

OREGON STATE UNIVERSITY

**Business Operations Best Practices
Review**

December 19, 2017



OREGON STATE UNIVERSITY

Business Operations Best Practices Review

Table of Contents

OSU Business Operations Background and Context	3
Scope and Objectives	3
Overview of Review Findings	4
Strengths	5
OSU Business Operations Summary of Challenges and Recommendations	6
Appendix A – Personnel Interviewed.....	25
Appendix B – Current State Business Operations Structure.....	29
Appendix C – Future State Business Operations Structure Option 1.....	30
Appendix D – Future State Business Operations Structure Option 2.....	31
Appendix E – Future State Business Operations Structure Option 3.....	32
Appendix F – Controller – Skillsets	33
Appendix G – Associate Controller for Shared Services – Skillsets.....	35
Appendix H – Illustrative Decision Matrix	37
Appendix I – BC Transaction Metrics	39
Appendix J – Workload Analysis	40
Appendix K – BC Services	41
Appendix L – School/Department Unit Categorization.....	49
Appendix M – Business Operations Technology Decision Matrix Template	53
Appendix N – Process Improvement Areas.....	55
Appendix O – Performance Metrics for Consideration.....	56

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

OSU Business Operations Background and Context

Oregon State University (OSU or the University) has experienced significant growth and change over the past decade. Student enrollment, the number of full-time employees, and sponsored research activities have each increased by approximately one-third. At the same time, OSU has undergone a radical shift in governance, transitioning from the Oregon University System structure to a standalone public institution with its own governing Board of Trustees. In recent years, OSU has seen significant turnover in senior leadership and related organizational shifts both within business operations and across University leadership, and has also faced increased fiscal pressures in the higher education industry in terms of increased governmental scrutiny, affordability concerns requiring sophisticated, real time forecasting and budget monitoring and increased complexity and options in investments and endowment management.

Per OSU leadership, over the past decade, the University's level of business operations support personnel has grown at a much slower rate (approximately 14 percent) than the demographic growth outlined above. The relative increase in transactional volume per business operations employee, coupled with the impact of organizational and governance changes, has led to a perceived imbalance between workload and staff capacity. Additionally, concerns have been raised about high workloads, backlogs, and limited availability of business operations personnel to provide consultative and analytical support to academic and administrative units.

OSU business operations¹ personnel are currently divided into three key groups; each of these groups reports to the Vice President for Finance and Administration (VPFA):

- > Business Affairs (comprised of Financial Accounting and Analysis, Payroll, Procurement, Contracts and Materials Management and Student Accounts and Student Debt Management units)
- > OSU Shared Services (comprised of seven Business Centers [BCs])
- > Office of Budget and Fiscal Planning

In 2008, OSU developed a Shared Services Model, with implementation completed in 2010, in an effort to improve the efficiency and effectiveness of administrative processes across campus, with a goal of developing close partnerships between academic and administrative unit personnel and the BC personnel providing business operations services. Each BC is designed to serve as an integrated, multi-functional team responsible for the operations of anywhere between several and several dozen academic and/or administrative units.

Scope and Objectives

Given the significant changes and anecdotal concerns outlined above, Baker Tilly was engaged by OSU to review the current business operations structure, including Business Affairs, OSU Shared Services and the Office of Budget and Fiscal Planning in order to:

- > Enhance financial and budget management effectiveness organization-wide
- > Improve alignment of resources with strategic priorities
- > Provide insight into options for reducing level of effort required to manage OSU's business operations employees
- > Improve responsiveness to address specific business management needs across OSU
- > Develop actions to enable appropriate risk mitigation from business operations decisions and activities
- > Increase alignment across business operations groups
- > Enhance collaboration on critical business operations activities across OSU

Our approach to the review included the following:

- > Conducted 35 interviews and focus groups (see **Appendix A** for full list of personnel interviewed) representing:

¹ For purposes of this report the term OSU business operations refers to all functions institution-wide involved in the management of financial functions, activities and systems.

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

- Unit leaders including Deans, Vice Presidents (VPs), Vice Provosts and Directors
- Faculty and department heads
- Departmental end users
- Business Center Managers and personnel
- Office of Budget and Fiscal Planning personnel
- Business Affairs personnel
- > Reviewed documentation, including business operations policies, procedures, organization charts, roles and responsibilities, position descriptions, strategy documents and performance metrics
- > Performed analysis and benchmarking on key focus areas of business operations against peer and industry leading practices by incorporating the team's collective decades of experience working with peer institution's business operations

Overview of Review Findings

OSU's stated concerns primarily fall into one of two categories: (1) unrealized benefits of the current business operations structure and processes, including elements of the Shared Services Model, and (2) a concern with workload across business operations and impact on customer service.

When evaluating the Shared Services Model, it is necessary to refer to the documented initial goals (at inception) for the model, which were as follows²:

- > Provide excellent support and service to academic and administrative units
- > Improve the internal control environment
- > Enhance financial accuracy and savings
- > Minimize risks and protect sensitive information
- > Provide greater consistency and compliance with governmental regulations and University policies

OSU historically faced challenges in implementing the Shared Services model partially caused by turnover in leadership during the model's early years. The above goals do not appear to have been consistently communicated to either business operations personnel or to the units supported by the BCs, nor has there been consistency in defining what success looks like and reporting on metrics to stakeholders. As a result, University-wide sentiment on the success of the BCs is widely varied and frequently at odds with the stated goals. For example, many interviewees noted that they understood the creation of the Shared Services Model to be primarily a cost cutting measure; as they had not seen significant cost decreases, some therefore viewed the Shared Services Model as having failed to achieve its chief goal. However, as noted above, the Shared Services Model was designed to enhance customer service and improve the overall control environment. Moreover, while leadership at the time of implementation may have communicated this change as a move towards greater efficiency, it is likely that this was meant to contain, rather than decrease, costs. This disconnect, coupled with a lack of metrics to demonstrate success, has led to negative perceptions about the BCs that may not be well founded (i.e., the University community does not appear to be measuring BCs against the appropriate baseline).

It is also important to note that the academic and administrative units primarily interface with the BCs; therefore concerns raised by these units about challenges with business processes and operations may be more likely attributed to the BCs although the root cause of the challenge could stem from other areas of operations (i.e., central business operations units such as Business Affairs and the Office of Budget and Fiscal Planning, or other groups such as the Office of Sponsored Research and Award Administration [OSRAA]). Therefore it is crucial to assess business operations as a holistic entity rather than focusing only on specific elements of the enterprise.

² Per *E3.5 Business Center Model Guiding Principles- Updated*, dated August 2009.

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

At the time OSU moved to the Shared Services Model, it was widely recognized and stated by leadership that the BCs would need to be flexible and responsive to the unique operational needs of the units they served. In order to obtain buy-in from unit leaders, BCs were expected to continue providing the same types and levels of service that the unit previously received from its internal departmental personnel. In addition, as the BCs were initially staffed with former departmental personnel, the knowledge and skillsets of each BC varied considerably. At the onset, OSU did not implement a robust approach to agreed upon service levels (e.g., minimum threshold level of and approach to services provided) of the BCs, and so rather than moving towards consistency in each BC, specialized requests became the norm and over the past eight years the BCs have likely diverged from performing some elements of the originally contemplated business operations processes. Through the years, unit leaders have continued to make individualized requests that the BCs have implemented (e.g., some unit leaders require preauthorization for travel). These factors combined led to one of the major challenges discussed throughout this report - the lack of consistency and clarity across BCs in terms of policies, structure, workload, and competencies.

