

The University of Connecticut

Office of Audit, Compliance and Ethics

Report on

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**Faculty Consulting Activities and University Procedures**

**For the Period July 1, 2009 through June 30, 2010**

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**The University of Connecticut  
Office of Audit, Compliance, and Ethics  
Report on  
Faculty Consulting Activities and University Procedures**

**BACKGROUND**

Connecticut State Public Act (PA) 07-166, approved on June 19, 2007, provides legislative relief in relation to the State Ethics Laws as they pertain to faculty or a member of a faculty bargaining unit of a constituent unit of the state system of higher education. The legislation allows a faculty member to enter into a consulting agreement with a public or private entity, subject to the following three provisions: no inappropriate use of university proprietary information; no interest in the activity that interferes with the proper discharge of the faculty member's employment with the constituent unit; and no inappropriate use of the faculty member's association with the constituent unit in connection with the activity.

PA 07-166 charges the University with establishing a faculty consulting policy, including procedures for the disclosure, review and management of conflicts of interest relating to any such activity and requires the performance of a semiannual audit to assess compliance with faculty consulting policies. While this audit is the fifth semiannual audit of the University's faculty consulting activity, it is the second to include a review of an entire academic/fiscal year.

This audit did not include tests of management's corrective actions with a completion date later than August 31, 2010. These actions will be evaluated in subsequent Faculty Consulting audits.

**OBJECTIVES AND SCOPE**

Our audit objectives and scope were:

- To evaluate the effectiveness of the established faculty consulting activity approval and oversight procedures
- To determine whether management's corrective actions per the prior Faculty Consulting Audit have been implemented and are functioning effectively
- To evaluate faculty compliance with the annual requirement to complete a year end reconciliation report describing all consulting activities in which they have engaged, including the actual amount of time spent on each activity and the total compensation received for such consulting

Our review included all "Request for Approval of Consulting Activities" forms submitted during the period, July 1, 2009 to June 30, 2010 (FY10) and the Consulting Reconciliation Reports for FY10 which were due by September 15, 2010. The number of consulting request forms submitted to the Storrs and the University of Connecticut Health Center (UCHC) Faculty Consulting Offices (FCOs) for this time period was 1,310 and 796 respectively. The

corresponding number of faculty members submitting consulting requests to the Storrs and UCHC FCOs during this time period was 498 and 196 respectively.

## **GENERAL OBSERVATIONS AND CONCLUSIONS**

The FCOs continue to be responsive to audit recommendations and faculty suggestions relating to policy and procedural clarifications and the implementation of process improvements. University management continues to refine and enhance the faculty consulting policies and procedures and has achieved substantial compliance with PA 07-166. Currently, an effort is underway to implement an electronic faculty consulting request workflow system that will capture all information necessary to evaluate the consulting request with respect to the criteria necessary for approval, stream line the approval routing process and provide a more timely reconciliation of the activity upon its completion.

The majority of the Storrs and UCHC faculty consulting reconciliation reports for FY10 (Reconciliations) were completed accurately and submitted to the FCO in a timely fashion. The Reconciliations were compiled and summarized in "The University of Connecticut Consulting Program FY 2010 Annual Report" which was included as an attachment to the "Report on the University of Connecticut's Compliance with Public Act 07-166 (Section 12) Faculty Consulting Program," dated February 22, 2011. It is significant to note that missing Reconciliations noted during our testing were disclosed in the annual report.

We noted repeated and proactive communications from the FCOs to remind faculty and departments of the requirement to complete and submit Reconciliations during our fieldwork. Furthermore, we noted that FY11 consulting requests submitted by faculty members who failed to complete the required Reconciliation were held pending receipt of the FY10 Reconciliation. The FCOs demonstrated due diligence in the coordination, oversight and completion of the FY10 Faculty Consulting Reconciliation Reporting. We did note, however, several consulting requests, detailed in the observations that follow, which present a combination of circumstances that may require additional clarification in the Faculty Consulting policy.

## **OBSERVATIONS & RECOMMENDATIONS**

### **1. Consulting While Acting in Official Capacity as a State Employee**

During our review, we noted two Storrs FY10 Consulting Request Forms submitted by a faculty member in the Curriculum and Instruction Department of the School of Education with activity descriptions citing the implementation of a partnership project between the University of Connecticut NEAG School of Education / Latin American Studies and UMCE (Chile National Teachers College). This description contradicts the following attestations made by the faculty member: "I will not be representing the University; I will not be acting as a State Employee and I will so notify the party with whom I am consulting." Both consulting requests were approved by the Department Head, Dean of NEAG and the FCO. The consulting requests did not comply with the terms of PA 07-166. As described, these activities appear to be University duties. Compensation by a third party for the performance of these activities may be a violation of the State Code of Ethics.

### **Recommendation**

Consulting requests containing activity descriptions referring to current or future University relationships with the contracting entity should not be approved by the FCO. Request of this nature should be returned to the originating department and noted as noncompliant with the terms of PA 07-166.

### **Management Response**

Management agrees with the recommendation. The approval of these requests was clearly an error. These requests should have been returned to the originating department and noted for noncompliance.

## **2. Consulting Activities Performed while Drawing Summer Salary**

During our review of the Storrs consulting records, we identified 264 consulting requests submitted by 184 Storrs faculty members for activities taking place during the summer periods falling within the FY10, July 1 through August 22, 2009 and May 23 through June 30, 2010. We traced 73 judgmentally selected faculty members with 117 summer consulting requests and to the Storrs payroll (Genesys) and financial records systems (FRS) to determine if any were authorized to receive University paid compensation for effort charged to externally sponsored project accounts during the same period.

