotes ethical business practices, professional integrity and objectivity in all  
7 procurement transactions conducted by its employees. The university is committed to complying with  
8 applicable procurement laws and regulations, including requirements that apply to conflicts of interest,  
9 as provided by the following:

- 10 • Iowa Code
- 11 • Iowa Administrative Code
- 12 • Board of Regents, State of Iowa
- 13 • Federal Office of Management and Budget (OMB) Circular A-110
- 14 • Federal Acquisitions Regulations, when applicable

## 15 **Policy Statement**

16 Any "employee" (see definitions below), seeking to sell goods or services to any Regent institution,  
17 either directly or indirectly, shall request and receive authorization for such activity.

18 Authorization will be granted only after the request has been submitted with a narrative from the  
19 employee, and possibly a narrative from the employing department that explains how the position held  
20 by the conflict of interest vendor (employee) will not unduly influence decisions made in the  
21 acquisition of goods and services. The Conflict of Interest Procurement Committee (COIPC) will  
22 review the request and issue a decision. State law requires any sale over \$2,000 be competitively bid. It  
23 also requires any sale greater than \$2000 be reported to the Iowa Ethics and Campaign Disclosure  
24 Board by the "Conflict of interest vendor" / "employee" within twenty days of making the sale.

25 Employees or organizations meeting the federal definition of Conflict of Interest Vendor/Employee are  
26 generally precluded from sales to the university when an acquisition is federally funded, unless the  
27 conflict can be successfully managed through the Conflicts of Interest and Commitments Policy.  
28 Federally funded acquisitions must also comply with state law, Regents policy and the state definition  
29 requirements of this policy.

## 30 **Definitions**

31 "Conflict of interest vendor" / "employee" (state definition)

- 32 • A paid employee (whether full-time, part-time, hourly, temporary, or student--including a  
33 graduate student on assistantship) of a Regent institution or the Board of Regents Office
- 34 • A member of the Board of Regents, State of Iowa
- 35 • Any firm of which any of the above referred persons is a partner or sole proprietor

- 36 • An employee of another State of Iowa agency (Iowa Department of Transportation, Department  
37 of Administrative Services, Department of Human Services, etc.)
- 38 • Any State of Iowa officials, members of the general assembly, or legislative employees

#### 39 Conflict of interest vendor/employee (federal definition)

- 40 • A paid employee (whether full-time, part-time, hourly, temporary, or student--including a  
41 graduate student on assistantship) of Iowa State University
- 42 • An officer or agent of the university, any member of his or her immediate family, his or her  
43 partner
- 44 • An organization which employs or is about to employ any of the parties indicated herein
- 45 • Anyone who has a financial or other interest in the firm selected for an award

#### 46 **Authorization for Transactions**

47 Before funds can be committed or before orders are placed with a conflict of interest vendor, the  
48 Purchasing Department must issue an authorizing purchase order. P-Cards may not be used for  
49 purchases from any conflict of interest vendor/employee unless prior approval is given by the  
50 Purchasing Director. When departments become aware of a potential conflict of interest affecting any  
51 procurement transactions, the department is expected to share the existence of the conflict of interest  
52 vendor/employee with the Purchasing Department before a commitment is made or an order is placed.  
53 With the strict bidding requirements associated with conflict of interest vendors/employees,  
54 unauthorized conflict of interest procurement becomes a personal commitment of the individual  
55 making the purchase.

#### 56 **Competitive Bidding**

57 After the required COIPC approval is obtained, by state law, employees or conflict of interest vendors  
58 (state definition) selling any goods or services to any Regent institution or state agency that have a  
59 value in excess of \$2,000 for any one transaction, must be awarded only after public notice and  
60 competitive bidding. The only exception to the bidding requirement is an emergency condition that  
61 endangers life or property. All such emergency conditions shall be documented by the requesting  
62 department and approved by the Purchasing Director. The Purchasing Department is required to  
63 annually report all purchases from conflict of interest vendors and employees to the Board of Regents,  
64 State of Iowa. Employees seeking to sell to other state agencies shall be aware that competitive bidding  
65 applies to all sales in excess of \$2,000.

#### 66 **Abstention from Participation in Procurement**

67 Conflict of interest vendors, employees, and officers who have, or reasonably anticipate having, an  
68 ownership interest, a significant executive position, or another remunerative relationship with a  
69 prospective supplier of goods or services to Iowa State University, or who know that a member of their  
70 family or other person with whom they have a personal or financial relationship has such an interest,  
71 shall not participate in the preparing of specifications, qualifying vendors, selecting successful bidders  
72 on products or services in which they have an interest, or approving payment to those interests.

#### 73 **Federal Guidelines: Code of Conduct**

74 In addition to the conflict of interest policy provisions stated above, Office of Management and Budget  
75 (OMB) Circular A-110, Procurement Standards §42 Codes of Conduct, imposes additional  
76 requirements on federally funded acquisitions concerning conflict of interest situations. It states: "No  
77 employee, officer, or agent shall participate in the selection, award, or administration of a contract  
78 sponsored by federal funds if a real or apparent conflict of interest would be involved. Such a conflict  
79 would arise when the employee, officer, or agent, any member of his or her immediate family, his or  
80 her partner, or an organization that employs or is about to employ any of the parties indicated herein,  
81 has a financial or other interest in the firm selected for an award. The officers, employees, and agents  
82 of the recipient shall neither solicit nor accept gratuities, favors, or anything of monetary value from  
83 contractors or parties to subagreements."

## 84 **Resources**

### 85 **Links**

- 86 • [Procurement Conflict of Interest: Definition and Guidelines](#)
- 87 • [Conflicts of Interest and Commitment Policy](#)
- 88 • [Competitive Selection; Bidding](#)
- 89 • [Sole Source Procurement](#)
- 90 • [Contracting at ISU](#)
- 91 • [COIPC Internal Review and Approval Process \[PDF\]](#)
- 92 • [Conflict of Interest Vendor/Employee Sales Report Form \(Form Public Bid\) \[PDF\]](#)
- 93 • [Purchasing Department](#)
- 94 • [Board of Regents Manual §7.06 B.11. Purchasing](#)
- 95 • [Iowa Administrative Code §681 Chapter 8 Purchasing](#)
- 96 • [Iowa Administrative Code §351—6.10 Prohibition on Sales \[PDF\]](#)
- 97 • [Iowa Code Chapter 262.10 Purchase Prohibitions \[PDF\]](#)
- 98 • [Iowa Code Chapter 68B.3 Public Bids \[PDF\]](#)
- 99 • [Iowa Code Chapter 68B.4 Sales/Leases by Regulatory Agency Officials/Employees \[PDF\]](#)
- 100 • [OMB Circular A-110 Procurement Standards §42 Codes of Conduct](#)
- 101 • [OMB Circular A-110 Procurement Standards §43 Competition](#)