In terms of overall business operations workload, it is clear that transactional workload has increased (see **Challenge #3** below). Compounding this problem, OSU has not consistently made strategic, prioritized investments in systems and reengineered processes that would allow for higher transactional volume to be completed without a proportional increase in personnel. Stakeholders cited ineffectual process improvement initiatives, failed systems implementations and outdated policies as challenges to the business enterprise's ability to move forward in a more complex operational environment.

In addition to the sheer increase in transaction processing volume, in recent years OSU has begun moving towards a longer horizon budgeting and forecasting process, with additional expectations being placed on unit leaders to be accountable and profitable within their budget centers. The unit leaders have, to varying degrees, begun to rely on BCs to provide information, analysis and tools to enable their ability to effectively forecast future activities. In many cases, these strategic forecasting activities require significant investment of time and senior level resources at the BC level, further decreasing bandwidth.

The challenges noted are largely related to a lack of clarity around: roles (both the roles of specific positions, as well as of clarity between central unit and BC roles); vision and strategy (including process improvement and technology prioritization and investment); approach to policies and processes; budgeting and financial analysis support; and monitoring of business operations performance. OSU has many of the foundational elements that would support a successful business operations enterprise; however it needs focused attention in order to make incremental, prioritized and properly vetted changes that will enhance quality of work performance and customer service, realign business operations with the overall strategy and operations of the University and maintain reasonable growth in business operations staff.

Successful change will require strategic leadership and input from all levels at the University. The VPFA should be accountable for implementation of necessary changes across business operations. While specific tasks will likely be delegated, the VPFA should maintain significant oversight and regular monitoring and input on the process. In addition, some of the recommendations made in this report will require the VPFA to bring a proposal to the President, Provost, and/or unit leadership for approval, and to communicate that support to the University community at large. Without articulated executive support the recommendations in this report cannot be feasibly implemented. An individual should be assigned by the VPFA with the responsibility for tactical implementation of changes. Any individual(s) with a significant role in implementing the recommendations outlined in this report will need the flexibility to dedicate time and effort to these initiatives, potentially to include reprioritization of other efforts and/or additional support.

Strengths

As the University considers enhancing the business operations structure, it is critical to recognize the strengths that were pervasively raised in our discussions with stakeholders. Any changes to the current state should be viewed through the lens of maintaining and building upon the below strengths:

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

- > OSU has dedicated, committed individuals in business operations (in both central units and the BCs) that are focused on providing quality customer service. While these individuals have voiced challenges and concerns with the current state of business operations as discussed in further detail below, there is a collective willingness to advance the University's interests and invest effort in enhancing the structure to be more successful.
- > BCs are currently aligned with the units they serve in a way that allows for relatively easy access to cultivate and maintain relationships, as well as the ability of BC personnel to gain deep understanding of the operations and needs of their units. In addition, prior to OSU's transition to the OSU Shared Services Model, individuals performing business activities were embedded within units; in many cases BC personnel still physically sit with their units, enabling a one-stop shop for much assistance. Units and BC personnel were clear that they do not want to lose either the functional or physical alignments from which they currently benefit.
- > Stakeholders, especially those whose tenure spanned the pre-OSU Shared Services Model era, stated that there is generally a higher degree of compliance, expertise and professionalism within business operations (specifically, within the BCs) compared to when business activities were performed at the unit level. Prior to the transition to the OSU Shared Services Model, departmental staff typically served as "jacks of all trades" and did not always have specialized knowledge. In the current structure there is a greater focus on specialization as well as the ability for individuals with similar roles to shared experiences and knowledge, cross-train and provide backup support for similar positions. In addition, having business operations personnel report up through the VPFA was cited as having a positive impact on compliance with University policy.

OSU Business Operations Summary of Challenges and Recommendations

As the University strives toward enhancing effectiveness and efficiency of business operations, the following themes, summarized from stakeholder interactions and our independent review and analysis, should be considered. The table below outlines the challenges to effective business operations at OSU as well as recommendations for meaningful change. Additionally, the relevant Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework (framework) component(s)³ for each observation have also been included. COSO is a joint initiative of five private sector organizations that are dedicated to developing frameworks and guidance on enterprise risk management, internal control, and fraud deterrence. The framework was developed to evaluate internal controls, and has been adopted by the OSU Board of Trustees as its internal controls model.

1. Unclear definition of roles and responsibilities	
Observation	There is an unclear definition of roles, decision making authority and communication and escalation lines across business operations. First, Business Affairs and BC personnel do not currently feel like they fall under the same group and are working as a cohesive team to carry out business operations as a single function. Second, there is confusion by both units and business operations personnel as to definitions of authority between central business functions (i.e., Business Affairs and Office of Budget & Fiscal Planning) and OSU Shared Services; this can lead to issues around what standard should be compiled

³ The five integrated components of the COSO framework are defined as follows:

- 1) Control environment:** set of standards, processes, and structures that provide the basis for carrying out internal control across the organization,
- 2) Risk assessment:** dynamic and iterative process for identifying and assessing risks to the achievement of objectives,
- 3) Control activities:** actions established through policies and procedures that help ensure that management's directives to mitigate risks are carried out,
- 4) Information and communication:** information is necessary for the entity to carry out internal control responsibilities to support the achievement of its objectives and communication is the continual, iterative process of providing, sharing, and obtaining necessary information
- 5) Monitoring activities:** ongoing and/or separate evaluations to ascertain whether the five components of internal control are present and functioning.

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

1. Unclear definition of roles and responsibilities

institution-wide as OSU Shared Services says one thing, and Business Affairs says another. Subsequently, this leads to disagreements between the two groups as to who is responsible for decision making, overlap in work activities and wasted time and effort across the University when searching for accountable individuals for specific questions or processes.

Examples to further illustrate this challenge are:

- > There is inconsistent understanding of where authority lies as it relates to policy enforcement. For example, we heard anecdotally that some BC personnel may not understand that central Payroll (within Business Affairs) has the ultimate authority to set and enforce policy, and that BC personnel have been delegated authority to follow and enforce that policy. In one case, this led to a BC developing a method for graduate student payment that was not compliant with OSU policy or certain external regulations.
- > There is inconsistent understanding about who should be doing what types of training and who is responsible for providing that training. Additionally, Business Affairs may try to provide trainings related to business activities (e.g., Payroll), but it is difficult to administer because there is an inconsistent approach to Payroll across the BCs. The BCs also may say they want training provided by Business Affairs, but then when it comes time to align their processes with what is outlined by Business Affairs, they are reluctant to adjust their current practices.
- > BC Managers meet regularly to share common challenges and solutions, best practices and lessons learned; per interviews, these meetings were invaluable to shared learning and collaboration across OSU Shared Services. However, there are no regular touchpoints spanning across Business Affairs and the BCs. These two groups would likely benefit from such interactions in terms of increased awareness of operations (e.g., customer service complaints, internal strategic initiatives that could impact business operation’s needs), technical knowledge sharing (e.g., systems functionality, external regulatory updates) and relationship building leading to easier collaborations and dispute resolution.

