

8.a Contract Processing Non-Procurement Process Report

May 2017



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Overview

Contract Processing exists to formally enter into fully executed agreements that protect the University, provide consistency, and follow Federal statutes; State of Illinois statutes; Illinois Procurement Code, where applicable; Administrative Rules; and University Policies and Procedures.

Note: This report contains documentation for contract processing of non-procurement contracts and is focused on the activities performed within the application of the Illinois Contract System (iCS). In some instances there are several activities involved in the review, negotiation and execution of a contract that are not captured within the details of this report that occur outside of iCS.

Illinois Mandate Symbol - 

University Policy Symbol - 

Professional Mandate Symbol - 

Process Executive Summary

Business Process

The process for non-procurement contracts are to formally enter into fully executed agreements that protect the University, provide consistency, and follow:

- Administrative Rules
- Federal statutes
- Illinois Procurement Code, where applicable
- State of Illinois statutes
- University of Illinois General Rules
- University Policies and Procedures

There are six types Non-Procurement contract processes being reviewed. The following is a brief description of each type:

Revenue Generating

Agreements where by the University is providing a good or service to an outside entity for which the University receives payment. Some examples include:

- Catering services
- Concessions
- Employee benefits other party (compensate the University for its reasonable expenses incurred in performing various services)
- Employee benefits other party (underwrites eligible University expenses and credits participants' accounts with excess revenue generated annually by the plan)
- Facility use (renting out space for events)
- Filming and location shooting at University premises
- Licensing of University technology for commercialization
- Membership agreements (NCSA has a private sector partnership with membership fees that gives them access to personnel and facilities)
- Olympic Sporting event contracts
- Premium seating at State Farm Center and Memorial Stadium
- Resource Use agreements
- Specified training

No Funds

Agreements where there is no money changing hands, but an agreement should still be in place to memorialize what is happening. Some examples include:

- Business Associate agreements
- Custodial contracts, recordkeeping agreements and services agreements with other parties providing voluntary employee benefits where the University is collecting premiums from participating employees and passing it through to the other party
- Facility User Agreements
- Institutional IRB agreements
- Museum loans
- Non-disclosure agreements

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- Student externships/Affiliation agreements (Students being placed outside of the University)
- Student placement agreement (Includes students received from outside facilities)

Leases/Licenses

Leased/License Agreements are when either the University lets another party use University's space, or the University rents space from another party. Some examples include:

- Any start-up at EnterpriseWorks
- Event rentals
- Premium seating license agreements
- Wendy's or Sbarro at the Illini Union
- Procurement Service at Illini Plaza
- The Testing Center at Illini Plaza

Capital

Agreements for the master planning of the physical footprint of the campuses as well as any new construction on or off the University's campuses (but to be owned by the University), or major renovations and remodeling to buildings (Ex: renovations of Lincoln Hall.) Also when working with Capital agreements for the public/private/partnership, the agreement is essentially run as a lease.

Research

Agreements relating to research occurring at each University. The agreement can be tied to a grant received to fund a particular type of research, equipment loans either to or from the University, or any agreement to research a particular subject, place or thing. Additional types of contracts within Research include facility agreements, non-disclosure agreements, and technical testing agreements prior to submitting research ideas, collaboration agreements containing framework.

Human Resources

Agreements include any hiring and termination of an employee from the University, loaning a faculty member from the University to another University for a leave, borrowing a faculty member from another University to teach a specific class(es) at a University within the University of Illinois System, voluntary retirement agreements, and anything personnel-related.

Current Process Activities



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Approach

The current state process activities were mapped by the Subject Matter Expert(s) (SME) and the project process team to capture the main activities interacting with the technology application, Illinois Contract System, iCS. A SIPOC diagram was created for each of the six contract types to capture the tasks executed by the University System departments. The SME project team identified opportunities for improvement and brainstormed desired functionality in a new system application. The process report was presented to the Source2Pay Director Council. The future system recommendations will be incorporated with the Contract Processing for Procurement Services.

