



**Office of Audit and Management
Advisory Services**

Internal Audit Report

**UConn and UConn Health
Faculty Consulting – Fiscal Year 2022**

Report Number 2022-11
March 23, 2023

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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 2022 Annual Report* (Annual Report), which is prepared by the UConn and UConn Health Faculty Consulting Offices (FCO)
- 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 areas of improvement that have been identified.

Three new observations have been identified in this report which required management responses. As in prior years, we also identified a small number of recurring observations including untimely consulting request submissions and reconciliations, management of faculty time while consulting, consulting for Faculty Affiliated Companies (FAC) and consulting with foreign entities for which we did not request management responses.

The migration of the faculty consulting process to InfoEd was completed on May 23, 2022. Our review of InfoEd modifications designed to address the recurring areas of improvement noted above will be conducted during our Fiscal Year 2023 audit.

Observations Identified:

Finding Number	Description	Risk Rating	Management Completion Date
2022-11-01	Unreported Consulting Activity	Low	June 30, 2023
2022-11-02	Material Use of University Resources	Low	June 30, 2023
2022-11-03	Use of Proxy for Consulting Approval	Low	August 23, 2023
2022-11-04	Administration of FCO Policy	Low	N/A
2022-11-05	Management Oversight of Faculty Time	Low	N/A
2022-11-06	Consulting for a FAC	Low	N/A
2022-11-07	Consulting with Foreign Entities	Low	N/A

Background

The University has implemented the Policy and associated procedures for the prior approval of consulting activities to comply with the provisions of Connecticut General Statute 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 2022, 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 15th following the end of a fiscal year.

InfoEd Migration

On May 23, 2022, the FCO office transferred the faculty consulting process maintained in the OFCAS database to the InfoEd system currently used by the Office of the Vice President for Research (OVPR). The 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. 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. We will assess the new process and consulting data in the InfoEd system 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, 2021 through June 30, 2022 (FY 2022).

Using queries written by UConn Information Technology Services, we extracted a file from the OFCAS system containing 2,128 unique consulting requests submitted during our audit period. We identified 1,228 approved consulting requests for Storrs and the regional campuses and 730 approved requests from UConn Health which were included in our review.

We also reviewed the *Centers for Medicare and Medicaid Services (CMS) Open Payments (OP)* database for UConn Health physicians to determine if submitted consulting requests were accurate and complete.

We distributed questionnaires and/or conducted interviews with several 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

2022-11-01: Unreported Consulting Activity	Low
Observation	
<p>During FY 2022, the FCO became aware of two instances involving two separate faculty members on the Storrs campus in which they performed consulting activity and had not submitted consulting requests through the OFCAS database for approval. Our review noted the FCO took the appropriate measures in accordance with the Policy, including referral to UConn Labor Relations and/or applying sanctions.</p> <p>Additionally, our review of CMS OP data for calendar year 2021 identified one payment totaling \$500 received by a UConn Health faculty member for consulting activity which had no corresponding consulting request logged in the OFCAS database. Upon our notification, the FCO followed the procedures for late submission and sanction and is unaware of any other violations by this faculty member.</p>	
Risks	
<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>	
Recommendation	
<p>UConn and UConn Health FCO should conduct relevant training on the Policy and procedures for the faculty, department heads and deans noted with reporting discrepancies during our review.</p>	
Management Response and Completion Date	
<p>The UConn and UConn Health FCOs will complete relevant training for faculty, department head, and deans in these cases.</p> <p>Completion Date: June 30, 2023</p>	

2022-11-02: Material Use of University Resources	Low
Observation	
<p>Faculty members who do not sufficiently report or fail to report material use of University resources upon submission of new consulting requests may not comply with provisions of the Policy. 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. While there is a correlation between University travel and travel while consulting, there is no process in place by the FCO to reconcile the different components of travel and verify that there was not an inappropriate use of University resources as it relates to travel while consulting.</p> <p>Our analysis of FY 2022 consulting requests included a review of the UConn’s Concur Travel System (Concur) to assess whether UConn reimbursed faculty members for foreign travel expenses that overlapped with foreign consulting activity. We identified 10 instances in which some portion of foreign travel paid by UConn overlapped with consulting activity dates and location, indicating that without further review and reconciliation, there is a risk of undisclosed use of University travel.</p> <p>UConn Health travel expenses are processed through manual travel authorizations. Therefore, the determination of any overlap between foreign travel and consulting activity for UConn Health individuals was not performed during our audit.</p>	
Risks	
<p>Operational, Compliance, Financial and Reputational: Faculty consulting requests relating to University travel are not appropriately administered according to the University’s Policy leading to overpayment of travel expenditures.</p>	
Recommendations	
<p>The FCO should strengthen the consulting request submission process to include the disclosure of any planned domestic or foreign travel while performing consulting activities to assist with identifying related travel expenses which are not to be paid for by the University.</p> <p>In addition, the FCO should develop explicit training to help faculty better understand the differentiation of travel for consulting and that for University business.</p>	
Management Responses and Completion Date	
<p>Management will reflect on information from the cases identified in the audit to better understand where there may be confusion in relation to travel policy and consulting. We will clarify disclosures on the consulting form to better identify cases where there may be overlap between University travel and consulting.</p> <p>Following this evaluation, training materials will be produced and disseminated to support appropriate compliance. This will include a live session for department head approvers, and video-based material.</p>	
<p>Completion Date: June 30, 2023</p>	