Fourteen (19%) of the 73 faculty members in the sample population submitted consulting requests for activities which occurred on specified dates which were already allocated to effort compensated through externally funded research projects. In one instance the faculty member submitted a retroactive summer salary request that overlapped the period of the consulting activity. Summer salary for period June 23 through August 22, 2010 was paid in a lump sum on August 25, 2010, after consulting activity period, bringing summer salary to a full three months for the faculty member.

Faculty members earning extra compensation from the University have committed a corresponding percentage of “on duty time” to research activities funded by external sponsors. In these instances, significant paid “release” time to perform consulting activities for other contracting entities during the same time period may compromise a faculty member’s ability to perform his/her duties which may conflict with the sponsors’ expectations and jeopardize the University’s relationship with these sponsors.

### **Recommendation**

Department Heads should cross check summer consulting requests against special payroll authorizations for summer research activities which coincide or overlap in time. When a faculty member submits a consulting request diverting time from compensated summer research activities, the Department Head should not approve the request to consult.

Conversely, a retroactive request for summer salary charged to an externally sponsored project should be cross checked against previously committed time on approved consulting

requests. The summer salary request should be adjusted appropriately to eliminate any overlap of time.

### **Management Response**

Management agrees with the recommendation. Changes in the special payroll approval process monitor the submission of late requests much more closely. Human Resources as well as the Provost Office have implemented a three-step process for correcting the practice of late submissions. In addition, the new on-line consulting form asks the faculty member to identify if they are on summer salary and if it is paid from a federal grant. The faculty submitter and the department head attestations will be changed to include verifying that there is no overlap with employment on federal grants. The submission of special payroll and the submission of a consulting request are independent actions. We will examine the on-line request form to determine if additional adjustments might be made to correct this situation. Anticipated Completion Date: December 1, 2011.

### **3. Conflict of Interest and Competition with the University**

During our testing, we identified 60 Storrs faculty members whose total requested consulting activity exceeded a judgmentally selected level of 30 days in FY10. We noted potential conflicts and/or competition with the University for five members of the Storrs faculty bargaining unit in our sample, as follows:

- An 11 month Research Associate, responsible for the management of a University lab, was given permission to consult on the condition of working on Saturdays to make up 47 consulting days taken during the work week
- Three consulting requests in which the period of activity overlapped a University sponsored project with the same contracting entity for FRS Accounts #525089, #525369 and #524830 with funding of \$69,000, \$105,000 and \$571,000 respectively
- A consulting activity that involved teaching the same material taught in courses offered through the Center for Continuing Studies (CCS) which regularly offers continuing professional training in a number of fields of study

### **Recommendations**

The Office of the Provost should review the circumstance under which it is appropriate for consulting activities to be performed by faculty and members of the faculty bargaining unit when a consulting request contains:

- Simultaneous performance of private consulting activities and University projects sponsored by the same contracting entity
- Granting makeup work schedules to non-teaching members of the Storrs faculty bargaining unit in order to accommodate a recurring consulting activity of extended duration

- Simultaneous teaching of University courses and the performance of consulting activities involving instruction in the same subject matter through external entities.

The outcome of this review should be formalized in University policy and if appropriate implemented in the faculty consulting procedures.

### **Management Responses**

Management agrees with the recommendations.

We will train someone in the FCO to search Info-Ed to double check if the same agency for which the consulting is occurring is also funding the person's research. An attestation will be added for the faculty member to certify that there is no conflict. It is the responsibility of the Conflict of Interest in Research Committee on each campus to determine if a management plan is needed. The current federal threshold for CoI is \$5,000 and the Consulting Management Committee recommendation #3 which addresses this issue will be updated. Anticipated Completion Date: October 1, 2011.

A research associate paid from a federal grant cannot engage in consulting on time owed to the University. This is consistent with the summer salary on federal grant process. The consulting would have to be done in the evenings or on the weekends. A change in procedure will be developed. Anticipated Completion Date: December 1, 2011

The Teaching Elsewhere policy needs to be updated and clarified to address these concerns. The process to approve someone to teach elsewhere needs to be built into the consulting approval process. Anticipated Completion Date: December 1, 2011

#### **4. FY10 Faculty Consulting Reconciliation Reports**

During our review of the FY10 faculty consulting reconciliation reports, we observed three UCHC reports and 37 Storrs reports that were not received prior to the September 15, 2010 deadline. We noted the following resolution of the late reports.

- Two of the UCHC and eight of the Storrs faculty members had left the University. No reports were submitted
- Twenty-five Storrs faculty members submitted a report after the deadline. The number of days tardy ranged from one to 111 days
- One UCHC and four Storrs faculty members are currently employed and have not submitted a reconciliation report. Reminder notices were sent to the faculty member with a copy to the department head. FY11 Storrs consulting requests were held pending the completion of the FY10 reconciliation report.

### **Recommendation**

Appropriate sanctions should be instituted for current faculty members who do not provide a reconciliation form, and the Sanctions Policy should be appropriately updated. In addition, management should continue to attempt to receive reconciliation forms from faculty members who terminate employment with the University.

### **Management Response**

Management agrees with the recommendation. With the on-line system, faculty members are encouraged to reconcile immediately following the activity. A flag can be added to a person's record in the on-line system blocking them from the submission of future consulting requests until all reconciliations are completed. Since reconciliation can now occur immediately following the event, if someone leaves the institution, all consulting should already be reconciled. An updated list of sanctions is being developed with specific wording regarding the late submission of reconciliation reports. Anticipated Completion Date: December 1, 2011.