Regental Action Required Under the State of Michigan Conflict of Interest Statute

Authorization for the University to enter into an agreement with The Understanding Group (University of Michigan Employee Dan Klyn, Owner)

Background:

The University of Michigan Dearborn Digital Strategy Department seeks approval to enter into an agreement with The Understanding Group for website services. The agreement is to develop a clear, organized and user-friendly information architecture for major portions of UM Dearborn's website and ensure the vision and direction is properly executed across multiple platforms including mobile. The Understanding Group is one of the few organizations in the country focused solely on information architecture and was selected because of their thorough understanding of this project's complexities.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Dan Klyn is a University employee as Professor in the School of Information and would be party to the agreement as Owner of The Understanding Group.

However, the Statute allows the University to enter into such agreements if the following conditions are met:

a) The public servant promptly discloses any pecuniary interest in the contract to the official body which has power to approve the purchase, which disclosure shall be a matter of record in its official proceedings.

b) The purchase is approved by a vote of not less than 2/3 of the full membership of the approving body in open session without the vote of the public servant making the disclosure.

c) The official body discloses the following summary information in its official minutes:

   i) The name of each party involved in the contract.

   ii) The terms of the purchase, including duration, financial consideration between the parties, facilities or services of the public entity included in the purchase, and the nature and degree of assignment of employees of the public entity for fulfillment of the purchase.

   iii) The nature of any pecuniary interest.
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

i) The parties to the contract are the Regents of the University of Michigan and its Dearborn Digital Strategy Department and The Understanding Group.

ii) The agreement is for information architecture and content strategy research and execution to assist in the UM-Dearborn website redesign. The estimated duration of the project is three to four months at an estimated cost not to exceed $162,000.

iii) The pecuniary interest arises from the fact that University of Michigan employee, Dan Klyn, is Owner of The Understanding Group.

Dan Klyn has met state law requirements with the disclosure of his pecuniary interest and formal appointment arrangements with the University of Michigan. Requirements, if any, that may be applicable under the Medical School’s or OVPR’s Conflict of Interest Committee’s procedures are separately analyzed and managed.

We recommend that the Board of Regents approve the agreement between the University of Michigan and The Understanding Group subject to requirements, if any, that either the Medical School’s or OVPR’s Conflict of Interest Committee may impose.

Respectfully submitted,

Timothy P. Slottow
Executive Vice President
and Chief Financial Officer

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