



**Office of Audit and Management  
Advisory Services**

**Internal Audit Report**

**University of Connecticut and UConn Health  
Faculty Consulting – Fiscal Year 2021**

Report Number 2021-13  
June 23, 2022

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**Executive Summary**

**Audit Objective:**

Our audit objectives were as follows:

- Confirm the accuracy of the consulting request statistics presented in *The University of Connecticut Consulting Program FY 2021 Annual Report* (Annual Report), which is prepared by the UConn and UConn Health Faculty Consulting Offices (FCOs)
- 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
- Assess the management of potential competition and/or conflicts of interest (COIs) and commitment for faculty members

**Conclusion:**

Effective controls exist to mitigate the risk associated with UConn and UConn Health Faculty Consulting Policy with some recurring deficiencies or areas of improvement that have been identified.

No new observations are identified in this report. As in prior years, we identified a small number of untimely consulting request submissions, underreported expected compensation and unreported consulting activities under Objectives 2 and 3 during our FY 2021 audit.

Given that we have no new recommendations to offer in the context of the FY 2021 audit report, we are not asking for management responses. In addition, the FCO is in the process of migrating the faculty consulting process and data to a new platform, InfoEd, with a target date of May 31, 2022. Our confirmation of InfoEd modifications designed to address the areas of improvement noted above will be conducted during our FY 2023 audit.

**Recurring Observations Identified:**

Finding Number	Description	Risk Rating
2021-13-01	Administration of FCO Policy	Low
2021-13-02	Management Oversight of Faculty Time	Low
2021-13-03	Consulting for a FAC	Low
2021-13-04	Consulting with Foreign Entities	Low

## 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.

During FY 2021, faculty consulting requests were submitted and processed through the On-Line Faculty Consulting Approval System (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 15<sup>th</sup> following the end of a fiscal year.

### **InfoEd Migration**

Our discussions with FCO disclosed plans to transfer the faculty consulting data and process maintained in the OFCAS database to the InfoEd system currently used by the Office of the Vice President for Research (OVPR). The University InfoEd system is an enterprise-level, web-based application designed to manage all activities related to the management and execution of the research project life cycle and compliance. The FCO is working with a project team to achieve the goal of conversion by May 31, 2022. This new environment is expected provide the FCO with a greater controlled environment allowing for formal integration and interdepartmental communication between the OVPR and the FCO while supporting the Policy. As such, we will assess the status of the InfoEd migration during our FY 2023 audit.

## Scope and Methodology

Our review included all “*Request[s] for Approval of Consulting Activities*” submitted through OFCAS 4, performed during the period of July 1, 2020 through June 30, 2021 (FY 2021). The FY 2021 consulting request data used in the audit was extracted from OFCAS 4 database tables using queries written by UConn Information Technology Services.

We also reviewed a sample of the publicly available *Centers for Medicare and Medicaid Services (CMS) Open Payments (OP)* database for UConn Health physicians, which discloses 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 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.

**Observations and Recommendations**

<b>2021-13-01: Administration of FCO Policy</b>	<b>Low</b>
<b>Observation</b>	
<p>Based on our analysis of FY 2021 management’s review and approval of consulting requests, we observed a small number of faculty consulting requests that were submitted after the expected start date of the consulting activity, requests with insufficient lead time to allow for management review and timely approval, and approvals received after the actual start date of the consulting activity. During this fiscal year there was also one reconciliation performed after the September 15<sup>th</sup> deadline. Entries in the FY 2021 UConn and UConn Health Faculty Consulting Sanctions Logs indicate that the FCO applied appropriate sanctions to faculty who performed consulting without prior approval or failed to reconcile consulting activities by the deadline.</p>	
<b>Risks</b>	
<p>Operational, Compliance, Financial and Reputational: Faculty consulting requests are not appropriately administered according to the University’s Policy leading to unapproved consulting activity, conflicts of interest and/or lack of faculty commitment.</p>	

<b>2021-13-02: Management Oversight of Faculty Time</b>	<b>Low</b>
<b>Observation</b>	
<p>During this fiscal year, the FCO established <i>Procedures on Consulting for Faculty and Members of the Faculty Bargaining Unit</i>, dated October 28, 2020, which allows UConn and UConn Health management-exempt employees with a faculty title to consult following the same procedures as all other faculty. In addition, they must document that if they perform approved consulting work during normal business hours, that they have worked an equivalent number of hours performing University work outside of normal business hours. If this is not possible, the consulting work should be performed on approved vacation, personal, compensatory, or holiday leave time. With the pending transition to InfoEd, the FCO will need to establish an attestation process and controls to document compliance with the new procedures.</p>	
<b>Risks</b>	
<p>Operational, Compliance, Financial and Reputational: Faculty consulting requests are not appropriately administered according to the University’s Policy leading to unapproved consulting activity, conflicts of interest and/or lack of faculty commitment.</p>	

