

UT Southwestern
Medical Center

**Sponsored Programs Administration
Audit**

Internal Audit Report 18:01

October 11, 2018

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Executive Summary

Background

UT Southwestern Medical Center (Medical Center) Sponsored Programs Administration (SPA) department facilitates the advancement of research and sponsored activities across the Medical Center and represents the central point of coordination for research and sponsored programs. SPA is the authorized organization representative (AOR) for grants, contracts and other agreements from external sponsors. SPA provides support and guidance in proposal development, reviewing and endorsing proposals, processing grant applications and negotiating agreements, accepting and authorizing awards, interpreting sponsor rules and guidelines, and providing post-award research administration services. Principal Investigators (PIs) and department administrators submit departmental approved proposals to SPA for review and authorization prior to submittal to an external agency or sponsor. PIs and department administrators have responsibility to understand their award(s), including budget amount, restrictions, reporting requirements and special terms and conditions.

SPA's primary duty is to assist with the administration of the award lifecycle, from pre-award through post-award closeout. As part of this mission, SPA aims to deliver high quality services with efficiency and professionalism and in compliance with sponsor rules and applicable regulations. The SPA team supports academic departments in the advancement of research and sponsored activities, while ensuring the integrity of the institution's research enterprise through proper stewardship of extramural funding. This audit focused on the pre-award phase of the sponsored program process.



SPA reports directly to the Vice President for Finance & Institutional CFO, with dual reporting to the Vice President and Chief Operating Officer (COO) of Academic Affairs, and is comprised of fifty-eight (58) full-time positions.

Executive Summary

PI initiated grant proposals are processed and monitored in the eGrants application. Grant awards are assigned to a general ledger chart of accounts to track budget to actual expenses within the PeopleSoft Grants module. Both applications include workflow to facilitate the tracking and approval of key steps in the proposal management process. The research grant lifecycle comprises distinctive pre and post award phases (Appendix B depicts the lifecycle of a grant).

Scope and Objectives

This audit was a part of the Fiscal Year (FY) 2018 Institutional Internal Audit Plan and focused on key financial and operational activities supporting the pre-award phase of the research grant lifecycle. The audit scope was FY2018.

Overall objectives for the review included determining the adequacy and effectiveness of processes and internal controls in place that ensure:

- Effectiveness of research award opportunity identification, proposal development and award acceptance
- Timeliness of proposal submission and pre-award set up
- Accuracy and timeliness of budget setup and subsequent adjustments
- Compliance with key laws and regulations and Institutional policies and procedures

We conducted our audit according to guidelines set forth by the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

Conclusion

Overall, processes and controls are in place to administer the Medical Center's pre-award grant related activities. However, there are opportunities for institution-wide improvements to the reporting, tracking and monitoring of data that aids in management decision making. Missing, incomplete or inaccurate data fields can result in inefficiencies in developing reliable reporting. In addition, implementation of Principal Investigator specific and required new researcher training, in addition to the existing refresher training and program updates via town hall presentations, may decrease the incomplete submission denial rates.

Effective pre-award program activities are essential in supporting the Medical Center's mission to advance research that solves for unmet needs by finding better treatments, cures, and prevention with a commitment to ensuring real-world application while maximizing available revenue streams as well as new grant funding sources. The National Institute of Health (NIH) has increased its research budget. UT Southwestern should take the opportunity to submit proposals in order to have the opportunity for increasing grant funding to further the research mission. In addition, the sunset of grant funding from the Cancer Prevention and Research Institute of Texas (CPRIT) anticipated in 2023 is a near term risk, which increases the importance of a coordinated effort by academic department leadership, Principal Investigators, SPA and the Provost's Office on pre-award activities focused on new grantor opportunities.

Executive Summary

The SPA Assistant Vice President has developed a reorganization plan that includes improvement initiatives for all phases of the research grant lifecycle from pre-award to grant completion and closeout. This plan will be implemented in FY2019.

Included in the table below are the observations noted, along with the respective disposition of the observations within the Medical Center internal audit risk definition and classification process. See Appendix A for Risk Rating Classifications and Definitions.

Priority (0)	High (0)	Medium (4)	Low (0)	Total (4)
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There were no priority issues identified in the audit. Key improvement opportunities are summarized below.

