SPONSORED PROGRAMS IMPLEMENTATION TEAM

(SPIT)

Final Report

Presented to
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Executive Summary

The Sponsored Programs Implementation Team (SPIT) was convened in October 2001 to solve a specific set of issues related to research administration. The bulk of this report describes how we have addressed those issues. Our results fall broadly into five main categories:

- We have resolved a number of issues with “quick wins.”
- We resolved a number of complex issues by initiating projects that required input from a variety of constituents. The projects have been completed or are in progress.
- We have made additional recommendations that we ask the appropriate units to consider further.
- We have developed clear definitions of roles and responsibilities for both academic and central units as a result of surveys of selected processes.
- We have recommended ad hoc committees to address the issues that could not be resolved within the broad framework of SPIT’s activities.

Perhaps our most important recommendation does not relate to any of the issues on our initial list. The most important result of SPIT should be a continuing partnership of the central and academic units. This partnership should be based on the SPIT model in order to build a common understanding of the issues facing research administration and to facilitate effective solutions. We recommend the creation of a standing research administration advisory committee to serve the following functions:

- Discuss new issues related to research administration and facilitate solutions.
- Address specific problems as they arise.
- Continue to clarify the roles and responsibilities of central and academic units.
- Manage communications about research administration.
- Evaluate SPIT’s solutions and subsequent policy and procedure changes.
**Introduction and Charge**

In February, 2001, responding to anecdotal reports and personal observations, Vice President for Research Fawwaz Ulaby and Executive Vice President and Chief Financial Officer Robert Kasdin initiated a review of research administration at the University of Michigan. The Sponsored Program Administration Integration Enhancement Task Team was formed to:

- Review and recommend areas for improvement in research administration
- Examine roles and responsibilities of campus units involved in research administration, including DRDA, Contract Administration, Financial Operations, and Purchasing Services
- Review coordination between these units
- Examine the effectiveness of and propose improvements for M-Pathways processes.

The task team was chaired by Associate Vice President for Research Marvin Parnes and Associate Vice President for Finance Timothy Slottow. The remaining task team members were research administrators and faculty from across the University.

In a series of brainstorming sessions, this task team created a prioritized list of 45 issues which were grouped in to the following five categories:

- Project initiation
- Project administration
- Financial reporting
- Communication and coordination
- Organizational issues

In addition to this functional grouping, the task team defined each issue as low-to-high impact based on the number of individuals affected by it, and low-to-high complexity, based on the anticipated difficulty of resolving the problem. This team presented its list of issues to the Vice President for Research and the Vice President for Finance in September 2001.

The Sponsored Programs Implementation Team (SPIT) was formed in October 2001 with the charge from the original task team of "validating issues and priorities and completing the analysis to deliver ‘implementable’ solutions.” SPIT included research administrators from various schools and colleges, but unlike the initial task team, SPIT’s membership also included representatives from most of the central administrative offices whose operations were included in the issues list: DRDA, MAIS, Purchasing, and Sponsored Financial Operations.

A Steering Committee was formed to provide direction and feedback to the team. SPIT communicated project plans, status, recommendations, and issues to the Steering Committee on a regular basis. In addition to providing direction and feedback, the
Steering Committee also provided support for project resource requirements. Members of the Steering Committee were:

- Phil Abruzzi, Director of Purchasing Services
- Robert Barbret, Associate Director, Financial Operations
- Elaine Brock, Associate Director, DRDA
- Deborah Mero, Director Financial/Physical Resources CPU, MAIS
- Marvin Parnes, Associate Vice President for Research
- James Randolph, Senior Associate Director, DRDA
- Timothy Slottow, Associate Vice President for Finance
- Cheryl Soper, Controller and Director of Financial Operations
General Conclusions

SPIT and its Steering Committee addressed issues of significance to the research community, and we take pride in the fact that real progress has been made toward meaningful solutions. We believe, however, that the most valuable long-term benefit of SPIT is not any particular solution that has been achieved during the past year. Rather, we believe that the success of our collaboration between staff from academic units and central administrative offices in solving problems of mutual interest is our most fundamentally important result.

Summarized below are some of the lessons we learned from our experiences on SPIT, and the conclusions we draw from those lessons.

- *Change is inevitable.* Research administration is not static; change can be initiated by internal factors (e.g., the decision to implement a new management information system) or external ones (e.g., new Federal regulations). SPIT was an ad hoc team, set up to address an accumulation of issues that resulted from past decisions. Because change is inevitable, a process like the one followed by SPIT should be routine, and should be in place to plan change, not just review it.

- *There are (at least) two sides to every story.* When a central office is directed to develop procedures to meet a new Federal, State, or University regulation, it may do so without fully understanding how its solutions affect research administrators. Research administrators, in turn, may not understand the purpose of the change and may even try to circumvent it, perceiving it to be an unnecessary nuisance. SPIT traced a number of issues to exactly this set of circumstances—neither side understood what the other needed to accomplish and why.

- *Planning ahead is great, but...* We recognize that central offices and academic units often do work together. For example, the tremendous changes brought by M-Pathways were preceded by years of planning by teams that included staff from a wide range of University units. Planning before change is implemented is critical, but cross-functional teams should continue after implementation. When new systems and processes are rolled out, often there is not appropriate follow-up to ensure their effectiveness. Collaborative problem solving must become a fundamental part of day-to-day administration, not something we turn to in special cases.

- *Communication is key.* Staff in the central administrative offices tend to be specialists, those in the academic units often are generalists. We have done a poor job of translating improvements, enhancements, and changes in central systems and processes to the generalists, who sift through mountains of announcements trying to figure out which apply to them. We must try harder to target information about change in a manner that helps the end-user understand
for whom and in what circumstances this change is important. We must give change a context within which to be understood.

As a result of the lessons learned, SPIT recommends the following:

- The vice presidents should establish a standing research administration advisory committee. This committee would, like SPIT, include staff from central and academic units. It would evaluate and facilitate problem resolution as SPIT did, but more importantly, it would provide a forum for reviewing administrative procedures. Our goal is that administrative processes that affect the academic units would always be discussed and reviewed by this committee prior to implementation. A detailed description of our recommendation for this committee appears on page 10.

- Every significant change should be introduced with communications that include step-by-step directions, an explanation of why this change was implemented, whom it affects, and in what situations it affects them. For each change we should consider the best means for reaching the appropriate target audience. Communication plans should be a major concern of the proposed committee.

- Every change should be introduced with a schedule for review and evaluation, in particular a review by the proposed committee.

SPIT’s charge was to look for ways the central administrative offices could better serve the research community, but we would like to take this opportunity to make recommendations to the academic units.

- In the specific recommendations presented later in this document, SPIT suggests that the central units solicit “customer feedback” to ensure a positive and collaborative service climate. Deans, directors, and chairs should also value and recognize staff who work successfully and cooperatively with the central units. They should consider soliciting feedback, just as we have recommended that the central units do—in their cases, feedback from the central units about the competence and cooperation of their research administrative staff.

- Deans, directors, and chairs must reinforce the appropriate roles of faculty as project directors in the University. We heard about project directors—from administrators across campus—who felt they had the right to negotiate their own contracts; to authorize work that had not been approved by a sponsor; or to ignore or deliberately circumvent regulations, internal and external (sponsor, University, school or department). Direction must come from academic leadership to ensure accountability and responsibility.

- Some of SPIT’s solutions rely on the use of the Data Warehouse. We were concerned to hear that some schools, colleges, institutes, and central units, for
reasons of cost or confidentiality, restrict access to the Data Warehouse to just a few individuals. We strongly encourage the University’s leadership to think carefully about disincentives that we might be creating for access to this increasingly important tool.
Overview of Solutions

Details of SPIT’s solutions and recommendations are located in separate sections of this report. In this section, we outline generalities about those solutions.

- The process of problem solving in a cross-functional team has educated all of us on SPIT about the range of issues in the research community. Solutions that result from this process should be more complete and less polarizing than solutions developed by any single group.

- We believe that SPIT is different from many other problem-solving teams in that the cross-functional group worked together from the very beginning to define and validate the problems before working on the solutions. This step was critical for all of us to fully understand the issues.

- Some small but irritating problems were easy to resolve. This argues strongly for the creation of a research administration advisory committee. Had the central units understood the importance of these small changes, we feel certain they would have implemented them long ago.