Relevant COSO Component(s)	Control Environment
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Recommendation	<p><u>Recommendation 1A: Update Business Operations Organizational Structure</u> OSU should consider updating reporting lines to better align the groups under the same umbrella of business operations. Baker Tilly has drafted a current state organization chart of business operations (see Appendix B) and three options for a proposed future state organization charts of business operations (see Appendices C, D and E).</p> <p>Regardless of the specific organizational structure implemented, it is crucial to implement ongoing communication such as regular team meetings and trainings in order to institutionalize collaboration between the BCs and Business Affairs. In addition, whatever structure is implemented, the BCs and Business Affairs will need to clearly align as participants and partners in the budgeting process (see Challenge #5 below for additional commentary).</p>
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OREGON STATE UNIVERSITY

Business Operations Best Practices Review

1. Unclear definition of roles and responsibilities

Option 1 (Appendix C) of the proposed future state organization chart includes a direct reporting line from the Associate Controller for Shared Services to the Controller. This is different from the current state where a Director of Shared Services reports directly to the VPFA. This would position the Associate Controller for Shared Services at the same level as the Director of Business Affairs, Chief Procurement Officer and Director of Financial Accounting and Analysis.

The strengths of this option include:

- > More frequent interaction and better alignment between Business Affairs and BCs as both will report to the same individual and attend the same departmental meetings.
- > Better communication/escalation lines, as central business operations groups and BCs will receive the same messages from or through the Controller, and should then be able to relay consistent answers to units.
- > Increased support for the Associate Controller for Shared Services, as the Controller should be better able to dedicate time to serving as her supervisor than would the VPFA.
- > BCs will maintain alignment with academic and administrative units via dotted line reporting to their respective Deans and VPs.

The challenges associated with this option include:

- > As the seven BCs report up through one individual, they may not have sufficient institutionalized interaction with Business Affairs.
- > This option does not include proposed cost savings.

Finally, it is important to note that under this model the Controller and the Associate Controller for Shared Services are critical in driving change, gaining consistency and consensus among team members and maintaining effective controls and efficient processes. Baker Tilly has provided a list of skillsets for both positions (see **Appendices F and G**) that OSU should refer to in order to assess if the individuals in these positions show the qualities needed to fulfill the roles mentioned above.

Option 2 (Appendix D) of the proposed future state organization chart includes a direct reporting line from the BCs to the Deans or other unit leaders and a dotted reporting line from the BCs to the Controller. This structure would maintain the BCs, but more clearly align them with the academic and administrative units that they support. This option eliminates the Director of Shared Services role.

This option would lead to increased alignment with and customer service provided to units as it would allow the BCs a more direct ability to serve the unique needs of their units; however, this benefit would be offset by significant increases in divergent BC approaches leading to confusion of roles, processes and decision making authority. In addition there would likely be a decrease in compliance stemming from the loss of authority to hold BCs accountable to centrally determined fiscal policy. A second positive element of this option would be the potential cost savings due to the elimination of the Director of Shared Services role; however, the BCs would lose a close supervisor and

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

1. Unclear definition of roles and responsibilities

advocate to provide necessary attention, assist with challenges and foster the “community” feel of the BCs that appears to be such a positive force. Finally, this would contribute to a lack of consistency, lack of centralized performance management and lack of centralized training and understanding of policies, procedures and systems. Essentially, this option would move backwards from OSU Shared Services Model as implemented in 2010, losing some of the gains noted during the review such as enhanced compliance and improved professionalism (see **Strengths** section above).

Option 3 (Appendix E) of the proposed future state organization chart includes a direct reporting line from the BCs to the Controller, and a dotted reporting line from the BCs to the Deans or other unit leaders. This structure also eliminates the Director of Shared Services role.

OSU would benefit from cost savings due to the elimination of the Director of Shared Services role; however the benefits would likely be offset by additional effort required by the Controller to supervise seven additional areas and the lack of bandwidth to provide the BCs with the specialized attention they may need. Additionally, the BCs would be part of the same group as Business Affairs, potentially allowing them to better follow the same processes, attend the same meetings, and receive the same message; however, similar to Option 2, BCs would no longer have an advocate (Director of Shared Services) to facilitate meeting together and consistently exchanging ideas across just the BCs.

Recommendation 1B: Document Decision Authority and Responsibility

OSU would benefit from clearly defining and documenting the authority for decision making in key aspects of business operations. Baker Tilly has drafted a suggested Decision Authority Matrix (see **Appendix H**) to illustrate the current business operations groups and suggested roles for key strategic and transactional processing functions. OSU should utilize this tool as a way to analyze its preferred decision-making responsibilities, and may decide to update the matrix to better align with the selected organizational option. The VPFA and the AVP of Finance and Administration and Controller may be appropriate individuals to spearhead this definition, gaining input and consensus from other business operations and senior leadership groups identified in the matrix. This tool will allow OSU to clearly define:

- > **Lead** – point person for each primary function
- > **Input/Participant** – provide feedback on function
- > **Final Decision Makers** – ultimate responsibility for function
- > **Potential Involvement** – only involved in unique situations requiring significant escalation for function

OSU should revisit this document periodically and update accordingly as roles and responsibilities may change, or external factors or risk tolerance may shift allowing for differing levels of authority for decision making.

OSU should share this document with all business operations personnel as part of regular strategic communications across that group. It will also be beneficial to publish or otherwise more broadly share this document so the University community is made aware of defined roles and contacts.

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

1. Unclear definition of roles and responsibilities

Management Response	

2. Need for active communication of a clear vision and strategy

Observation	<p>There is a need for the VPFA to memorialize and actively communicate a clear business operations vision and strategy. Stakeholders across campus stated that they did not have a clear understanding of the chief goals and objectives of business operations; some felt disconnected from senior leadership and/or not valued as a meaningful element of the University's success.</p> <p>Stakeholders notably were unable to connect business operations strategy to decisions regarding resource allocation, risk tolerance and prioritization of operational initiatives. This is partially due to a lack of consistent communication from leadership about why decisions are being made, the impact of these decisions and how these decisions are in line with the vision and strategy of the function.</p> <p>Examples to further illustrate this challenge include:</p> <ul style="list-style-type: none"> > Failure to clearly communicate the goals of moving to the OSU Shared Services Model. There was confusion on what the ideal outcome of this restructuring would be, as there were varying understandings of the benefits provided by the new model such as cost savings, streamlining processes, stronger technical expertise, better customer service, etc. > There is also inconsistent and unclear communication of why investment decisions are made, including information technology (IT) and systems implementations, organizational change and process enhancement initiatives.
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Relevant COSO Component(s)	Control Environment, Information and Communication
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Recommendation	<p><u>Recommendation 2: Memorialize OSU Business Operations Vision and Strategy</u></p> <p>Defining the mission of business operations could emphasize the crucial support provided by business operations personnel, as well as add needed structure and context to institution-wide decisions. The VPFA should develop a vision and strategy document that speaks to some of the following key elements present in peer documents:</p> <ul style="list-style-type: none"> > Stewardship principles > Fiscal leadership principles > Role of VPFA and each business operations group > Alignment with University short term goals and long term strategy > Intended goals and outcome for work > Accountability for work > Supportive and functional work environment > Leadership in developing and implementing policies, practices and procedures
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OREGON STATE UNIVERSITY

Business Operations Best Practices Review

2. Need for active communication of a clear vision and strategy

- > Professional standards pertaining to financial resources
- > Education, assistance and support to the various colleges, departments and other operating units within the University

The VPFA must actively and consistently communicate this vision and strategy to business operations personnel and the greater population of the University. Examples of potential communication methods include:

- > Annual email communication from Finance and Administration leadership across campus
- > Posting of information on the central Finance and Administration website
- > Inclusion of mission statement in the footer of all business operations emails
- > Creating posters or desktop paraphernalia for business operations staff offices/cubicles
- > Utilizing key mission elements as the basis for educational or team building activities during business operations meetings