Key Findings

Two major areas containing areas of opportunity for improvement include Policy and Procedure and Technology. The findings in these areas include:

- Lack of understanding on the policy regarding e-signatures and the limitation within the University System that restricts the use of e-signatures, with additional restrictions due to State legislation.
- The amount of time it takes to create a new template and receive approval for usage is too long and holds up the contract process
- The current systems lack functionality to achieve a streamline workflow customizable to specific departmental needs.

Future State Recommendations

The process team identified 21 future state functionality requirements to increase workflow and provide ease of use for processing contracts.

Recommendation for BPI project

At the conclusion of the high level business analysis on contract processing with a focus on non-procurement, a few of the SME team members recommended the entire process for contract processing be recommended for a Business Process Improvement project. The project would include all contract types; Revenue Generating, No Funds, Leases/Licenses, Capital, Research, and Human Resources. The goal of the project would be to identify opportunities for improvement, determine recommendations for the opportunities for improvement, with implementation of the recommendations.

Chapter 1: SIPOC Diagrams

Process Name	Date
Contract Processing – Revenue Generating/No Funds	May 2017

SUPPLIERS	INPUTS	PROCESS	OUTPUTS	CUSTOMERS
<u>Who</u> provides input to the process	<u>What</u> goes into the process	<u>How</u> the inputs are transformed to outputs	<u>What</u> comes out of the process	<u>Who</u> received the outputs of the process
Business Services (UIS) CSO Legal Counsel OBDS Office of Technology Management ORS OSP Other third parties Purchasing UIC Purchasing UIS	Certificate of liability Contract data Draft contract Feedback/guidance iCS checklist/CARF Legal approval Other party contract Related documents Risk/legal waivers Scope of service Templates (Univ.)	Identify need/obtain approvals Draft/review/edit contract/amendment Negotiate contract/amendment Approvals/execution of contract/amendments	Activity Fully executed contract/agreement Potential payment via TEM (guarantee to play game) Submission of fully executed agreement to dept. and other party	Other party UCRO University Department

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SUPPLIERS	INPUTS	PROCESS	OUTPUTS	CUSTOMERS
<u>Who</u> provides input to the process	<u>What</u> goes into the process	<u>How</u> the inputs are transformed to outputs	<u>What</u> comes out of the process	<u>Who</u> received the outputs of the process
Purchasing UIUC Risk Management University Departments	UIC contract request approvals RSO approval			

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Process Name	Date
Contract Process – Leases/Licenses/Easements	May 2017

SUPPLIERS	INPUTS	PROCESS	OUTPUTS	CUSTOMERS
<u>Who</u> provides input to the process	<u>What</u> goes into the process	<u>How</u> the inputs are transformed to outputs	<u>What</u> comes out of the process	<u>Who</u> received the outputs of the process
Real Estate Offices University Departments	Contracts/amendments Disclosure forms RECARF	Review contract Enter in iCS	Comptroller signature for fully executed agreement Contract number State filing	Approvers Business Services UIS CSO Department unit OBDS Other Party Real Estate Offices UCRO

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Process Name	Date
Contract Processing- Capital	May 2017

SUPPLIERS	INPUTS	PROCESS	OUTPUTS	CUSTOMERS
<u>Who</u> provides input to the process	<u>What</u> goes into the process	<u>How</u> the inputs are transformed to outputs	<u>What</u> comes out of the process	<u>Who</u> received the outputs of the process
AVP for Capital Programs CCU (campus construction unit) Director/ Executive Directors Financial Managers Legal Counsel PPB/MAW SAVP	Approvals Contracts Professional Service Agreements Construction Change Orders	Develop contract – outside iCS Wet signature – outside iCS Enter within iCS for higher level signature routing Fully executed to Dept./other party	Approvals Executed Agreement Reports	CCU Departments Other party UCRO

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Process Name	Date
Contract Processing – Research	May 2017