- Prior to SPIT, academic units rarely spoke with a single voice when addressing research administration concerns to central units. We were surprised, for example, by the quite contradictory requests that MAIS received from various local teams that were addressing similar issues. We found the central units to be accommodating, but in need of direction from appropriately sanctioned spokespersons. This again demonstrates the need for the proposed committee to provide focus for the research community. Coordinated efforts would best utilize resources for all stakeholders.

- Many of our solutions rely on the availability of imaged files to research administrators. Some imaged files are already available; others are used by central units but not accessible to staff outside of those units. Because the University is a large, diverse and decentralized organization, it is very difficult for central units to know who needs information in every unit on campus. General availability of imaged files means staff who need access to the information can have it.

- Other solutions rely on increasing research administrators’ access to, and awareness and use of, databases now used primarily by central offices, such as DRDA’s PRISM and Sponsored Financial Operations’ report tracking system. In today’s information management environment, administrators expect to have direct access to the information they need; access to these databases and imaged files is a logical extension of the University’s strategic data plan on information accessibility.
• Communicating change is critical. Many groups on campus struggle with this issue, and we did as well. Because we felt that this is a critical part of administrative processes we developed a template for change communication. This template should evolve as we learn more about how best to communicate with our diverse constituency.

• And finally, the relationship between the central offices and the academic units should be continually evaluated to ensure the needs of both are efficiently and effectively met. The recommended research administration advisory committee provides a mechanism for this continuing review.
Overview of Issues Not Resolved

The following issues are critical and must be pursued. For reasons indicated below, SPIT was not able to resolve them.

- The most significant unresolved issue is that of payroll charges, corrections and general procedures. The new Human Resources Management System (HRMS) rolled out shortly before SPIT began its work. We delayed our review of payroll issues to see if the new system would resolve legacy problems. Unfortunately, we do not yet see significant improvement, and in fact, the new system has introduced new problems. We felt that this issue was too big and too technical for SPIT to tackle as part of its original list of issues. We strongly recommend that the vice presidents convene a team to address the single issue of the HRMS system. We suggest that this task team consider: policies and procedures for University-year salaries on sponsored projects; timeliness of payroll corrections; timeliness in processing terminations; procedures for pool account salary recharges; timekeeping procedures. This is not intended as a comprehensive list, but reflects issues that have been brought to our attention.

- Although we have made recommendations to the Office of Contract Administration, a number of which have already been implemented, we believe this function needs further review to improve services. We note that two external reviews of DRDA have suggested that this office move in the reporting structure from Financial Operations to DRDA, and we, too, found what we believe to be time-consuming redundancies related to the current reporting structure. The resolution may not be simply to move the entire office from one unit to another; a review of its functions may suggest that while some of its operations are appropriately handled by Financial Operations others may be more appropriately handled by DRDA. We therefore recommend that the vice presidents initiate a business practice review of the Office of Contract Administration.

- Clinical trials were not specifically cited on SPIT’s initial list of issues, but problems related to clinical trials came up routinely as we discussed the issues that were on our list. SPIT did not have the appropriate representation to address these unique issues, and so we recommend that the Medical School, Dental School, and School of Public Health convene a task team to look at the administration of clinical trials.

For all three of these reviews, we strongly recommend the creation of task teams similar to SPIT. The teams should include staff from the relevant central offices as well as end-users. We also suggest the creation of steering committees of key individuals with the authority to mandate change.

Finally, as people heard about SPIT and its charge, we received suggestions about other issues that should be addressed. We have included a list of additional issues in Appendix D. The most pressing of these emerging issues appears to be the operation of the Institutional Review Boards (IRBs). If our recommendation for the creation of a research
administration advisory committee is accepted, this list will be of interest to that committee.
Details of Recommendation for Research Administration Advisory Committee

To maintain the momentum achieved by the ad hoc Sponsored Programs Implementation Team, we recommend that the Vice President for Research and the Executive Vice President and Chief Financial Officer create a permanent advisory committee to identify and address research administration issues.

Like SPIT, we suggest that this committee include staff from central and academic units. We suggest that central unit representation be expanded to include HRMS processes. The chair should come from an academic unit.

We recommend rotating staggered two-year terms of membership for the academic units: as more and more people experience cross-functional problem solving, we believe our administrative culture will become more consultative. Central units may find that specific positions best serve this committee as permanent members.

Committee members must understand that they serve as representatives for their school, college, institute or central unit, from both managerial and end-user perspectives. They should both disseminate information from the committee to their units and solicit suggestions, comments and concerns from the research community for the committee.

Continued evaluation of SPIT initiatives, continued communications with the research community, and the list of additional issues in Appendix D should constitute the committee’s initial agenda. Beyond this, the committee should address process or policy issues raised by either central or academic units.

SPIT began a process of defining administrative responsibilities for both central and academic units—our process guidelines appear in Appendix A. We believe this effort should be expanded to provide a clear and increasingly comprehensive picture of the administrative infrastructure required to meet our obligations to the University’s project directors and sponsors. This continuing process would be an appropriate activity of the committee.

The committee should meet monthly. They should provide regular reports of their activities at the quarterly RAN meetings, and we would recommend that they continue to publish the quarterly newsletters that SPIT has instituted. The committee should consider problem definition and validation, communication, and evaluation as key parts of its responsibilities. Finally, the committee should have authority to recommend to the vice presidents the formation of ad hoc task teams when they believe them to be necessary.
Summary of Recommendations

SPIT makes the following recommendations to:

**Contract Administration**

*Actions completed or in process*

- Provide consultation about sub-contracts at the proposal stage
- Notify administrative point of contact when sub-contract has been sent to the sub-contractor
- Notify administrative point of contact when sub-contractor may begin work
- Change the sub-contracting memo (as outlined in the section, Details of Solutions)
- Make clear to the project director and administrative point of contact at the time of the sub-contract vs. purchase order decision what the indirect cost implications are; when project directors consult with Contract Administration at the proposal stage, indirect cost implications should be reviewed

*Further recommendations to the unit*

- Develop an explicit review procedure for contested sub-contract vs. purchase order decisions; include a “neutral” party in the review
- Use courier service/express mail to send sub-contracts to sub-contracting institutions
- Monitor all turnaround times and procedures described in SPIT’s process outlines
- Develop electronic processing within U-M to reduce time to develop sub-contract document
- Image final sub-contract and make file available to research administrators
- Solicit “customer” feedback from appropriate constituencies to build and maintain a positive service climate

**DRDA**

*Actions completed or in process*

- Add statement to the Project Award Notice (PAN) to explain the time required to activate a project/grant number
- Consistently note project director’s contractual special reporting requirements on the PAN
- Include the full chartfield combination in a single location on the PAN
- Notify project director and chair’s designate (as indicated in DRDA’s Blue Pages) by e-mail that a PAN is being sent; include a checklist of steps that research administrators can take before the project/grant is activated
- Add information about changing the administrative point of contact to the PAN
- Follow consistent policies for distribution of Proposal Approval Forms, Project Award Notices, Project Award Change
• Copy the appropriate financial operations coordinator on no-cost time extension requests to sponsors
• Consistently attach the sub-contracting memo to PANs when a sub-contract is part of the awarded project
• Notify project director and administrative point of contact on the PAF of proposal receipt, and assigned project representative
• Involve project directors and administrative points of contact at an earlier stage of problems in contract negotiations
• Notify Purchasing Services and project director/administrative point of contact about all “small business” requirements (i.e., those on federal contracts and other “special” requirements)
• Review awarded projects to ensure the appropriate class has been indicated on the PAF before the project/grant number is assigned
• Develop a comprehensive list of training opportunities for research administrators

Further recommendations to the unit
• Develop procedures to include all signing departments on PAN distribution so that units which can expect a sub-project/grant will be aware that an award has been made
• Make the file of imaged PAFs, PANs, and PACs available to research administrators
• Monitor turnaround times and other performance standards cited in SPIT’s process outlines
• Create a work group of DRDA staff, MAIS staff, and end users to improve the functionality of PRISM for non-DRDA users
• Prepare a workshop on the processing of proposals involving contracts
• Continue to include staff from both research units and central units in the development of training programs
• Solicit “customer” feedback from appropriate constituencies to build and maintain a positive service climate
• Make the DRDA “Blue Pages” easier to find on the web site to encourage their use
MAIS

Actions completed or in process

- Implement significant changes in PBSR and statement of activity for improvements, as generally outlined in SPIT’s “other initiatives” meeting
- Provide mechanisms for encumbering expenses in the M-Pathways system
- Work with units to ensure appropriate use of chartfields on service unit billings
- Enhance reference information for service unit billings on the voucher detail report

