



Office of the
Vice Provost
for Research
and Advanced
Studies

Office of
Biotechnology

March 2002

Purchasing I: Conflict-of-Interest Vendors

Most campus activities involve making purchases. These purchases are made for educational, research, or outreach activities. The State of Iowa has laws that govern acquisitions of products and services from employees. The following information provides assistance in recognizing a potential conflict-of-interest situation, as it relates to ISU employees, and the appropriate procedure to use in making a purchase when a conflict of interest exists.

What Is a Conflict-of-Interest Vendor?

Conflict-of-interest vendors are ISU employees, spouses of employees or their minor child(ren), graduate assistants, student employees and other non-student hourly employees, who are paid by ISU outside of the payroll process, for products sold or services rendered. This includes purchases from partnerships and/or sole proprietorships involving any of the above-mentioned parties, as well as corporations where the above parties hold at least 5% ownership interest. When acquiring products or services from these parties, it is referred to as a “conflict of interest-purchase of goods and services from employees,” and certain steps must be taken before purchases can be made.

Approval of Conflict-of-Interest Vendors

A conflict-of-interest vendor that does more than \$1,000 in business in any one transaction or \$2,000 cumulatively in a fiscal year must first be approved by the Board of Regents, State of Iowa, to do business with ISU. Once approval is granted, any transaction greater than \$2,000 or any transaction that causes the total cumulative, noncompetitive purchases in any one fiscal year to exceed \$5,000, must be competitively bid by the Purchasing Department. Total fiscal-year purchases from conflict-of-interest vendors are reported annually to the Board of Regents, State of Iowa.

Making Purchases from Conflict-of-Interest Vendors

Departments making purchases that involve a conflict-of-interest vendor are required to submit a purchase requisition to the Purchasing Department. This requisition is to be submitted prior to signing agreements, placing orders, or making any financial commitments. In addition, when a conflict-of-interest vendor is involved, it is *not* appropriate to use professional services agreements, purchasing cards, payment authorization vouchers, direct entry purchase orders, honoraria, or small dollar reimbursements by voucher.

Contact Information

For questions and additional information on gaining approval for a conflict-of-interest vendor, contact Nancy S. Brooks, Associate Director of Purchasing, nsbrook@iastate.edu (ph: 294-8757) or Arlo W. Meyer, Director of Business Affairs, awmeyer@iastate.edu (ph: 294-4701).

Related Information

For more information on other types of conflict-of-interest, please refer to the following:

- Related to departmental or research activities. See the *Office Procedure Guide*, Chapter 3.1(3), www.adp.iastate.edu/vpbf/prod/docs/opg
- Related to working with industry. See Volume 1:10 of this tip sheet series, www.biotech.iastate.edu/industrial_resources/tip_sheet_index.html
- Related to grant or contract fund procurements. See www.whitehouse.gov/omb/circulars/a110/a110.html

If you have any questions about this tip sheet or working with industry, please contact: Lisa Lorenzen, 1210 Molecular Biology Building, Phone: (515) 294-0926, Email: llorenze@iastate.edu

Acknowledgement: Thanks to Arlo Meyer for providing the information for this tip sheet.