

**UNIVERSITY OF CALIFORNIA, SAN FRANCISCO
AUDIT AND ADVISORY SERVICES**

**School of Nursing
Health Sciences Compensation Plan
Project #16-013**

November 2015

University of California
San Francisco



Audit and Advisory Services

November 10, 2015

Shari Dworkin
Associate Dean
School of Nursing

SUBJECT: 16-013 Health Sciences Compensation Plan

As a planned internal audit for Fiscal year 2016, Audit and Advisory Services (“AAS”) conducted a review of the Health Sciences Compensation Plan (HSCP) at the School of Nursing. Our services were performed in accordance with the applicable International Standards for the Professional Practice of Internal Auditing as prescribed by the Institute of Internal Auditors (the “IIA Standards”).

Our review was completed in October 2015 and the preliminary draft report was provided to management in October 2015. Management provided us with their final comments in October 2015. The opportunities for improvement have been discussed and agreed upon with department management.

This report is intended solely for the information and internal use of UCSF management and the Ethics, Compliance and Audit Board, and is not intended to be and should not be used by any other person or entity.

Sincerely,

A handwritten signature in black ink, appearing to read 'Irene McGlynn', is positioned above the typed name.

Irene McGlynn
Director
UCSF Audit and Advisory Services

EXECUTIVE SUMMARY

I. BACKGROUND

As a planned audit for Fiscal Year 2016, Audit and Advisory Services (AAS) conducted a review of the Health Science Compensation Plan (HSCP) within the School of Nursing (SON). The purpose of the HSCP is to provide a common administrative framework within which a participating health sciences school can compensate its faculty according to the competitive requirements of each discipline.

The Office of the President has issued the following policies concerning Conflict of Commitment and Outside Activities, effective July 1, 2014:

- APM 025, Conflict of Commitment and Outside Activities of Faculty Members
- APM 670, Health Sciences Compensation Plan (HSCP); and
- APM 671, Conflict of Commitment and Outside Activities of Health Sciences Compensation Plan Participants

Revised APM 025 and APM 671 provide new guidance to identify and manage Outside Professional Activities (OPA) to ensure that when a faculty member participates in activities outside of the University, the activities do not interfere with fulfilling the individual's responsibilities to the University.

APM 671 governs Conflict of Commitment issues for members of the HSCP, including eligible recalled faculty, while APM 025 applies to all other faculty (including Health Sciences faculty who are not HSCP participants). The University needs to be informed about the time, effort and earnings of HSCP members and APM 671 provides guidance on how all earnings are treated under the plan. Eligible HSCP Faculty may engage in OPA for a maximum of 48 days annually. They may earn a maximum of \$40,000 or 40% of scale 0 for their rank and step (whichever is greater)¹.

There are certain inherent risks associated with reporting of OPA's within the scope of implementing the HSCP, particularly limitations in the reporting methods and monitoring capabilities. Reporting of OPA is designed as a self-reporting system, so faculty members are expected to accurately and completely report all income generated through outside activities and the time dedicated to OPAs. Inherent within this system of reporting is the risk that a faculty member could intentionally or unintentionally withhold or misreport OPA because at present there is no process that will detect omissions or errors. Additionally, there is no requirement or expectation that the parties which are responsible for the implementation of the HSCP will perform monitoring activities apart from reviewing faculty members' OPA reports. The policies that govern the oversight process are designed by the Office of the President and the Office of the President is aware of these risks. AAS acknowledges the existence of these risks and did not design any audit test steps to address them.

¹ Scale 0 is the minimum salary scale used in the HSCP. Scales 0 -9 are used to establish minimum salaries for faculty within the HSCP based on the Academic Program Unit assigned by the department and the faculties' rank and step.

II. AUDIT PURPOSE AND SCOPE

The purpose of this review was to assess whether the HSCP at SON Family Health Care Nursing (FHCN) is administered and implemented in accordance with UC policies. The scope of this review included current SON implementation procedures, and payroll and general ledger records for the SON FHCN department.

Procedures performed as part of the review included interviews with relevant personnel from the departments and the Dean's Office, assessment of the adequacy of the HSCP to comply with University policies, verification of the accuracy and timeliness of accounting transactions and validation that required OPA reports were submitted by faculty members for FY14.

Work performed was limited to the specific activities and procedures described above. As such, this report is not intended to, nor can it be relied upon to provide an assessment of compliance beyond those areas specifically reviewed. Fieldwork was completed in October 2015.

III. SUMMARY

Based on work performed, the SON Family Health Care Nursing HSCP was generally compliant with University policy. SON FHCN faculty total compensation included base salaries, negotiated additional compensation, administrative stipends, and there were no incentive/bonus compensations or academic enrichment fund payouts.

SON clinical faculty members are required to obtain clinical practice hours specific to each individual's specialty for his/her professional development and/or accreditation needs. The UC HSCP stipulates patient care activities must be provided within the University setting, or as part of an approved affiliation agreement or professional service agreement. This requirement has created significant challenges for SON faculty to obtain clinical placement and affects SON's ability to retain and recruit faculty. SON faculty members were informed to discontinue outside clinical practice due to no affiliate agreement or professional service agreement in place and practice opportunities within UCSF Health have been very limited.

