



TEXAS

The University of Texas at Austin

**Dell Medical School
Research Operations**
Office of Research

April 2024

Office of Internal Audits
UT Austin's Agents of Change



OFFICE OF INTERNAL AUDITS
THE UNIVERSITY OF TEXAS AT AUSTIN

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Executive Summary

Dell Medical School Research Operations Office of Research Project Number: 23.005

Audit Objective

The objectives of this audit were to identify Dell Medical School’s (Dell) roles and responsibilities for post-award management of research funding and to determine whether Dell has established effective post-award processes to manage research funds.

Conclusion

Overall, Dell has not clearly defined roles and identified the lines of responsibility for post-award management of research funding among principal investigators (PIs), departments, Dell Sponsored Projects Administration (SPA), and the Office of Sponsored Projects (OSP). Additionally, opportunities exist to standardize post-award processes to manage research funds more effectively.

Audit Observations¹

Recommendation	Risk Level	Estimated Implementation Date
Roles and Responsibilities	High	December 2024
Cost Transfers	High	November 2024
Policies and Procedures	Medium	November 2024

Engagement Team

Ms. Autumn Gray, CIA, Assistant Director
Ms. Melanie Tolen, CPA, Senior Auditor

¹ Each observation has been ranked according to The University of Texas System Administration (UT System) Audit Risk Ranking guidelines. Please see the last page of the report for ranking definitions.



Detailed Audit Results

Dell’s Office of Research facilitates the conduct of research through its Contracts and Agreements, Regulatory Affairs, and SPA support units. During the post-award phase² of the award lifecycle, SPA acts as a liaison between the OSP on campus, Dell departments, and PIs.

Observation #1 – Roles and Responsibilities

At Dell, there is not a shared understanding of the requirements for managing post-award research funds and the related responsibilities of PIs, departments, SPA, and OSP. In addition, a comprehensive guide for managing research funds has not been developed. As a result, departments have created their own processes which vary by department. The Council on Governmental Relations (COGR) Guide to Managing Externally Funded Sponsored Programs recommends institutions publish roles and responsibilities for financial management and appropriate review procedures to ensure like costs are treated in a like manner. At Dell, the key roles and responsibilities that require more definition, training, and guidance include:

Budget Management: Dell does not have a standardized approach to manage sponsored project expenditures, and PIs are not always aware of total spending on their grants. Some departments have created tools and templates to track and communicate budgets and expenditures with PIs, though some departments do not have the tools or training to manage budgets.

Regular Expenditure Review: Sponsored Project Administration delegates financial reviews with PIs to departments. While most PIs at Dell regularly receive financial reports, they are not required to acknowledge or confirm they have reviewed the reports to determine whether expenditures are allowable, allocable, and consistent with award and federal requirements. In addition to verifying the allowability of known expenses, regular reviews are a key control for identifying discrepancies and unallowable expenses charged via interdepartmental transfers or costs transferred from another college, school, or unit (CSU).

Subrecipient Invoice Tracking: At The University of Texas at Austin (UT Austin), subrecipient monitoring is the responsibility of the departments and the PI. However, Dell department staff are not clear on their responsibility to track subrecipient invoices. Departments are responsible for ensuring invoices are received, reviewed by the PI, and paid on time per the contract. If invoices are not received or paid timely, closed research award accounts must be reopened to process payments outside of the award period.

Notable Practices

In 2023, Dell hired a new director of Sponsored Project Administration (SPA). Since then, training and collaboration among departments has become a strategic focus. Specifically, SPA has:

- Updated its intranet site with more training resources, including post-award financial management.
- Introduced monthly meetings for post-award research managers to share knowledge.
- Implemented office hours and weekly check-in meetings with individual department research managers.

² The post-award phase of research funds administration includes monitoring, purchasing, billing, effort reporting, and completing the closeout process.



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Additionally, lack of invoice tracking can result in late payments to valued research partners, updated final reports to sponsors, loss of reimbursement from the sponsor, and non-compliance with federal regulations and grant requirements.

Recommendations: Dell's Office of Research should:

1. Document and communicate specific roles and responsibilities of research fund management stakeholders, including SPA, OSP, departmental staff, and PIs. In addition to general communication, consider reviewing the information with research teams at kick-off meetings and throughout the project lifecycles.
2. Develop standardized tools and templates to assist PIs and departments with research project management. Include sub-recipient invoice tracking in the overall approach.
3. Coordinate with Dell's Finance team to ensure department staff and PIs have the necessary access to UT systems (*DEFINE, FRMS) to effectively manage their grant funds. Require department staff and PIs to conduct regular reviews of expenditures and confirm compliance with Uniform Guidance on allowability, allocability, reasonableness, and consistency.

