

Administrative Review & Restructuring

Regulatory Relief Subcommittee Report

June 10, 2010

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Julie Zemaitis, Executive Director, University Audits

INTRODUCTION

The overall goal of the Administrative Review and Restructuring Committee is to find ways to reduce administrative costs and redirect resources, to the degree possible, toward core missions of teaching and research.

The burden of regulatory compliance and potential for regulatory relief inevitably surface in any discussion of administrative costs. All three campuses and the university administration devote substantial human and financial resources to meeting local, state, and federal regulatory mandates.

It is important to recognize that regulations arise from an identified risk situation and constitute an effort to mitigate risk. In many cases, failure to comply with regulations could jeopardize the University's reputation and resources. That is, in certain instances the costs of compliance, though onerous, could pale in comparison to the costs of non-compliance.

However, changed circumstances can lead to the obsolescence of regulations. Practices for implementing regulations become dated. Interpretations of regulation in different institutions may vary. Each of these factors comes into play in considering areas for regulatory relief. The charge of the regulatory relief subcommittee was:

- *To catalog areas where regulatory relief would be advisable.*
- *To look primarily to internal rules, practices, and processes, but also include state or federal rules or regulations where we would have an opportunity to advocate for change.*

Subcommittee members understood that the university is subject to a number of regulatory mandates that many in the organization deem to be unreasonable or ineffective, but that are also firmly entrenched in state or federal laws or have strong political support. Rather than invest time and energy in railing against those regulations, the committee focused on areas where it seemed likely that change could occur. These include internal rules, practices, and processes, as well as some external regulations where it appeared there was a realistic opportunity to effect change.

The subcommittee's goal and work product was to be a short list of achievable regulatory relief targets. The process for developing this work product began by subcommittee members sharing their perspectives on regulatory compliance and identifying potential targets for regulatory relief based on situations they confront.

The subcommittee also examined prior, related efforts. These included:

- Movable Equipment Inventory Threshold History, April 2001
- The IBHE Subcommittee B Report, January 2005
- Improving the System Recommendations, April 2007

Documents addressing these past efforts are available at the committee's e-docs site:

https://edocs.uis.edu/xythoswfs/webui/_xy-1664896_1-t_CTt0sRiC.

Additionally, the subcommittee also sought input from groups that were well positioned to be knowledgeable about the university's regulatory obligations and regulatory burden. These included the Administrative Fellows and University business officers. Additionally, input was provided by the University Office of Student Financial Services and Cashier Operations and by Donna McNeely,

University Ethics Officer. Committee members are grateful for the input from all these groups and individuals.

Based on the information gathered, the committee reviewed an initial set of potential regulatory relief targets. That initial list was refined through further research and discussion to generate the list presented below.

The subcommittee was briefed on the University's Enterprise Risk Management initiative by Julie Zemaitis, Executive Director, University Audits. Because of the relationship between risk management and regulatory compliance, it is recommended that any office or group charged with following-up on the subcommittee's recommendations establish a working relationship with the University's Enterprise Risk Management office.

The Human Resources Subcommittee worked in parallel with the Regulatory Relief Subcommittee. Recommendations from the Human Resources Subcommittee address areas of regulatory relief, but appear in a separate section of the Administrative Review and Restructuring report.

The remainder of the subcommittee's report consists of what the committee views as a list of achievable regulatory relief targets. To the degree possible, the following information is presented for each target:

- Area/Function
- Recommended Action
- Regulatory Level
- Description
- Impact of Recommendation
- Where Savings Will Be Realized
- Timeframe For Action
- Implementation Plan

As a general recommendation, the subcommittee suggests that a University office be designated to take lead responsibility for refining the strategies to achieve these recommended actions and for seeing that the recommendations are implemented by the appropriate offices.

I want to express my appreciation to the subcommittee members for their thoughtful contributions and their commitment to the betterment of the University. Thanks also to Debbie Gill for staff support and for compiling the document.

Harry J. Berman
Chair, Regulatory Relief Subcommittee
Provost, University of Illinois Springfield

SUMMARY OF RECOMMENDATIONS

<i>Area/Function</i>	<i>Recommended Action</i>	<i>Internal</i>	<i>State</i>	<i>Federal</i>	<i>Page</i>
Capital Projects/Qualifications Based Selection Act	Amend the QBS Act to raise threshold to same limit as State's small purchase limit for construction without advertisement		X		6
Capital Projects/Illinois Procurement Code	Raise threshold for requiring bidding of work		X		7
Capital Projects/Delivery Methodology	Expand project delivery methodology		X		8
Capital Projects/State Funded Projects	Appropriate all state funded capital projects to University		X		10
Capital Projects/Approval Process	Standardize project approval process for projects not requiring BOT approvals	X			11
Capital Projects/Cost Estimates	Establish an improved process for project cost estimates	X			12
Capital Projects/Contractor Performance & Payment	Revise contractor performance and payment bonding requirements	X			13
Capital Projects/Consultant Qualifications	Require a consistent template for consultant submittal of qualifications	X			14
Capital Projects/Contractor Prequalification	Adopt a uniform University-wide contractor prequalification evaluation process	X			15
Capital Projects/Coordination of Campus and UA Units	Clarify roles and responsibilities for the campus construction units and the University's Purchasing Division	X			16
Capital Projects/Banner Integration	Integrate systems with Banner	X			17
Contract Processing/Electronic Signature	Implement University-wide system for development of electronic review and approvals/e-signatures for contracts	X			18
Contract Processing/Streamline Process	Amend <i>General Rules</i> to streamline contract processing	X			20

