

The University of Connecticut
Office of Audit, Compliance and Ethics
Report on

**Faculty Consulting Activities and University Procedures
For the Period July 1, 2012 through June 30, 2013**

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BACKGROUND

The University has implemented a faculty consulting policy (Policy) and associated procedures for the approval of consulting requests, including disclosure, review and management of conflicts of interest relating to any such activity, to comply with the provisions of Connecticut General Statute (CGS) 1-84(r). The Policy and associated procedures has been refined since its inception in September 2007. Faculty consulting requests, initially submitted on a hardcopy request form are now submitted and processed through an on-line faculty consulting approval system (OFCAS) used by both Storrs and UConn Health faculty.

Faculty members are required to confirm, through OFCAS, whether the activity actually took place and to provide corrected reconciliation data when elements such as: dates; number of consulting days; level of compensation and use of University resources differ from the original consulting request. OFCAS provides faculty with functionality to reconcile each approved consulting activity at any time after completion of the activity. Faculty must complete the reconciliation of all consulting activities no later than September 15th following the end of a fiscal year (FY).

OFCAS was initially implemented during FY 2012. Due to system/server related problems, OFCAS was taken off-line in August 2012, the first quarter of FY 2013. OFCAS was migrated from the workflow routing engine and database tables on which the system was originally built to the enterprise workflow functionality included with the Quali Financial System (KFS).

OBJECTIVES AND SCOPE

Our audit objectives were to evaluate compliance with the Policy, including the required annual faculty consulting reconciliation reporting requirement, the effectiveness of the established faculty consulting activity approval and oversight procedures, and the identification and management of potential competition and/or conflicts of interest and commitment for faculty members performing consulting activities possessing certain high risk attributes.

Our review included all “*Request[s] for Approval of Consulting Activities*” submitted through OFCAS for the period, July 1, 2012 through June 30, 2013 (FY 2013). FY 2013 consulting request data used in the audit was extracted from the OFCAS database tables using a query written by Storrs University Information Technology Services (UITS). The statistics presented in this report are based upon the extracted data. The annual consulting request reconciliation report component of the audit was based on comprehensive campus specific *Reconciliation Report[s] for FY 2013* for Storrs and UConn Health, generated through OFCAS.

We conducted interviews with judgmentally selected Department Heads to assess the oversight of faculty consulting activities within the departments. Finally, we reviewed the annual report prepared by the FCOs for the Faculty Consulting Oversight Committee, titled, *The University of*

Connecticut Consulting Program FY 2013 Annual Report for the accuracy of the reported performance numbers and the status of corrective actions included in management responses to recommendations in prior audit reports. This audit did not include tests of management's corrective actions with a completion date later than June 30, 2013. These actions will be evaluated in subsequent Faculty Consulting audits.

GENERAL OBSERVATIONS AND CONCLUSIONS

Based on our audit fieldwork, we concluded that the Policy and associated procedures for the approval of consulting requests, implemented by the FCOs comply with the intent of CGS 1-84(r). The *Consulting by Faculty* website, <http://consulting.uconn.edu/>, provides an abundance of information and links to on-line training materials, policies and procedures, statutes, audit reports, and Consulting Management Committee actions and meeting minutes. In addition, the FCOs have written and presented training materials regarding faculty consulting policies and procedures to Deans and Department Heads. In response to prior audit observations, the FCOs consistently communicate with the appropriate University offices to discuss and resolve questions of potential conflict of interest and competition with the University. We recognize the ongoing time and effort that is invested by the FCOs in these endeavors.

The number of consulting request records extracted from the OFCAS database for Storrs and UConn Health during the period under review was 1,313 and 775 respectively, submitted by 484 and 172 faculty members, respectively. Based on our analysis of the extracted Storrs request data, we identified a significant number of FY 2013 requests that had not fully completed the OFCAS workflow approval process. Many of these were created by the faculty but never formally submitted and/or were submitted but "hung-up" due to system errors. The latter often resulted in duplicate requested being submitted which did complete the approval process. A procedure to periodically close, cancel or terminate requests that remain in an open status does not appear to be implemented. After adjusting the consulting request records for open requests, we concluded that the consulting performance numbers presented in *The University of Connecticut Consulting Program FY 2013 Annual Report* materially agree with our calculations.