Further recommendations to the unit

- Re-define and re-formalize the role of the unit liaisons as a source of information for their units; SPIT found that unit liaisons are inconsistent in their understanding of their role
- Solicit “customer” feedback from appropriate constituencies to build and maintain a positive service climate

Purchasing Services

Actions completed or in process

- Develop a Service Level Agreement for partnership with units that have specialized purchasing needs
- Prepare a job aid to describe payment processes
- Prepare a job aid for identifying cash terms and their proper use
- Prepare a job aid for identifying freight terms and their proper use
- Develop an overview and improve procedures for small business plans
- Set up procedures for special “small business sub-contracting plan” projects (i.e., those not on federal contracts) that mirror the process for federal contracts
- Continue to solicit “customer” feedback from appropriate constituencies to build and maintain a positive service climate

Further recommendations to the unit

- Share the reasons for failed invoices in appropriate training venues
- Review process for handling failed invoices to avoid lost discounts
- Stabilize staffing for small business sub-contracting plans

Sponsored Financial Operations

Actions completed or in process

- Develop a checklist for project close-out
- Consistently send the “90-day” memo to project directors and administrative points of contact
- Send the 90-day memo electronically
- Check project file for no-cost time extensions before initiating project close-out
- Make report tracking module available to research administrators
- Make imaged file of paid invoices available to research administrators
- Make imaged file of submitted financial reports available to research administrators
• Create job aid for tracking unpaid invoices (include information about all three steps in training information)
• Ensure that billing schedule matches contract or award notice
• Initiate discussion with the post-award administrative contact when the project is set up if the project director must contribute to special billing requirements
• Send financial reports to post-award administrative points of contact for review electronically
• Prepare “best practices guide” for A-21 reporting
• Send A-21 reports to post-award administrative points of contact in an electronic worksheet
• Prepare “best practices guide” for cost sharing
• Prepare a job aid for interpreting and using the accounts receivable statement
• Notify post-award administrative points of contact when project/grant number is activated
• Create a flowchart of steps required to open a project/grant
• Train new staff to set up budget lines in accordance with sponsor’s approved budget

Further recommendations to the unit
• Monitor all turnaround times and procedures cited in the process outlines to ensure consistency
• Introduce the permanent solution of the new M-Pathways accounts receivable module with examples for research administrators
• Solicit “customer” feedback from appropriate constituencies to build and maintain a positive service climate

Vice President for Research, Executive Vice President and Chief Financial Officer
• Conduct a thorough “business practice” review of the Office of Contract Administration; include end-users as well as staff from Contract Administration, Sponsored Financial Operations, and DRDA in this review
• Initiate task team review of payroll and HRMS, particularly as they relate to sponsored projects

The following recommendations need to be made independently to appropriate units by SPIT.

Medical School, Dental School, School of Public Health
• Convene a special task team to address clinical trials

Office of Financial Aid
• Review procedures for fellowship and fellowship-related tuition corrections; MAIS Student Administration CPU and system users should be included in this review
• Effectively communicate procedures available for occasional system users
Training issues referred to RAIN

- Include various process outlines in RAIN manual
  - Billing process
  - Final report process
  - Project close-out
  - Project set-up
  - Setting up a sub-contract
  - Submitting and negotiating a research contract

- Point out that expenses that are inappropriately charged to a sponsored project will be billed to the sponsor
- Include A-21 best practice guide in manual, refer to it on Day 3
- Include project close-out checklist in manual, refer to it on Day 3
- Include cost sharing best practices guide in manual, refer to it on Day 3
- Include information about imaged files when they become available
- Modular, abbreviated, or significantly altered budgets: Sponsored Financial Operations will not have sufficient information to input budget information for the PBSR or, in the case of the first two, open any but standard budget lines unless the research administrator provides a detailed budget
- Always process requests for no-cost time extensions through DRDA
- Sub-contract process: if you are unsure whether a sub-contract or purchase order is appropriate mechanism, talk to Contract Administration at the proposal stage
- Include outline of DRDA workshop on contract proposals in Day 2 manual when available
- DRDA’s “Blue Pages” and the need to keep them up-to-date
- Refer to the Office of Financial Operations’ processing system for occasional users; include web site and refer to it in Day 3
- Pre-defined query in Business Objects provides information on all open budget lines which allows research administrators to check this information against the proposal budget.
Communications—A Model for Similar Issues

During its tenure, SPIT communicated its activities through presentations at a number of meetings: quarterly RAN meetings, unit liaison meetings, and special presentations as requested. As we began to implement solutions, we developed a model to help us plan communications, both specific to the individual solutions and more general communications to the research community at large.

We found, during the initial phase of our work, that some perceived problems were not problems at all—at least, the solution to the problem already existed. The problem was one of communication—even experienced administrators have been so overwhelmed with information about business process change, new systems, upgrades and enhancements, that it is difficult to keep up. Our challenge is to use a variety of communication mechanisms to improve awareness. One of these mechanisms is a website which SPIT created to disseminate information and which MAIS graciously volunteered to host and manage.

It is our recommendation that this communication model continue to be refined and used to communicate change to the research community. The proposed research administration advisory committee would be substituted for SPIT in the outline below.

Sponsored Programs Implementation Team
Communication Action Plan

The following model was used by SPIT to prepare its communications to the research community.

Objectives:
- Improve understanding of existing University procedures for the administration of research.
- Improve understanding of changes due to analysis and resolution of the current issues facing research community.

Reasons to Communicate:
To inform and educate U-M campus about SPIT activities, including (1) the analysis of the issues identified as problems with research administration on campus, (2) the solutions as identified by SPIT, and (3) the projects or plans to solve the problems.

Success Metrics:

Qualitative Feedback
- Reviews from RAN, and other RAIN, HRD, and Sponsored Financial Operations courses, etc.
- Attendance at RAN, Unit Liaison meetings and other venues
- Feedback from website (modeled after LSA Dean’s office review)

Quantitative Feedback
- Statistics on use of the website
• Specific evaluation plans

**Communication Methods:**
- Update training documentation: RAIN, MAIS, Purchasing, Sponsored Financial Operations, HRD.
- Email – Quarterly Report from Tim Slottow and Marvin Parnes (modeled after HR emails with TOC) that will give the status of recent completed projects and upcoming (next quarter) projects.
- Inserts in Monthly Financial Statements.
- Utilize existing meeting structures such as Unit Liaisons, research administrators groups in individual schools and colleges, RAN (we could use an inventory of such meeting structures).
- Web site linked to DRDA, Sponsored Financial Operations, Purchasing, MAIS sites, OVPR, department web sites.
- University Record, Quarterly Research News, other publications.

**Audiences:**
- School/college/institute administrators (BAG, RAD, UL)
- Research administrators (RAN, DRDA-net, individual groups in the schools, colleges and institutes)
- Central office administration (Sponsored Financial Operations, Purchasing, MAIS, DRDA)
- Faculty
- M-Pathways system users (based on system access)

**Review Process:**
All materials should be reviewed prior to distribution by the SPIT committee and the unit driving the change. While some materials will be created and distributed by central offices, the SPIT committee should have an opportunity to give feedback prior to distribution. Equally important is the need to keep the Steering Committee fully informed as we progress, and to seek their guidance as complicated tasks evolve.
Evaluations—A Model for Similar Issues

One of the last steps SPIT has taken is to consider the best mechanisms to evaluate our recommendations and solutions. As with communications, we developed a model to help us tailor evaluations for the specific solutions and also for a general sense of the perceived success of the collaborative problem solving.

We recommend that this evaluation model continue to be refined and used to review change to the research community. The proposed research administration advisory committee would be substituted for SPIT in the outline below.

Sponsored Programs Implementation Team Evaluation Action Plan

Objectives of Plan:

- To determine the effectiveness and value of initiatives developed and implemented as a result of SPIT efforts.
- To utilize the information gained through feedback from users to determine if these initiatives improve service delivery.
- To utilize the information gained to determine if communication tools have been effective in reaching users.
- To provide feedback and recommendations to the owner of the initiative, SPIT, and/or other relevant entities and to ensure diligence in on-going assessment of the initiative.

Reason to Evaluate:

To ensure that efforts of SPIT have met expectations of users in three areas: (1) that issues identified by users have been addressed, (2) that the solutions have been effective and, (3) that the initiatives solve the problems stated by the users.