<i>Area/Function</i>	<i>Recommended Action</i>	<i>Internal</i>	<i>State</i>	<i>Federal</i>	<i>Page</i>
Ethics/Conflict of Commitment/Interest	Implement electronic signatures for conflict of commitment/interest reporting	X			22
Ethics/Statement of Economic Interest	Implement electronic signature process for Statement of Economic Interest Reporting		X		24
Financial Services/Debtor Notification Options	Expansion of debtor notification options to include email		X		26
Financial Services/Write-off Approval	Increase amount required to submit account to Attorney General		X		27
Payroll	Simplify payments to foreign nationals	X			29
Purchasing/Movable Equipment Inventory	Raise movable inventory control limits.		X		30
Purchasing/P-Card	Allow use of University P-Card for lodging	X			31
Research	Evaluate risk associated with providing cash payments to non-resident alien participants in human subjects research			X	33
Student/Financial Aid	Allow UI to <u>require</u> veterans to take the Federal GI benefits		X		35

CAPITAL PROJECTS
State of Illinois Architectural, Engineer & Land Surveying
Qualifications Based Selection Act

RECOMMENDED ACTION

Amend the Qualifications Based Selection Act to raise the threshold to \$70,100, the same limit as the State's small purchase limit for construction without advertisement.

REGULATORY LEVEL

INTERNAL	STATE	FEDERAL
	X	

DESCRIPTION

The QBS ACT (1991) outlines a consultant selection process for contracts anticipated to be \$25,000 or greater. The process involves advertising for services to be selected according to specific criteria for the project.

IMPACT OF RECOMMENDATION

A savings in time and money spent on staff effort to initiate contracts and to begin construction of small projects.

WHERE SAVINGS WILL BE REALIZED

Across the University with reduced project cost.

TIMEFRAME FOR ACTION

Six months.

IMPLEMENTATION PLAN

Suggested changes will be delegated to the University Office of Governmental Relations and the University Office of Capital Programs & Real Estate Services.

CAPITAL PROJECTS

Illinois Procurement Code

RECOMMENDED ACTION

Raise the threshold for requiring bidding of work to \$500,000.

REGULATORY LEVEL

INTERNAL	STATE	FEDERAL
	X	

DESCRIPTION

Section 30-30 of the Code requires contracts in excess of \$250,000 to separate specifications prepared for all equipment, labor, and materials in connection with the following five subdivisions of the work to be performed:

- Plumbing
- Heating, piping, refrigeration and automatic temperature control systems, including the testing and balancing of those systems
- Ventilating and distribution systems for conditioned air, including the testing and balancing of those systems
- Electric Wiring
- General Contract Work

IMPACT OF RECOMMENDATION

A savings in time to prepare separate specifications and increased efficiency to manage only one contract instead of five for small projects.

WHERE SAVINGS WILL BE REALIZED

Across the University with reduced project cost.

TIMEFRAME FOR ACTION

Six months.

IMPLEMENTATION PLAN

Suggested changes will be delegated to the University Office of Governmental Relations and the University Office of Capital Programs & Real Estate Services.

CAPITAL PROJECTS Delivery Methodology

RECOMMENDED ACTION

Expand project delivery methodology available to the University to include single prime contractor, design build and integrated project delivery methodologies.

REGULATORY LEVEL

INTERNAL	STATE	FEDERAL
	X	

DESCRIPTION

- *A Single Prime Delivery Process* allows the Owner to contract with one contractor who in turn may contract work with subcontractors. The prime contractor, however, remains solely responsible for the work. This project delivery system is currently available for use by the Capital Development Board.
- *Design Build* is a construction project delivery process that provides responsibility within a single contract for the furnishing of architecture, engineering, land surveying and related series as required and the labor, materials, equipment and other services for the project. (This definition is taken from Section 995.120 Definitions of the Joint Committee on Administrative Rules Administrative Code for the Illinois Capital Development Board.) Design Build is currently available for use by the Capital Development Board.
- *Integrated Project Delivery (IPD)* focuses on a cooperative effort between at a minimum the Owner, Architect/Engineer and Contractor from design through construction. Principal to IPD is the idea of shared responsibility for decisions and outcomes with clear definitions of responsibilities and schedules. Illustrative of the process is that the parties involved enter into a joint contractual agreement rather than individual and exclusive contracts for the Architect/Engineer and Contractor typical to a design/bid/build project delivery.

IMPACT OF RECOMMENDATION

A savings in project time, a savings in time to develop bid packages for construction, a savings in coordination time, a savings in minimizing the point of contact for the University, a savings with a reduction of up to 50% in change orders, and a savings in potential litigation.