Management Response

3. Challenges with employee morale and fatigue

Observation

Stakeholders, especially those within business operations groups, noted challenges with employee morale and fatigue, including increased workload, turnover, lack of process and system improvements, differing approaches to administrative staffing at the unit level, and shifting leadership and priorities. This concern is further demonstrated by OSU's data compared both historically and to peers as follows:

- > **Transaction volume has increased over time:** Baker Tilly analyzed data (see **Appendix I**) to confirm that there has been growth in the volume of transactions (based on dollar value) processed through the BCs over the past ten years, yet the increase in BC Finance full time employees (FTE) has been relatively stagnant, or increasing at a rate much slower than the volume of transactions. Although this data only showcases academic BC workload, this can be reasonably interpreted to apply across business operations staff. This can lead to individuals being overworked and subsequently feeling fatigued if the volume of transactions they are processing increases without an equitable increase in FTE to distribute the workload across.
- > **Transaction volume per FTE is slightly higher than peers:** Baker Tilly assessed operating expenditures per business operations FTE of OSU compared to several peer institutions operating within similar shared services models including University of Kansas (KU), University of California, Irvine (UC Irvine) and University of California, Riverside (UC Riverside) (see **Appendix J**). Based on this analysis, it appears that OSU business operations personnel are currently processing slightly higher volume compared to peers, without clear evidence of strong systems support or streamlined processes that would allow for higher efficiency compared to peers. Although this data only shows BC workload, most transactions also have a processing component that occurs at the central level

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

3. Challenges with employee morale and fatigue

	<p>and so it can be reasonably assumed that analysis of central business operations units would show a similar pattern. This higher workload could mean that employees have higher stress levels and the possibility of increased error rates, backlogs and turnover.</p> <ul style="list-style-type: none"> > Higher transactional volume and turnover in the non-academic BCs: The AABC and UABC process significantly more transactions per FTE compared to other BCs (see Appendix J). In addition, these two BCs have the highest turnover rates within OSU Shared Services. From these data points, it appears likely that some combination of higher workload and higher numbers of less-complex transactions may be impacting morale, either through increased pressure or through the lack of meaningful tasks. These BCs may also be focused on processing large numbers of transactions, decreasing their availability to provide more high level support. > Lower transactional volume in the academic BCs: OSU's academic BCs process fewer transactions per FTE compared to the AABC and UABC. Based on conversations with personnel, this lower volume appears to be at least partially due to more complex work responsibilities (e.g., grant accounting, support for study abroad or start-up projects, focus on approvals and exceptions rather than solely processing). The academic BCs therefore likely need personnel who can perform more complex tasks; our understanding from stakeholder conversations is that these BCs have been upgrading and replacing positions over the past years in order to achieve this, but are at times stymied by restrictive human resources (HR) practices and job description and pay grade requirements.
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Relevant COSO Component(s)	Control Environment
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Recommendation	<p><u>Recommendation 3A: Make Incremental, Strategic Investments in Processes, Systems and Skillset Alignment</u></p> <p>Based on the analysis above, it does appear that individuals in business operations face heavy workloads, and future continued increases in transactional volume would compound this problem. OSU cannot continue to support the increased transactional volume without making an investment to enhance processes and systems to better support its business operations personnel. Additionally, OSU should consider if realignment of resources could assist with the increased workload.</p> <ul style="list-style-type: none"> > Process enhancements: As stated in Challenge #9 (see below), there is a need for an enhanced, comprehensive approach to process change initiatives. There are a number of areas within business operations that could benefit from process improvements, but currently OSU does not have an effective way to initiate, manage and implement these improvements. More streamlined processes would allow business operations personnel to process transactions more efficiently and decrease fatigue with current “clunky” processes. > System enhancements: As stated in Challenge #8 (see below) business operations technology is being inefficiently used and implemented at OSU. Better systems selection and implementation processes including a strategic alignment of business operations and technology could decrease the manual burden on
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OREGON STATE UNIVERSITY

Business Operations Best Practices Review

3. Challenges with employee morale and fatigue

employees and increase their efficiency. The functional area with the highest workload/volume of transactions should be considered first for potential technology enhancement.

- > **Skillset alignment:** As discussed in **Challenge #1** (see Recommendation 1A above), OSU should consider an approach to strategically and comprehensively look at whether skillsets and levels of expertise are in line with the operational activities of each individual role. While there does appear to be an increased workload, it is also important to consider whether the right individuals are in the right role. Additionally, as discussed in **Challenge #7** (see below) OSU should put greater emphasis and value on professional development. This includes investing in training, both internally and professionally, for business operations personnel which per interviews is not currently a focus. If business operations personnel feel like OSU has placed value on their professional development, in turn, this will increase morale. Additionally, if individuals feel better prepared to perform their jobs, the workload may be less demoralizing.

Management Response

4. Differing service approaches to Business Center operations

The BCs have differing service approaches, including what services will be provided and by whom. These differing service approaches are attributed to a combination of staffing and process differences, lack of service level agreements with the units and accommodation of customized requests from the units. While intentional college, department or unit based inconsistencies may be appropriate, there is no clear determination and communication of what services will or will not be provided to some or all units. Additionally, it may also be appropriate for there to be baseline services provided by all BCs, and then other services that may also be provided, potentially at an additional cost to the unit.

As a result of these inconsistencies, it is also difficult for consistent training to be provided, even for areas that should be standardized across BCs such as payroll, because the processes are too varied.

Observation

Examples to further illustrate this challenge include:

- > The travel reimbursement process. At some BCs, individuals can simply drop off all of their travel receipts, and the BCs will both enter the receipts into the Travel Reimbursement Entry System (TRES) and then process the reimbursement. Conversely, other BCs require individuals to input their own receipts into TRES and they are solely responsible for processing the reimbursement.
- > The use of administrative assistants. While some BCs may leverage administrative assistants to help with more menial tasks such as data entry, other BCs may have their more specialized finance and accounting individuals assisting with data entry, or other more administrative tasks, in addition to processing transactions.

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

4. Differing service approaches to Business Center operations

Relevant COSO Component(s)

Control Environment, Control Activities

Recommendation

Recommendation 4A: Define Service Offerings

Business operations should determine what services should be baseline, what services should be provided at an additional cost and what services should not be provided by BCs. This not only allows for clarity in service offerings, but it will also serve as a crucial first step in enhancing the consistency in workload by standardizing the baseline services provided. This will allow the BCs to assess their workload more accurately, as well as to identify specific skillsets that are under- or over-utilized.

From a unit perspective, this allows unit leaders to understand with perfect clarity what their allocated funds are paying for in terms of BC services. Unit leaders will have the ability to proactively decide what services their unit most needs and that they prefer to pay for, rather than receiving the services that their particular BC happens to offer. Examples of baseline services would likely include:

- > Approval of purchase orders, invoices and personal/travel reimbursements
- > Time sheet certifications
- > Payroll processing
- > Procurement card reconciliation and allocation
- > Journal entries (e.g., budget journal entries, corrections, internal allocations)
- > Standard monthly and quarterly reporting
- > Year-end processing and adjustments

Examples of services that could be provided, but at an additional cost include:

- > Study abroad budgeting and tracking
- > Document imaging
- > Accounts receivable processing
- > Grant assistance (e.g., pre-award support)

It may not make sense for BCs to offer all the services that are currently performed. For example, processes that are best handled centrally should be assigned to central units to ensure compliance (e.g., chart of accounts management, procurements and assistance with contracts above \$25,000 and cashiering and vault management).

