

# **FY2004 FINAL REPORT ON THE ACTIVITIES OF THE ADMINISTRATIVE ADVISORY COUNCIL II (AACII)**

*July, 2003 through June, 2004*

The following is a year end summary of the Administrative Advisory Council's (AACII) activities in FY04 and its initial planning for FY05.

## **Overview**

This year, AACII concentrated its efforts in 3 areas. First, AACII focused on proving out a concept proposed by AACII last year – Problem Solving Groups (PSGs) – by conducting 2 pilot PSGs. Second, in response to business process changes proposed by CAO, AACII worked with CAO to form 4 working groups to address DLC concerns regarding these changes. Finally, in relation to an ongoing AACII initiative to examine the role of Administrative Officers at the Institute, AACII sought to identify best administrative practices of AOs that might be transferable to DLCs across the Institute.

These activities are briefly summarized below.

### **Piloting Problem Solving Groups (PSGs)**

In FY03, a working group made up of AACII and administrative community members proposed a new tool for addressing administrative problems. They proposed formation of Problem Solving Groups (PSGs) -- cross-functional action-oriented work groups capable of solving small-scale administrative problems that can be solved in a relatively short time frame (6-12 months). PSGs are meant to focus on the smaller problems that broadly impact people across administrative and academic units.

AACII has two pilot studies underway to prove out PSGs. The studies concern the following two topics:

- 1.) Improving the Collection of Gifts and Research Receivables
- 2.) Improving the Close Out Process for Research Accounts

Both pilot groups are made up of relevant stakeholders and an AACII member who serves as coordinator for that particular pilot. The pilots are developing business process maps to help identify problem areas as well as opportunities for enhancing the process. The groups are also clarifying the roles and responsibilities of stakeholders and establishing "ownership" for each part of the process. Finally, the groups will look at how to translate their findings into standard practice.

We expect the pilot groups to have essentially completed these studies by the end of the summer and to report their findings when AACII resumes meeting in the Fall. Assuming the pilots are successful, AACII will explore ways to make wider use of this approach, possibly by creating new PSGs to address other administrative issues that AACII and Institute administrators identify

as of particular concern. We will also solicit ideas for PSGs from our constituents in the DLCs and in Central Administrative areas.

### AACII-CAO Working Groups

AACII was asked by the Executive Vice President's Office to attend the January 2003 Academic Council meeting. The purpose of the meeting was for the heads of the various central administrative units – Jim Morgan, Jerry Grochow, Vicki Sirianni, etc. -- to outline their plans for addressing FY05 budget reductions. AACII members sought to gauge the impact of the proposed service reductions on the DLCs. Changes proposed by CAO were of particular immediate interest to AACII. For this reason, AACII and CAO collaborated to form 4 working groups in areas of particular concern to administrators. These areas were:

- 1.) Increasing Credit Card Usage
- 2.) Electronic Routing/Approval of Invoices
- 3.) Changes in Travel-Related Business Processes
- 4.) Eliminating Paper Copies of Monthly Statements

Concerning credit card usage, the working group has surveyed all credit card holders and verifiers, and held focus groups to identify key concerns. Users across campus generally like the credit card but are interested in expanding its use to currently restricted items. Verifiers voiced a number of concerns including frustration over an increase in effort required to secure proper backup. The working group hopes to develop solutions where possible to address these concerns. The second proposal -- electronic routing/approval of invoices -- is attractive because it replaces paper transactions that must be routed interdepartmentally via the MIT mail system and verified in the Roles Database manually, with electronic routing and approvals. This new approach will also make it easier for administrators to track vendor invoices. The working group will need buy-in from designated invoice approvers (who in some cases will be principal investigators) if the new approach is to succeed. Concerning travel, CAO's proposed changes include the issuance of Mastercard or Visa travel credit cards (each more widely accepted than MIT's present Diner's Club credit card), the ability to submit electronic travel expense reports, and on-line booking of airlines tickets using Expedia. From AACII's perspective, there are a number of issues the working group needs to address before such changes are adopted by CAO. In particular, the working group must determine whether the credit card will be a personal or corporate liability, must establish a process map for routing the electronic travel vouchers for review and approval, and will need to assess the impact of auditing requirements on the final solution. Finally, the working group that is looking at the consequences of eliminating paper copies of monthly account statements have predictably found a range of end-user opinions on this issue and is working to provide a solution that can meet the needs of those DLCs that would be adversely impacted by this change while helping CAO meet its objective of electronic reports.

Each working group has its own timeline for addressing these issues. Figure 1 summarizes some of the issues facing the 4 working groups.

