

Consulting Management Committee
UCHC Request for Action #4 - Revision of Request for Action #1

Date: February 21, 2008

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

Description of Issue

In UCHC Request for Action #1, it was noted that faculty members can play essential roles in the Health Center's purchasing processes. Their roles in making or influencing purchasing decisions may be a factor when considering whether to approve a request to engage in consulting when the contracting entity is a vendor or potential vendor to the State.

Recommendation # 3, subsequently approved by the Executive Vice President for Health Affairs, contained a notification requirement when compensation is \$10,000 or more per year from one vendor:

“When the total compensation paid to the faculty member by the contracting entity is \$10,000 or more per year, then the UCHC Office of Faculty Consulting will make the UCHC Director of Purchasing aware of this relationship and ask whether that faculty member is serving on any ad hoc purchasing committees related to that vendor or its competitors. If that faculty member is serving on such committee(s), then either the request to consult will be denied or a Col management plan (as described in item 4 below) must be implemented. “

I have learned that in addition to the Purchasing Department, the Office of Research Administration and Finance also is engaged in the procurement of services from vendors using several contracting mechanisms including subcontracts on grants – contractor named in a grant proposal, subcontracts on grants – contractor not named in the grant proposal, contracts with affiliated hospitals, personal services agreements, and guest travel authorizations. These contracts can include sole source situations (ex/ within an NIH grant proposal, naming an important contributor that UCHC will subcontract to). At times, there is no purchasing committee involved in the choice of vendors and instead, a single individual (ex. the PI on a NIH grant) may be the only or primary decision maker in selecting the vendor.

Recommendations:

The Consulting Management Committee should recommend to the CAO:

- a.) Recommendation #3 of the UCHC Request for Action #1 should be revised as follows¹:

“In the situation in which the contracting entity is a vendor of medical, ~~or~~-dental or **research** supplies, equipment, **services** or pharmaceuticals AND the person requesting to consult serves on a standing purchasing committee making decisions that could

¹ Additions are made in bold font and deletions with strikethrough font.

impact the contracting entity, the CAO must either deny the request to consult or require a Col management plan as described in item 4 below. The UCHC Faculty Consulting Office should maintain and use as appropriate a list of members of the standing committees that decide (or provide material advice) on what medical, ~~and~~ dental, or **research** supplies, equipment, **services** and pharmaceuticals will be purchased by UCHC.

When the total compensation paid to the faculty member by the contracting entity is \$5,000 or more per year, then the UCHC Office of Faculty Consulting will make the UCHC Director of Purchasing **and the Associate Vice President for Research Administration and Finance** aware of this relationship and ask whether that faculty member is serving or **has recently served** on any ad hoc purchasing committees **or in any other way materially participated in establishing a contract** related to that vendor or its competitors. If that faculty member is/~~has serving on such committee(s)~~ **served in such capacity**, then either the request to consult will be denied or a Col management plan (as described in item 4 below) must be implemented.”

b.) Recommendation #4 of the UCHC Request for Action #1 should be revised as follows²:

“In the situations described in item 3 above when the CAO elects to assign a Col management plan, it should be one of the following:

- a. One developed after consulting with the CMC on a case by case basis, or
- b. The UCHC Faculty Consulting Office will notify the purchasing committee of the consulting engagement and require the person be recused from decisions that could impact the contracting entity or its competitors.
- c. The UCHC Faculty Consulting Office will notify the purchasing committee of the consulting engagement but not require the person be recused. The purchasing committee may choose to recuse the person following its own policies. This Col management plan may only be used when the total compensation paid to the faculty member by the contracting entity is less than \$10,000 per year³ AND when the level of compensation for consulting is not excessive given the time and effort expended in the consulting activity

When no purchasing committee exists/existed and the faculty member materially participated in establishing a contract, then that contract will be assessed to determine if its terms provided the vendor with any unusual benefits. If such benefits have occurred then either the request to consult must be rejected or a management plan must be developed after consulting with the CMC.”

CMC Response

On February 28, 2008, the Consulting Management Committee unanimously approved the recommendation as written above. On March 9, 2012, the Consulting Management Committee revised the threshold for Col considerations from \$10,000 to \$5,000.

² Additions are made in bold font and deletions with strikethrough font.

³ The usual threshold used by Federal agencies in determining if a conflict of interest in research exists.