Success Metrics:

Quantitative Metrics
- Results from questionnaires conducted via email, paper, and interactive web design
- Hits on website

Qualitative Metrics
- Reports on anecdotal, focus groups, interviews
Evaluation Process Methods:

- Reexamine original problem – what was done? Why was it done? Did this improve the relationship with the central office involved? Did this resolve the problem?
- Determine activities to evaluate
- Determine best method to evaluate and appropriate tools to use
- Determine final reporting mechanism
  - Narrative
  - Data (tabular)
  - Both
- Determine points in time for evaluation process of each activity
  - Immediate
  - Short term (one to six months)
  - Longer term (six to twelve months)
- Always include that the evaluation has been developed in collaboration with SPIT to determine if the process changes have resolved the problem
- Evaluation Methods
  - Surveys – Distributed at RAN, RAIN, inserts in monthly packets of financial data/reports
  - Personal Interviews
  - Interactive website
  - Email
  - Focus Groups

Audience:

Who is affected by the initiative?
- Schools/College/Institute Administrators (BAG, RAD, UL)
- Research Administrators (RAN, DRDA-net, individual groups within Schools/Colleges/Institutes)
- Central Office Administration (Financial Operations, Purchasing, MAIS, DRDA, etc)
- M-Pathways System Users based on target identified
- New Employees
- Faculty/PI

Evaluation Results Team/Reviewers/Initiators:

- Which entity is responsible for the long-term implementation and which receives the feedback?
  SPIT, Purchasing, MAIS, Financial Operations, Contract Administration, Sponsored Programs, OVPR/AVP/Others?
- Is there a shared administration of the initiative?
• SPIT will review the data with appropriate unit and determine if further development is needed.

• Summary reports will be made available to SPIT by the unit evaluating the initiative. SPIT, in turn, will maintain the summary reports and incorporate them into periodic status reports to the Steering Committee. Raw data will be maintained at the unit level.
Details of Solutions

FINANCIAL REPORTING ISSUES

Issue: The lack of comprehensive and accurate encumbrances in the central accounting system results in reports that are inadequate for decision-making and necessitates extensive bookkeeping in the research units.

Issue: The difficulty of matching M-Pathways data to data in research units’ bookkeeping systems adds complexity and time to the reconciliation process.

Issue: The Project Budget Status Report does not provide information about current paid balances that can be easily reconciled with the Statement of Activity or research units’ records.

Issue: Cost-sharing is not consistently handled by research units and it is not consistently reflected on the PBSR.

The SPIT team collected information about financial reporting initiatives that were being pursued across campus. These groups had already identified the most serious problems, and some of them had made significant progress toward addressing them. MAIS staff were involved with some of these initiatives, but they were each being developed for a single school or college.

Building on the experience gained in these initiatives, and drawing on some of the individuals who had been involved, SPIT and MAIS joined together to address the complaints of end-users in the research community about the statement of activity, voucher detail report, and project budget status report.

MAIS, working with a focus group of research administrators chosen by SPIT in consultation with deans and directors, developed improvements in these reports as outlined below. Because changes to these reports impact all users, MAIS held additional focus groups with constituencies other than research administrators.

The revised reports were introduced in December 2002 for November activity.

Changes to the Project Budget Status Report (PBSR)

- Accounting period matches that of the statement of activity. (This was one of the most often-heard complaints.)
- New column displays “project to date” expenditures.
- Current month expenses summarized by fund and budget category.
- Repetitive chartfield information suppressed. (This makes it easier to identify erroneous chartfields.)
- Sub-totals added for Total Revenue by Fund, Actuals Balance by Fund, and Direct Cost by Fund.
• Information added to the report header: sponsor award number; sponsor/donor name; project/grant effective status; Financial Operations coordinator’s uniqname.
• Columns re-ordered to subtract encumbrances after statement balance is shown. (This facilitates reconciling unit records to the official record.)
• Note added under the Actuals Balance field for project/grants with general funds cost-sharing. (This addresses concerns about inconsistent cost-sharing balances for projects that pre-date the return to an actuals based system.)

Changes to the Statement of Activity (SOA)
• Account groups removed from the body of the report.
• Transactions sorted first by chartfield.
• Repetitive chartfield information suppressed.
• Account group sub-totals by fund displayed in a table.
• Direct and indirect cost sub-totals by fund displayed in a table.
• Journal entry header reference number displayed.
• Beginning balance and balance/overdraft by fund displayed.
• Project/grant effective status field added to the report header.

Changes to the Voucher Detail Expense Report
• Sort order matches that of the statement of activity. (This facilitates statement reconciliation.)
• Trip/event identifier number added; travel/hosting expenses sorted by trip/event identifier and then by voucher description. (This facilitates reconciling individual trips/events.)

MAIS is also working on two initiatives designed to address the lack of encumbrances in the general ledger. The first is a set of pre-defined, Data Warehouse queries based on appointment information in HRMS, which will aid departments in estimating salary expenses. If the salary estimates system is well received by end users, it may be added to the PBSR.

The second initiative is the development of a unit-defined commitments capability within the M-Pathways general ledger. This capability will allow end users to enter and maintain commitments not recorded elsewhere in the central system. These commitments will be summarized and shown on the PBSR and will also be included in the Data Warehouse. The implementation of these initiatives should make the PBSR a more comprehensive picture of the actual financial status of a project/grant.

Cost sharing contributions from non-general funds are now reported as revenue so that they look the same as general fund cost sharing contributions, thereby reducing confusion.

SPIT is confident that these changes will significantly improve the usefulness of these reports, but we note that the Voucher Detail Report still may be difficult to reconcile with a unit’s records. The various uses of these general reports are in fact sometimes
contradictory, and no single report can efficiently meet all needs. In the long term, SPIT feels that central reports must be designed to be flexible, and end users must use the Data Warehouse to manipulate data to meet their unique needs.

Issue: Centrally produced statements of activity categorize information in ways that are not meaningful or useful to research administrators and project directors.

As described by the initial task team, this issue related to Flexible Benefits charges, which were reported as “staff salaries” on the statement of activity, even if the charge was tied to a faculty appointment, and despite the fact that the expense was identified as a “benefit.”

It was later brought to our attention that a similar problem existed when pool salaries appear on statements of activity. In this case, sick/vacation accruals were reported as benefits, when the cost is actually for salary.

We discovered that, by IRS rules, what we call “flexible benefits” are in fact compensation and must be reported as such. We therefore asked that the name of this account in the financial reporting system be changed to Benefits Election Compensation, to differentiate these expenses from true fringe benefits. (This account consists of the following specific expenses: Dental Opt Out, Flex Cash Back, No Health Insurance, Opt Down Medical.)

In addition, we requested a new account group called Other Compensation. On the statement of activity, this category is reported separately from either faculty or staff salaries.

Initially, only the new account, Benefits Election Compensation, “rolled up” to this new account group. We subsequently surveyed some of the major initiators of pool account salaries, and received positive feedback to the suggestion that we also roll up pool sick/vacation accrual payments to the Other Compensation account group. This corrects a long-standing problem of inflated benefits charges on projects that use pool salaries.

Both of these changes have been completed. The Benefits Election Compensation account was introduced, along with the Other Compensation account group, on the April 2002 statement of activity. Pool sick/vacation accruals were moved to the Other Compensation account group on the July 2002 statement of activity.

Issue: Delays in billing, the inability of project directors and their administrators to easily track accounts receivable, and a lack of information about billing and payments cause dissatisfaction on the part of our sponsors and can lead to serious financial problems.

Some sponsors have complained about U-M’s billing frequency. In other cases, research units have discovered that a sponsor is not paying invoices, even as work continues.
Both of these situations have financial implications for the University. The billing process is not well understood by project directors and research administrators, which can cause confusion in cases of dispute.

SPIT developed “roles and responsibilities” for several of the issues that we felt were not well understood by project directors and research administrators. These are referred to as process outlines in the following descriptions. We hoped to accomplish several goals with these outlines: to explain the process to project directors and research administrators; to clarify for both the research unit and the central unit the responsibilities of each; and to establish the time required for each step.

The process outlines were first developed with the central units, and then were distributed to research administrators. They were revised for clarity at each step. Many of SPIT’s recommendations are based on the feedback we received during the development of these outlines.

Billing was one of these poorly understood processes. The outline SPIT developed will become a training tool for Sponsored Financial Operations, and also for research administrators who need to understand this process. SPIT recommends that it be included in the RAIN manual. This process outline appears in Appendix A, starting on page A-1.

