

The University of Michigan Regents Communication

Request for Action

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

Action Requested: Authorization for the University to enter into a contract with QE Tools LLC (University of Michigan Employee, Patrick Hammett, Owner)

Background:

The University of Michigan Michigan Engineering Online & Professional Education Department seeks approval to extend the contract with QE Tools LLC for an MS Excel-based add-in that enables Six Sigma users to learn and apply various problem-solving tools and statistical analysis methods.

The proposed contract falls under the State of Michigan Conflict of Interest Statute as Patrick Hammett is employed by the University as a Director of Academic Programs with Michigan Engineering Online & Professional Education Department and would be a party to the contract as an owner of QE Tools LLC.

However, the Statute allows the university to enter into such contracts if the following conditions are met:

- 1) 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.
- 2) 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.
- 3) The official body discloses the following summary information in its official minutes:
 - a) The name of each party involved in the contract.
 - b) 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.
 - c) The nature of any pecuniary interest.

The following information is provided in compliance with the statutory requirements contained in Section (3) above:

- a) The parties to the contract are the Regents of the University of Michigan and Michigan Engineering Online & Professional Education Department and QE Tools LLC.
- b) The contract extension is for a duration of three years and three months at a total cost not to exceed \$80,000. QE Tools will supply the necessary resources and personnel to fulfill this contract. The remaining base contract terms and conditions are typical to those used in Procurement Services standard templates for other similar contracts entered into by the Regents.
- c) The pecuniary interest arises from the fact that University of Michigan employee, Patrick Hammett, is owner of QE Tools LLC.

Patrick Hammett 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 by the supervisor of Patrick Hammett under Michigan Engineering Online & Professional Education Department or OVPR's Conflict of Interest Committee's procedures are separately analyzed and managed.

We recommend that the Board of Regents approve the contract between the University of Michigan and QE Tools LLC subject to requirements, if any, that the supervisor of Patrick Hammett or the Michigan Engineering Online & Professional Education Department or OVPR's Conflict of Interest Committee may impose.

Respectfully submitted,



Robert A. Hewlett III
Interim Executive Vice President
and Chief Financial Officer

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