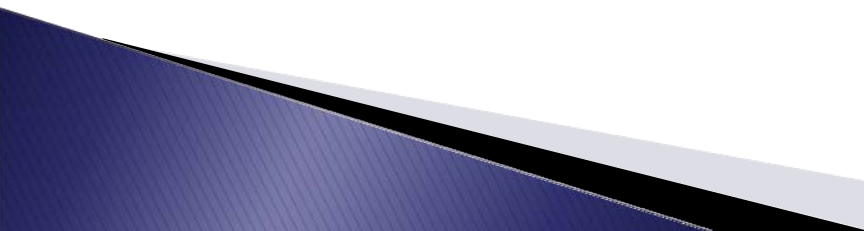


# Conflict of Interest

Policy & Procedures

# New Conflict of Interest Procedure

- ▶ Effective November 1, 2010
  - ▶ Conflict of Interest form to be included with new vendor code requests
  - ▶ Will not go back retroactively
- 

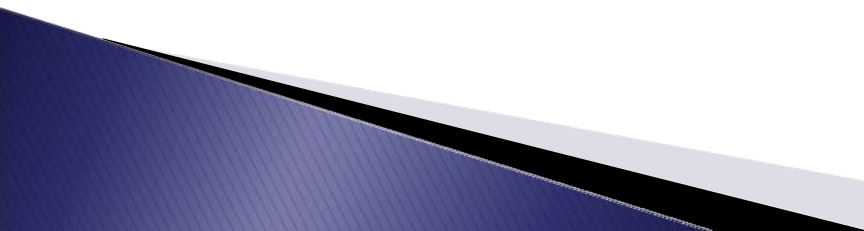
# Why the new procedure?

Conduct in business and academia has been the subject of public scrutiny and legislation in recent times, and it is good practice for us to demonstrate that our work is free from any question about our motivation and our dedication to the University mission.

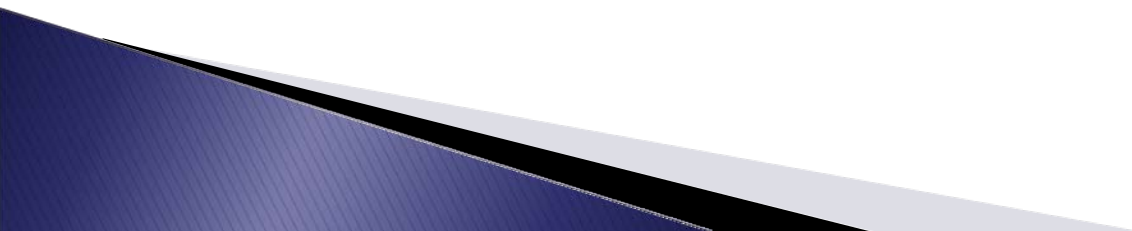
# COI Rule of Thumb

- ▶ If the vendor code request normally requires a W-9 form, then it will also require the Conflict of Interest form.
  - New Independent Contractor
  - New Company
  - Second Request for Refund/Reimbursement

# Foreign Vendors

- ▶ Never need a W-9 form
  - ▶ Must be for a refund/reimbursement only
  - ▶ Never for services – services must be paid through Payroll
  - ▶ Vendor code is one-time use only
  - ▶ New vendor code request each time a payment is needed
  - ▶ Include Conflict of Interest form
- 

# When is the COI form not required?

- ▶ Initial request for refund/reimbursement
  - ▶ Change to vendor address/phone
- 

# Rule of Thumb

Any time that the W-9 form is not required, the Conflict of Interest form is not required, except for foreign vendor requests.

# What is “conflict of interest”?

A conflict of interest exists where the outcome of a decision that should be made in the best interest of the University is in conflict with the personal or economic interest of the employee.




# Further defining “conflict of interest”

A business entity in which an employee has an economic interest represents a potential conflict of interest if the employee has any involvement in the selection of that entity as a University vendor.

An economic interest includes the employee's or a relative's ownership or partnership in the business, including serving as stockholder, director or officer in a non-publicly held company. Engaging a relative as an independent contractor is also a conflict of interest for an employee.

