



Office of Audit and Management Advisory Services

Internal Audit Report

University of Connecticut and UConn Health

Faculty Consulting Activities – FY 2020

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Table of Contents

Executive Summary 1

Background 2

Scope and Methodology..... 2

Recurring Audit Observations..... 3

 1. Non-Compliant Consulting Activities 3

 2. Management Oversight..... 3

 3. Consulting for a FAC..... 4

 4. Limitation on Consulting Days 4

 5. Consulting Activities by Management Exempt Employees with Faculty Titles 4

 6. Consulting with Foreign Entities..... 5

 7. Use of State Resources..... 5

OFCAS Migration..... 6

Auditor’s Concluding Comments..... 6

Exhibit A - Acronyms Used in the Audit Report 7

Executive Summary

Audit Objectives

Our audit objectives were to confirm the accuracy of the consulting request statistics presented in *The University of Connecticut Consulting Program FY 2020 Annual Report* (Annual Report), which is prepared by the UConn and UConn Health Faculty Consulting Offices (FCOs), and to evaluate compliance with the Faculty Consulting Policy (Policy); the annual faculty consulting reconciliation 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 (COIs) and commitment for faculty members.

Conclusions

We recognize the commitment of the FCOs to achieve compliance with Connecticut General Statute (CGS) 1-84(r), as well as efforts to address our audit observations and recommendations. This commitment was demonstrated by the FCOs, who worked with UConn Information Technology Services (ITS) and the Office of Audit and Management Advisory Services to incorporate internal control improvements in the latest version of the Online Faculty Consulting Approval System (OFCAS). The OFCAS 3 system, retired as of September 30, 2020, was replaced with OFCAS 4 which operates on an upgraded information technology platform.

We concluded that the summaries included in the Annual Report regarding the concerns reported in the prior year faculty consulting audit report and management's responses were accurately stated and the figures disclosed in the Annual Report materially agreed with our recalculations. No new observations are identified in this report. As in prior years, we identified a small number of untimely consulting request submissions and reconciliations, underreported expected compensation, faculty who perform summer consulting that may impact federal sponsored projects and unreported consulting activities identified during the course of the audit.

Given that faculty consulting requests are submitted for approval on a continuous basis and the after-the-fact nature and timing of our audits, we identified issues in the Fiscal Year (FY) 2020 consulting requests similar to those presented in prior year audits. The FCOs implemented corrective actions to address the following issues after the period covered by the audit:

- The use of accrued leave by management exempt employees with a faculty title for consulting activities performed during normal work time
- Accelerated approval routing logic to account for foreign consulting activities and expected compensation exceeding the \$5,000 threshold
- The use of University resources in consulting activities including equipment, service centers and travel expenses

The FCOs corrective actions will be confirmed and evaluated in the FY 2021 Faculty Consulting Audit.

Background

The University has implemented the Policy and associated procedures for the prior approval of consulting activities to comply with the provisions of CGS 1-84(r), including disclosure, review and management of COIs/commitment relating to any such activity. The Policy and associated procedures have been refined since their inception in September 2007, with the most recent Board of Trustee approved Policy revision dated June 26, 2019.

Faculty consulting requests are submitted and processed through OFCAS, used by both UConn and UConn Health faculty. In addition to collecting information, disclosures, and attestations from faculty members for each consulting request, OFCAS electronically routes completed requests to the appropriate department head, dean and FCO for review and approval.

Faculty members are required to confirm, using OFCAS, whether the activity actually took place and to provide corrected reconciliation data when elements differ from the original consulting request, such as dates; number of consulting days; level of compensation; and use of University resources. 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.

Scope and Methodology

Our review included all “*Request[s] for Approval of Consulting Activities*” submitted through OFCAS 3, performed during the period, July 1, 2019 through June 30, 2020 (FY 2020). The FY 2020 consulting request data used in the audit was extracted from OFCAS 3 database tables using queries written by UConn ITS.

We also reviewed the publicly available *Centers for Medicare and Medicaid Services (CMS) Open Payments (OP)* database for UConn Health physicians, which discloses, by calendar year, payments received by physicians from the medical industry for consulting, grants and travel.

We distributed questionnaires and/or conducted interviews with a number of judgmentally selected department heads to assess management’s oversight of faculty consulting activities. Finally, we reviewed the Annual Report for the status of corrective actions included in management responses to those recommendations made in prior audit reports.