Likewise, certain processes require tailored, extensive knowledge of unit operations and may be best embedded in the units. Notably, some elements of long term budgeting, forecasting and revenue projections may be more appropriately housed at the school or unit level. For this process, BCs should be able to provide a standard slate of reports that enable the budgeting/forecasting process. BCs should also join regular conversations to explain the reports and context and facilitate and provide input into the strategic process. However, the University may determine that ownership of all or some elements of strategic forecasting lies within the schools.

Baker Tilly has created a more comprehensive list categorizing a variety of current services offered by one or more BC, along with suggestions as the appropriate

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

4. Differing service approaches to Business Center operations

delineation of each as baseline service, specialized service, or non BC service (see **Appendix K**).

Defining service offerings will also allow for a more comprehensive, balanced approach to funding business operations that provides transparency to unit leaders and consistency in funding expectations across campus. Updating the funding structure will require input from business operations personnel at all levels as well as systems data in order to provide reasonable estimates and assumptions on level of effort requirements. In addition, it will be important to identify a straightforward method for allocating funds that provides clarity to business operations and the units, and does not require overly complex administration.

Recommendation 4B: Redefine Grouping of Business Centers

While all units will utilize the baseline services outlined above, each unit's need for specialized services will vary. Rather than each unit adopting a "checklist" approach to the specific services it needs, a more streamlined approach would be to offer multiple "packages" of services depending on unit needs. Specifically, units could generally be categorized into one of the following three, each of which would utilize similar services:

1. Research-Intensive Units
2. Curriculum-Focused Units
3. Non-Academic Units

Currently OSU has some BCs which operate primarily in one of these three categories, and some BCs which support units in multiple categories (e.g., both Research-Intensive Units and Curriculum-Focused Units). In order to maximize the usefulness of BC service "packages," OSU may consider realigning unit assignments to the BCs based on category. However, the goal would still be for each unit to be assigned to only one BC.

For example, the BEBC serves two units: the Curriculum-Focused College of Business and the Research-Intensive College of Engineering. This can lead to difficulties, both operationally and in terms of perceived "fairness," in providing consistent service offerings to these two unlike units. Baker Tilly has provided a more comprehensive list of OSU units with suggested categorization; OSU could use this as an initial tool to decide whether to realign BCs (see **Appendix L**).

Some potential positive outcomes from realigning the BCs could include:

- > Greater ability to provide consistent service to like units
- > Enhanced specialization and competence
- > Increased ability to cross-train and provide backup and overflow support
- > Better ability to identify best practices and opportunities for process enhancement

Some potential challenges that may result from a realignment of the BCs include:

- > Need to rebuild or build new customer relationships
- > Impact of change management across campus
- > Difficulty in determining treatment of unique situations, such as units that might fall into more than one category, and collaborative ventures between units that fall into different categories

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

4. Differing service approaches to Business Center operations

- > Logistical challenges including space and location considerations
- > Technology challenges including updating approval queues and systems access

Recommendation 4C: Documentation and Communication of Expectations via Service Level Agreements

The BCs should create written and signed service level agreements outlining the baseline services and specialized services to be provided to each unit, and at what cost. Once documented, these items should be shared with the units by senior leadership including the VPFA and the Provost, and senior leadership should clearly communicate why certain services will be additional cost to the units and why certain services will no longer be offered by the BCs.

In many cases, unit leaders currently have an agreement of understanding of the services their unit will be provided by the BC; successful implementation of this recommendation will require those previous agreements to be specified as no longer valid and superseded by the Service Level Agreements. This will require cooperation and commitment at the senior leadership level between business operations and academic and administrative units. In addition, it will be helpful to establish a shared understanding of service expectations between the updated BC roles and Business Affairs roles.

Management Response

5. Challenges with financial reporting, forecasting and budget monitoring

Observation

Stakeholders both within business operations and in academic and administrative units, including at the unit leadership level, shared challenges with financial reporting, forecasting and budget monitoring. They noted that accurate, real time financial information could not be easily obtained without considerable manual interventions; there is not a single, reliable, comprehensive financial database that currently houses the necessary information to budget, plan, and forecast. As a result, shadow systems are frequently maintained in order to more easily review and piece together the information they need.

Units rely primarily on Excel for budgeting, which is not automated and does not easily allow for scenario or multiple factor analysis. The University's CORE reporting system received mixed reviews from stakeholders, with many feeling that they did not have sufficient training to utilize the system, and some concerned that CORE did not include the specific reports or reporting elements that met their organizational needs. The budgeting process, as supported by current systems, is so cumbersome that it is not feasible to perform multiple budget iterations, leading to budgets that are obsolete by the time they are finalized.

Unit leaders expect future focus on budget accountability and longer term (e.g., five year and ten year) forecasting, which will further exacerbate the above systems and process challenges. In certain cases (e.g., the College of Business), unit leaders have funded strategic budgeting positions within the school or division to meet these needs. Other

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

5. Challenges with financial reporting, forecasting and budget monitoring

units rely heavily on BCs, who receive time consuming, one-off requests for budget analysis and forecasting that generally are addressed by the BC Manager as the most senior, strategic advisor. This decreases the BC Managers' bandwidth to address other strategic challenges, transactional concerns, supervision of BC personnel, and process enhancement or communication initiatives.

Relevant COSO Component(s)

Information and Communication, Monitoring

Recommendation 5A: Communicate Budget and Forecasting Expectations

All budget and forecasting decisions on staffing, processes and systems should flow from senior level strategic decisions that are currently in process. When the Provost, VPFA and Director of Budget and Fiscal Planning finalize objectives and expectations for budgeting and forecasting, this decision should be memorialized and communicated across the University. Ideally, the Office of Budget and Planning could coordinate with the Provost to identify a standard slate of financial reports available in CORE; these reports could then be mandated for use by the Provost, allowing for consistent leveraging of CORE and standardization of regular reporting. This should, over time, decrease the desire to rely on custom-built legacy reports and shadow systems.

If University leadership agrees to much more robust strategic forecasting expectations, there is a clear need to fill this role. While the BC Managers have the ability and knowledge to provide some reporting and partnership in this area, it may not be possible for them to provide the entirety of these services. The University will need to consult with unit leaders and business operations personnel to determine an approach to each of the following activities, including the role of the unit, the BC and the Office of Budget and Planning:

Recommendation

- > Core/annual budgeting
- > Ongoing financial reporting and budget monitoring
- > Long range strategic forecasting

In many peer institutions, the primary ownership for strategic forecasting typically lives within the school or division (e.g., in the Dean's Office) with support and input provided by the BC. At OSU, budgeting and forecasting activities can serve as an important relationship touchpoint between the BCs and the units; regardless of how responsibility for individual tasks is determined, it will continue to be crucial for BC Managers to be involved in the process to allow for strong relationships with their units and an appropriate sharing of financial knowledge impacting other BC activities.

In addition, it is important to note that there are varying degrees of budgetary support at the unit level. For example, some units, such as the College of Business, have hired their own financial or budget analyst, whereas many smaller units across campus would not have sufficient funding or potentially even the need for dedicated personnel. In these cases these services would likely need to be provided by a BC or the Office of Budget and Fiscal Planning.