## *The Role of the AO and Best Administrative Practices Survey*

As a result of meeting with our sponsors in the Spring of FY03, AACII considered a possible study to examine the Best Practices of AOs across the Institute. Last summer, an AACII subgroup prepared a Statement of Work for such a study. Upon reviewing the proposal, however, the consensus of AACII's members was that before enrolling a number of AOs in a time consuming survey, we should first prove out the effectiveness of the approach by conducting a pilot study with AACII's members as participants. AACII's pilot identified areas of concern common to AACII's participating AOs, e.g., financial matters, personnel issues, and a range of general administrative concerns (e.g., fighting fires, etc.). AACII quickly concluded that a universal concern of AOs across the Institute is the financial management and cost control of research and non-research financial accounts.

Subsequently, we concentrated our efforts on examining the methods used in the specific DLCs represented on AACII to manage and control their financial accounts and concluded that administrative practices typically varied by DLC depending on the size and focus of administrative unit, e.g., research, graduate education, etc. We found that there is not a high degree of standardization in the practice of managing one's accounts among these various units included in the pilot. Not surprisingly though, there is a common practice among nearly all the units examined of using auxiliary accounting systems (sometimes called "shadow systems") in addition to the Institute's recognized enterprise systems.

Auxiliary systems tend to be used for one of the following reasons: an existing enterprise system is unable to efficiently and/or accurately provide certain data e.g., (commitments, projections), the enterprise system does not track certain types of data, (e.g., voucher employees, information required by granting agencies not supported by the MIT system), or an AO is unaware that a particular functionality already exists in MIT enterprise software.

Within the limited sample of DLCs that constituted AACII's pilot group, it appeared that even for a clearly defined business practice like fiscal account management, no two departments seemed to do things the same way. Although we can't say for sure whether this observation extrapolates to a larger population of DLCs, it certainly raises questions about how one accommodates unique departmental requirements such as reporting requirements for certain sponsors, DLC directors or principal investigators while promoting standardized approaches that can be applied across the Institute.

Figure 2 is a brief summary of AACII's pilot study concerning the best practices of AOs.

### **Hot Buttons**

With the retirement of Administrative Computing support as a hot button last year, Hot Buttons took a back seat to the AACII initiatives discussed above. This was due in part to the fact that the project teams working these Hot Button issues all appear to be making progress (as reported to the Administrative Systems and Policies Coordinating Committee (ASPCC)) and are on course to complete these efforts. Going into FY04, the active Hot Button issues were:

- Graduate Aid -- MIT Student Information System (MITSIS) and the Graduate Aid Simplification Team (GAST)
- HR-Payroll Project
- EHS Management System
- MIT Temporary Staff Pool

The Grad Aid project has recently created a much simplified web interface for processing graduate appointments and this will be rolled out in the near future. An MIT managed temporary pool is no longer being considered, due in part to the FY05 budget reductions. To address this need, however, MIT has established contracts with Veritude (part of Fidelity) and 2 other vendors that specialize in managing temporary pools and/or in supplying temporary administrative workers. The EHS Management System Project is on track having just met (or is about to meet) its latest milestone with the delivery to the U.S. Environmental Protection Agency of a web-based operations manual for MIT's new EHS Management System. Finally, the HR-Payroll Project continues on target with a successful roll out earlier this year at Lincoln Laboratory and with a roll out on the main campus in the works.

### **Visitors to AACII**

During the course of the year, AACII met with 10 different groups of visitors from various central administrative units. Among these were visits to solicit feedback on HR SAP implementations (HR/Payroll Service Center, new HR appointment forms, SAP training), a progress report on the HR Payroll Business Process Redesign Team, a progress report on the Environment, Health and Safety (EHS) Management System design and implementation, a preview of SAPbud, a report and follow-up concerning a recent Institute wide DACCA and SANDI audit, a visit by and introduction to the new Vice President for Information Services & Technology, a visit from the Facilities Department to discuss the impact of the budget induced reduction in services, and demonstrations by CAO of electronic acknowledgement of goods receipt and e-mail routing of imaged invoices as well as a demonstration of a Brio-query compatible package of standardized financial reports.

Finally, we continue to have an effective reporting relationship with ASPCC by virtue of AACII's participation in ASPCC meetings. The fact that both Patricia Brady and Doreen Morris participate in ASPCC as well as AACII is a big asset to fostering a strong working relationship between the two groups.