Management's Corrective Action Plan:

1. The Office of Research (OOR) has developed a responsibility assignment matrix (RACI matrix) to define the roles and responsibilities of each post-award account management task between OOR, OSP, departments, and PIs. The RACI matrix will be available on the DMS OOR intranet and will be communicated to departments at:
 - a. Award kick-off meetings
 - b. Bi-weekly office hours
 - c. Weekly/bi-weekly departmental check-ins
 - d. New faculty and staff orientation sessions
 - e. Monthly research administration meetings
 - f. Senior director, research director, and Associate Chair of Research monthly meetings

Additionally, OOR is moving away from a person-based system to a process-based system. As such, OOR has introduced:

- g. Shared email accounts for award management.
- h. An additional FTE fully dedicated to post-award management process improvement and toolkit development.
- i. DMS-centric orientation ("Research 101") for new faculty and staff, focused on how to launch and manage research studies at DMS (e.g. process for grant submission, how to launch a clinical trial, interacting with Ascension Seton systems, etc.). New program managers have been added to the SPA team to spearhead this initiative.

Implementation by October 31, 2024.



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2. Standardized tools and templates, in addition to those provided by OSP, are being developed so that departments can manage their own accounts. These tools include:
 - a. Subaward invoice tracking
 - b. FAQs to help departments generate financial reports from FRMS
 - c. DMS Budget templates
 - d. Other support example documents
 - e. No Cost Extension standardized letters

New program managers have been added to the SPA team to spearhead these initiatives.

Implementation by November 30, 2024.

3. Departmental research directors will be required to enroll new and existing research staff/faculty for *DEFINE and FRMS access & training for the purposes of managing account balances. An onboarding checklist will be coordinated between DMS Finance and DMS HR to ensure early access and training for all newly hired research personnel. Having access to financial systems will ensure more frequent verification of account expenditures, balances, and general oversight.

Implementation by December 31, 2024.

Responsible Person: Director of Sponsored Projects Administration

Planned Implementation Date: December 31, 2024

Observation #2 – Cost Transfers

Dell SPA and PIs agreed to transfer unallowable and unsupported costs to avoid a significant carry-forward balance on an active National Institutes of Health (NIH) grant. In fiscal year 2022, the Psychology Department in the College of Liberal Arts initiated and completed 149 cost transfers, totaling \$52,394 from local start-up funds to a NIH grant in the Department of Psychiatry and Behavioral Sciences³ at Dell. Both PIs and Dell SPA were aware of the transfers and encouraged transferring the costs to meet NIH reporting thresholds for carry forwards on active awards. Email communications included discussion of a specific dollar amount that needed to be covered by the transferred costs. Uniform Guidance does not allow any cost to a particular federal award to avoid award terms and conditions. There was no Letter of Agreement (LOA) request on file to ensure both PIs understood the budget information and appropriate terms and conditions of the prime award.

At the time of audit testing, no further justification or documentation had been provided on these cost transfers. NIH cost transfer guidelines require institutions to maintain supporting documentation. Without supporting documentation for the \$52,394 in transferred costs, they would be considered unallowable.

Recommendations: Dell’s Office of Research, in conjunction with the UT Austin OSP, should:

³ In this instance, the two PIs from the respective departments were co-PIs on a project.



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1. Collect documentation and justification for cost transfers onto the Psychiatry award and correct any determined to be unallowable.
2. Determine whether financial reports submitted to NIH should be revised and whether any awards funds need to be returned.
3. Review the cost transfer process to ensure Dell Med is included in the workflow when outside departments initiate cost transfers to Dell Med sponsored accounts. Update applicable policies and procedures to require Letters of Agreements and disseminate to staff and PIs.

Management's Corrective Action Plan:

The Office of Research met with the Department of Psychology in the College of Liberal Arts. The department reviewed every cost transfer onto the Psychiatry award and highlighted expenses that were inadvertently charged to the NIH grant account. Unallowable expenses totaling \$12,235 were moved off the account, and balances were reconciled with the No Cost Extension request to the NIH in order to keep the grant active and to complete the required goals.

The Office of Research has initiated the process to avoid these situations in the future:

- a. Establish a policy and criteria for Letters of Agreements.
- b. Departments will be required to monitor accounts and expenses on a regular basis (i.e., monthly/quarterly). Guidance and tools will be provided by OOR.

Responsible Person: Director of Sponsored Projects Administration & Executive Director of Research

Planned Implementation Date: November 30, 3024

Observation #3 – Policies and Procedures

Sponsored Project Administration's policies and procedures do not provide post-award research staff comprehensive guidance for managing research funds. The SPA Guidelines and Policies website only provides guidance related to effort reporting, cost transfers, and participant payments. SPA maintains that processes and procedures are aligned with OSP, but many Dell department staff and PIs are unaware of the guidance, resources, and training OSP provides.

