UNIVERSITY OF CONNECTICUT

2015-500 Allowable Costs/Cost Principles – Conflict of Interest (University of Connecticut)

Federal Award Agency: National Science Foundation
Award Year: State Fiscal Year Ended June 30, 2015
Research and Development Programs:

Computer and Information Science and Engineering (CFDA #47.070)
Account #5616460 – “TWC: Medium: DoS Attacks and Countermeasures in Underwater Wireless Networks” – CNS-1228936 issued by the National Science Foundation, project period September 1, 2012 through August 31, 2016

Computer and Information Science and Engineering (CFDA #47.070)
Account #5615600 – “Collaborative Research: CI-ADDO-New: Ocean Tune: A Community Ocean Testbed for Underwater Wireless Networks” – CNS-1205665 issued by the National Science Foundation, project period June 1, 2012 through May 31, 2015

Computer and Information Science and Engineering (CFDA #47.070)
Account #5616480 – “NRI-Small: Cooperative Underwater Robotic Networks for Discovery & Rescue” – IIS-1208499 issued by the National Science Foundation, project period September 1, 2012 through August 31, 2016

Criteria:
Per the National Science Foundation Proposal and Award Policies and Procedures Guide, Part II – Award & Administrative Guide, each grantee organization employing more than fifty persons is required to maintain and enforce an appropriate written policy on conflicts of interest. Any identified conflicts of interest are to be managed, reduced or eliminated prior to the expenditure of the award funds.

Condition:
National Science Foundation funds administered by the University of Connecticut (UConn) were used to purchase 15 specialized acoustic modems from a vendor between April and August of 2013 at a total cost of $253,500. Charges to accounts 5616460, 5615600 and 5616480 were $35,000, $175,000 and $43,500, respectively. The transactions were processed as sole source purchases and were initiated by UConn faculty who had a significant financial interest in such vendor. Three purchase requisitions were involved. Two of the three purchase requisitions, which included the statement "I certify . . . that I have no financial or other beneficial interest in the vendor," were signed by faculty that did, in fact, have an interest in the vendor.

The two faculty members involved stated that they did not read the portion of the sole source justification form they signed that contained a certification that they had no interest in the vendor. They subsequently submitted amended
Significant Financial Interest forms (Significant Financial Interest forms initially completed during the proposal stage of the award process did not disclose their conflicts of interest) that disclosed their conflicts of interest to the University of Connecticut’s Sponsored Program Services department prior to the procurement action. However, the Procurement Services department was not notified that this conflict of interest existed.

**Effect:**
The University of Connecticut did not ensure that all conflicts of interest were appropriately managed, reduced or eliminated prior to the expenditure of the award funds for each award.

**Cause:**
Control procedures in place were not adequate to ensure that all concerned parties were notified of this disclosure.

**Conclusion:**
The University of Connecticut reversed the charges to the award accounts for the modems and took steps to improve internal control in response to this incident.

**Agency Response:**
“As outlined in the conclusion section above the University has taken steps to improve internal controls and minimize continued risk in this area. The Financial Conflict of Interest in Research Committee (FCOIRC) was expanded to include broader representation of the campus community, which includes a representative from the Office of Procurement Services. A list of known faculty owned companies is also maintained by the Office of the Vice-President for Research and provided to Procurement Services on a quarterly basis. In addition, Procurement Services has implemented a number of measures in response to this matter. Specifically, for a sole source procurement, the requestor now must certify by both separate initial and signature, not to have a financial or other beneficial interest with the identified vendor. OVPR, FCOIRC and Procurement Services procedures and forms have been updated to reflect these changes.”