In our current review of the annual faculty consulting reconciliation process, we continued to note instances of duplicate reporting of the same consulting request, consulting requests that appeared in the extracted OFCAS data but were not included on the reconciliation reports, numerous requests that did not complete the approval/denial/reconciliation routing process. This observation may be related to requests that appear to be "hung-up" in the system. Based on these observations, we concluded that the FCOs continue to rely on a manual process to perform year-end analysis of consulting activity data due to limitations in OFCAS. Enhancements to OFCAS that would eliminate the need for manual data analysis in the creation of accurate management reports, promote data integrity, such as date range validity testing during the reconciliation process, and close all workflows for consulting requests entered into the OFCAS in a given fiscal year should be implemented.

Our interviews with Storrs and UConn Health department heads confirmed an awareness of the faculty consulting policies and procedures and the oversight responsibilities required of a department head. To facilitate this oversight, several department heads requested the capability to generate a year-to-date departmental consulting request report, which is not currently available

to them. In general, the department heads commented positively on OFCAS, particularly with respect to ease use and the training provided by the FCOs.

We continued to identify a small number of Storrs faculty members who performed consulting activities during periods in which special payroll authorizations and financial accounting records confirmed that he/she had committed fulltime effort with corresponding summer salary and fringe benefits charged to projects funded by federal sponsors. Several of the Storrs department heads did not appear to perceive the potential conflict of commitment arising from performing independent consulting during a time period in which the faculty member has certified 100% effort on sponsor-funded, University grant projects.

We concluded that the FY 2013 consulting activity reconciliations were performed by Storrs and UConn Health faculty as required, unless otherwise noted in the observations that follow. While implementation of OFCAS has not eliminated consulting requests that appear to begin before the approval process has been completed due to system problems, slow request processing by the department or school/college and/or a faculty member becoming aware of remuneration during or after the activity, we concluded that the sanctions policy was followed by the FCOs.

OBSERVATIONS & RECOMMENDATIONS

1. Consulting Workflow Data

In our initial review of the 1,313 Storrs and 775 UConn Health FY 2013 faculty consulting records extracted from OFCAS, we observed 154 Storrs and 26 UConn Health consulting requests that had not completed the approval process. A number of these records represented requests that were initiated by the faculty member, saved, but never submitted. During our review procedures, we noted that the KFS document lookup function returned the message, “**No values match this search**” for these requests. The inability to identify and retrieve a saved consulting request suggests the possibility of system issues in OFCAS which could compromise management oversight of these faculty consulting requests.

We also identified 29 Storrs and 48 UConn Health **Withdrawn or Cancelled** consulting requests, as well as 22 Storrs and 22 UConn Health **Denied** requests. We traced all of the withdrawn and denied requests to the ***In Process Requests*** report. Consulting requests in that have been denied or withdrawn have completed the review process and should not be included on the ***In Process Requests*** report.

Recommendations

The FCOs should develop a procedure to identify and age consulting requests that have not completed the approval process. Requests that remain in a **preWorkflow** or **inWorkflow** status after the activity start date should be reported to the faculty member and department head for resolution.

The FCO should work with UITS to remove consulting requests that have been withdrawn or denied from the ***In Process Requests*** report.

The FCO should work with UITs to provide a year-to-date departmental consulting request report for the use of department heads to facilitate the oversight process.

Management Responses

Management agrees with the recommendations. In FY 14 management worked with UITs to significantly improve the accuracy of all in-system reports within OFCAS-2. This has been completed.

Please see the response to item 2 (below). The departmental reports will have to be developed outside the OFCAS system. It will be based on the OFCAS database and will probably be created in Excel. This will be completed by October 31, 2014.