# Example 1

- ▶ Anne is a department assistant.
  - ▶ Her husband works for a lab equipment supply company.
  - ▶ He asks her to keep her ears open for sales opportunities.
  - ▶ When Anne is asked by the P.I. to purchase test tubes she creates a vendor code request for her husband's company.
- 

# Example 2

The spouse of an NU employee has a graphic design business and is hired by Northwestern University to design a brochure for an upcoming conference.

# Example 3

A university instructor requires students or workshop participants to purchase a book, pamphlet or training manual from which the instructor will receive royalties.

# Example 4

- ▶ The director of a research unit intends to purchase a large piece of equipment.
- ▶ There are several possible vendors. One vendor is a small company owned by the director.

# Example 5

- ▶ Last year, your department contracted their network server administration and operations to an outside vendor. The contract runs for five years and to-date everything has run smoothly.
- ▶ You now learn that the person most instrumental in the execution and management of this contract is leaving the University to go work for the vendor.

# Example 6

- ▶ Your department just purchased office furniture for \$40,000.
- ▶ The “buy” decision was made by your administrative support staff after analyzing five bids to determine what the best value was for the money.
- ▶ It just so happens that the vendor is the department chair’s father-in-law.

# Example 7

- ▶ The Principal Investigator has developed a friendship with a department vendor.
- ▶ The P.I. is in a position of authority and makes some purchasing decisions for the department.



# Example 8

A staff member owns stock in outside company and is involved in purchasing decisions at NU related to this same company.

# How to Avoid a Potential COI

A conflict of interest may be avoided if the employee brings a supervisor into the decision to engage the vendor.

# Limiting Conflict of Interest

- ▶ When making purchasing decisions use the list of Preferred Vendors.
- ▶ Have a supervisor make the purchasing decision.
- ▶ Additional guidance on evaluating conflicts of interest can be found at [http://www.northwestern.edu/hr/policies/coi\\_admin.pdf](http://www.northwestern.edu/hr/policies/coi_admin.pdf) – page 2.

# What is a Preferred Vendor?

- ▶ A preferred vendor is a vendor who has been investigated by Purchasing Resource Services and approved
  - A contract is established based on the results of a formal competitive bid process managed by PRS
    - or
  - A pricing agreement is established based on a negotiation between the vendor and PRS

# NU Preferred Vendors

Preferred Vendors can be found at:

<http://www.univsvcs.northwestern.edu/Purchasing/secure/buying.html>

# COI Procedure

The screenshot displays the NUPortal website in a Windows Internet Explorer browser window. The address bar shows the URL: <https://nuportal.northwestern.edu/portal/page/portal/NUPortal/NUPortal/Staff:Purchasing%20Tab>. The browser's menu bar includes File, Edit, View, Favorites, Tools, and Help. The page content is organized into several sections:

- Approval Inbox:** A list of items with counts: Actuals Journal (0), Budget Journal (0), Cash Advance (0), Expense Report (0), Online Voucher (0), Requisition (0), Travel Authorization (0), Total Approvals (0), and an [Update Count](#) link.
- Related Links:** A list of links including Purchasing Resource Services, Purchasing Policy, Purchasing Policy Quick Guide, Bid Process, Signature Authority and Approvals, Purchasing Definitions, PO Terms, Preferred Vendors, Financial Policies & Procedures, Travel Policies & Procedures, Entertainment & Courtesy Guidelines, and Create a new Expense Report.
- Training:** A list of links including General Information, Classroom Locations, Training Matrix, Training Materials, Report Templates, and Calendar.
- Main Content Area:**
  - A search bar with a "Search" button and a "Clear" link. Below it, text indicates the page was "Last Updated 11/26/2008".
  - A notification icon with the text: "To see all news items, click icon at left."
  - Buying at Northwestern:** A section with a purple header. Text states: "Purchasing Resource Services has established several contracts and agreements on behalf of the University for everyone to use. Access the [PRS web site](#) for purchasing-related information, including a list of Preferred Vendors, many of which are included in the iBuyNU marketplace."
  - Preferred Vendors:** Text: "The easiest, most cost effective way to purchase at the University is to use preferred vendors through the electronic marketplace, iBuyNU." Below this is the **iBuyNU** logo and the text "Access iBuyNU according to your role:" followed by links for **Requester** (access through [catalog requisition in NUFinancials](#)) and **Shopper** (direct access to [iBuyNU secure site](#)), with a note: "Note: Use ALL CAPS for NetID".
  - Resource Forms:** A section with a purple header containing links for Bid Documentation Form, 90 Day Justification Memo Form, Sole Source Form, Make changes to a PO, Ship To Code Request Form (pdf), Direct Payment Request (pdf), Visitor's Expense Report (pdf), Expense Policy Exception Request (pdf), Payment Reimbursement & Refund Forms, Report Inventory Tree Viewer, and Security Access Forms.
  - Vendor Add / Maintenance:** A section with a purple header containing **Step 1** instructions: "Before requesting to add a vendor, check first to see if it is already in the system: [Vendor Lookup](#)". It also provides navigation instructions: "You can also navigate to the query: Login to Cognos > Cognos Connection > Project Cafe Reports > [School or Central] > Supply Chain > SC026 - Vendor Info Query - Expanded Search". Below this are radio buttons for "Request a New Vendor" and "Modify / Update An Existing Vendor". **Step 2: Request a New Vendor** includes radio buttons for "Individual / Sole Proprietor", "Corporation, Partnership, Attorney", and "Refund or Reimbursement". A **Submit** link is at the bottom.