INSTITUTIONAL OBSERVATIONS

- n **#1. Implement Standard Reporting for Grant Proposals** – Standardized reporting for grant proposals is not currently available and the RHi001 Grant Proposals report in ORBIT is not in production and currently under validation. Until validation is complete and the report is approved for production, it may contain incomplete and inaccurate research grant data.
- n **#2. Develop Just in Time Focused, Grant Proposals Training for Faculty and Staff Professional Development** – Training is not specifically required and defined for PIs, department grant specialists or grant administrative assistants, which can result in subsequent incomplete and/or inaccurate grant submission and higher denial rates.

SPONSORED PROGRAMS ADMINISTRATION OBSERVATIONS

- n **#3. Improve Grant Proposal Tracking and Reporting Process** – Key indicators and status reporting by individual research departments, specialties, or PIs have not been developed to track grant denials. These indicators are necessary to monitor grant submissions, identify trends and training opportunities for PIs and assist in reducing denial rates.
- n **#4. Improve Proposal Submission Waiver Reporting Process** – The proposal waiver process, which permits PIs to request a waiver of SPA's 14-day review timeline, is not routinely communicated to department chairs. Lack of monitoring and communication of submission waivers may result in incomplete/incorrect grant application submissions and increased denial rates.

Executive Summary

Action plans have been developed for each of the opportunities identified above. Additional details for key improvement opportunities are presented in the Detailed Observations and Action Plans Matrix (Matrix) section of this report.

We would like to thank the Sponsored Programs Administration, Provost Office and Academic Information Systems teams for the courtesies extended to us and for their cooperation during our audit.

Sincerely,

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Executive Summary

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Detailed Observations and Action Plans Matrix

Institutional Observations

Detailed Observations and Action Plans Matrix

Observation	Recommendation	Management Response
<p>Risk Rating: Medium n</p> <p>1. Implement Standard Reporting for Grant Proposals</p> <p>Standardized reporting for grant proposals is not currently available for department finance teams and PIs. The RHi001 Grant Proposals report in ORBIT is not yet live and is currently under validation. Until validation is complete, the report may contain incomplete and inaccurate research grant data. This is due to delayed communication on data validation feedback and follow-up between the ABBA team and SPA and is attributed to incomplete or inaccurate data in the source systems.</p> <p>The following concerns, specific to an analysis of SPA pre-award data from the dashboard report that was not yet validated, were found:</p> <p><u>Missing/Incomplete Data Fields</u></p> <ul style="list-style-type: none"> · Successful proposals missing proposed amount, sponsor funding amount, and/or percent awarded · Successful proposals with notice of award date (NOA) before grant submission date, or missing NOA date · Proposals with NOA date but proposal outcome not designated as successful, pending or unsuccessful · “Percent Proposed Amount Awarded” data field intended as a function that includes numeric, percent, blank or zero values 	<ol style="list-style-type: none"> 1. Review data from source systems to confirm accuracy and completeness. 2. Enhance reporting development procedures as needed to ensure identification of root cause for data integrity issues and timely validation by the business owner. 3. Create standard reporting toolbox for department finance members and PIs to monitor operations that includes standard definitions. 	<p><u>Management Action Plans:</u></p> <ol style="list-style-type: none"> 1. SPA team, in collaboration with EDS, ABBA and AIS, will review available source system data to utilize for EDW reporting. 2. Master Reporting Management Governance will partner with business owners, in this case SPA, to establish a reporting focus group to improve the processes of developing reporting guidelines, defining business data definitions, providing user acceptance sign-off and ensuring data integrity. 3. SPA team, in collaboration with EDS, ABBA and AIS, will develop a standard reporting toolbox for department finance teams and PIs. <p><u>Action Plan Owners:</u></p> <p>Assistant Vice President, Sponsored Programs Administration</p> <p>Vice President & Chief Operating Officer for Academic Affairs</p> <p>Assistant Vice President for Enterprise Data Services</p> <p>Assistant Vice President, Academic Information Systems</p>

Detailed Observations and Action Plans Matrix

Observation	Recommendation	Management Response
<p><u>Duplicate Data Fields</u></p> <ul style="list-style-type: none"> • Possible redundant data fields “Proposal Count” and “Proposal Quantity” 		<p><u>Target Completion Dates:</u></p> <ol style="list-style-type: none"> 1. November 30, 2018 2. January 31, 2019 3. February 28, 2019