A number of changes took place during SPIT’s tenure that also impact the billing process:

Financial Operations implemented a new report tracking enhancement in spring 2002 that includes information about each project’s billing schedule. At SPIT’s request, this functionality has been made available to research administrators as well as to Financial Operations staff.

Financial Operations copies of paid invoices in their optical imaging system. At SPIT’s request, this imaged file has also been made available to research administrators. While this will be helpful, invoices are imaged only after they are paid. As part of the communication of these two enhancements, SPIT asked that Financial Operations include information about how to track billed but unpaid invoices.

Sponsored Financial Operations reorganized during SPIT’s tenure, with a goal of increasing the timeliness of billing and reporting by separating these activities from other activities that tend to receive higher priority day-to-day.

The decision has been made to implement the PeopleSoft Accounts Receivable system, which should have a positive impact on billing timeliness and thoroughness.
Correct billing can be affected by two circumstances that are beyond the control of Financial Operations. First, project directors and research administrators must understand that expenses that are inappropriately charged to a sponsored project will be billed to that sponsor. SPIT recommends that this be emphasized in RAIN training. Second, there are long-standing concerns about the timeliness of corrections in our financial system. Payroll corrections and tuition waiver corrections have been particularly problematical in the past. Payroll corrections continue to be a concern, and while the new system for tuition corrections appears to be working well, it is triggered by payroll corrections and therefore still can be very late.

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**Issue:** The lack of timely close-out of completed projects causes additional work for research administrators and staff in Sponsored Financial Operations, and makes it difficult to resolve overdrafts effectively.

“Close-out” of a project/grant means that all financial reports have been submitted to the sponsor, all invoices paid, any overdraft resolved, and the project/grant number and shortcode are removed from the system so that no further activity can be charged against them. When this does not happen on a timely basis, charges that must be transferred off may continue to appear. Old overdrafts are also difficult to resolve.

SPIT developed a process outline for project close-outs. We received feedback from research administrators that it would be useful to have a checklist of the steps that need to be taken to close-out a project, and Sponsored Financial Operations prepared such a checklist.

As part of Sponsored Financial Operations’ reorganization, additional clerical help will be available to consistently send “90-day” memos to project directors and research administrators prior to the scheduled end of the project. SPIT strongly endorses this goal. SPIT also recommends that the memo be sent electronically, and sent to the administrative point of contact as well as the project director.

We identified inconsistent communication between DRDA and Sponsored Financial Operations on no-cost time extension requests as a source of some confusion. We recommend that DRDA copy the appropriate financial operations coordinator on no-cost time extension requests to the sponsor and consistently notify Sponsored Financial Operations when extensions are approved. We also learned that research units sometimes request no-cost time extensions directly from the sponsor, without going through DRDA. We encourage all research administrators to include DRDA in this process; if this is not done, however, it is the responsibility of the research administrator to document the approved time extension to DRDA, which will then issue a PAC to notify Sponsored Financial Operations of the extension. We asked RAIN trainers to include this information when they discuss no-cost extensions.

Sponsored Financial Operations staff should always check the project file for no-cost time extensions before initiating close-out procedures.
Efforts to complete final reports and close-out projects can be affected by two circumstances beyond Sponsored Financial Operations’ control. First, the research unit must be aware of the project end date and complete financial transactions and corrections on a timely basis. Second, corrections in our financial system must be handled on a timely basis. In this regard, payroll corrections and related tuition waiver corrections are a long-standing source of concern.

**Issue:** The lack of timely financial reports to sponsors causes additional work for project directors and their research administrators; it can affect the project director’s relationship with the sponsor; and it causes the University to be out of compliance with sponsor regulations.

Sponsored Financial Operations historically has not submitted all financial reports in time to meet sponsor deadlines. The failure to do so can affect subsequent budget modifications. Sponsored Financial Operations’ recent reorganization and the addition of staff were designed to address this chronic problem. The report tracking enhancement will also facilitate this process. At SPIT’s request, this feature will also be accessible to research administrators who wish to track reporting schedules.

SPIT also documented financial report procedures in a process outline. This outline appears in Appendix A, starting on page A-7.

We discovered some confusion on the part of project directors and research administrators about responsibility for financial reports. We identified two situations where the project director is responsible for submitting reports directly to the sponsor: projection reports may be specified in the award notice or contract, or reports that are not specified in the award notice or contract may be requested of the project director. The latter requests generally come from technical contacts to the project director, and also generally include expense projections. Only the project director can provide expense projections, and the project director/research administrator is responsible for these reports. SPIT asked that DRDA consistently identify these reports on the PAN when they are identified in the award or contract, but research administrators should also review awards notices and contracts. If the project director agrees to submit reports that are not specified elsewhere, he or she must make arrangements to prepare and submit them.

SPIT recommends that these two circumstances be identified in RAIN training, as they appear to be poorly understood by research administrators.

Final reports are always submitted to the project director for approval. This is not the case with interim reports. However, all reports are kept in Sponsored Financial Operations’ optical imaging system. SPIT requested that this file be made available to research administrators.
SPIT recommends that Sponsored Financial Operations send reports electronically to project directors and administrative points of contact for review. Currently they are faxed and are often difficult to read.

Efforts to complete final reports and close-out projects can be impacted by two circumstances beyond Sponsored Financial Operations’ control. First, the research unit must be aware of the project end date and complete financial transactions and corrections on a timely basis. Second, corrections in our financial system must be handled on a timely basis. In this regard, payroll corrections and related tuition waiver corrections are a long-standing source of concern.

**Issue:** A-21 reporting is redundant and time consuming.

A-21 reporting has been inconsistently handled by both Sponsored Financial Operations staff and research administrators. Some research administrators never complete interim A-21 reports and are dismayed when they have to report on A-21 expenses for the entire project period at close-out. Other administrators complete each interim report only to find expenses they have already justified appearing on subsequent reports.

At SPIT’s request, Sponsored Financial Operations prepared a “best practices” guide for A-21 reporting, which was reviewed by research administrators before implementation. It will be used to train Sponsored Financial Operations staff and will be available to research administrators to ensure a consistent understanding of the process. SPIT recommended that the following points be included:

- Sponsored Financial Operations staff should review sponsor-approved budgets to determine if additional justification of A-21 expenses is required.
- A-21 reports should cover discrete time periods (preferably a year) rather than be cumulative, and justification should be required only once.
- Reports should be sent to the administrative points of contact electronically in a sortable worksheet.

**PROJECT ADMINISTRATION ISSUES**

**Issue:** Purchase order payments of less than $5,000 have fewer review steps than sub-contracts or larger purchase order payments do.

This issue was raised as part of the discussion of sub-contracts, but SPIT felt that it may have reflected a misunderstanding about different procurement and related payment processes. As it was initially described, this is a very narrow issue: If procurement of specialized services is handled as a purchase order rather than a sub-contract and the billing amount is less than $5,000, the project director may have limited control over payment.
Very few sub-contracts have such a low value. However, we felt that we could address this as a more general issue by describing the options for controlling payments on the different types of procurement methods. At SPIT’s request, Purchasing Services prepared a job aid that describes “negative approval” of invoices; the use of Alternative DeptID Manager functionality to give worklist access to additional staff to facilitate voucher review and approval; and the steps to take if an invoice is paid in error.

This job aid also notes that the research unit can control payments on “milestone-based” work by issuing a non-PO voucher each time payment is due. When each payment is less than $5,000, this transaction is entirely under the research unit’s control.

Purchasing Services will include this job aid in their regular training programs.

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**Issue:** Funding for cost sharing commitments is not consistently handled by units and it is not consistently reflected on the PBSR. Given the variety of practices for funding cost sharing, inconsistency in the PBSR makes it difficult to assess the status of cost sharing funding. (Note that this issue was also addressed in the Financial Reporting section.)

**Issue:** Poorly understood cost sharing procedures and inconsistent processes can lead to the failure to fund cost sharing obligations in a timely manner. The failure to fund may not be identified until project close-out, at which time the funding unit may have to cover several years’ worth of unanticipated obligations at once.

Due to inconsistent and poorly understood procedures for reflecting cost sharing funding on the PBSR, project directors and administrators may misunderstand the status of the funding; cost sharing reviews at close-out are time-consuming because of the lack of consistency in the funding process. Projects that were set up prior to July 2000 are affected more than projects set up since that time.

The new PBSR will include a notice on projects with cost sharing alerting project directors and research administrators to these historical problems. This part of the problem will resolve itself in several years as projects that began prior to July 2000 end.

As a result of work on the redesign of the PBSR, cost sharing contributions from non-general funds will be reported in a way that is more consistent with general funds contributions, reducing confusion about the status of funding.