The Windows taskbar at the bottom shows the Start button and several open applications: NUPortal, AIM, Meeting Mak..., YouTube - T..., Inbox - Micr..., FW: GL028 s..., NU Review/..., Conflict of L..., and Microsoft Po... The system clock shows 4:39 PM.

# COI Procedure (cont'd)

**Vendor Form - Windows Internet Explorer**  
http://toby.itcs.northwestern.edu/VendorAddMaintenance/Faces/newForm.jsp

**New Vendor - Corporation, Partnership, Attorney**

- Corporation, Partnership or Attorney Name:
- Tax Type:
- Tax Identification Number:
- W-9 Attachment:  [Browse...](#)  
[W-9 Form](#)
- Conflict of Interest Attachment:  [Browse...](#)  
[COI Guidance](#) [COI Form](#)
- Classification:  Supplier  
 Attorney

**Additional Information if Available**

DUNS Number:

UNSPSC:

**Step 1** [Next >](#)

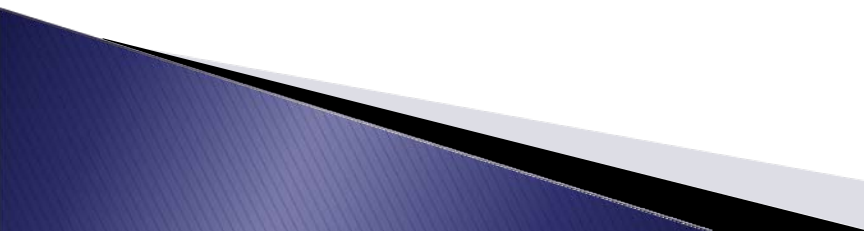
start | Vendor ... | AIM | Meeting ... | YouTub ... | Vendor ... | FW: GL ... | NU Revl ... | Conflict ... | Microsof ... | FW: Ve ... | Vendor ... | Internet | 100% | 4:41 PM

# What is reviewed on the COI form?

- ▶ If no conflict of interest is indicated, looking for signatures and completeness of form
- ▶ If conflict of interest is indicated, will be forwarded to TST Lead for further review



# What happens if there is a Conflict of Interest?

- ▶ Lead for Transaction Processing will review form & make sure that the COI manager has signed the form.
  - ▶ Email about the COI will be sent to the employee, the school/unit's administration (level 3 or higher), the Controller, Purchasing Resource Services Director and a Human Resources (HR) representative.
- 

The vendor will not be added until all parties are satisfied regarding the conflict of interest circumstances.

# NU Conflict of Interest Policy

- ▶ Found on NU web pages under Purchasing
- ▶ <http://www.northwestern.edu/hr/policies/conflict.pdf>

# For More Information

- ▶ Call the Transaction Support Team Help Line
- ▶ 847-491-4707

Questions?