Detailed Observations and Action Plans Matrix

Observation	Recommendation	Management Response
<p>Risk Rating: Medium n</p> <p>2. Develop Just in Time Focused, Grant Proposals Training for Faculty and Staff Professional Development</p> <p>Pre-award training sessions and materials are available on the SPA intranet site. However, training requirements are not specifically required and defined for PIs, department grant specialists or grant administrative assistants based on their level of need. PIs and administrative support staff typically receive training through town hall settings or at the departments' request.</p> <p>Inadequate training and preparation in the grant proposal process may result in subsequent incomplete and/or inaccurate submission and higher denial rates. Analysis performed of proposals sent to SPA for detailed review in FY2016-2018 indicated grant proposals submitted earlier had a higher likelihood of receiving a grant award. These averaged 15 days in SPA while unsuccessful proposals averaged 7 days due to more compressed SPA review timelines.</p> <p>In addition, a survey of PIs who submitted grant proposals in 2018 indicated they did not complete grants related training, and that pre-award specific training would be considered helpful. Responders were complimentary of the SPA grant specialists assisting them in the proposal development and application process.</p>	<ol style="list-style-type: none"> 1. Develop baseline and refresher training curriculums for PIs, department grant specialists and support staff. At a minimum, require pre-award and grant application training, and administer based on the just in time approach, such as a prerequisite for grant proposal development. Training should reemphasize PI support, guidance, consistency, and cohesiveness between SPA and Provost Office. 2. Utilize the Medical Center's learning tools to assign required curriculum and track individual course completion. 	<p><u>Management Action Plans:</u></p> <ol style="list-style-type: none"> 1. Sponsored Programs Administration and the Provost's Office will work together to address a plan for developing focused, grant proposal training curriculum that is based on just in time, campus-wide development needs. 2. Coordinate with Organizational Development and Learning team to deliver developed curriculum in just in time format and track attendance via the learning tools. <p><u>Action Plan Owners:</u></p> <p>Vice Provost and Dean of Research Assistant Vice President, Sponsored Programs Administration</p> <p><u>Target Completion Dates:</u></p> <ol style="list-style-type: none"> 1. February 28, 2019 2. February 28, 2019

Detailed Observations and Action Plans Matrix

Sponsored Programs Administration
Observations

Detailed Observations and Action Plans Matrix

Observation	Recommendation	Management Response
<p>Risk Rating: Medium n</p> <p>3. Improve Grant Proposal Tracking and Reporting Process</p> <p>Key indicators and status reporting by individual research departments, specialties, or PIs are not available on demand to track and monitor grant activities. These indicators are necessary to monitor grant submissions, identify trends and training opportunities for PIs and assist in reducing denial rates.</p> <p>In addition, for grantor denials, the root causes of proposal denial (science or administrative related) are currently not captured by category in eGrants, limiting the ability to identify common root causes and identify areas for PI training and education.</p> <p>The SPA Pre-Awards team uses automated reports, generated daily from eGrants, to monitor pending proposals that are due for sponsor submission within the fourteen-day window prior to the due date. These reports are currently available to AIS and SPA only.</p> <p>Lack of defined KPIs and effective data analytics can result in processing inefficiency and higher risk of denial.</p>	<ol style="list-style-type: none"> 1. Define key performance indicators and map to supporting system fields. 2. Implement a plan to identify and capture common categories of proposal denials in eGrants. 3. Update eGrants reporting to provide automated reporting to department grant teams and PIs. 4. Communicate performance-monitoring plan to department leaders and PIs, including escalation procedures for negative trends. 	<p><u>Management Action Plans:</u></p> <ol style="list-style-type: none"> 1. Priorities identified by the SPA team include: <ul style="list-style-type: none"> - Introducing annual comprehensive analysis of the SPA portfolio for internal/external reporting. - Performing detailed analysis of request for proposal requirements (RFP) for dissemination to PIs in order to provide more effective guidance to departments and other stakeholders. 2. We will request an enhancement to eGrants in the form of a required input field upon execution of the “Declined by Sponsor” activity to provide general categories for denial. 3. Update eGrants functionality to provide automated reporting to department grant teams and PIs. 4. Communicate report updates to department grant teams and PIs including escalation procedures for negative trends.

