

Consulting Management Committee

UCHC Request for Action #7 – Special Rules for ad hoc Purchasing Committee

Date: September 4, 2008

Submitted by: Scott Wetstone, Director of the UCHC Faculty Consulting Office

Description of Issue

In UCHC Request for Action 1, the potential for conflicts of interest was addressed in situations in which a faculty member might consult with a contracting entity that is a vendor or a potential future vendor of the Health Center. When such consulting is requested and the faculty member is a member of a standing or ad hoc purchasing committee, a corrective action plan might be indicated ranging from disclosure of the relationship to the other participants in the purchasing process to outright recusal from the purchasing process. Another option for dealing with such Col is the development of a customized management plan by the Consulting Management Committee.

Medical and dental supplies, equipment and pharmaceuticals are a subset of purchasing decisions often with high monetary value and often involving faculty. The expert advice of faculty is considered beneficial to these purchasing decisions. Unnecessarily recusing such faculty members from the process could be detrimental to the Health Center and its patients.

My question related to the faculty's role in purchasing medical and dental supplies, equipment and pharmaceuticals is:

- 1) Can a Col management plan be developed that would allow faculty to continue to participate in an ad hoc purchasing committee even if they receive more than \$10,000 per year from a contracting entity that could benefit from that purchasing committee's decisions?

Previous Opinion(s) of the Office of State Ethics

See UCHC Request for Action #1.

Additional text to be added once the written response from OSE is received.

Discussion

There are situations in which the inclusion of faculty experts is essential for making wise purchasing decisions. However, in some situations, all such expert faculty available to participate in the purchasing decision are engaged in approved consulting activities with contracting entities that may be impacted by the purchasing committee's decisions.

It may be possible to balance conflicting Col's among several such faculty experts, (note such a plan would not be indicated if two or more faculty on the ad hoc purchasing committee did

consulting work for the same contracting entity that might be a potential vendor), so long as no one faculty member holds more decision making authority than the others and so long as all the CoIs are disclosed.

The addition of other non-faculty without any such CoIs, such as senior members of the purchasing department and/or administration as well as non-faculty clinical staff who also have expertise in the products or services being considered for purchase can insure all purchasing considerations are presented in open discussion, that the logic being presented is sound and that any final decisions can be justified based on such discussions and are not due to bias in the deliberations by the faculty with perceived CoIs.

Recommendations:

The Consulting Management Committee should create a process for reviewing and approving requests to allow faculty with perceived CoIs to participate in ad hoc purchasing committees, even if such faculty are receiving \$5,000 or more per year from vendors who might benefit from the decisions of such a purchase process. Such requests must:

- 1) Be made by the Director of UCHC Purchasing.
- 2) Describe
 - a) The nature of the purchase to be made with an outline of the procurement process utilized (i.e. Request for Proposal, Invitation to Bid, Solicitation of Interest, etc.).
 - b) The timeframe for ad hoc committee to complete its work.
 - c) A justification why it is beneficial or necessary to allow faculty with perceived CoIs to participate in such a process including a description of why non-conflicted faculty expertise is not sufficiently available for the purchasing process.
 - d) A description of the membership of the proposed ad hoc committee and a description of how the perceived CoIs will be balanced ensuring parity within the process.
 - e) A description of the mechanism that any member of the purchasing process can use to make allegations that the purchasing process has become biased. This process must require in the least that such an allegation be forward to either the Director of Purchasing and/or the Office of Audit, Compliance and Ethics.
- 3) The faculty with the perceived CoIs:
 - a) must disclose their CoIs including the actual amount of compensation received to the other members of the ad hoc purchasing committee;
 - b) the faculty with the perceived CoIs may not vote on nay matter before the ad hoc purchasing committee (i.e. they are non-voting members);
 - c) may not chair of the ad hoc purchasing

- 4) The Faculty Consulting Office (FCO) will keep a list of the memberships of all active special ad hoc purchasing committees. If any faculty member on such an active ad hoc purchasing committee submits a request to consult with a contracting entity that might benefit from the decisions of such special ad hoc purchasing committee, then the FCO will notify the chair of such committee of this request.

CMC Response

On October 2, 2008, the Consulting Management Committee unanimously approved the recommendations as written above. On March 9, 2012, the Consulting Management Committee revised the threshold for Col considerations from \$10,000 to \$5,000.