CASE SCENARIO-CONFLICT OF INTEREST-Part 1

You have been asked by the President of Big State University to determine if the University is adequately addressing the risk of conflict of interests. Big State University is a large Research I University with over 45,000 students and 3,000 faculty. The University is relatively decentralized with purchasing, human resource activities, fund raising and even in some cases admission under the control of the Dean’s in each of the 11 College and Schools. The University does not have a medical school, but does have schools of pharmacy and nursing and has a large department of bio-medical engineering.

There is a University-wide “code of conduct” which states that faculty and staff are to avoid conflicts of interests. Faculty and staff are required to complete WEB-based training on the Code annually.

Faculty and staff are required to file manually an annual outside professional activities form which are collected by the departments for Chair approval. The form is then sent to the respective Dean’s offices and ultimately sent to the Provost’s office. Throughout the year the forms are required to be updated with any changes in individuals situations. The form (attached) requests information on the activity, paid/unpaid, profit/not for profit, during business hours or not, vacation taken, type of comp.

In the last two years the College of Business and the College of Pharmacy have required that faculty and staff complete a conflict of interest form on which they list any conflict or potential conflict they might have. It only asks about the person specifically, it does not collect any information about family members. This form is paper and is collect by the academic department or support offices. The unit head is to review the forms and resolve any issues.

Several recent scandals at universities in the region, including one major incident at Big State U has caused the Board of Regents to express concern that Big State may not be adequately addressing the issue of conflict of interests with regard to faculty and staff. The President has asked you as the Ethics and Compliance Officer to work with the University’s VP Legal and the Director of Internal Audit to review and, if necessary, recommend changes to Big State’s Approach to conflict of interest.
Questions-Case Scenario  (Conflict of Interest)– Part I:

1. What are the significant risks Big State faces in terms of conflict of interest?

2. What are the strengths and weaknesses of the current system in addressing these risks?

3. What recommendations would you make to the current system to address any identified significant weaknesses?

4. Develop a plan for rolling out the modifications you have proposed to the campus community so as to get their buy in.
Case Scenario (Conflict of Interest)- Part 2

Given significant increases in the executive education activity of the College of Business, you and the director of internal audit have decided to begin with a review of the College of Business as part of the review being conducted in Part 1.

The College of Business is one of the larger Colleges in terms of students but also in terms of the generation of non-state revenue. The College serves 4,800 undergraduate students in a four year BBA program, 800 full time MBA and Masters students, 120 PhD students and another 700 students in executive MBA program operated in the at the main campus and facilities in Mexico City and the two largest cities in the state. These executive MBA programs and other custom executive education programs have grown dramatically the last 5 years so that it is expected to generate over $60 million in revenue in the next year.

The College has 150 full time tenure track faculty, 70 full time and part-time lecturers, and 300 support staff.

The operations of the school in addition to teaching and research include the operation of an undergraduate placement office, a graduate placement office, its own semi-autonomous IT function, an alumni office, and a corporate relations and development office. Admission for the graduate program is primarily determined by the College. The undergraduate program admission is primarily managed by the University’s Admission’s Office. Other than scholarships, student financial aid is centrally managed by the University.

The College also has a “Research Foundation” which is used to capture the work of the development office and the proceeds from the College’s executive development efforts. Faculty teaching in the College’s executive programs, including the executive MBAs, are paid from the Foundation and are not considered a part of their University employment.

Task

Develop an initial work plan designed to determine if the risks of conflict of interest is being adequately managed in the College of Business.