Recommendations: Dell's Office of Research should:

1. Update the SPA website to direct users to OSP's policies and procedures (e.g., direct costs, subrecipient monitoring, and financial closeout) and clearly identify Dell-specific policies and procedures.
2. Communicate and review OSP resources with department staff and PIs at kick-off meetings and throughout the project lifecycle.



Management’s Corrective Action Plan:

1. OOR SPA website will be updated with the following:
 - a. Links to existing OSP policies and procedures for award management.
 - b. Emphasis on OSP resources that are relevant for award management.
 - c. OSP-hosted classes and refresher trainings for research administrators.
 - d. List of FAQs to tackle common questions asked by departments.

2. OSP resources and OOR SPA resources will be highlighted at kick-off meetings and at various cadence throughout the project lifecycle, especially at:
 - a. Quarterly review meetings that involve SPA
 - b. Approaching performance period cycle end date (RPPR deadlines)
 - c. Project close-out negotiations
 - d. Weekly/bi-weekly departmental check-ins
 - e. Ad hoc meetings

Additionally, program managers have been added to the SPA team to help with communication, training, and resource management.

Responsible Persons: Director of Sponsored Projects Administration (primary), Assistant Director of Sponsored Projects Administration, Assistant Director of Research Operations

Planned Implementation Date: November 30, 2024

Additional Risk Considerations

Operational Efficiencies

Clinical Trial Financial Management: Dell does not have a dedicated clinical trial management system. The Associate Director of Clinical Trials uses Excel workbooks known as “trial trackers” to manage fees, payments, and invoices for approximately 70 clinical trials. Each clinical trial tracker is shared via UT Box with more than 40 collaborators who manually input all trial data. Dell should consider whether a clinical trial management system would be a more effective tool to manage clinical trial data and financial information. Investment in a system may be necessary to improve Dell’s ability to scale the number of clinical trials it conducts as Dell aims to expand its research functions and develop a hospital.

Pre-Approvals: Dell SPA requires pre-approval of every ProCard purchase on research accounts. In addition, all purchases over \$1,000, sub-award invoices, stipends/scholarships, and budget and cost transfer requests must be pre-approved. Departmental staff and PIs explained the additional SPA approvals slow down processing and impact their ability to manage projects effectively. The Office of Research should consider whether a risk-based approach to expenditure reviews can effectively address necessary risks while also reducing review time and enhancing project management. As Dell increases its research function, the current review requirements may not be scalable and sustainable.



Dashboards: The Office of Research maintains a Research Effort dashboard and a Sponsored Projects Accounts dashboard as a tool for department staff and PIs to manage projects. However, few staff members found the dashboards to be useful, as they are not updated regularly and are often incorrect. Several PIs said they do not have access to or knowledge of the dashboards. The Office of Research should evaluate whether the dashboards are tools they should continue to support or if updates are necessary to make them more effective for department and PI use.

Conclusion

Overall, Dell has not clearly defined roles and identified the lines of responsibility for post-award management of research funding among PIs, departments, SPA, and OSP. Additionally, opportunities exist to standardize post-award processes to manage research funds more effectively.

Table: Controls Assessment

Audit Objective	Controls Assessment
Identify Dell Medical School’s roles and responsibilities for post-award management of research funding.	Ineffective with High-Risk Opportunities
Determine whether Dell Medical School has established effective post-award processes to manage research funds.	Ineffective with High/Medium Risk Opportunities

Background

The Office of Research at Dell is comprised of three teams: the Sponsored Projects Administration (SPA), Research Operations & Strategy, and Research Services & Data Governance. The Office of Research assists Dell departments and PIs with building proposals, negotiating contracts, and managing awards.

According to the Office of Research, Dell has approximately 70 clinical trials, 300 non-clinical trial agreements, and 400 grant proposals. Dell receives approximately \$30 million per year from external sources, including \$23 million from sponsored projects. Research expenditures increased from \$16.9 million in FY20 to \$26.3 million in FY23.

Additional Background Provided by Dell Management

In response to this audit, Dell Medical School management provided additional background, as follows:

Since the founding of Dell Medical School (DMS), individual DMS departments have held the responsibility of managing their own research awards but have done so without the appropriate



resources or personnel. The Office of Research's Sponsored Program Administration (SPA) office has provided support for these tasks, while training departmental personnel as needed to manage their own awards. Essentially, OOR SPA functions as the liaison between UT Office of Sponsored Programs (OSP) and DMS departments/PIs for the overall submission and management of grants, where grants specialists are assigned departmental constituencies and are responsible in managing those constituencies. However, as noted in this audit, a) roles and responsibilities between the three entities were never codified, leading to unequal expectations between the groups, b) tools and templates were minimally standardized due to the de-centralized nature of the post-award process, and c) the expertise for financial responsibility added over the last few years at the departmental level is quite heterogeneous across departments.