Detailed Observations and Action Plans Matrix

Observation	Recommendation	Management Response
		<p><u>Action Plan Owners:</u> Assistant Vice President, Sponsored Programs Administration Assistant Vice President, Academic Information Systems</p> <p><u>Target Completion Dates:</u></p> <ol style="list-style-type: none"> 1. February 28, 2019 2. February 28, 2019 3. February 28, 2019 4. March 31, 2019

Detailed Observations and Action Plans Matrix

Observation	Recommendation	Management Response
<p>Risk Rating: Medium n</p> <p>4. Improve Proposal Submission Waiver Reporting Process</p> <p>The proposal submission waiver does not require department chair or designee approval. This waiver is requested by a PI when required grant submission information is not available for SPA to review before the 14 days grantor submission deadline established by SPA. Lack of monitoring and communication of submission waivers may result in incomplete/incorrect grant application submissions and increased denial rates</p> <p>In the first 9 months of FY2018, 299 proposals or 13% of total submitted required a waiver. SPA currently downloads proposal data from eGrants onto weekly spreadsheets and manually identifies those requiring a waiver for tracking purposes.</p> <p>Waiver documents typically pertain to:</p> <ul style="list-style-type: none"> · Scientific documentation - research plan and strategy, senior key personnel, project summary/abstract, plus others, and · PI certification/assurances - submission accuracy, truthfulness, completeness and regulatory compliance. <p>Both prerequisites are essential for sponsor review for awarding. Proposal applications without all key components are either held back or submitted "as is" by the due date.</p>	<ol style="list-style-type: none"> 1. Evaluate functionality to track, monitor and report waivers within eGrants. 2. Update waiver procedures to include periodic reporting to Department Chairs. 3. Analyze waiver history to identify trends for PI and department training and education purposes. 4. Update final submission procedures to include departmental approval of final science and PI certification documents prior to releasing to SPA for final review and submission. 	<p><u>Management Action Plans:</u></p> <ol style="list-style-type: none"> 1. Coordinate with Information Resources to evaluate functionality for tracking and reporting waivers within eGrants. 2. SPA, in coordination with the Vice Provost and Dean of Research, will develop procedures for waiver reporting to the Department Chairs. 3. Utilizing manually tracked data on waivers, develop trend reporting and provide training to selected departments. 4. Update instructions for PIs to ensure departmental approvals of key documents are obtained prior to sending to SPA for review and final submission. <p><u>Action Plan Owners:</u></p> <p>Vice Provost and Dean of Research Assistant Vice President for Sponsored Programs Administration Assistant Vice President, Academic Information Systems</p> <p><u>Target Completion Dates:</u></p> <ol style="list-style-type: none"> 1. December 31, 2018 2. January 31, 2019 3. January 31, 2019 4. December 31, 2018

Appendix A – Risk Classifications and Definitions

As you review each observation within the Detailed Observations and Action Plans Matrix of this report, please note that we have included a color-coded depiction as to the perceived degree of risk represented by each of the observations identified during our review. The following chart is intended to provide information with respect to the applicable definitions and terms utilized as part of our risk ranking process:

Risk Definition- The degree of risk that exists based upon the identified deficiency combined with the subsequent priority of action to be undertaken by management.	Degree of Risk and Priority of Action	
	Priority	An issue identified by Internal Audit that, if not addressed immediately, has a high probability to directly impact achievement of a strategic or important operational objective of a UT institution or the UT System as a whole.
	High	A finding identified by Internal Audit that is considered to have a high probability of adverse effects to the UT institution either as a whole or to a significant college/school/unit level. As such, immediate action is required by management in order to address the noted concern and reduce risks to the organization.
	Medium	A finding identified by Internal Audit that is considered to have a medium probability of adverse effects to the UT institution either as a whole or to a college/school/unit level. As such, action is needed by management in order to address the noted concern and reduce the risk to a more desirable level.
	Low	A finding identified by Internal Audit that is considered to have minimal probability of adverse effects to the UT institution either as a whole or to a college/school/unit level. As such, action should be taken by management to address the noted concern and reduce risks to the organization.

It is important to note that considerable professional judgment is required in determining the overall ratings presented on the subsequent pages of this report. Accordingly, others could evaluate the results differently and draw different conclusions. It is also important to note that this report provides management with information about the condition of risks and internal controls at one point in time. Future changes in environmental factors and actions by personnel may significantly and adversely impact these risks and controls in ways that this report did not and cannot anticipate.

Appendix B – Pre-Award Steps within the Lifecycle of a Grant