SUPPLIERS	INPUTS	PROCESS	OUTPUTS	CUSTOMERS
<u>Who</u> provides input to the process	<u>What</u> goes into the process	<u>How</u> the inputs are transformed to outputs	<u>What</u> comes out of the process	<u>Who</u> received the outputs of the process
<p>Generic email inbox</p> <ul style="list-style-type: none"> • osp@illinois.edu • ovcrweb@uic.edu <p>ORS OSP</p>	<p>Fully executed agreement</p> <p>Email with subject line information</p> <ul style="list-style-type: none"> • PI name • Sponsor • project title • org code 	<p>Email agreement to UCRO (contracts)</p>	<p>Email message</p> <p>Contract Number</p>	<p>ORS</p> <p>OSP</p> <p>Other Party</p> <p>UCRO</p>

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Process Name	Date
Contract Processing – Human Resources	May 2017

SUPPLIERS	INPUTS	PROCESS	OUTPUTS	CUSTOMERS
<u>Who</u> provides input to the process	<u>What</u> goes into the process	<u>How</u> the inputs are transformed to outputs	<u>What</u> comes out of the process	<u>Who</u> received the outputs of the process
Individuals impact Labor unions Units impacted University HR Offices University Legal Counsel	Approvals CARF Draft contract	Identify need Draft/review/edit contract Negotiate contract Approvals/execution of contract	Approvals Approved CARF Fully executed contract	UCRO Union/employees University department

Chapter 2: Questionnaire for Current State Analysis

1. Why does the process exist?

To formally enter into fully executed agreements that protect the University, provide consistency, and follow Federal Statutes, State of Illinois Statutes, the Illinois Procurement Code where applicable, Administrative Rules, and University Policies, and Procedures.

The process follows good business practices.

2. What is the purpose of the process?

- Develop/route/review/execute and file fully executed contracts
- State mandate (§20-80 of the Procurement Code) that certain contracts need to be filed with the State Comptroller.
- Specific requirements in the University General Rules regarding execution of Contracts and filing with the Board of Trustees

3. What are the process boundaries (i.e., when does it start and end?)**Start**

- The University department unit determines the need to file an agreement within iCS, or creates a CARF to route for department and University approvals for an agreement

End

- Completion of a fully executed contract, filing with UCRO, and filing with Comptroller's office and/or Secretary of State's office (for Leases) as needed

4. Who is primarily responsible for the process?

- Revenue Generating
 - Business Services Office - UIS
 - CSO
 - OBDS
 - Office of Research Services at UIC
 - Office of Technology Management at UIC
 - Office of Technology Management at UIUC
 - ORS
 - OSP
 - Provost's office at UIS
 - University Department Units
- No-Fund
 - Business Services Office - UIS
 - CSO
 - OBDS
 - Office of Research Services at UIC
 - Office of Technology Management at UIC
 - Office of Technology Management at UIUC

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- ORS
 - OSP at UIUC
 - Provost's office at UIS
 - University Department Units
- Leases/Licensing/Easement Agreements
 - Agriculture Property Services
 - Cash Farm Leases (handled through Agriculture Property)
 - CSO
 - OBDS
 - Real Estate Planning & Services
 - The Extension Offices
- Capital
 - University Office of Capital Programs
- Research
 - Chancellor's Office at UIS
 - ORS at UIC
 - OSP at UIUC
- HR
 - AHR
 - HR at UIC
 - HR at UIUC
 - Staff HR
 - System HR

5. What Information Technology system(s) support the process?

- Adobe Acrobat
- Banner
- BDM
- EDW
- Email
- Feeder system – (Kuali Coeus to iCS)
- iCS
- InforNet (SharePoint)
- Kuali Coeus
- MS Word
- Nessie
- Old Contract database, prior to iCS

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- Upside
- Real Estate Services tracking system
- Shared folders of executed contracts

6. What policies guide or constrain the process?

- Administrative Rules
- Federal Statutes
- Illinois Procurement Code, when applicable
- NCAA/Sporting Conference Rules
- OBFS policy
- Policies set forth in contracts with the various employee unions
- State of Illinois Statute Code
- University of Illinois General Rules
- University of Illinois policy & procedures

7. Who should be involved in discussions to understand the needs/functionality of a new system?

- All University and University System HR offices
- Business Services Office - UIS
- Capital Sangamon Auditorium conference services
- College of Medicine - UIC
- Department of Intercollegiate Athletics - UIC
- Department of Intercollegiate Athletics - UIUC
- Electronic Research Systems Coordinators
- Facilities and Services - UIC
- Facilities and Services - UIUC
- Office of Technology Management - UIC
- Office of Technology Management - UIUC
- Real Estate - UIC
- Real Estate - UIUC
- UCRO
- University Department users
- University of Illinois Hospital

Chapter 3: Current State Metrics

Metrics in three areas is being collected on each process. These metrics will be used to measure success in the future state.