2. Errors in Approved postWorkflow Consulting Requests

During our review of approved faculty consulting records extracted from OFCAS we identified the following noteworthy items:

- Approvals using the accelerated approval process (department head only) that did not meet the necessary criterion. Accelerated approval is limited to consulting requests in which the expected compensation from the entity does not exceed \$5,000. Conversely, we also found requests that met the criteria for accelerated approval but were not properly routed as “accelerated” from OFCAS.
- No start date for the activity.
- Document create-dates and/or approval dates later than the start of the consulting activity. We traced these requests to OFCAS and found that the FCO had waived the sanctions associated with late requests based on reasonable explanations such as, system problems, delays at the department head and/or dean level or a misperception by the faculty member related to remuneration for the activity.
- Contracting entities and/or activity descriptions indicating that the activity was work performed for another state agency. Rather than seeking approval to perform a consulting activity, a dual employment form is required for State employees who are compensated for services from more than one state agency.
- Requests that named another University faculty member as the contracting entity. The Storrs FCO stated that the nature of the consulting activity and the actual contracting entity were fully reviewed before approval was granted.
- Various duplicate requests with the both unique and identical document id numbers.

Based on feedback from the FCOs, many of the above errors were attributable to the transition from version 1 to version 2 of OFCAS. Paper-based consulting requests were accepted with subsequent manual data entry in the OFCAS-2 database for a period of time.

A subset of the data for each consulting request, originally entered in OFCAS-1, was transferred into OFCAS-2. Many of the errors articulated above may have occurred because the OFCAS-2 data validation programming was manually bypassed.

Given the errors detected in approved consulting requests, it appears that OFCAS has not been programmed to prevent and/or detect all invalid or missing data. The department heads, deans and FCO cannot rely exclusively on OFCAS to perform error and validity testing for the details contained on a consulting request.

Recommendations

The FCOs should work with UITS to implement enhancements to OFCAS to increase data integrity, such as missing required field alerts, date range validity testing, and duplicate request detection.

In the absence of additional functionality in OFCAS, the FCOs should include ongoing training to department heads and deans on the appropriate review of the key elements in a consulting request submitted for approval through OFCAS.

Management Responses

Management agrees with the recommendations. In FY 14, there has been no need to bypass the automatic error correction routines of OFCAS and therefore more accurate data was presented to approvers and resides in the year-end database. This has been completed. For the reason provided below, future enhancements to OFCAS, at least in the short term, are problematic.

Certain elements of the review process, such as ensuring the contracting entity is not another State agency, can be detected by any level of approver, but since the FCO and Provost designees view all requests, special focus on training these people to detect such issues will be more reliable than training 50+ other approvers. This has been completed.

The implementation of OFCAS has significantly facilitated the request review and approval process from the perspective of the requestors, department heads and deans. As with many IT systems, there have been several significant technical issues during what has been a lengthy implementation period. Compounding that have been limited resources available for investing in this system and the choice to lower overall costs by coupling it to a much larger financial system.

As described by the auditors, the database for OFCAS in FY 13 was therefore flawed and that automatic error correcting routines built into the front end handling of forms needed to be bypassed for a period of time when the server was down and when shifting from OFCAS-1 to OFCAS-2. Further, it was recognized that it would be very difficult and expensive to program reports that would correct for these issues.

Therefore, the FCOs made the decision to rely on manual analysis of the OFCAS database and not to rely on the automatic reports currently available in OFCAS for generating reports.

The FCO have documented the analysis they used, how they identified flawed data, and why the manual analyses are valid.

At this time these management responses are being written (July 2014) the third version of OFCAS is being developed due to a need to decouple OFCAS from the financial system. A standard forms editing and routing system has been selected as the engine to expedite implementation and to keep costs to a minimum. This new system is currently not capable of writing automatic reports and therefore the FCO will continue the analysis of the OFCAS databases manually. A future version of OFCAS-3 engine should allow the use of standard report writing software and at that time it is expected the reports to accurately represent all consulting transactions without the need for manual intervention.