WHERE SAVINGS WILL BE REALIZED

Across the University with reduced project cost.

TIMEFRAME FOR ACTION

Six months.

IMPLEMENTATION PLAN

Suggested changes will be delegated to the University Office of Governmental Relations and the University Office of Capital Programs & Real Estate Services.

CAPITAL PROJECTS

State Funded Projects

RECOMMENDED ACTION

Appropriate all state funded capital projects directly to the University.

REGULATORY LEVEL

INTERNAL	STATE	FEDERAL
	X	

DESCRIPTION

Currently, capital appropriations from the State are made to the University through the Capital Development Board. The Capital Development Board manages the project for an assessed fee of 3% of the project cost.

IMPACT OF RECOMMENDATION

A change in the way capital appropriations are made to the University.

WHERE SAVINGS WILL BE REALIZED

Across the University with reduced project cost (3% of the project cost).

TIMEFRAME FOR ACTION

Six months.

IMPLEMENTATION PLAN

Suggested changes will be delegated to the University Office of Governmental Affairs and the University Office of Capital Programs & Real Estate Services.

CAPITAL PROJECTS

Approval Process

RECOMMENDED ACTION

Implement a consistent approach with all campuses that concludes with a complete project program statement that identifies the scope of the project, a validated estimate of cost, an ideal project schedule, a funding source, and a brief statement on how the project conforms to the University's strategic plan, the campus master plan, and the campus space utilization plan.

REGULATORY LEVEL

INTERNAL	STATE	FEDERAL
X		

DESCRIPTION

The project approval process is currently different for each campus. One campus requires a two step approval process resulting in a completed program statement. Another campus requires an initial approval prior to staff confirming the project scope and cost estimate with a completed program statement following consultant selection.

IMPACT OF RECOMMENDATION

Projects with consistent, complete background information that would result in faster approvals and in fewer changes in scope, budget and schedule later in the project delivery process.

WHERE SAVINGS WILL BE REALIZED

Across the University with reduced project cost.

TIMEFRAME FOR ACTION

Three months.

IMPLEMENTATION PLAN

Suggested changes will be delegated to the University Office of Capital Programs & Real Estate Services.

CAPITAL PROJECTS

Cost Estimates

RECOMMENDED ACTION

Establish an improved process on how estimates will be prepared and verified during the initial stages of a project.

REGULATORY LEVEL

INTERNAL	STATE	FEDERAL
X		

DESCRIPTION

Currently project cost estimates are initially prepared by internal and external sources with varying levels of accuracy.

IMPACT OF RECOMMENDATION

Fewer future changes to project budgets and realistic expectations for project scope.

WHERE SAVINGS WILL BE REALIZED

Across the University with increased project budget accuracy.

TIMEFRAME FOR ACTION

Six months.

IMPLEMENTATION PLAN

Suggested changes will be delegated to the University Office of Capital Programs & Real Estate Services.

CAPITAL PROJECTS

Contractor Performance & Payment

RECOMMENDED ACTION

Change the general conditions to require only the general contractor to provide bonds for the general's contract and for any contracts assigned to the general. Require one bond for performance and payment rather than two separate bonds.

REGULATORY LEVEL

INTERNAL	STATE	FEDERAL
X		

DESCRIPTION

Currently, the University's standard general conditions within the bid specifications require contractors to provide bonds with a penal sum of 100% of the contract sum. The general contractor's contract sum includes the value of the contracts of the assigned subcontractors. The assigned subcontractors are also required to provide bonds with a penal sum of 100% of their contract sum resulting in the same work being double bonded. Since bonding comes as a cost to the contractor that is passed along in the bid, double bonding costs the project money. The University's standard general conditions also require two separate bonds, one for performance and one for payment.

IMPACT OF RECOMMENDATION

A savings in the project cost.

WHERE SAVINGS WILL BE REALIZED

Across the University.

TIMEFRAME FOR ACTION

Two months.

IMPLEMENTATION PLAN

Suggested changes would be delegated to the University Office of Capital Programs & Real Estate Services and University Legal Counsel.

CAPITAL PROJECTS Consultant Qualifications

RECOMMENDED ACTION

List in the advertisement for consultant services a prescribed order for the 9 required criteria in the submittal.

REGULATORY LEVEL

INTERNAL	STATE	FEDERAL
X		

DESCRIPTION

Currently, consultant responses to requests for services are organized according to the desires of the consultant. University reviewers must sort through lengthy documents to assign evaluation points for required criteria as described in the advertisement.

IMPACT OF RECOMMENDATION

Increase in the efficiency of the time spent by the evaluating staff.

WHERE SAVINGS WILL BE REALIZED

Across the University.

TIMEFRAME FOR ACTION

One month.

IMPLEMENTATION PLAN

Suggested changes would be delegated to the University Office of Capital Programs & Real Estate Services.

**CAPITAL PROJECTS
Contractor Prequalification**

RECOMMENDED ACTION

Adopt a uniform University wide method to evaluate contractor prequalification.