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

5. Challenges with financial reporting, forecasting and budget monitoring

Any decision on responsibility for these activities should be documented in the unit's Service Level Agreement (see **Challenge #1** above.) In addition, the Office of Budget and Fiscal Planning will need to develop a comprehensive training program on budgeting and forecasting processes, any new systems implemented, roles and expectations.

Recommendation 5B: Consider Budget Process Updates

As part of the annual budgeting process, there appears to be an opportunity to gain consensus and consistency by more heavily involving the University Cabinet, Deans or other executive leadership group. Currently, many discussions are held directly between the Director of Budget and Fiscal Planning and individual Deans, VPs and other unit leaders; final decisions are then made with the VPFA, Provost and President. More active involvement and discussion within the University Cabinet (or other appropriate leadership group) would ensure impacted stakeholders are providing input and all relevant aspects of the institution are being considered in the process.

Management Response

6. Outdated policies and practices not aligned with current leadership vision and risk tolerance

Observation

As a result of formerly being part of the Oregon University System, OSU currently has policies and procedures that are not aligned with its updated vision and risk tolerance as a standalone institution. Policies and practices are viewed by some end users as overly restrictive and burdensome in some areas, and there is an opportunity to streamline and better align practices with OSU's current culture.

One example to further illustrate this challenge is:

- > Stakeholders anecdotally noted a number of concerns related to the travel process such as additional restrictions being administered at the BC or unit level that are viewed as unnecessarily strict.

Relevant COSO Component(s)

Control Environment, Risk Assessment, Control Activities

Recommendation

Recommendation 6: Implement a Comprehensive Policy Update Framework

OSU should document a comprehensive framework to update its policies including the following elements:

- > Documented decision that all policies will apply across campus; while approach to procedures may necessarily vary by unit, there should be an overall expectation that policies are institution-wide.
- > Prioritized timeline to review all current policies over the next two to three years to ensure they are aligned with current leadership vision and risk tolerance. Prioritization could be based on highest risk areas, policies about which end users complain most frequently and/or areas impacted by system

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

6. Outdated policies and practices not aligned with current leadership vision and risk tolerance

implementations or other changes. This timeline should be reviewed and approved at the AVP level, with input sought from the VPFA as needed.

- > Policy review committee, as is currently being identified, which should include stakeholders from Business Affairs, the BCs, and units.
- > Standard protocol to review policies including:
 - o Identification of applicable external regulations. Some former OUS policies were likely based on stated statutes that may no longer apply to OSU. Legal and regulatory compliance should form a solid foundation for policy decisions.
 - o Documentation of standard expectations as determined by the policy review committee and addition input sought from stakeholders on each policy.
 - o Incorporation of risk tolerance considerations. The policy review committee will likely need to seek input from the VPFA and clearly document decisions made regarding risk tolerance.
 - o Consideration of opportunities to streamline (e.g., eliminate one approval out of two) or clarify expectations (e.g., clearly state the purpose of each of multiple approvals).
 - o Approval process.
 - o Annual or biannual ratification process.

Travel Policy Example

As a result of challenges noted with the travel process during interviews, Baker Tilly reviewed OSU's Travel Policy (Section 411 of the Fiscal Operations Manual) to identify considerations for the policy update process. Below is a list of items currently outlined in OSU's Travel Policy that may be overly stringent and not aligned with the risk tolerance of the University:

- > Issuance of a Memorandum of Understanding after the first offense of submitting a late travel reimbursement
- > Units verifying all travel arrangements are confirmed prior to departure
- > Low/High OSU per diem rates instead of using GSA per diem rates
- > Lack of standard receipt threshold
- > Not reimbursing the following expenses:
 - o Tips/gratuity on meals
 - o GPS navigation units when renting cars
 - o Meals/lodging above per diem

OSU should consider updating their Travel Policy to change these items and other similar items that may be outdated in terms of the level of risk the University is willing to take.

In addition to elements of the Travel Policy that could be streamlined, stakeholders noted other challenges with the travel process and requirements that do not appear to be outlined in the policy. In these cases, it is likely that these frustrations are caused by additional or varying restrictions implemented at the BC or unit level. It is worth considering whether the benefit derived from these additional restrictions (e.g., cost savings from utilizing a lower than standard per diem, enhanced compliance from

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

6. Outdated policies and practices not aligned with current leadership vision and risk tolerance

	requiring all receipts) is worth the additional time, effort, and confusion to implement the restrictions.
Management Response	

7. Inconsistent understanding and approach to fiscal policies and processes

Observation	<p>There is an inconsistent understanding and approach to policies and processes, including establishment and enforcement of baseline expectations, definition of mandatory vs. customizable practices, and consideration of impact on the level of effort required for customized practices (e.g., additional staff, longer cycle time). Specifically, many BCs have developed varying processes, differing expectations, and occasionally additional policies specific to the BC. In some cases, these local level practices are not in alignment with University fiscal policies.</p> <p>Training on fiscal policies and processes both within business operations staff and throughout the larger University community is inconsistent, including onboarding, training on new systems, and training on grant administration processes. Much training is left to the discretion of the BCs, who may not have the knowledge, bandwidth, or authority to accurately train their units. Process variety in the BCs including roles (e.g., an Accountant I in one BC could be doing the same tasks as an Accountant II in another BC) and activities (e.g., payroll processing steps) makes it difficult for central business operations units to provide standardized, meaningful training; however, without that training interface the centrally developed fiscal policies may not clearly be explained.</p>
Relevant COSO Component(s)	Control Activities, Information and Communication
Recommendation	<p><u>Recommendation 7A: Implement a Professional Development Framework for Business Operations Personnel</u></p> <p>In order to build business operations capacity and empower staff to become value-added, strategically-aligned members of the University community, OSU should create a professional development framework for its business operations professionals. Competencies should be developed for each level of business operations personnel, including within central units, the BCs, and those performing fiscal duties in the units, to define expectations and successful behaviors. Key competencies should be aligned with the business operations vision and strategy as outlined in Challenge #2 above.</p> <p>For each competency, business operations leadership and HR resources should collaborate to identify specific learning methods. While many professional development opportunities will be internal, OSU may want to consider how to most effectively support business operations personnel desiring external training opportunities.</p> <p><u>Recommendation 7B: Standardize Training for Business Operations</u></p> <p>Ultimately, adequate training is the final step to enable a consistent approach to fiscal policies and processes. Once policies are defined and updated as outlined in Challenge</p>

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

7. Inconsistent understanding and approach to fiscal policies and processes

	<p>#6 above, and authority lines are clearly updated and defined as outlined in Challenge #1 above, updated policies need to be operationalized into an actionable, clearly defined procedure. While policies should generally be enacted University-wide, there may be differing approaches to procedural implementation across campus. Given this, it is crucial that training be a joint responsibility of the Business Affairs and Shared Services groups.</p> <p>OSU should create a comprehensive training framework outlining who should attend what trainings, who will be providing trainings, and at what frequencies (e.g., what necessitates a one-time training vs. something that may require periodic or refresher trainings).</p>
Management Response	