Recurring Audit Observations**1. Non-Compliant Consulting Activities**

Based on our analysis of FY 2020 management's review and approval of consulting requests, we continue to observe a small number of faculty consulting requests that are submitted after the expected start date of the consulting activity, requests with insufficient lead time to allow for management review and timely approval, approvals received after the expected start date of the consulting activity, and reconciliations performed after the September 15th deadline. Entries in the FY 2020 UConn Faculty Consulting Sanctions Log indicate that the UConn FCO applied appropriate sanctions to faculty who performed consulting without prior approval or failed to reconcile consulting activities by the deadline.

Our review of Centers for Medicare and Medicaid Services (CMS) *Open Payments* data for calendar year 2019 identified consulting activity discrepancies for UConn Health faculty, including three faculty members who received payments for consulting activities performed in FY 2019 or FY 2020 which had no corresponding consulting requests logged in OFCAS 3, and three faculty members who underreported their actual compensation, as reported in the *CMS Open Payments* data, in a manner that did not properly reflect the existence of a significant financial interest.

Based on our analysis of the OFCAS 3 Approvals Log, we continue to identify faculty member consulting requests with underreported expected compensation of less than \$5,000 where actual compensation is greater than \$5,000, resulting in a significant financial interest.

2. Management Oversight

Information obtained through interviews with and/or questionnaires completed by nine of ten judgmentally selected department heads determined that a majority of the department heads were familiar with the Policy based on the new-faculty orientation, prior personal experience with consulting request submissions, and periodic department meetings.

We found, however, department heads who lacked knowledge of aspects of the Policy pertaining to faculty members who work less than 100% time for the University and an awareness of a faculty affiliated company (FAC) within the department, indicating a lack of understanding regarding aspects of the Policy that pertain to FACs.

One department head expressed dissatisfaction regarding the support and training received with respect to the faculty consulting process and the use of the related system. This department head also expressed concerns about the institution's preparedness for imminent turnover within the UConn Health FCO.

We also reviewed the department head, dean and/or FCO comments included in OFCAS 3 Approval Logs for a judgmental selection of "*Disapproved*", "*Withdrawn*" and "*In Process*" consulting requests to obtain contextual information with respect to management's approval process for these requests, and to assess whether a sanction should have been issued. We

noted several Approval Log comments that mischaracterized the consulting activity as “employment not consulting” or “role of lecturing” which indicated that the approver lacked an understanding of the consulting policy. The FY 2020 UConn Sanctions Log contained a record of a sanction issued to the faculty member for one “*Disapproved*” and three “*Withdrawn*” requests included in our review. However, a sanction was not logged for one “*Withdrawn*” and three “*Disapproved*” requests submitted for approval after the start date of the consulting activity.

3. Consulting for a FAC

The Research Integrity & Compliance division within the Office of the Vice Provost for Research (OVPR) maintains a list of UConn and UConn Health FACs, and periodically distributes updated FAC lists to the FCOs. The Policy requires a faculty member who actively works in or manages a FAC in a paid or unpaid capacity, including as an employee, consultant or advisor to submit a consulting request. The Policy defines a FAC as “*a company [or other legal entity] in which the faculty member, or faculty member’s immediate family, has an ownership interest or serves on the board of directors or board of advisors*”.

We continue to find faculty members who actively work in or manage a FAC who failed to submit consulting requests. We also continue to identify entities that are omitted from the FAC list, indicating that the list may be incomplete. The lack of formal interdepartmental communication between the OVPR and FCOs regarding FACs appears to contribute to the noncompliance with the Policy in this area. The FCOs are currently working with the OVPR to establish relevant procedures.

4. Limitation on Consulting Days

The UConn FCO adheres to the practice that consulting should not exceed an average of one normal work day per week during periods of appointment. The UConn Health FCO, in turn, relies on annual performance evaluations for assessing any negative impact of consulting on a faculty member’s duties. Further, the department chair must give approval in advance for each day of consulting during normal work time. In making this decision, the chair must consider the impact of such consulting on the faculty member’s duties.

Using the methodology employed in prior annual audits, we continue to identify UConn faculty members who submitted consulting requests with total consulting days during FY 2020 that exceeded an average of one day per week, pro-rated based on the faculty member’s appointment term. In addition, we continue to find consulting activities performed during the summer months by 9-month and 10-month UConn faculty which are not accounted for during effort reporting, resulting in potential conflicts with faculty committed effort on federal sponsored projects.