REGULATORY LEVEL

INTERNAL	STATE	FEDERAL
X		

DESCRIPTION

Currently, each campus uses a uniform contractor prequalification form but evaluates the form differently.

IMPACT OF RECOMMENDATION

A potential increase in the number of bidders for each project.

WHERE SAVINGS WILL BE REALIZED

Across the University with reduced project cost.

TIMEFRAME FOR ACTION

Two months.

IMPLEMENTATION PLAN

Suggested changes would be delegated to the University Office of Capital Programs & Real Estate Services and University Legal Counsel.

CAPITAL PROJECTS

Coordination of Campus & UA Units

RECOMMENDED ACTION

Develop a University policy that clarifies the roles and responsibilities of campus construction units and Purchasing and consider the coordination of the bidding of all projects shall be done by Purchasing.

REGULATORY LEVEL

INTERNAL	STATE	FEDERAL
X		

DESCRIPTION

Currently, campus construction units coordinate capital project delivery while the University’s Purchasing Division secures other goods and services. Sometimes responsibility for a project is not clear. In addition, the University’s Purchasing Division is currently responsible for coordinating the bidding of all goods and services except capital projects according to the regulations prescribed in the Illinois Procurement Code. By the nature of the items secured, Purchasing coordinates the bid process on a daily basis. In contrast, since Capital Projects generally take up to a year to develop bid documents with a/e services, campus construction units coordinate the bidding process less frequently than Purchasing.

IMPACT OF RECOMMENDATION

An increase in staff efficiency, a decrease in potential project delay, acquisitions, administrative bureaucracy, and potential litigation.

WHERE SAVINGS WILL BE REALIZED

Across the University with reduced project cost.

TIMEFRAME FOR ACTION

Six months.

IMPLEMENTATION PLAN

Suggested changes would be delegated to the University Office of Capital Programs & Real Estate Services and the Office of Business and Financial Services.

CAPITAL PROJECTS

Banner Integration

RECOMMENDED ACTION

Eliminate redundant data entry by integrating capital business systems with Banner, the University's accounting system. All capital related contracts, change orders, and payments would be seamlessly sent to Banner.

REGULATORY LEVEL

INTERNAL	STATE	FEDERAL
X		

DESCRIPTION

On average over the last 4 years, nearly 3000 business transactions are entered into computer systems for University accounting, campus accounting, and business management reasons. Complex data must often be entered multiple times since the required systems do not interface with each other.

FISCAL YEAR	CONTRACTS/ AGREEMENTS	CHANGE ORDERS/ AMENDMENTS	PAYMENTS	TOTAL
2007	339	1487	376	2202
2008	451	1746	516	2713
2009	419	2492	556	3467
2010 (9 months data)	306	1660	194	2160
TOTAL	1515	7385	1642	10542

IMPACT OF RECOMMENDATION

An increase in staff efficiency and less opportunity for error.

WHERE SAVINGS WILL BE REALIZED

Across the University.

TIMEFRAME FOR ACTION

Six months.

IMPLEMENTATION PLAN

Suggested changes would be delegated to the University Office of Capital Programs & Real Estate Services.

CONTRACT PROCESSING

Electronic Signature

RECOMMENDED ACTION

Implement a University-wide system for the development of electronic review and approvals via e-signatures for contracts.

REGULATORY LEVEL

INTERNAL	STATE	FEDERAL
X		

DESCRIPTION

The University currently relies on a very manual and paper driven process for the development and approval of contracts. There were over 10,700 contracts processed in FY09. There has been an increase in the number of contracts processed in FY08 and FY09 of over 13% per year, and we expect this trend to continue. Contracts are currently developed through the use of email, scanned documents, in-person meetings, phone conversations, etc. Once contract language is mutually agreed upon by the University and a third party, multiple paper copies of the contract are routed for final review, approval and signatures by appropriate administrative units including; Legal Counsel, Comptroller, Board of Trustees, and other administrative offices as required. The *General Rules* currently require written approval by Legal Counsel on all University contracts. Additionally, there is no central repository for all University contracts that can be easily accessed for reporting and data analysis, as well as to effectively manage contracts currently in force.

IMPACT OF RECOMMENDATION

Colleges and departments across all three campuses have expressed the need for a contract management system that can be used to develop contracts and route them for approvals/e-signatures, as well as a tool that can be used to access and view certain strategic contracts that can be utilized by any department across the campuses. In addition to the efficiencies gained by developing and approving contracts electronically in a single system, the contract data and spend analysis available from a contract management system will greatly assist the University in effectively managing the contracts that are currently in place. It will allow the University to leverage spending related to strategic contracts, as well as more effectively track important dates related to out clauses, renewal deadlines, and expiration dates. It will also eliminate the need for paper copies of contracts to be routed manually across the campuses.

This system will be particularly helpful for processing of contracts for capital projects.

WHERE SAVINGS WILL BE REALIZED

The proposed contract management system will help the University to realize significant efficiencies in the processing time for contracts. This system will capture communications related to the development of contracts, link supporting documents, eliminate the need for multiple tracking systems currently in

place, and more effectively plan for contracting activities. It will also allow for streamlined reporting of contracts and associated spend data.