### **Appointment of new members to AACII**

Five members of AACII completed their 3 year terms this year. They are: Marion Cunningham (Center for Real Estate), Eileen Ng-Ghavidel (Laboratory for Information & Decision Systems), John Lyons (Music & Theater Arts), and Angie Milonas (Information Services & Technology). The fifth member, Tom Hrycaj (Plasma Science and Fusion Center) will be stepping down as Chairperson of AACII but will remain on AACII as an ex-officio member, replacing ex-officio member Marilyn Smith, the previous AACII Chair. Colleen Leslie (Center for Cancer Research) is the new Chairperson of AACII and Patricia Kennedy Graham continues on as Vice Chair. We

thank these members for their conscientious service and considerable efforts on behalf of AACII.

Retiring AACII members will be replaced by the following new members: Sue Dalton (Clinical Research Center), Lauren Gallant (Aero/Astro), Nils Nordal (Center for Innovation in Product Development), Carol Wood (Information Services & Technology), and Karen Yegian (Department of Urban Studies and Planning). AACII looks forward to the contributions of these new members.

### **Conclusions/Next Steps**

In general, administrative officers across the Institute manage a broad range of activities, including financial oversight of accounts, personnel issues, grants management, tending to space and facilities needs, and a host of other operations related matters. Given our specific expertise, we think that small interdepartmental collaborations are a good working model for AACII engagements. This approach could take advantage of the detail-oriented expertise of AACII to solve administrative problems while building relationships and promoting understanding across administrative boundaries.

By the end of the summer, we expect to have results from the 2 pilot studies of Problem Solving Groups (PSGs) as described earlier. We think PSGs are an effective way for AACII to apply itself. Assuming favorable outcomes to these pilots, we expect to identify other candidate problems suited to the Problem Solving Group model and to form PSGs to address a limited number of these problems beginning in FY05.

As mentioned earlier, Colleen Leslie recently began her term as AACII's new Chairperson. In consultation with the Vice-Chair (Patricia Kennedy Graham) this summer, Colleen will develop some thoughts and ideas on AACII's direction and its priorities for the coming year. When AACII reconvenes in the Fall, Colleen and the AACII membership will then discuss in earnest an agenda for the coming year. At the moment, AACII's members think that a meeting early in FY05 with our sponsors would be very helpful in defining that agenda.

Finally, it continues to be AACII's experience that most process owners who consult with AACII often do so later rather than earlier in their design process. We are concerned that this marginalizes the end user (DLC) perspective, can lead to a lack of proper problem definition and leads to an incomplete understanding of end user requirements. This is a formula for introducing business processes that are well intentioned but which neither fully anticipate nor adequately address the end users' concerns.

We depend upon and greatly appreciate our sponsors' efforts at encouraging process owners to solicit early participation of AACII (and by extension, the DLCs) in their new initiatives concerning business process redesign.

*July 20, 2004*

Thomas Hrycaj for the Administrative Advisory Council II (AACII)

**FIGURE 1** (rev. 1)

***Summary – AACII Activities Stemming from Jan-04 Academic Council Meeting***

Tool/New Process	Impact On Administrators	Impact on Users of Services	Impact On Central Depts.	Training Needs
<b>AACII – CAO Working Group on CREDIT CARD USE</b>				
<ul style="list-style-type: none"> <li>Promote increased use of the MIT Credit Card</li> </ul> <p><i>(Increased use is not clearly defined but could include easing restrictions on what one can buy (i.e. raising equipment threshold), increasing individual and monthly spending limits, outreach to DLC's not currently using the card or mandating that all purchases under a certain dollar value be done via credit card)</i></p>	<ul style="list-style-type: none"> <li>Difficult to verify if no clear processes in place</li> <li>Harder to do projections and manage spending</li> <li>Administrators put in the awkward position of policing the cardholders to ensure purchases are legitimate and that backup is provided in a timely manner</li> </ul>	<ul style="list-style-type: none"> <li>Easier to purchase goods</li> </ul>	<ul style="list-style-type: none"> <li>Decreases number of PO's generated and invoices paid</li> <li>Created position of Credit Card administrator in Procurement</li> <li>Requires auditing of purchases and card-holder/verifier support</li> </ul>	<ul style="list-style-type: none"> <li>Formalized training for verifiers needed</li> <li>Better documentation of what can/cannot be purchased</li> <li>Need to provide 'models' of what works in DLC</li> <li>Post-verification training</li> <li>More support to verifiers &amp; cardholders</li> <li>Update Procurements FAQ list, web page and email reminders</li> </ul>
<b>AACII – CAO Working Group on ELECTRONIC INVOICES</b>				
<ul style="list-style-type: none"> <li>Routing invoices electronically for approval</li> </ul>	<ul style="list-style-type: none"> <li>Will open e-mail attachment versus opening interdepartmental mail</li> <li>Will not have to mail back approved invoice for processing</li> <li>Mac users will need Citrix</li> <li><u>Key Success Factors</u> <ul style="list-style-type: none"> <li>- Identifying the correct person to receive the email attachment</li> <li>- Batching invoices in one daily email per recipient would improve process</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>NA</li> </ul>	<ul style="list-style-type: none"> <li>Eliminate mailing of invoices</li> <li>Will scan and park invoice, then release for payment after electronic approval received</li> <li>Eliminate checking Roles Database for signature approval</li> <li>Will be able to track vendor invoices</li> </ul>	<ul style="list-style-type: none"> <li>Training in business process and use of IXOS viewer</li> </ul>