3. Annual Faculty Consulting Reconciliation Reports

We performed a review of the Storrs and UConn Health *Reconciliation Report for FY13* (Reconciliation Report) to test for existence, timeliness and completeness. The Storrs and UConn Health Reconciliation Reports generated from OFCAS contained 1,061 and 650 consulting requests, respectively. We identified several consulting requests that appeared twice and one consulting request that appeared in triplicate on the Reconciliation Reports. We traced these requests to the consulting request data extracted from OFCAS and observed corresponding duplicate and triplicate requests with a **postWorkflow** document status.

The Policy states: “*Any on-going consulting activity must be approved on a fiscal year basis (i.e. July 1 – June 30.)*” We identified 39 Storrs and 12 UConn Health reconciled consulting requests with end dates after June 30, 2013, indicating a data entry error or an activity that continued in FY 2014. We reviewed the FY 2014 consulting requests to determine whether a consulting request had been made by the faculty members who reported the extended end date during the reconciliation process and found no corresponding FY 2014 request in OFCAS for 27 of the 39 Storrs and 8 of the 12 UConn Health reconciled requests identified. Based on follow-up performed by the UConn Health FCO, 11 of the 12 cases were data entry errors and one case has been confirmed as an activity that continued in FY2014 without a new request being submitted.

Additionally, we compared the number of consulting days requested to the number of consulting days reported on the Reconciliation Reports. We identified four Storrs consulting requests in which the number of days per the reconciliation exceeded the original number of days requested ranging from ten to 17 days. The Storrs FCO conducted additional reviews of these requests and found that three of the reconciliations contained data entry errors and one of the reconciliations revealed an activity that crossed fiscal years.

We noted 11 UConn Health consulting requests in which the total number of days during normal work time exceeded the original number of days requested, including: an extra three days (one request); an extra two days (one request); an extra one day (one request); and less than one day (eight requests). The 11 requests were submitted by eight faculty members, none of whom exceeded the average of one day per week. In addition, letters were sent to department heads and the faculty member when more than one extra day of unapproved time was used.

Recommendation

The online OFCAS reconciliation application should be enhanced to include date limits testing to detect consulting end dates that extend beyond the fiscal year end date for the reconciliation period, accompanied by the display of an associated warning message.

Management Response

Please see the response to item 2. We will investigate whether this automated check can be programmed into OFCAS-3 and if not, this will be handled by training the FCO staff to specifically watch for this problem and/or to build an error test into the manual year end analysis of the database which will be done by October 30, 2014.

4. Annual Faculty Consulting Non-Reconciliation Reports

Non-reconciled consulting requests were tracked by the FCOs through a *Non-Reconciliation Report for FY13* for Storrs and UConn Health, which contained 26 Storrs and 22 UConn Health consulting requests, submitted by 17 and four faculty members, respectively.

Twelve of the 17 Storrs faculty members with 21 unreconciled requests and the four UConn Health faculty members with 22 unreconciled requests separated from the University prior to the reconciliation due date. No follow-up action by the FCOs is possible in these instances.

We found that four of Storrs faculty members with unreconciled FY 2013 consulting requests have submitted consulting requests in FY 2014, which were approved. In addition, the reconciliations submitted for two of the requests were returned with no subsequent action by the faculty members or the FCO. The remaining Storrs faculty member with an unreconciled FY 2013 has not submitted a consulting request in FY 2014. This faculty member is an owner and active participant in a company that participates in the University's Technology Incubation Program. As a result, the faculty member's failure to submit a consulting request for activities associated with this company may be a violation of the Policy.

Recommendation

The Storrs FCO should implement appropriate current year follow-up procedures for faculty members with unreconciled prior year consulting requests.

Management Response

We have investigated this and believe that all faculty members completed their reconciliations. The ones noted were errors or duplications. We work diligently to contact all faculty to have them complete this process and will continue to do so. Completed.