The following details further explain the challenges that may have led to the observed risk areas identified in the audit:

1. OOR SPA has a unique management dichotomy:
 - a. The pre-award process is very centralized: all submissions are shepherded by OOR SPA before final submission by OSP.
 - b. The post-award process is very decentralized: all post-award management is shepherded by the departments, with OOR SPA providing support.
2. SPA specialists manage both pre- and post-award responsibilities. Given that pre-award is centralized while post-award is de-centralized, departments often turn to the same specialist for both responsibilities – blurring the roles/responsibilities line even further.
3. Despite adopting a de-centralized model for post-award management there is a lack of resources/admin for research support at the departmental level.
4. The expertise of post-award personnel/resources that exist at the departmental level are quite heterogeneous, causing SPA to provide unequal research support services across DMS.
5. Turnover of faculty and staff since the pandemic has added to the varying degrees of expertise within research admin positions.
6. The OOR SPA office has relied on a person-based system, as opposed to a process-based system; processes and systems are underdeveloped.
7. SPA specialists are pulled in too many different directions. Only one FTE is fully dedicated to working with departments on the post-award side for the last 2 years. Other FTEs are primarily focused on pre-award submissions with added responsibilities when post-award inquiries are presented. As pre-award submissions grow in volume and complexity, fielding a growing number of post-award inquiries by the same specialists becomes an unsustainable model.
8. SPA is helping departments manage 70+ clinical trials without a dedicated Clinical Trial Management System (CTMS).

Scope, Objectives, and Methodology

This audit was conducted in conformance with The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*. Additionally, we conducted the



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audit in accordance with Generally Accepted Government Auditing Standards and meet the independence requirements for internal auditors. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions on our audit objectives.

The scope of this review includes FY22 and FY23.

Specific audit objectives and the methodology to achieve the objectives are outlined in the table below.

Table: Objectives and Methodology

Audit Objective	Methodology
Identify Dell Medical School’s the roles and responsibilities for post-award management of research funding.	<ul style="list-style-type: none"> • Reviewed SPA and OSP guidance and policies and procedures. • Interviewed department personnel managing research funds. • Interviewed a sample of PIs to understand their role in post-award financial administration. • Evaluated current processes to identify gaps, control weaknesses, and efficiency opportunities.
Determine whether Dell Medical School has established effective post-award processes for managing research funds.	<ul style="list-style-type: none"> • Reviewed sampled clinical trial and federal grant award documentation. • Tested select expenditures to determine compliance with federal and sponsor requirements. • Reviewed cost transfers for compliance with UT Austin and federal requirements. • Interviewed personnel that maintain the research dashboards. • Reviewed the accuracy of the Sponsored Projects Accounts dashboard.

Criteria

- 2 Code of Federal Regulations Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
 - Subpart D – Post Federal Award Requirements
 - §200.302 Financial Management
 - §200.303 Internal Controls
 - §200.329 Monitoring and Reporting Program Performance



- §200.344 Closeout
- Subpart E – Cost Principles
 - §200.400 Policy Guide
 - §200.401 Application
 - §200.403 Factors Affecting Allowability of Costs
 - §200.404 Reasonable Costs
 - §200.405 Allocable Costs

- Council on Governmental Relations (COGR) Guide to Managing Externally Funded Sponsored
- Office of Sponsored Projects Award and Subaward Management, Training & Resources
- Dell Medical School Sponsored Projects Administration Guidelines & Policies, Post-Award Training & Resources
- Handbook of Business Procedures, Part 17, Office of Sponsored Projects/Sponsored Projects Award Administration

Observation Risk Ranking

Audit observations are ranked according to the following definitions, consistent with UT System Audit Office guidance.

Risk Level	Definition
Priority	If not addressed immediately, has a high probability to directly impact achievement of a strategic or important operational objective of The University of Texas at Austin (UT Austin) or the UT System as a whole.
High	Considered to have a medium to high probability of adverse effects to UT Austin either as a whole or to a significant college/school/unit level.
Medium	Considered to have a low to medium probability of adverse effects to UT Austin either as a whole or to a college/school/unit level.
Low	Considered to have minimal probability of adverse effects to UT Austin either as a whole or to a college/school/unit level.

In accordance with directives from UT System Board of Regents, Internal Audits will perform follow-up procedures to confirm that audit recommendations have been implemented.



Report Submission

We appreciate the courtesy and cooperation extended throughout the audit.

Respectfully Submitted,

A handwritten signature in blue ink that reads "Sandy Jansen".

Sandy Jansen, CIA, CCSA, CRMA, Chief Audit Executive

Distribution

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