**FIGURE 1** (rev. 1)

***Summary – AACII Activities Stemming from Jan-04 Academic Council Meeting***

Tool/New Process	Impact On Administrators	Impact on Users of Services	Impact On Central Depts.	Training Needs
<b><i>AACII – CAO Working Group on MONTHLY STATEMENTS</i></b>				
<ul style="list-style-type: none"> <li>• Elimination of printing monthly statements</li> </ul>	<ul style="list-style-type: none"> <li>• DLC’s with large volume of cost objects may need to print statements for business reasons; shifts costs and time of printing to DLC’s</li> </ul>	<ul style="list-style-type: none"> <li>• Some do look at their statements and they will need someone to print them; cost and time shift</li> </ul>	<ul style="list-style-type: none"> <li>• Cost savings for CAO</li> </ul>	<ul style="list-style-type: none"> <li>• How to use canned reports from Data Warehouse &amp; SAP Summary Statements/DTRS to find information</li> </ul>
<b><i>AACII – CAO Working Group on TRAVEL</i></b>				
<ul style="list-style-type: none"> <li>• Introduction of Travel Credit Card, on-line ticketing, on-line vouchers</li> </ul>	<ul style="list-style-type: none"> <li>• Will have electronic travel voucher</li> <li>• Online booking of flights using Expedia</li> <li>• Responsibility for determining allowability may require designated, trained DLC administrator to review travel vouchers</li> <li>• Monthly review of travel expenses can be done online</li> </ul>	<ul style="list-style-type: none"> <li>• Will have electronic travel voucher</li> <li>• Online booking of flights using Expedia</li> <li>• Travel advances eliminated</li> <li>• New credit card would be more acceptable than Diners credit card</li> <li>• Personal liability credit card may require submission of multiple vouchers and payments to credit card company</li> <li>• Faster Reimbursement</li> <li>• Direct deposit of reimbursements</li> </ul>	<ul style="list-style-type: none"> <li>• Can reduce staff in Travel Office</li> <li>• Will monitor allowability via post-reimbursement audits using sampling techniques similar to VIP Card</li> </ul>	<ul style="list-style-type: none"> <li>• Training in use of electronic travel voucher</li> <li>• Training on travel policies for reviewer of travel vouchers in DLCs</li> <li>• Training on how to use Expedia online booking</li> </ul>

## FIGURE 2

### Best Administrative Practices of Administrative Officers

Preliminary Report to AACII Sponsors

May 17, 2004

#### I. Charge to AACII from 2003 Sponsors Meeting

Action Item: A Broad Survey of Best Administrative Practices of AOs.

Motivation: Provide the best, most efficient and cost effective services to faculty, staff and students at the DLC level.

#### II. The Discovery Process

##### A. Initial Proposal – Conduct A Best Practices Survey

The best practice survey would require defining best practice. Once defined, a best practice questionnaire would be developed and administered. Interviewing possibilities ranged between attempting to interview all MIT administrators and interviewing a cross section of a select group. Due to the diversity of the units, the sub group estimated that this would take approximately 44 weeks to complete.

##### B. AACII Pilot – Identifying Key Administrative Tasks

The members of the AACII were asked to review a list of 65 administrative tasks and to identify which tasks were the most important aspects of their jobs and which were the most time consuming. Not surprisingly, the financial management responsibilities of the AO were both time consuming and critical.

##### C. Best Financial Management Systems – AO Presentations

Six members of the AACII volunteered to provide an overview of their financial management practices and procedures. A range of DLC's were represented. Each used an auxiliary accounting system, or "shadow system", to complement the tools and systems provided by MIT.

#### III. Findings

- A. There are many differences among DLCs and fewer common elements
- B. We found no meaningful level of standardization concerning financial management
- C. All of the DLCs used an auxiliary accounting system of some type
- D. Enterprise Systems were not uniformly used because they do not address specific sponsor reporting requirements

#### IV. Conclusions

- A. MIT is diverse and sponsors have a variety of requirements. Mandating a single approach to an administrative task would be difficult.
- B. The breadth of administrative activities means that it is difficult to develop best practices, but working on focused, discrete issues in a collaborative, multi-disciplinary manner has the potential to be productive.