The estimated cost for a hosted solution is approximately \$1 million in the first year, with annual maintenance/software updates at approximately \$75,000 per year. The return on this investment is expected to be realized in about 5 years.

TIMEFRAME FOR ACTION

The Request for Proposals has already been published and responding vendors are being evaluated. Because ITPC final approval was secured on April 9, 2010, expected implementation of this system would begin during the fall of 2010, with a piloted rollout in late 2010 and early 2011. We hope to have funding secured and a contract in place by June, 2010.

IMPLEMENTATION PLAN

Details of an implementation plan are not known at this time, as it will greatly depend on the vendor that will ultimately be awarded a contract to provide this system, as well as the functionality and training requirements for the system. However, AITS has lead responsibility for implementing the system.

CONTRACT PROCESSING

Streamline Process

RECOMMENDED ACTION

Streamline University contract processing by amending *General Rules* and developing OBFS contract policy guidelines.

REGULATORY LEVEL

INTERNAL	STATE	FEDERAL
X		

DESCRIPTION

As noted in the previous item, thousands of contracts work their way through the University’s contract process on an annual basis (e.g., over 10,700 contracts were processed in FY09). The overarching contract processing policy detailing the manner in which University contracts are processed can be currently found in Article II of the University’s *General Rules* (i.e. Business Organization and Policies). Article II of the *General Rules* has three sections that deal significantly with contract processing: Section 4 – Award and Execution of University Contracts; Section 5 – Drafting and Approval of University Contracts; and Section 6 – Research Gifts, Grants, and Contracts. It is recommended that these three sections be significantly revised with an eye on making the University’s contract processing more efficient and consistent with good business practices. It is also recommended that much of the policy that presently exists in Sections 4 and 5 be relocated to the OBFS policy manual as newly developed OBFS contract policy guidelines in order to give the University more flexibility in keeping the University’s contract processing policies current and up to date with good business practices.

IMPACT OF RECOMMENDATION

It is anticipated that a revised and relocated contract processing policy will result in the University’s ability to process contracts quicker and more efficiently. **Potential** revisions may include:

- Delegating signature authority for assurances and certifications related to research issues to the University administrator most knowledgeable with the subject matter (i.e. Vice-Chancellor for Research or Provost).
- Reducing the number of persons who need to review and sign off on each contract (i.e. removal of provision requiring Secretary of the Board attestation on each contract; elimination of the requirement that university counsel review and approve all contracts).
- Restructuring of the University’s contract filing process (e.g. eliminate need for all original contracts to be filed in the Board office).

WHERE SAVINGS WILL BE REALIZED

Savings should be realized in the time and effort required by University personnel to process over ten thousand contracts on an annual basis.

TIMEFRAME FOR ACTION

Summer/Fall 2010.

IMPLEMENTATION PLAN

Article VII of the *General Rules* (i.e. Amendments) provides that the Board of Trustees may make changes to the *General Rules* “after consultation with the president of the university.” However, before providing advice or consultation to the Board, “the president shall consult with the University Senates Conference.”

It is contemplated that OBFS and the Office of University Counsel will work to draft specific revisions to the *General Rules* and that they will also work to develop a set of contract processing guidelines that would be added to the OBFS policy manual. Following completion of these draft documents, they will be presented to the President for consideration and subsequent consultation with the Senates Conference and ultimately the President will present them to the Board for consideration.

ETHICS

Conflict of Commitment/Interest

RECOMMENDED ACTION

- Implement a new electronic “disclosure portal” to capture conflict of interest and commitment disclosures required by University policies, the procurement process, grant proposal submission, and research protocol review.
- Implement electronic signatures for conflict of commitment/interest reporting.

REGULATORY LEVEL

INTERNAL	STATE	FEDERAL
X		

DESCRIPTION

Reporting and management of conflict of interest and commitment is growing in complexity and oversight from the state and federal levels; therefore, it is essential that the University of Illinois have a sound policy and procedures in this area.

The COIC Policy Review Committee, convened in December 2009. An important component of the COIC policy review currently is the possible implementation of an electronic data collection and conflict management system. The current paper process has served the University well for over two decades. However, given the central importance of the policy and increasing national attention to management of conflict issues in research, it is appropriate for the University to take a fresh look at available technologies to enhance the management, storage and processing of conflict of interest and commitment information.

Working in collaboration with the COIC Policy Review Committee is the COIC Technology Implementation Committee. The Technology Subcommittee is examining current University procedures and software options in parallel. In these regards, the COIC Technology committee is asked to: (1) review our current conflicts of interest and commitment procedures; (2) consider the full range of data needing to be collected, confirmed and used in the management of conflicts throughout the University, including cross-disciplines and cross-campus; (3) consider process recommendations regarding conflict of interest policies and procedures made by the 2008 internal audit, by national funding agencies and higher education organizations such as AAU/AAMC and ACE; (4) make recommendations for changes to our existing processes and procedures; and (5) create the documentation by the end of AY2010 to either purchase or develop software so that any new electronic services can be in place by June 2011.