5. Consulting Activities by Management Exempt Employees with Faculty Titles

After comparing time and attendance records in the CORE-CT payroll system to the dates provided in approved FY 2020 consulting requests for full-time management exempt

employees with faculty titles, we found individuals who consulted during normal work hours without using accrued vacation for the period(s) specified in the consulting request. Failure to track and use vacation days for consulting activities that occur during the University’s normal business hours results in overstated accrued vacation balances, for which the University bears a future financial liability.

The procedure in effect during the period under review that requires the use of vacation for consulting during normal work hours is described in the *Consulting Process for Management Exempt Employees* dated April 15, 2015 and is specific to UConn management exempt faculty. Although UConn Health management exempt employees covered by CGS 1-84(r) accrue unused paid vacation, they are not required to use vacation time while performing consulting activities.

Revisions to the *Procedures on Consulting for Faculty and Members of the Faculty Bargaining Unit*, dated October 28, 2020, will allow management exempt faculty on UConn and UConn Health campuses to provide evidence of having performed an equivalent number of hours worked on University duties outside of normal business hours to cover consulting activities that occur during normal business hours. When equivalent hours worked cannot be substantiated the requirement to use vacation or other accrued leave time remains in effect.

6. Consulting with Foreign Entities

We continue to observe that requests to consult, for which the response to the field “*Nature of Entity*” was “*Higher education unit – Accredited in another nation*” or for which the response to the field “*Entity address*” was a foreign location were routed through the Accelerated Approval process in OFCAS. Requests to consult with foreign entities often occur over an extended period and may give rise to additional compliance requirements related to export controls and/or the need to submit a request to use State resources while consulting. For this reason, requests to consult with foreign entities require additional information from faculty members beyond the data disclosed in the OFCAS 3 consulting request forms.

7. Use of State Resources

Based on our analysis of FY 2020 consulting requests for the use of state resources, we continue to observe that faculty members do not sufficiently report or fail to report material use of University resources in the submission of consulting requests.

Faculty members who do not sufficiently report or fail to report material use of University resources upon submission of a new consulting request may not comply with provisions of the Policy and/or department policies and procedures that are affected by the use of State resources while consulting. This also includes foreign travel paid by the University which overlaps with consulting activity dates, indicating a possible undisclosed use of University resources in the consulting request inputs.

Furthermore, the faculty member is considered a “*non-employee*” with respect to the use of University service centers in the context of a faculty consulting activity performed with a FAC. As such, all service center activities involving FACs must be billed using the service center’s approved external/third party rates, rather than the internal rates that are established for employees and government agencies.

The FCOs stated that changes in the manner in which information on the use of University resources is gathered have been implemented in OFCAS 4.

OFCAS Migration

OFCAS is designed to support the Policy by reducing the length of time to obtain approval for consulting activities; providing faculty and management with the ability to track a request throughout the approval process; reducing the occurrence of data errors; and facilitating the annual consulting reconciliation process. The OFCAS 3 system, implemented in FY 2016, was retired as of September 30, 2020.

Our FY 2019 audit identified the following areas of improvement specific to OFCAS 3, which are noteworthy in light of the migration to OFCAS 4 for FY 2021 consulting requests:

- Enhanced controls surrounding consulting activities eligible for Accelerated Approval processing, including expected compensation and the “*Nature of the Entity*”.
- Improved *Dashboard* oversight features for approvers to monitor “*Approved*” consulting requests and faculty time committed to these activities.
- Restructured workflow approval requirements for “dual-appointment” faculty members which route requests to approvers most knowledgeable of the faculty member’s University responsibilities.

Our confirmation of OFCAS 4 modifications implemented to address the areas of improvement noted above will be conducted during the FY 2021 audit.

Auditor’s Concluding Comments

Given that we have no new recommendations to offer in the context of the FY 2020 audit report, we are not asking for management responses. We will continue to assess the status of management’s corrective actions presented in the FY 2019 Faculty Consulting Audit Report through ongoing audit follow-up procedures.

The FY 2021 Faculty Consulting audit will continue to evaluate compliance with the Policy; the annual faculty consulting reconciliation 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 (COIs) and commitment for faculty members.

Exhibit A - Acronyms Used in the Audit Report

CGS	Connecticut General Statute
CMC	Consulting Management Committee
CMS	Centers for Medicare and Medicaid Services
COI	Conflict of Interest
FAC	Faculty Affiliated Company
FCO	Faculty Consulting Office
ITS	Information Technology Services
OFCAS	On-Line Faculty Consulting Approval System
OVPR	Office of the Vice President for Research