<b>2021-13-03: Consulting for a FAC</b>	<b>Low</b>
<b>Observation</b>	
<p>The Research Integrity &amp; Compliance division within the 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 “<i>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</i>”.</p> <p>We continue to find faculty members who actively work in or manage a FAC who failed to submit consulting requests. We also identified entities that are omitted from the FAC list, indicating that the list may be inaccurate, incomplete, or outdated. 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 and controls. With the migration to InfoEd system, this will be an area of consideration in developing and refining controls relating to the oversight of FACs.</p>	
<b>Risks</b>	
<p>Operational, Compliance, Financial and Reputational: Faculty consulting requests are not appropriately administered according to the University’s Policy leading to unapproved consulting activity, conflicts of interest and/or lack of faculty commitment.</p>	

<b>2021-13-04: Consulting with Foreign Entities</b>	<b>Low</b>
<b>Observation</b>	
<p>We continue to observe that requests to consult, for which the response to the field “<i>Nature of Contracting Entity</i>” was “<i>Higher education unit</i>” and for which the response to the field “<i>Entity address</i>” was a foreign location were routed through the low-risk COI 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 such as export controls. For this reason, requests to consult with foreign entities require additional information from faculty members beyond the data disclosed in the OFCAS 4 consulting request forms. With the implementation of InfoEd, system controls will be designed to prevent the routing of consulting activity with foreign locations through the low-risk COI accelerated approval process.</p>	
<b>Risks</b>	
<p>Operational, Compliance, Financial and Reputational: Faculty consulting requests are not appropriately administered according to the University’s Policy or federal regulations leading to unapproved consulting activity with foreign entities.</p>	

**Appendix A - Acronyms Used in the Audit Report**

<u>Acronym</u>	<u>Description</u>
COI	Conflict of Interest
FAC	Faculty Affiliated Company
FCO	Faculty Consulting Office
OFCAS	On-Line Faculty Consulting Approval System
OVPR	Office of the Vice President for Research

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**Appendix B - Risk Level Classifications and Descriptions**

AMAS has established the following methodology to apply risk ratings to each observation. Observations are ranked based on an analysis of the likelihood and impact of a control or process failure.

Considerable professional judgment is used to determine the risk ratings. Accordingly, others could evaluate the results differently and draw different conclusions. The report provides management with information about the condition of risks and internal controls at one point in time. Future changes in environmental factors and personnel actions may significantly impact the risk ratings.

Low	<p>Observation has a low probability of occurring. Preventive controls do not exist but detection and mitigating controls exist. Minimal exposure that will not typically lead to a material error and corrective action may lead to improvements in efficiencies and effectiveness. The issues identified may include:</p> <ul style="list-style-type: none"> <li>• Noncompliance with internal policies</li> <li>• Lack of internal policy that is not mandated by federal and state requirements</li> <li>• Minimal financial losses</li> <li>• Minor operational issues</li> </ul>
Moderate	<p>Observation is likely to occur or has occurred. Preventive and detection controls do not exist but mitigating controls exist. Exposure that requires priority attention because the observation has or may result in:</p> <ul style="list-style-type: none"> <li>• More than minimal financial losses or fraud or theft of resources</li> <li>• Noncompliance with laws and regulations or accreditation standards</li> <li>• Ineffective internal policy or practice</li> <li>• Reputation damage</li> <li>• Negative impact to audit area under review, which includes continuity, security and privacy issues</li> <li>• Safety and health concerns</li> </ul>
High	<p>Observation has a high probability of occurring or has occurred at a high rate. Preventive, detection and mitigating controls do not exist. High impact exposure that requires immediate attention because the observation has or may result in:</p> <ul style="list-style-type: none"> <li>• Substantial financial losses or fraud or theft of resources</li> <li>• Noncompliance with significant laws and regulations</li> <li>• Serious reputation damage</li> <li>• Negative impact to systemwide operations, which includes continuity, security and privacy issues</li> <li>• Significant safety and health concerns</li> </ul>