2022-11-03: Use of Proxy for Consulting Approval	Low
Observation	
<p>The <i>Procedures relating to Consulting for Faculty and Members of the Faculty Bargaining Unit</i> outline the following required three-step consulting approval process:</p> <p style="text-align: center;"><i>“Requests to consult must be approved by member’s Department Head and Dean. For members employed in Storrs and the Regional campuses, the requests must also be reviewed and approved by the Provost or the Provost’s designee. For members at the University Health Center, the request must be reviewed and signed by the Executive Vice President for Health Affairs or the Executive Vice President’s designee.”</i></p> <p>We found that for 15 consulting requests at UConn Health and one request at Storrs, the FCO provided all the required levels of approval as defined in the policy. In all cases, the FCO did not seek department head approval nor the next level of approval from the designated interim department heads at the time of consulting approval.</p>	
Risks	
<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>	
Recommendation	
<p>The FCO should adhere to the three-step approval process as defined in the Policy and define the procedures for approvals with the use of a proxy and interim roles.</p>	
Management Response and Completion Date	
<p>The FCOs will develop an internal procedure to handle and document appropriate approvals in situations of interim department heads, which will include the dean or their designee. We will update the faculty consulting procedures to include this information.</p> <p>Completion Date: August 23, 2023</p>	

2022-11-04: Administration of FCO Policy	Low
Observation	
<p>Our review of entries on the FY 2022 UConn and UConn Health Faculty Consulting Sanctions Logs indicated that the FCO applied appropriate sanctions to faculty identified with consulting activity without prior approval or failed to reconcile consulting activities by the September 15th deadline.</p>	

However, our analysis of FY 2022 management’s review and approval of consulting requests identified 13 faculty consulting requests that were submitted after the expected start date of the consulting activities which were not recorded on the Sanction Logs.

Risks

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.

2022-11-05: Management Oversight of Faculty Time

Low

Observation

The FCO established *Procedures on Consulting for Faculty and Members of the Faculty Bargaining Unit*, 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 transition to InfoEd, the FCO will need to establish an attestation process and controls to document compliance with the new procedures.

Risks

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.

2022-11-06: Consulting for a Faculty Affiliated Company

Low

Observation

The Research Integrity & 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 “*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 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 have indicated that they have collaborated with the OVPR to establish relevant procedures and controls with the implementation of InfoEd. We will assess these controls relating to the oversight of FACs during our FY 2023 audit.

Risks

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.

2022-11-07: Consulting with Accelerated Approval Processing	Low
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Observation

We continue to observe that requests to consult, for which the response to the field “*Nature of Contracting Entity*” was “*Higher education unit*” and for which the response to the field “*Entity address*” was a foreign location were inappropriately routed through the low-risk COI accelerated approval process in OFCAS. We noted five requests with foreign locations routed this way. 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.

Additionally, we noted nine consulting requests with U.S. Governmental Agencies greater than \$5,000 that were routed through the accelerated approval process. The accelerated approval process should only be routed for consulting requests under \$5,000, however, there was an identified glitch in the system allowing this accelerated processing due to the nature of the entity.

With the implementation of InfoEd, system controls will be designed to allow only eligible consulting activities to be processed through the low-risk COI accelerated approval process.

Risks

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.

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

Audit and Management Advisory Services 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"> • Noncompliance with internal policies • Lack of internal policy that is not mandated by federal and state requirements • Minimal financial losses • Minor operational issues
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"> • More than minimal financial losses or fraud or theft of resources • Noncompliance with laws and regulations or accreditation standards • Ineffective internal policy or practice • Reputation damage • Negative impact to audit area under review, which includes continuity, security and privacy issues • Safety and health concerns
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"> • Substantial financial losses or fraud or theft of resources • Noncompliance with significant laws and regulations • Serious reputation damage • Negative impact to systemwide operations, which includes continuity, security and privacy issues • Significant safety and health concerns