8. Inefficient use of technology

Observation	<p>Stakeholders stated that the use of technology within business operations can be inefficient, including:</p> <ul style="list-style-type: none"> > Lack of coordination between business operations and IT leads to major impacts on fiscal management effectiveness. For example, prioritization of business-related technology investments does not appear to be aligned with business strategy and there is no forum to build consensus about priorities between the two groups. > Lack of end user input into business-related technology decisions limits the ability to prioritize modules that will most significantly impact process efficiency. > Ineffective rollout of implementations leading to failed implementations and less than optimal use of systems. Additionally, when new IT systems are rolled out, they are not always made mandatory and proper training is not always administered, causing individuals to forgo adopting the new system. > Lack of IT capacity to address critical IT needs.
Relevant COSO Component(s)	Control Environment, Control Activities, Information and Communication
Recommendation	<p><u>Recommendation 8: Enhance Governance Structure for Making IT Investments</u></p> <p>The governance structure for making IT investments and decisions needs improvement. OSU should consider forming a technology advisory committee for the purpose of coordinating technology planning, implementation, and maintenance. At a minimum, membership should include the business operations IT Manager, representation from other technology offices, Business Affairs leadership, BC Managers, and other key end users of technology. This would lead to better coordination between business operations and technology offices and allow end users to provide necessary input. Additionally, this would allow for increased transparency of decisions being made related to business technology decisions and investments.</p> <p>The committee should meet on a regular basis to exchange project schedules, discuss implementation plans, coordinate project resource teams, analyze overall OSU technology plans, and discuss how support will be provided. The committee would act as the point person to communicate all technology issues to senior leadership, including the</p>

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

8. Inefficient use of technology

President’s Council, to ensure they receive buy-in on prioritization and investments. Additionally, the committee would be responsible for establishing a formal method to share decisions with stakeholders in order to assist with rollouts of future implementations

Additionally, for major IT implementations, OSU must assign a designated project manager to oversee the project from start to finish. This will help keep the projects on track and assist with a smoother transition and rollout of new systems and IT processes.

Lastly, OSU should consider implementing a Technology Decision Matrix as described above in the recommendations for Challenge #1 for business operations. This would more clearly define and illustrate which positions and/or technology offices own which processes, and where others might have inputs or be involved in the process. See **Appendix M** for an example template of what areas of technology and what roles could be included.

Management Response

9. Need for a comprehensive approach to process change initiatives

Observation

There is a need for a comprehensive approach to process change initiatives, including targeting those areas most in need of change (either by unit or process). This includes communicating reasons for change, timeline for implementation, and status updates; assigning of specific resources to implement change, monitor change, and communicate progress; and designing of metrics to measure impact of change. Ultimately, individuals need to feel empowered to make and enact change.

One example to further illustrate this challenge is:

- > Anecdotally we heard individuals spending a significant amount of time on carrying out a lean process improvement approach for process changes, which has also had difficulty in gaining traction. While the lean approach can be successful if the proper input is obtained, the process includes a significant amount of people which may not be responsive and it is also time consuming.

Relevant COSO Component(s)

Control Environment, Risk Assessment, Control Activities

Recommendation

Recommendation 9A: Definition of Process Change and Obtaining Proper Input
 OSU should better define the individuals that need to be involved with process change initiatives, and clearly communicate to these individuals their expected role in the change approach. For example, input will need to be provided from the VPFA, and likely Business Affairs leadership, and the BC Managers. The process for obtaining this input needs to be clearly defined and the input needs to be vetted in order to ensure the process change need is properly identified and approved by leadership.

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

9. Need for a comprehensive approach to process change initiatives

Recommendation 9B: Consideration of when Accelerated Process Improvement is Appropriate

As an alternative to the lean process improvement approach, one technique OSU could consider for more straightforward, less complicated process change initiatives is an approach known as Accelerated Process Improvement⁴. The key elements of this approach include a small team comprised of individuals most involved in the process, clearly articulating outcomes up front, two several hour meetings, and inclusion of design implementation early on. Once the potential improvement is identified, the preliminary work phase lasts approximately two to three weeks and includes action items such as identifying the team, developing the project charter, and collecting data and information about project. The next step would be to conduct the first meeting in which the goal would be to develop a preliminary set of options for improving the process and assign tasks to members of the project team to complete by the second meeting. The second meeting would be comprised of finalizing recommendations, developing measures to monitor the progress, and agreeing on owners for taking corrective action. The last step would be to identify an implementation team, which may be comprised of different individuals from the initial team, to carry out the implementation of the process change.

Additionally, Baker Tilly has created a list of process areas that we heard anecdotally that business operations are having challenges with (see **Appendix N**). Once OSU determines the best process to approach process changes, these are some areas that should be prioritized based on where current challenges are occurring.

Management Response

10. Unclear and inconsistent oversight and accountability across business operations

Observation

There is an unclear and inconsistent approach to holding business operations groups accountable to established goals and expectations. This includes a need for communication and monitoring of original and/or updated goals for the OSU Shared Services Model as well as the central units, and associated meaningful performance metrics that can be used across business operations to compare actual performance with stated objectives.

There is also the potential to more clearly define and communicate service expectations including standard performance metrics (e.g., number of days required to draft an award budget, number of days required to approve a travel reimbursement) to be shared with units to better gauge expectations.

Most areas of business operations are utilizing some performance metrics, but they are not consistent and do not compare performance across groups. Mostly importantly the current metrics are not defined and monitored at a senior level on a regular basis (e.g., VPFA level).

⁴ Additional information on Accelerated Process Improvement can be found at the following website: <http://orgdynamics.com/api.html>.

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

10. Unclear and inconsistent oversight and accountability across business operations

Relevant COSO Component(s)

Control Environment, Monitoring

Recommendation

Recommendation 10A: Identify Standard Performance Monitoring Metrics

OSU should refine the metrics used to measure performance across all areas of business operations, focusing on a more limited number of value-add metrics that can be continuously and consistently reviewed and monitored. These metrics may include volume of transactions processed and average processing time for major transactional areas. See **Appendix O** for a list of performance metrics that OSU could consider tracking. Leadership (e.g., AVP of Finance and Administration and Controller) should ensure business operations is held accountable for running these metrics on a recurring basis (e.g., monthly). Additionally, leadership should ensure they are reviewing metrics to monitor performance, and following up with areas of business operations that may be lagging in performance.

Additionally, business operations should consider whether there are any metrics they would like to share with the units they serve in order to state upfront processing times for certain transactions. This would also open a communication channel for business operations and units to discuss expectations, and allow for business operations to be held to those expectations.

Recommendation 10B: Conduct Joint Satisfaction Surveys

Lastly, business operations should be conducting satisfaction surveys with units, at least annually, as a single unit rather than multiple functions. Not only will this allow for business operations to be presented as a unified front to the units they serve, but also will allow for better collaboration in process improvements based on feedback provided in the survey.

