

Conflict of Interest Vendors/Employees, Procurement

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

Reviewed and Updated: April 19, 2017

Contact: [Director of Procurement Services](#)

Introduction

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

- Iowa Code
- Iowa Administrative Code
- Board of Regents, State of Iowa
- Code of Federal Regulations 2 CFR, Part 200

Policy Statement

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

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

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

Definitions

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

- A paid employee (whether full-time, part-time, hourly, temporary, or student--including a graduate student on assistantship) of a Regent institution or the Board of Regents Office
- A member of the Board of Regents, State of Iowa
- Any firm of which any of the above referred persons is a partner or sole proprietor
- An employee of another State of Iowa agency (Iowa Department of Transportation, Department of Administrative Services, Department of Human Services, etc.)
- Any State of Iowa officials, members of the general assembly, or legislative employees

40 Conflict of interest vendor/employee (federal definition)

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

47 **Authorization for Transactions**

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

57 **Competitive Bidding**

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

67 **Abstention from Participation in Procurement**

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

75 **Federal Guidelines: Code of Conduct**

76 In addition to the conflict of interest policy provisions stated above, Code of Federal Regulations
77 2 CFR, Part 200 §200.318 , imposes additional requirements on federally funded acquisitions
78 concerning conflict of interest situations. It states: "No employee, officer, or agent shall
79 participate in the selection, award, or administration of a contract sponsored by Federal award if
80 a real or apparent conflict of interest would be involved. Such a conflict would arise when the
81 employee, officer, or agent, any member of his or her immediate family, his or her partner, or an
82 organization that employs or is about to employ any of the parties indicated herein, has a
83 financial or other interest in or a tangible personal benefit from a firm selected for a contract. The
84 officers, employees, and agents of the recipient shall neither solicit nor accept gratuities, favors,
85 or anything of monetary value from contractors or parties to subcontracts."

86 **Resources**

87 **Links**

- 88 • [Procurement Conflict of Interest: Definition and Guidelines](#)
- 89 • [Conflicts of Interest and Commitment Policy](#)
- 90 • [Competitive Selection; Bidding](#)
- 91 • [Sole Source Procurement](#)
- 92 • [Contracting at ISU](#)
- 93 • [COIPC Internal Review and Approval Process \[PDF\]](#)
- 94 • [Conflict of Interest Vendor/Employee Sales Report Form \(Form Public Bid\) \[PDF\]](#)
- 95 • [Procurement Services](#)
- 96 • [Board of Regents Policy Manual \(RPM\) - see §2.2.6](#)
- 97 • [Iowa Administrative Code §681 Chapter 8 Purchasing](#)
- 98 • [Iowa Administrative Code §351—6.10 Prohibition on Sales \[PDF\]](#)
- 99 • [Iowa Code Chapter 262.10 Purchase Prohibitions \[PDF\]](#)
- 100 • [Iowa Code Chapter 68B.3 Public Bids \[PDF\]](#)
- 101 • [Iowa Code Chapter 68B.4 Sales/Leases by Regulatory Agency Officials/Employees \[PDF\]](#)
- 102 • [2 CFR, Part 200 §200.318\(c\)\(1\) General Procurement Standards](#)
- 103 • [2 CFR, Part 200 §200.319 Competition](#)
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