At SPIT’s request, Sponsored Financial Operations is creating a cost sharing procedures guide, which will be reviewed by research administrators prior to implementation. This guide will be used as a training tool in Sponsored Financial Operations and will be available to research administrators to ensure a consistent understanding of the process.

The cost sharing guide should be included in the RAIN manual when completed.
**Issue:** The lack of quick corrections to project/grants for tuition waivers and fellowship payments causes additional tracking for research administrators, can negatively impact timely close-out of projects, and can affect a student’s personal account.

When a GSRA’s appointing project/grant is changed after tuition waivers have been billed for the term, correction of the waiver can be very slow. Corrections must be monitored and sometimes have to be requested numerous times. Corrections for students who have been paid through the fellowship system (training grants, GAANN fellows, etc.) are cumbersome and slow. Both processes can affect project close-out; they can impact student payments and the student’s ability to register, and both require considerable effort to track and follow up.

For sponsored projects, GSRA appointments are much more common than fellowship appointments. GSRA tuition corrections were a significant and long-standing problem for sponsored projects.

Shortly before SPIT convened, a new process for correcting tuition waivers was introduced in conjunction with the roll-out of the M-Pathways HRMS module. In this system, tuition corrections for GSRAs are automatically processed in the pay period immediately after the payroll correction. While it appears that this process represents a significant improvement, it is driven by payroll corrections, which continue to be problematical. It is impossible to carefully evaluate the success of this process until the payroll system has stabilized.

And, although tuition waiver corrections appear to be processed in a timely manner when payroll corrections are timely, they are still difficult for research administrators to track. The tuition correction is triggered by information on the salary distribution screen which is not visible to administrators, and which does not necessarily match the job data screen, which they do see.

SPIT recommends a new task team devoted entirely to the issue of payroll, payroll corrections and related HR issues. The timeliness of tuition waiver corrections will be improved by improvements in the timeliness of payroll corrections.

In the case of fellowship payments, corrections can be made using the Financial Aid module in M-Pathways. To properly use this system, however, the initial payment must be cancelled and re-issued, which can lead to problems with the student’s account, inappropriate requests for re-payment, etc. It would cause fewer problems with students’ accounts to use journal entries for this purpose, but the system currently does not properly record credit if the transaction crosses terms. It is our understanding that alternative processing methods are possible with existing software and we strongly urge the Office of Financial Aid to review this system with staff from MAIS and end-users to improve its effectiveness.
Finally, research units that process a very small number of fellowship transactions experience problems because of the system’s complexity. The training required is so extensive that units with low levels of activity cannot reasonably be expected to master the system. Although the Office of Financial Aid has a system in place for the occasional user, very few people seem to be aware of it. We encourage them to advertise this mechanism more widely, and will recommend that RAIN training refer to the appropriate web site.

Issue: Accounts Payable may not take advantage of special discount terms if they are not expressly pointed out to them.

Issue: Cash discounts are lost—and vendor relations damaged—because invoices are initially rejected for a variety of reasons, and the procedures for handling rejected invoices are complex and not time-sensitive.

SPIT concluded that there is a general lack of understanding about using appropriate language for taking advantage of cash discounts. If discounts have been properly specified and there are no problems with the invoice, payment is processed reasonably quickly; however, when an invoice fails the audit process, the correction process is not time-sensitive and discounts may well be lost.

At SPIT’s request Purchasing Services prepared a process guide for identifying and defining what discounts are available and how to ensure they are taken. They provided similar directions for freight payments, which are a common source of problems. This process guide is available on Purchasing Services’ web site.

Purchasing Services is tracking the reasons for rejected invoices and will introduce new process guides as common problems are identified. The reasons will be highlighted at appropriate administrative forums such as RAN and RAIN.

Once an invoice has been rejected, the process of resolving the problem appears to be lengthy, confusing, and not time-sensitive. SPIT recommends that Accounts Payable review this process to ensure that units are notified of failed invoices quickly and that directions are clear. This process could be evaluated after a reasonable period and if problems persist, a more formal effort to streamline it would be in order.

Issue: Support for complex or specialized purchase orders and the timeliness of purchase orders could both be improved by a closer working relationship between Purchasing Services and research units.

Difficulties and delays associated with complex orders can have significant impact on the progress of a project, especially when the project has strict deadlines and deliverables. A researcher’s failure to follow appropriate policies and procedures can lead to unrealistic expectations, increased time delays, and compliance problems. Project directors may
spend a great deal of time researching equipment, for example, only to find that their quotes are invalid because they fail to meet federal guidelines.

Purchasing Services undertook a pilot project with the Space Physics Research Laboratory (SPRL) to train the lab’s staff in purchasing procedures. The goal was to educate and allow SPRL a greater degree of responsibility for handling procedures at the department level. As part of the pilot, Purchasing Services and SPRL staff each spent time in the other’s unit, which also gave all of the participants a better understanding of the constraints that each group works under.

This pilot concluded successfully and led to the development of a “Service Level Agreement” between SPRL and Purchasing Services that will be used as a model for other agreements. Policies and guidelines for providing similar training to other units have been developed. It is important to note that this is not a transfer of purchasing authority; it establishes a formal partnership that, by design, is collaborative and improves efficiency for both parties. We anticipate that there will be a limited number of situations where this will be appropriate, and they will be closely monitored by Purchasing Services. On the other hand, the training provided in these special circumstances may prove to be useful in Purchasing Service’s general training as well and will lead to tools that will benefit a much wider constituency.

**Issue:** Payroll corrections are not made on a timely basis; calculations for pro-rated corrections are difficult to follow; payroll corrections can be inexplicably reversed after they finally appear.

Payroll corrections are a long-standing source of frustration for research administrators. Late corrections can impact the ability to close a project, and as noted above, delays in processing payroll corrections leads to delays in tuition waiver corrections.

The HR/payroll module of M-Pathways rolled out as SPIT was beginning its process and we felt it was premature to review the new process at that time. Not surprisingly, the record for payroll corrections did not improve in FY02. On the positive side, Payroll did use SPIT as a sounding board as they developed “fixes” that were necessary to get through the year. We were disappointed, however, that the system did not appear to be stabilizing as the end of the first year in operation approached. We are now well into FY03 and there are still many concerns that the HRMS system in general, and payroll in particular, have fundamental flaws in relation to sponsored projects. SPIT recommends that a task team be set up to specifically address this issue alone.

**PROJECT INITIATION ISSUES**

**Issue:** Project directors and research administrators assume that receipt of the PAN means that a project is open and ready to be used, when this is not always the case.
SPIT determined that the process of opening new projects is poorly understood, and in particular it is not understood that the process differs for different types of awards. We therefore included this in our process outlines. This process outline appears in Appendix A on page A-3.

A number of research administrators felt that the project/grant number should not be assigned until Sponsored Financial Operations had actually activated the number in the financial system. (Currently, the project/grant number is obtained by DRDA from Sponsored Financial Operations and included on the PAN, but DRDA has no responsibility for activating the number.) However, SPIT rejected this solution because the current process gives the research administrator lead time that can be productively used—for example, to begin paperwork for sub-contracts.

To reduce confusion about the status of new project grants, SPIT asked DRDA to add a statement to each PAN to advise the recipient about the process of establishing a new project/grant. The statement varies by the type of award and indicates where the paperwork has been routed and how soon the new project/grant number will be activated.

Starting July 1, 2002, Sponsored Financial Operations began notifying the administrative point of contact when the project/grant number is available for use. This eliminates the need for research administrators to keep checking to see if the number is activated.

We hope that the process outline will serve two purposes in this case. First, it educates the research administrator about the steps necessary to open a new project/grant. This is useful because there are several steps where the research administrator can facilitate project management by providing information on a timely basis. The process outline also establishes timelines, which will allow us to judge if the process is working efficiently.

At SPIT’s request, other changes were implemented as well:

- Sponsored Financial Operations is creating a flowchart to show the steps required to set-up a new project/grant. This was intended to further educate research administrators and project directors.
- DRDA included a checklist of steps that can be taken before the project/grant number is activated on the back of the PAN.
- DRDA now lists the entire chartfield combination in a single location on the PAN.
- DRDA ensures daily delivery of PANs to Contract Administration and Sponsored Financial Operations.
- Both DRDA and Sponsored Financial Operations monitor the turnaround times included in the outline of the project/grant initiation process to ensure that timelines are being met.