- How long does the process take from Start to finish?

The process to create a contract, receive approvals, and have a fully executed contract can take less than 24 hours, or more than one year to complete, for all processes listed below:.

- Revenue Generated
- No-Fund
- Leases
- Capital
- Research
- HR

- How many touchpoints are there per process?

The number of touchpoints on a contract can vary depending on the type of contract template being used, if another party's agreement is used, or if the entire agreement needs to be drafted.

- How many steps are involved in each process?

The number of steps involved in each process can be as simple as 6 steps, or it can be more depending on the uniqueness of the agreement and the supplemental materials (e.g. disclosures, background checks, certification of insurance) that must be obtained to route with the agreement.

Chapter 4: Opportunities for Improvements

The following opportunities for improvement were identified through team discussions. Issues were categorized into two categories covering Policy/Procedures and Technology.

Policy/Procedures – Issues related to Procurement Policies and Procedures	
P1	e-Signatures, not mandatory
P2	Streamline entire process, not just iCS specific
P3	Process stagnates waiting for someone to complete a task
P4	Customers unsure to which contract office to route contract, will route to wrong office
P5	Amount of time to create a new template and approval for usage takes a while and holds up the contract process
P6	Lack of understanding the policy regarding e-Signatures, the limitation within the University that restrict the use of e-Signature, with some restrictions due to legislation.

Technology – Issues related to system's lack of functionality to support the process	
T1	Must enter a password two times to approve a contract
T2	Unable to interface with department shadow system(s) or Banner
T3	Need ability to customize icon title
T4	Need ability to change or add preference view of task list
T5	need ability to opt out of the email reminders
T6	need ability to customize routing based on functionality
T7	Need ability to customize workflow
T8	Need the ability to modify the checklist/routing on the fly
T9	Unable to copy/duplicate template for creation
T10	iCS is a two-step to load contract view existing contracts in the system
T11	Inability to load a predefined, but unique contract number
T12	Lacks the ability to define notifications
T13	Inability to select who to reject/disapprove a contract back to
T14	View access on campus is limited
T15	iCS system is slow
T16	iCS system is not user friendly, doesn't guide the user experience, doesn't prompt the user to do the next task, doesn't alert the user that there is something to do for their process
T17	iCS is difficult to use on Mac computers

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Technology – Issues related to system’s lack of functionality to support the process	
T18	iCS only works well using the browser Internet Explorer not using Firefox or Chrome
T19	Unable to drag and drop files due to difference in browser types and file types
T20	Lack the ability to send a notification of error/reject when an approval isn't given
T21	Too many updates to Java, and not all University systems are utilizing the same release level on Java (Internet Explorer, Banner, etc.)
T22	Lacks the ability to create/use custom reports
T23	Lack of functionality to track a document from start to finish in terms of status reporting and follow up
T24	Lacks the ability to unassign a task in the system
T25	Inability to view contracts executed by other University departments, Limited access to the data/details of a contract by all departments, understanding some departments may not prefer to have the details of a contract available to be viewable by all departments

Chapter 5: Future State Requirements

This is a comprehensive list of functional requirements and technical requirements for the future state of the process of Contract Processing for Non-Procurement. Excluded from this list are any requirements for functionality outside of the scope of this specific process, such as security, accessibility, etc., which will be handled in a different process.