IMPACT OF RECOMMENDATION

Impact will be reduced paper handling, more efficient and timely identification and review of potential conflicts of interest and commitment as they relate to areas of grants and contracts, research administration, non-university activities, conflict management and procurement. Faculty have indicated a need to "make one place for faculty to go to complete the requirements." A newly

developed electronic system would create a “disclosure portal” to capture conflict disclosure, PAF/proposal transmittal and research protocol data, then assemble them together simplifying access to unified disclosure information for any office that needed access to it. Finally, the single data store would be accessible to all departments on all three campuses and UA that need a consolidated view of COI information.

WHERE SAVINGS WILL BE REALIZED

The risk of incomplete disclosure and review of conflicts of interest will be reduced and accuracy and compliance will be increased at the employee level. We will still have the same effort put forward to collect the data, but we will save money due to the increased accuracy and the ability for departments to see the data. Reporting capability from the data will be increased.

For example the VCR and purchasing will have access to all data related to COI. This will prevent mistakes that legal or department heads would need to unravel.

TIMEFRAME FOR ACTION

The COIC Technology Subcommittee will create the documentation by the end of AY2010 to either purchase or develop software so that any new electronic services can be in place by June 2011.

IMPLEMENTATION PLAN

The Office of the Vice President for Academic Affairs in coordination with AITS is responsible for implementing the recommendations. The COIC Policy Review Committee and the COIC Technology Implementation Committee are currently meeting on a regular basis to finalize the COIC policy and technology options and needs. The COIC Technology Subcommittee has collected summary information on COIC procedures in the areas of grants and contracts, research administration, non-university activities, conflict management and procurement. The committee has worked to identify the requirements of an electronic system, and is currently in the middle of the RFI process and waiting vendor responses. If it appears likely that a vended solution could meet our needs at an acceptable cost, the recommendation would be to proceed to a formal RFP process. If a vended solution does not appear likely, the committee recommends performing a formal analysis to build an internal University solution. Either of these approaches would require creation of an ITPC template to receive funding for the project. In the course of preparing the template, an ROI analysis would be performed to verify that the savings from automating the process justifies the cost of the solution.

ETHICS

Statement of Economic Interest

RECOMMENDED ACTION

Implement electronic signature process for Statement of Economic Interest Reporting.

REGULATORY LEVEL

INTERNAL	STATE	FEDERAL
	X	

DESCRIPTION

Currently, the Statement of Economic Interest communication and filing process is completely paper-based requiring many hands and multiple entity involvement. This process could be significantly streamlined with respect to time and expense if the disclosure process was modernized to allow for electronic filing.

- o Current Process:
 - In January, the Secretary of State’s office sends a paper mailing to every state agency and public university including the names and home mailing addresses of employees filing Statements in the prior year. Each agency then updates addresses, adds and removes employees. For the U of I, the total population is about 8,500 employees with approximately 1,000 additions, 1,000 removals, and 500 address changes each January. These addresses are sent to the Secretary of State. After entry, the Secretary of State prints another listing and mails it back to the entity for a second verification.
 - In March, the Secretary of State sends employees a paper mailing including a Statement to the address provided indicating that the agency/public university’s ethics officer may need to review the form. (Note: The Ethics Act requires Ethics Officer review.) Because of this required review, the University of Illinois communicates to all applicable employees indicating the form must be mailed to the Ethics Office. Prior to 2009, the University actually mailed a business reply envelop and explanation to each employee. This was stopped due to cost. Email communications are now used. This mailing must be via US Postal since there is no campus mail to the UIS campus.
 - During a two month period between mid-March to early-May, the Ethics Office receives the paper forms, reviews the forms, logs the forms in an Excel spreadsheet, retains a scanned image, and mails the Statements to the Secretary of State for their manual processing.

IMPACT OF RECOMMENDATION

Creating an electronic disclosure process would positively impact every state agency and public university with respect to both time and expense.

WHERE SAVINGS WILL BE REALIZED

- Secretary of State – printing, postage, manual processing
- Agencies/Public Universities – communication time, processing time, mailing expenses
- State/Public University employees – mailing expenses

TIMEFRAME FOR ACTION

Twelve months.

IMPLEMENTATION PLAN

Request for an electronic filing and signature process should be submitted to the Secretary of State by all University Presidents or the IBHE. The Ethics office will take lead responsibility for follow-up.

FINANCIAL SERVICES

Debtor Notification Options

RECOMMENDED ACTION

The State Comptroller's Office should expand their debtor notification options to include email for the required intent to file a claim with the Comptroller's Office debtor notification.

REGULATORY LEVEL

INTERNAL	STATE	FEDERAL
	X	

DESCRIPTION

The State Comptroller provides U.S mail, certified mail or oral communication as the only options for notifying debtors of an agency's intent to file a claim at the Comptroller's Offset System. This requirement is found in SAMS Manual Section 26.40.20. Email is our primary communication tool for our student population.

IMPACT OF RECOMMENDATION

Although the annual budget savings achieved through using e-mail for this notification is limited (approximately \$2,300), the e-mail system is the most effective way to reach students.