**Issue:** Activity that has been budgeted as a sub-contract on a proposal may be classified as a purchase order by Contract Administration after the award is made.
There are serious financial consequences if the project director has budgeted for a sub-contract but Contract Administration determines, after the award is made, that a purchase order is the appropriate payment mechanism for the work.

By and large, SPIT feels that the criteria for distinguishing between a sub-contract and a purchase order are clear, and the experienced project director or research administrator should be able to determine the appropriate payment mechanism in most cases. Project directors and research administrators who have never used sub-contracts before may not understand the issues, and SPIT recommends training and information to help this situation.

One training mechanism is RAIN, and we have stressed in RAIN classes that if there is any uncertainty, the project director/research administrator can consult with Contract Administration before the proposal is submitted. Contract Administration reports that several groups have recently chosen to do this recently, something that did not happen in the past.

SPIT discovered that at least one situation that led to this issue being placed on our list involved a project that was initially awarded at another institution as a sub-contract. Because of the significant financial implications of the sub-contract vs. purchase order decision, SPIT recommends that there be a clear mechanism for quick review of contested cases. An experienced neutral party should be part of this review.

It also came to our attention that in some special cases, Contract Administration may conclude that a purchase order is the appropriate mechanism but the indirect cost rate will not be affected. This appears to happen with some instructional awards. SPIT recommends to Contract Administration that it make very clear to the project director in these cases that there will be no financial penalty.

SPIT recommends that DRDA consistently include the “sub-contracting” memo to project directors and administrative points of contact when an award is made that includes a sub-contract. While administrators experienced with sub-contracts do not need the memo, it can be very useful to those who have not handled sub-contracts previously.

**Issue:** There are long lead times associated with setting up sub-contracts. The lead times are significant enough to have an impact on the progress of research projects.

There can be significant delays in the initiation of work by the sub-contractors; sub-contractors sometimes begin work prior to contract signing (sometimes at the urging of the U-M project director) which can lead to serious financial problems.

SPIT believes that some of the delays are caused by disputes about the appropriate payment mechanism. It is important that we address the sub-contract/purchase order question at the proposal stage.
SPIT concluded that the process of setting up sub-contracts was not well understood and therefore included it in the process outlines. Many research administrators who reviewed the outline felt that the timelines cited in this document were acceptable but often not met.

SPIT has initiated an informal survey of several similar institutions to determine if staffing levels at U-M were sufficient to meet the guidelines on the process outline, and to ask about specific procedures. Although informal, we hope that this information can be the basis for thinking constructively about functions and staffing in the office.

In our brief conversations with staff from Contract Administration, we found some disagreement between them and SPIT members about the type of support that could most efficiently improve work flow in the office. Additionally, we note that two external reviews of DRDA have suggested that Contract Administration’s placement in U-M’s organizational structure is different from that at many other universities. We therefore recommend a thorough business practice review of Contract Administration. SPIT does not necessarily recommend that Contract Administration be moved from Sponsored Financial Operations to DRDA; in fact, we believe that some of this office’s activities may belong in Sponsored Financial Operations and others in DRDA. The review may conclude that the office is appropriately structured, and in this case, we believe the review should focus on streamlining processes between Contract Administration and DRDA to remove redundancies in their operations.

A review of contract administration should include end-users of the office as well as staff from Contract Administration, Sponsored Financial Operations, and DRDA.

Contract Administration now notifies project directors and administrative points of contact when the sub-contract has been submitted to the contractor, increasing their ability to track the process.

In addition to recommendations noted in the section above, SPIT recommends that:

- the sub-contracting memo caution project directors that the sub-contractor’s work is not authorized until the agreement has been signed, and work initiated prematurely by the sub-contractor may not be a reimbursable expense of the research project.
- the sub-contracting memo include the following information: Contract Administration’s URL; a list of all information that must be submitted and why it is required; examples of the minimum information required to meet Contract Administration’s needs.
- Contract Administration initiate electronic process for receiving required documents from the project director and submitting the contract for project director’s and administrative point of contact’s review.
- Contract Administration notify the project director and administrative point of contact when the signed contract has been returned so that the sub-contractor can be notified that work may begin.
Issue: The time required to prepare, negotiate, and sign research contracts can delay the start of work, discourage the negotiation of preferred terms, and strain relationships with sponsors.

Work can be delayed or sometimes is started before a contract is signed; pressure to hurry a contract can lead to insufficient review or negotiation of less than optimal terms, terms inconsistent with University policy, or business terms that cannot be properly administered; relationships with our sponsors can become strained.

During SPIT’s tenure, DRDA added staff to the industrial contracts area.

Contract negotiations were included in the process outline. That outline appears in Appendix A on page A-1. Based partly on feedback we received while developing the outline, SPIT recommends that:

- the Medical School, Dental School, and School of Public Health convene a task team to look specifically at clinical trials. Issues related to all aspects of clinical trial administration arose, but SPIT did not have the appropriate personnel or sufficient time to consider them in depth. The Medical School has expressed an interest in coordinating such a team. We strongly suggest that this team mirror SPIT by including staff from DRDA and Sponsored Financial Operations, and that it be led by a Steering Committee with authority to authorize change.
- DRDA prepare a workshop on the contracting process. We recommend a stand-alone workshop, which could be edited for presentation at RAN, and outlined for the RAIN training manual.
- deans and directors take greater responsibility for educating faculty about their appropriate role in negotiations with sponsors.
- DRDA notify project directors and administrative points of contact that a contract has been submitted to the sponsor. During SPIT’s tenure, DRDA began notifying project directors and administrative points of contact which staff member was assigned to handle their contract proposals.
- DRDA involve project directors and administrative points of contact as soon as difficulties arise in the contract negotiations. We concluded that this would be after DRDA had gone back to the sponsor twice to resolve differences, since two iterations are generally required to finalize non-controversial contracts.
- DRDA and Sponsored Financial Operations reconsider the review of completed contracts provided by Contract Administration to reduce the time this step takes.
- DRDA monitor timelines and procedures in the process outline to ensure compliance.
Issue: The inability of most research administrators to easily access DRDA’s database of proposals and awards leads to the creation of redundant databases in the research units and requires that DRDA staff provide information that research administrators could otherwise access themselves.

DRDA’s PRISM database has been available in the GQL system and is currently being converted to a Business Objects database. In the University’s current information management environment, many administrators are comfortable answering their own questions with information available through the Data Warehouse, and in fact prefer having this access to even the most responsive assistance from central units. But PRISM has not been a centrally supported database and generally has not be as user-friendly or useful to research administrators as other central databases are.

SPIT recommends that DRDA enhance PRISM’s usefulness as a tool for unit administrators. To be optimally useful to research administrators, DRDA should:

- include all fields from the PAF in the database
- populate all fields consistently
- reduce redundant fields
- use field names that are consistent with other databases
- add fields that are useful but not on the PAF, where information is available (date a proposal is received in DRDA, date it is submitted, the method of submission, etc.)
- update the information on a schedule consistent with other Data Warehouse universes
- encourage MAIS to support PRISM (provide Help Desk support, update software, etc.).

SPIT also encourages DRDA to survey research administrators about useful fields and particularly about desirable pre-defined queries. Although we believe that PRISM would be most accessible as a MAIS-supported universe, there are intermediate steps that would make it useful to a wider range of administrators.

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Issue: New project/grants may not be set up with the correct budget lines to accept appropriate and allowable charges, leading to delays in purchase orders and extra time and effort to correct the situation.

End users may be frustrated by failed “budget checks” when a project is initially established. The problems may be caused by Sponsored Financial Operations’ failure to correctly establish relationships and/or budget lines in the M-Pathways system, or they may be caused by the research administrator’s failure to understand the project’s budget categories.

At SPIT’s request, Sponsored Financial Operations is creating a flowchart outlining the steps necessary to open a project/grant in the M-Pathways system. The initial impetus for
this flowchart was to educate research administrators about the process so they have reasonable expectations about the time necessary to open a project/grant. However, another benefit is to educate them about steps they can take to facilitate a project’s set-up. For example, if the awarded budget is not identical to the proposed budget, Sponsored Financial Operations does not have sufficient information to put budget figures into the PBSR and will have to lump the entire amount under “unallocated.” In the case of modular or other very abbreviated budgets, Sponsored Financial Operations will not have sufficient information to open anything other than standard budget lines.

The research administrator who understands this process can submit a detailed budget during the set-up process to ensure that the PBSR is properly budgeted and all required budget lines are available. SPIT has asked RAIN trainers to include this information, which is poorly understood. SPIT also recommends that DRDA include a statement on the PAN for modular budget awards so that research administrators will understand the steps they need to take to set-up special budget categories.