SON senior leaders have identified opportunities for improvement on tackling the school's HSCP issues and have been working with UCOP (UC Health, Academic Affairs) and UCSF Academic Affairs on developing potential resolutions. The opportunities for improvements include:

1. Establishing a formal HSCP exception policy for specialty nursing faculty;
2. Increasing faculty practice opportunities at UCSF Health and affiliates to meet licensure and certification needs; and
3. Exploring alternatives to the HSCP that will be more aligned with the SON environment.

It will take collaboration between UCOP and UCSF leadership to recognize SON's unique business needs and challenges, and develop a sustainable long term HSCP for SON.

IV. OPPORTUNITIES FOR IMPROVEMENTS

<u>No.</u>	<u>Observation</u>	<u>Risk/Effect</u>	<u>Recommendation</u>
1.	<p><i>Establish a formal HSCP exception to policy.</i></p> <p>UCSF School of Nursing has requested a temporary 1-2 year program that will offer an exception for some SON advanced practice clinical faculty who face extreme constraints in complying with APM 670-19.a requiring patient care activities must be provided within the University setting, or as part of an approved affiliation agreement or professional service agreement. The exception requested is only for faculty where (1) the faculty member is in a specialty that has a 1000-hour requirement in order to maintain credentialing, (2) a PSA or affiliation agreement was attempted and was deemed unacceptable, and (3) faculty practice opportunity was not available at UCSF Health.</p>	<p>SON is challenged to retain and recruit clinical faculty needing to meet credentialing requirements.</p>	<p>SON's leadership and UCSF Academic Affairs should continue to work together collaboratively with UCOP Academic Affairs on establishing a formal HSCP exception to policy as a short-term solution.</p>
2.	<p><i>Increase faculty practice opportunities at UCSF Health and affiliates to meet faculty licensure and certification needs.</i></p> <p>SON needs to continue to expand relationships with School of Medicine Departments and/or UCSF Health to provide SON clinical faculty in all specialties with clinical practice opportunities that recognize their training, compensate them appropriately, and provide training opportunities for nursing students. These opportunities must be structured in a way to address the need to take into account the teaching and research responsibilities of the clinical nurse faculty, similar to accommodations for professionals in other schools and departments at UCSF.</p> <p>SON has been talking with campus leadership about the need for practice opportunities for SON faculty. If SON faculty could be placed within UCSF Health, the number of faculty practicing outside the University would be reduced. SON is working on a draft proposal asking UCSF for core support funding for Nursing faculty who, in turn, would be available to practice at UCSF Health.</p>	<p>SON is challenged to retain and recruit clinical faculty needing to meet credentialing requirements.</p>	<p>Continue to work with UCSF campus leadership on establishing practice opportunities within UCSF Health.</p>

No.	Observation	Risk/Effect	Recommendation
3.	<p><i>Explore alternatives to the current Health Sciences Compensation Plan that will better suit the SON environment.</i></p> <p>SON has been exploring long-term solutions that recognize the unique multi-layered requirements of nursing in order to recruit and retain clinical faculty. SON is committed to working with UCOP and campus administration to identify long-term solutions to this problem.</p> <p>A long term solution needs to be developed on accommodating the following SON challenges:</p> <ol style="list-style-type: none"> 1. Per-diem Nurse Practitioners do not bill and are not generating revenue. Nurse Practitioners are paid an hourly rate to perform work under physician supervision; 2. A model that provides SON faculty more clinical opportunities within the University to practice; 3. A commitment to establishing institutional level agreements with affiliates and community based healthcare organizations that include SON; and 4. An opportunity for nursing faculty to generate revenue, or an institutional support model that recognizes that current practice models and billing constraints are barriers to a nursing practice being fully self-supporting. 	<p>SON is challenged to retain and recruit clinical faculty needing to meet credentialing requirements.</p>	<p>SON's leadership and UCSF Academic Affairs should continue to work together collaboratively with UCOP Academic Affairs on identifying and developing an alternative HSCP that suits SON's business needs and is in line with UCSF's compensation strategy on a long term basis.</p>

V. **LEADING PRACTICES**

AAS noted leading practices in the areas of outside activities reporting and creating a tone at the top that is conducive to creating a compliance focused culture through review of all four schools.

The use of an electronic tool to gather outside activities reporting from faculty is one way to improve data collection and track the reporting process. For the School that currently utilizes this on-line reporting tool, all members of the HSCP receive an e-mail on an annual basis requesting them to complete their outside activities report by a specified date. The system would have automated reminders. Using this method to collect the outside activity reporting would allow the School to run status reports for department chairs and the Dean's Office and thereby track completions. The electronic format would also allow for a streamlined review process because all data would be aggregated in a user-friendly manner.

A combination of an active school level Compensation Plan Advisory Committee, knowledgeable leadership, and effective communication within the School will help build a compliance focused environment. Informing new faculty members and MSOs at a new hire orientation of the HSCP requirements is a proactive step in educating and providing resources. Reiterating requirements via faculty meetings on a periodic basis as well as holding key individuals in leadership as go-to resources provides transparency in the process and will help strengthen foundational knowledge of the plan requirements and implementation procedures.

APPENDIX A

To conduct our review the following procedures were performed for the areas in scope:

- Reviewed relevant UC policies
- Reviewed departmental and/or school level implementing procedures
- Interviewed key department personnel, faculty, and Advisory Committee members
- Validated key reporting was performed
- Validated accounting for income and payouts
- Researched and assessed outside professional affiliations for a sample of HSCP members