WHERE SAVINGS WILL BE REALIZED

Savings will be realized by USFSCO.

TIMEFRAME FOR ACTION

USFSCO will develop a proposal and submit to the Comptroller's office by June 1, 2010.

IMPLEMENTATION PLAN

We have discussed our desire to utilize email for this notification with the Comptroller's Office and they requested that we submit a proposal. We are currently developing this proposal.

FINANCIAL SERVICES

Write-off Approval

RECOMMENDED ACTION

Increase the amount required to submit an account to the Attorney General for write-off approval from \$1,000 to \$5,000. In addition, the Attorney General should be encouraged to develop an electronic write-off approval process.

REGULATORY LEVEL

INTERNAL	STATE	FEDERAL
	X	

DESCRIPTION

The write-off process requires routine exchange of documents with the Attorney General’s Office at an expense to both agencies. The \$1,000 threshold has been in place for more than 20 years. The University seeks write-off approval one-time per year on a majority of our AR. However, we submit individual requests outside of the annual batch request in the event of the death of the account holder or when a debt is dischargeable in bankruptcy. To submit a claim for write-off requires sending a letter with appropriate documentation to the Attorney General, maintaining copies internally and tracking receipt by the Attorney General and approval. The Attorney General, in turn, sends a letter to the University acknowledging receipt of our write-off claim followed by a letter approving the write-off. In addition to increasing the dollar threshold, the Attorney General should offer an electronic process for submitting claims, acknowledging claims, requesting additional information and approving claims.

IMPACT OF RECOMMENDATION

The increase in the dollar threshold would reduce the number of individual write-off requests sent to the Attorney General’s Office and reduce paperwork and tracking by both offices. The secondary request to provide an electronic process to replace the current manual process would further reduce paperwork and tracking by both offices.

WHERE SAVINGS WILL BE REALIZED

Although small, savings will be realized by both offices in mailing costs and staff time for tracking and filing. Within the University savings will be realized for USFSCO.

TIMEFRAME FOR ACTION

Increasing the dollar threshold requires a statutory change to 30 ILCS 205/Uncollected State Claims Act. A dialogue would need to occur with the Attorney General’s Office to explore feasibility of an electronic write-off process.

IMPLEMENTATION PLAN

Draft legislative language to amend the Uncollected State Claims Act increasing the dollar threshold and find a member to introduce this amendment. Solicit the support of other large public universities. Large Public University bursars have already discussed this issue and are supportive.

To establish an electronic process will entail initiating a conversation with the Attorney General's office to explore feasibility. The USFSCO will take lead responsibility for follow-up.

PAYROLL

RECOMMENDED ACTION

Create and implement an electronic process by University Payroll for generating and reviewing information required by federal law when the University pays a foreign national. Allow electronic signatures on required documents.

REGULATORY LEVEL

INTERNAL	STATE	FEDERAL
X		

DESCRIPTION

Federal tax and immigration law currently requires the collection of detailed information before payments are made to foreign nationals. That information is now collected through generation of paper documents with wet signatures that are transmitted by mail from campuses to University Payroll and by Payroll to University Payables. Errors in these complicated forms often mean that the documents must be returned to the generator for correction and retransmission increasing the time and staff resources used to collect and verify this information.

IMPACT OF RECOMMENDATION

Generation, transmission and electronic signature of electronic versions of the forms would speed the movement of forms from generating campus to University Payroll and from University Payroll to University Payables.

WHERE SAVINGS WILL BE REALIZED

The primary impact will be in increasing the efficiency of existing cumbersome processes that can delay reimbursement/payment to foreign nationals. There will be reduction in mailing costs and in staff time used across the University.

TIMEFRAME FOR ACTION

One year.

IMPLEMENTATION PLAN

Suggested changes are already being designed by University Payroll.

PURCHASING

Movable Equipment Inventory

RECOMMENDED ACTION

Raise movable inventory control limits.

REGULATORY LEVEL

INTERNAL	STATE	FEDERAL
	X	

DESCRIPTION

Currently, all University property with an original purchase price of \$500 or more must be tracked. Staff members in approximately 700 units are responsible for tagging and tracking inventory. The process includes a biennial inventory. Raising the control limit will significantly reduce the volume of assets being tracked, while still capturing the bulk of the value. Equipment with an original cost greater than or equal to \$5,000 represents only 24% of the total number of assets, but accounts for 80% of the value currently being tracked.

IMPACT OF RECOMMENDATION

Raising the control limit will reduce the tracking requirements and give units more flexibility.

WHERE SAVINGS WILL BE REALIZED

Savings will be realized through reduced work load in the units and within OBFS's property accounting function.

TIMEFRAME FOR ACTION

Spring legislative session 2011.

IMPLEMENTATION PLAN

Governmental Relations should communicate the benefits of this type of relief to legislative leadership and the Governor's Office.

PURCHASING P-Card

RECOMMENDED ACTION

Allow the use of University credit cards to make lodging reservations.