SPIT recommends to Sponsored Financial Operations that new staff training emphasize the importance of reviewing the sponsor’s budget and setting up all appropriate budget lines.

It has been difficult for research administrators to check the budget line set-up, but there is now a PBSR pre-defined query which provides a list of all open budget lines. We will refer this fact to RAIN for training sessions and include it in other SPIT communications.

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**Issue:** Lack of knowledge about how to set up small business sub-contracting plans and lack of support in doing so has led to delays in setting up the project/grants that require them.

Purchasing Services has not always filled the position that supports this process. There was not a clear understanding of Purchasing Service’s role versus that of the research administrator. Most research administrators face this requirement infrequently and are not familiar with the process.

During SPIT’s discussions, we discovered that procedures for minority and women business requirements on projects other than federal contracts have small business sub-contracting plan requirements and these were not well understood by any of the offices involved.

Purchasing Services responded to this issue by developing clear processes for the creation of small business sub-contracting plans, which have been incorporated into RAIN training and a web-based presentation. They created boilerplate memos to help the inexperienced administrator through the process and provide both on-site and frequent electronic communications.
Purchasing Services now also maintains a subscription to a minority vendor database, Austin Tetra, that project directors and research administrators can access. The database makes it much easier to identify appropriate vendors to meet small business subcontracting plan requirements.

Purchasing Services also developed tracking mechanisms to ensure that project directors are meeting their obligations and they provide quarterly reports for project directors to inform them about the status of their minority vendor obligations.

Purchasing Services, in collaboration with DRDA, formalized new procedures for non-federal small business plans so that project directors now receive the same level of support for these projects as for federal contracts.

With support from SPIT, Purchasing Services is trying to stabilize the staffing for this role. A new position was developed and submitted as part of FY04 new initiatives request for funding.

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**Issue:** DRDA should have a uniform policy for distributing copies of signed PAFs, PANs, and PACs to project directors, administrative contacts, and authorizing signers.

SPIT thought this was an “easy fix,” and in fact there is a uniform policy for the distribution of PAFs; SPIT requested that DRDA staff follow this policy consistently. We discovered, however, different project representatives had different policies and reasonable justifications for them. And while project representatives try to customize distribution policies, SPIT felt that in the long-run, customized service is impossible to maintain in such a large organization and actually contributes to the troublesome inconsistencies.

At SPIT’s request, DRDA prepared a suggested uniform policy for distribution of PACs and PANs, and this information was included on a survey of research administrators for feedback. We got very little comment about DRDA’s suggested policy and SPIT therefore recommends that DRDA follow the procedures they outlined. This policy appears in Appendix A on page A-9.

DRDA will begin sending PANs to all units with participating investigators when an award is made. Units that are expecting a sub-project/grant will therefore be aware of the award.

However, SPIT also recommends that DRDA image all of these documents and make them available in files that are accessible to all research administrators. In this way, anyone who needs access to these documents can have them.

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**Issue:** When project/grants are not assigned to the correct class, indirect costs may be charged inappropriately and activity is incorrectly recorded.
Primarily a concern of the Cost Reimbursement office, this also impacts project directors, research administrators, and DRDA staff.

When projects are incorrectly classified, the cost basis for our indirect cost negotiation is incorrect. Our functional activity is incorrectly reported. If individual projects are incorrectly classified, they will be charged an incorrect indirect cost rate. Although the Cost Reimbursement office does review the classifications, they do so after-the-fact, and changing the class after the project is set-up and expenses have been incurred requires re-work.

Since the vast majority of our sponsored projects are classified as on-campus research, research administrators often overlook the portion of the PAF where the classification is designated, leaving “on-campus research” as the default. DRDA often does not have enough time to review proposals at this level of detail. When an award is received, DRDA assigns a project/grant number, and is the point at which DRDA’s project representatives should review the PAF to determine if the correct class has been assigned.

RAIN training also now stresses this point.

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**Issue:** When a new project/grant is set-up in the financial system with the incorrect administrative point-of-contact, reports and questions are misdirected.

The administrative point of contact cannot always be easily determined because academic units are organized differently. In some cases the individual named on the PAF is the administrative point-of-contact for the awarded project, and in same cases, responsibility shifts to a different staff member when an award is made. The default is the project director, who in most cases is not the administrative point of contact.

The new PAF will allow the designation of both pre- and post-award points of contact, which will significantly improve DRDA’s and Sponsored Financial Operations’ ability to identify the post-award administrative point of contact. The new web-based PAF is scheduled to be introduced by the end of 2002.

Until this time, research units vary so much that SPIT felt the central offices could not be expected to know the internal structure of each unit. Therefore, the project director should remain the default recipient. We did, however, add a line on the Project Award Notification (PAN) that describes the simple process for changing the administrative point of contact.

With the roll-out of the new PAF, it will be increasingly important for research units to notify DRDA of changes in personnel so that their “blue pages” can be updated. Keeping in mind that staff administrators may have changed between the time a proposal is submitted and the award made, DRDA uses the blue pages to identify the appropriate administrator for each unit. This document is located on the web and is available for
everyone to use, but its existence is not well known. SPIT included this step in the process outline for distributing PAFs, PANs, and PACs.

COMMUNICATIONS ISSUES

Issue: The University should continue to build on the success of RAIN to enhance the training of and communication among research administrators.

As expressed, this is a solution rather than a problem, but because RAIN is taught and maintained by functional staff from across the University, increasing the frequency of the course adds to their burden. This therefore highlights the need for training and communication in a variety of forums and venues.

Training for research administrators has been recognized throughout the University research community as an extremely important activity, as the resources devoted to the development of RAIN attest. As SPIT was beginning its work, DRDA was developing the RAN meeting format, which SPIT has used on a number of occasions to introduce its solutions. At SPIT's request, DRDA developed a comprehensive list of training opportunities for research administrators which is now available on the DRDA website.

SPIT recommends that DRDA continue to include both academic units and central units in the development and implementation of training programs.

Issue: Mechanisms for routinely eliciting “customer satisfaction” would allow managers in DRDA, Sponsored Financial Operations, Contract Administration, Purchasing Services and other research-related units to reward and build high levels of customer service, and increase their ability to identify problems before they become severe or chronic.

When “customer feedback” is not elicited on a regular basis, managers and supervisors tend to hear primarily about problems. To properly reward positive customer service, DRDA, Sponsored Financial Operations, and Purchasing Services managers should provide themselves with opportunities to cite good performance as well as to respond to complaints.

Although SPIT did not feel we should dictate staff performance review processes to the unit directors, we did relay the issue to the directors of Purchasing Services, Sponsored Financial Operations, and DRDA. The communication and evaluation models were designed to help identify the appropriate audiences and venues for soliciting feedback for this and other purposes. Purchasing Services began developing feedback mechanisms in response to the initial issue, and requested SPIT’s help in identifying feedback mechanisms.
As noted in earlier sections of this report, SPIT has made recommendations to continue the dialogue between central offices and academic units that SPIT has afforded, and to improve on day-to-day contacts between the units.

SPIT has also talked about ways to encourage academic units to get similar feedback about their units’ interactions with central units. Although such feedback probably would not be solicited quite so formally, SPIT would like to plant the idea that successful interactions require competence and cooperation from both parties.

**ORGANIZATIONAL ISSUE**

**Issue:** Development of a “Research Partnership” with central offices and research units (SOLUTION).

The value of a “Research Partnership” has become evident to the members of SPIT. The challenge is to turn this ad hoc team into a lasting relationship that can address issues as they arise.

SPIT could be considered a pilot for a Research Partnership that would strengthen the relationship between central research-related administrative offices and the academic units. The earlier sections of this final report were intended as an outline for achieving this lasting relationship.

SPIT feels that the research community needs to carefully define the support services that sponsored research requires, and then assign responsibility for those services. SPIT took a first step toward this goal with its process outlines, but there is much more to do. It has been suggested that the RAIN outline provides a starting point for this exercise.

Concern has been expressed that some units will be unable to meet the standards for support that others do. But we feel that the University must acknowledge that the proper management of sponsored funding requires a minimum level of support; if a unit does not have sufficient support staff, the project director must understand that he or she assumes these responsibilities. Although we recognize that there may be some pitfalls associated with this project, we feel that it must be done if we are to meet our obligations to the many organizations and institutions that support our research enterprise.
Appendices