1. Ability to Search
 - a. Search a contract by status – pending, fully executed
 - b. Search based on a contract's content/details
 - c. Search on an executed contract
 - d. Search on prior version of a contract
2. Provide one place to view contracts
3. Ability to access contracts remotely
4. Ability to define notifications based on Role and/or User preference
 - a. Send email when task is required to be completed
 - b. Send email when task is completed
 - c. Ability to record data and time in history when notification is sent
5. Ability to have workflow
 - a. Determine status within workflow
 - b. Ability to see where/role contract is at within workflow
 - c. Ability to create a checklist within the workflow
 - i. Base on roles
 - ii. Base on Chart/Org (Org all six digits)
 - d. Guided workflow
 - i. Role driven approvals
 - ii. Person driven approvals
 - e. Ability to define checklist for different rules
 - i. Type of contract
 - ii. Dollar amount
 - f. Ability to view changes within specific status of the workflow
6. Ability to email documents from within the application
7. Ability to upload documents
 - a. Upload related documents to a contract
8. Ability to approve within a workflow
 - a. Remotely
 - b. Delegation of functionality via a proxy

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9. Ability to create/generate custom reports
10. Ability to assign and un-assign tasks
11. Ability to provide an audit trail of tasks
12. Ability to interface data with other applications
 - a. Import
 - b. Export
13. Ability to define types of contracts
14. Ability to define contract templates
15. Ability to track spend
16. Ability to identify changes to a contract during status of the workflow
17. Ability to customize a dashboard display on user and/or role
18. Storage
19. Ability to monitor/manage assign contracts to roles and users
20. Ability to add user defined data fields to a contract
21. Ability to add user defined fields to display information

Chapter 6: Subject Matter Expert Team

The following individuals participated on the Subject Matter Expert Team of the BPA Contract Processing Non-Procurement project:

Name	University/Department	Title
Aaron Rosenthal	UIC/OBFS – Purchasing	Interim Asst Dir
Amy McGinness	UIUC/OBFS – Cap PRGM/Real Est Svc	Office Manager
Anne Jennings	UIUC/System Human Resources Services	Asst Dir HR Admin
Bruce Walden	University/OBFS – Cap PRGM/Real Est Svc	Dir Real Estate Plng&SVC
Cheryl Churchill	UIS/OBFS UIS Business Services	Business/Administrative Associate
Dan Szajna	University System/AVP Procurement Svcs	Assoc Dir Comp Policy Confl
Dustin Boyer	UIUC/Intercollegiate Athletics	Dir, Premium Seating
Jennifer Erickson	University System/OBFS - AVP Business & Finance	Assoc Director Bus & Fin
Julie Robinson	UIUC/Office of Sponsored Programs	Senior Award Negotiator
LaTonya Webb	UIUC/Facilities and Services – Construction Projects	Asst Dir for Contracts Admn
Liz Strate	University System/AITS	Enterprise Syst Spec
Maria Thompson	UIUC/Facilities & Services	BAA Procurement Manager
Mary White	University System/OBFS – Cap PRGM/Real Est Svc	Aide, Administrative
Michael Hallihan	University System/Sec Ofc/Board of Trustees	Information Technology Technical Associate
Nicole Stewart	UIUC/Business Administration	Dir of Admin Bus Admin
Patricia Grove	UIUC/Intercollegiate Athletics	Administrative Aide
Patricia Menguito	University System/OBFS – Business Development Services	Associate Director
Robb Craddock	UIUC/Staff Human Resources	Asst Dir Labor Empl Rel
Sara Simmons	UIUC/ Facilities and Services – Construction Projects	Office Manager
Stacey Ballmes	University System/OBFS - AVP Business & Finance	Senior Coordinator University Contracts

Appendix A: Business Glossary

Business Glossary Term and definition

AHR

Academic Human Resource

CCU

Campus Construction Unit

CSO

Contract Services Office at UIUC

CARF

Contract Approval Routing Form

OBDS

Office of Business Development Services at UIC

ORS

Office of Research Services at UIC

OSP

Office of Sponsored Programs at UIUC

OTM

Office of Technology Management at UIC and UIUC

RSO

Registered Student Organization at UIUC

UCRO

University Contract Records Office