5. Conflict of Interest and Competition with the University

Currently OACE subscribes to *PharmaShine*, a service that makes it possible to track and report payments made to UConn Health faculty by a number of pharmaceutical, medical

device, biological, and medical supply manufacturers companies who report such payments on an after the fact basis. *PharmaShine* reported 50 consulting type of payments to UConn Health physicians ranging from \$67 to \$37,500 for the period July 1, 2012 through June 30, 2013. We compared the *PharmaShine* reports for consulting activities to the consulting requests by requestor name to determine whether an approved consulting request was processed in OFCAS.

We identified four physicians that did not submit an online consulting request for payments reported by *PharmaShine*, one of whom was previously investigated for non-compliance with policy and procedures and referred to senior UConn Health management to determine appropriate sanctions for the act of non-compliance. The remaining three physicians were forwarded to the FCO for follow-up. Once notified, the FCO performed appropriate management oversight of the activities with regards to compliance with the Consulting Policy. Upon review, the FCO concluded that two of the three activities did not violate the Policy. In the third instance, the FCO has referred this matter to senior UConn Health management to determine an appropriate course of action for this act of non-compliance. No recommendations are required at this time.

6. Consulting Activities Performed while Drawing Summer Salary

We classified the 1,080 approved Storrs consulting requests into categories based on the consulting period determined by the start and end date specified in the consulting request to identify those requests in which the consulting period specified overlapped with federally funded, University paid, summer effort charged to sponsored grant accounts. We traced the consulting requests that included the summer period to the payroll and financial systems to determine whether the associated faculty member received summer salary for effort committed to projects funded by federal sponsors.

Based on our analysis, we identified 8 consulting requests that occurred during summer periods in which the faculty member received full compensation for federally funded summer effort charged to sponsored grant accounts. We also identified 30 consulting requests that occurred over the course of the fiscal year, with a portion of the activity occurring in the summer for faculty members with summer effort charged to federally funded projects.

These findings illustrate that Storrs department heads and deans are not consistently cross checking summer consulting against compensated sponsored project effort commitments to determine whether faculty have uncommitted time available to perform the private summer consulting activity.

Recommendation

Faculty members who plan to perform summer consulting activities should not buy out 100% of summer effort by charging full summer salary and fringe benefits to federally sponsored project accounts.

Management Responses

We are investigating the individuals listed in subsequent communications to the audit. We will contact them and continue to urge all faculty members who plan to participate in summer consulting activities not to charge their full summer salary and fringe benefits to federally sponsored project accounts. This will be completed by October 31, 2014.

7. Consulting Activities During Normal Work Time

Procedures on Consulting for Faculty and Members of the Faculty Bargaining Unit, states:

It is understood at the time a request form is being considered for approval that all the dates and times of the consulting activity might not be known. As these dates and times become known, the faculty member is expected to provide them to his/her department head. In all cases these notifications should be at least one day in advance of any consulting work so that the department head can ensure that the faculty member's assigned job duties are fully addressed. Such notifications must be made in writing to the department heads and emails are acceptable. The need for such prior notification of such dates and times only applies if such dates and times are during normal work time.

We judgmentally selected all UConn Health requesters with more than 20 days of consulting during normal work time to test for compliance with these procedures. We noted that the procedures are inconsistently followed. Many faculty members and some department heads do not appear to know that these procedures exist, but are happy to comply once notified.

Recommendations

Faculty members and department heads should be reminded that when known dates are not listed on the faculty consulting request, the dates and times should be properly reported to the department head when they become known, and the documentation of these dates should be maintained in compliance with procedures.

Management Responses

Management agrees with the recommendation. The FCO will develop a system to periodically remind department chairs and faculty members of the obligation to obtain prior permission for specific normal work days before consulting on such days. The faculty members will be required to keep documentation on these approvals subject to subsequent audit and possible discipline for non-compliance. This will be completed by October 31, 2014.