REGULATORY LEVEL

INTERNAL	STATE	FEDERAL
X		

DESCRIPTION

University offices may not secure lodging reservations or pay lodging expenses using the P-Card even though many other travel expenses can be covered by using the P-Card. This restriction is in place to prevent both reimbursement in excess of amounts set by the State Travel Control Board and reimbursement for non-allowable personal expenses that may appear on a lodging bill. The creation of an electronic process allowing the capture of level three detail on credit card expenses would simplify the process of travel expense processing while giving the University sufficient information to disallow impermissible expenses. This would facilitate the use of a University travel card for a wider category of travel expenses.

IMPACT OF RECOMMENDATION

Allowing university offices to use a University travel card to secure lodging reservations and pay lodging expenses would simplify the process of travel expense reimbursement for existing employees because many expenses could be paid for in advance by staff rather than requiring reimbursement to the traveler after receipts were returned. It would also make the experience of those traveling for interviews to one of the campuses a more positive experience because we could cover their lodging expenses upfront. It would also eliminate the need for travel advances for students who do not have personal credit cards or access to university corporate cards.

WHERE SAVINGS WILL BE REALIZED

The primary impact will be in increasing the efficiency of existing cumbersome processes now complicating the travel reimbursement process.

TIMEFRAME FOR ACTION

One year.

IMPLEMENTATION PLAN

Purchasing has received approval from ITPC to move forward with a Travel and Expense Management System that will enable the campus community to enter their travel vouchers and direct pay vouchers on-line and provide for electronic signature approval. The level of detail captured by this software will allow for the use of travel cards to be used for the purchase of lodging for business travel expenses.

RESEARCH

RECOMMENDED ACTION

Evaluate risk associated with providing cash payments to non-resident alien participants in human subjects research.

REGULATORY LEVEL

INTERNAL	STATE	FEDERAL
		X

DESCRIPTION

Federal immigration and tax law combine to create cumbersome requirements for information gathering and documentation whenever the University seeks to make a payment to a non-resident alien. No cash payments (or gifts with value greater than zero) are permitted by the law, no matter how small, as there is an absolute requirement to track any payments. These requirements interfere with the conduct of research involving human subjects.

IMPACT OF RECOMMENDATION

Research involving human subjects is governed by the Belmont principles of respect for persons, beneficence, and justice. Respect for participants may be demonstrated by paying them or offering a gift in return for their time spent on a research project. Hindering the reward process interferes with this principle.

The principle of justice demands that all participants have equal opportunity to participate in studies that will benefit them. Unfortunately, the requirement to track rewards is very likely to interfere with subject recruitment in studies of topics of a sensitive nature, such as child or spousal abuse, drug use, illegal immigration, or studies involving the recruitment of vulnerable populations such as children. Difficulties with subject recruitment have the potential to affect the outcomes of the research and reduce its relevance to society as a whole.

WHERE SAVINGS WILL BE REALIZED

There would be some reduced administrative cost if a reasonable, non-zero threshold, for example, \$25, could be defined so that researchers could reward participants with a token payment or gift card. The primary motivation for change is enablement of high quality research.

TIMEFRAME FOR ACTION

Indefinite.

IMPLEMENTATION PLAN

Sustained work by the VCRs and University Government Relations with organizations such as the Council on Government Relations, the Federal Demonstration Partnership, the AAU, NASULGC and AAMC, to advocate simplification of the requirements for tracking payments or implement an exception process.

STUDENT Financial Aid

RECOMMENDED ACTION

Allow UI to require veterans to take the Federal GI benefits before the Illinois Veterans Grants.

REGULATORY LEVEL

INTERNAL	STATE	FEDERAL
	X	

DESCRIPTION

The State of Illinois has had a long running program funded through ISAC called Illinois Veterans Grant Program. Veterans were eligible for funding; however, after recent military actions the number of eligible veterans exceeded available funding. Under State statute if there is insufficient funding, the university or community college must waive the tuition and fees. In FY 2009 this had grown to \$5.6 million for the University of Illinois. In FY 2010 because of shortfalls in funding for ISAC, the ISAC board essentially de-funded the program and moved those dollars into the MAP program. Starting in FY 2010 there is a new federal GI educational benefit for veterans. Currently, veterans are free to claim federal GI benefits or Illinois Veterans Grants. The Illinois Veterans Grants are an unfunded mandate from the State, and may cost the University \$10 million in waived tuition and fee revenue in FY 2010. This recommendation would require a minor change to the wording of statutes covering the program.

IMPACT OF RECOMMENDATION

The recommendation will result in additional revenue to the University. It could also simplify the benefit decision process for veterans.

WHERE SAVINGS WILL BE REALIZED

Savings/additional revenue will be realized by shifting from the unfunded mandate to the funded, federal benefits.

TIMEFRAME FOR ACTION

Spring legislative session 2011.

IMPLEMENTATION PLAN

The U of I should talk with legislative leadership and the Governor's Office to ensure that public universities and community colleges are able to first harvest federal dollars before the State program would take effect. The effort would be to ensure that no benefits are taken away from veterans, but to harvest federal dollars.