Management Response

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

Appendix A – Personnel Interviewed

The following personnel participated in individual or group interviews⁵:

- > Linda Adams, Fiscal Officer, Oregon Sea Grant
- > Roger Admiral, Manager (0.5 FTE), Forestry Unit, Forest, Ocean & Atmospheric Business Center (FOBC)
- > Dana Ainsworth, Finance Coordinator, BEBC
- > Cindy Alexis, Budget & Resource Planning Officer
- > Jihad Ali, Assistant Athletic Director, Business Operations
- > Sam Angelis, Director of Manufacturing Institute
- > Kavinda Arthenayake, Director, Finance and Administration
- > Daniel Arp, Dean/Director, College of Agricultural Sciences
- > Aracely Arredondo, Finance Coordinator, UABC
- > Christine Atwood, Administrative & Diversity Manager
- > Ben Baggett, Procurement Contract Officer
- > Damien Bailer, Regional Class Research Vessel Project Manager
- > Judy Bankson, Assistant Director - Production
- > Justin Bennett, ASOSU Executive Director of Government Relations
- > Sherman Bloomer, Director of Budget & Fiscal Planning
- > Carolyn Fonya Boggess, Interim Director, Environmental Sciences Graduate Program
- > Christine Bolf, Payroll Receptionist
- > Doug Botkin, Manager, Financial Reporting
- > Jack Breen, Manager, University Administrative Business Center (UABC)
- > Dwight Brimley, Finance Coordinator, AMBC
- > Shaun Bromagem, Finance & Accounting Manager, BEBC
- > Lois Brooks, Vice Provost for Information Services
- > Rita Brown, Office of Audit Services
- > Brenda Brumbaugh, Fiscal Coordinator 1, HSBC
- > Simon Brundage, ASOSU President
- > Business Affairs Office – Financial Accounting and Analysis Focus Group (approximately 5 attendees)
- > Business Affairs Office – Information Technology Focus Group (approximately 5 attendees)
- > Business Affairs Office – Payroll Focus Group (approximately 5 attendees)
- > Business Affairs Office – Procurement, Contracts, and Materials Management Focus Group (approximately 20)
- > Business Center Finance and Accounting Manager and Fiscal Coordinators Focus Group 1 – BEBC, FOBC (approximately 60 attendees)
- > Business Center Finance and Accounting Manager and Fiscal Coordinators Focus Group 2 – HSBC, ASBC (approximately 20 attendees)
- > Business Center Finance and Accounting Manager and Fiscal Coordinators Focus Group 3 – AMBC, AABC, UABC (approximately 15 attendees)
- > Susan Capalbo, Senior Vice Provost for Academic Affairs
- > Sal Castillo, Director of Institutional Research
- > Donna Chastain, Acting Chief Human Resources Officer and Director of Workplace Solutions
- > Janet Chenard, Finance & Accounting Manager, UABC

⁵ Baker Tilly also conducted several focus group interviews consisting of 15 - 70 individuals.

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

- > Sarah Child, Finance Coordinator, AMBC
- > Lynda Ciuffetti, Department Head, Department of Botany and Plant Pathology
- > Brooke Davison, Construction Contract Officer, Finance and Administration
- > Rae DeLay, Materials Management Manager
- > Patty Deluca, Systems Development Manager
- > Departmental End Users Group (approximately 35 attendees)
- > Jessica Dickason, Accountant I, Payroll
- > Meaghan Dietz, Finance & Accounting Manager, FOBC-CEOAS
- > Erica Dodson, Interim Finance and Accounting Manager, AABC
- > Joshua Dodson, Procurement Contract Officer
- > Nick Dollar, Finance & Accounting Manager, ASBC
- > Mike Dooley, Finance & Accounting Manager, HSBC
- > Cindy Draper, Fiscal Policy Officer
- > Joe Elwood, Contract Officer
- > Hanna Emerson, Construction Contracts Manager
- > Shannon Fanourakis, Purchasing Analyst 3, Finance and Administration
- > Tom Fenske, Manager, Health Sciences Business Center (HSBC)
- > Christina Fierro, Finance Coordinator, FOBC-Forestry
- > Don Frier, Executive Assistant to the University Librarian and Press Director
- > Mark Fryman, Director, Financial Accounting & Analysis
- > Tamara Gash, Assistant Procurement Director
- > Jeff Gessert, Management Analyst, ID Center
- > Tiffany Gillis, Finance & Accounting Manager, UABC
- > Aimee Goss, Acting Finance & Accounting Manager, AABC
- > Mike Green, Interim Vice President, Finance and Administration
- > Susan Hall, Assistant Payroll Manager
- > Michael Hansen, Director, Business Intelligence Center
- > Morgan Hatch, Fiscal Coordinator 1, Payroll
- > Marie Harvey, Associate Dean for Research and Graduate Programs
- > Daniel Heidemeyer, Management Analyst 1, Finance and Administration
- > Kelsey Herman, Interim Finance Coordinator, FOBC-CEOAS
- > Steve Hoelscher, Associate Director, University Housing & Dining Services (UHDS) – Finance & Information Services
- > Norm Hord, Head of the School of Biological and Population Health Sciences
- > Dan Hough, Business Operations IT Manager
- > Charlotte Hughbank, Accountant 1, Finance and Administration
- > Human Resources Focus Group (approximately 15 attendees)
- > Stephen Jenkins, Interim Executive Director, UHDS
- > Mark Johnson, Manager, Arts & Sciences Business Center (HSBC)
- > Cyndy Kelchner, Research Program Administrator, College of Engineering
- > Kelly Koziak, Chief Procurement Officer
- > Denise Lach, Director, School of Public Policy
- > Deanne Lahaie-Noll, Procurement Contract Officer

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

- > Katie Lanker, Contract Services Manager
- > Dan Larson, Interim Vice Provost for Student Affairs
- > Leadership Focus Group (approximately 20 attendees)
- > Jan Lewis, Interim Associate Vice President for Finance and Administration and Controller
- > Alex Leziy-Miller, Finance Coordinator, AABC
- > Terri Libert, Budget Development and Reporting Manager
- > Kira Lueck, Business Office Manager
- > Mary Macy, Fiscal Coordinator 1, HSBC
- > Luke McIlvenny, Manager, Business & Engineering Business Center (BEBC)
- > Karen Meador, Retired Manager of Budget Operations and Control
- > Cheryl Middleton, Associate University Librarian for Research and Scholarly Communication
- > Jasmina Milic, Contract Officer
- > Mitzi Montoya, Dean, College of Business
- > Steve Nash, Manager, Payroll
- > Harriet Nembhard, Eric R. Smith Professor of Engineering
- > Betty Nielsen, Acting Manager, Auxiliaries & Activities Business Center (AABC)
- > Lissa Perrone, Director, Business Affairs
- > Itsue Pfund, Finance & Accounting Manager, AMBC
- > Penny Pinard, Finance & Accounting Manager, ASBC
- > Linda Powell, Director, Shared Services
- > Sheryl Powell, Finance & Accounting Manager, AMBC
- > Corina Rampola, Finance & Accounting Manager, BEBC
- > Nicole Real, Director of Capital Budgeting
- > Kristie Rietz, HRIS Analyst
- > Aviva Rivera, Manager (0.5 FTE), College of Earth, Ocean, & Atmospheric Sciences (CEOAS) Unit, FOBC
- > Charlotte Rooks, Manager, Analytical Operations
- > Melanie Rose, Executive Assistant for Strategic Communications, Finance and Administration
- > Jonathan Ross, Finance Coordinator, AABC
- > Cynthia Sagers, Vice President for Research
- > Rob Schellenger, Fiscal Coordinator 1, HSBC
- > Zeah Seeber-Stoye, Accountant 2, Finance and Administration
- > Courtney Seton, Finance Coordinator, AABC
- > Mary Seymour, Office Manager, Athletics
- > Shoshana Shabazz, Construction Contract Administration
- > Lisa Silbernagel, Finance & Accounting Manager, HSBC
- > Alex Sims, Manager, Vendor Payment Operations
- > Michael Smith, Extension Service Program Finance Manager
- > Patti Snopkowski, Chief Audit Executive
- > Kelly Sparks, Associate Vice President, Finance and Strategic Planning
- > Sheryl Thorburn, Professor and Head of the School of Social and Behavioral Health Sciences
- > Jackie Thorsness, Manager, Agricultural Sciences & Marine Sciences Business Center (AMBC)
- > Jerie Thorson, Administrative Program Specialist

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

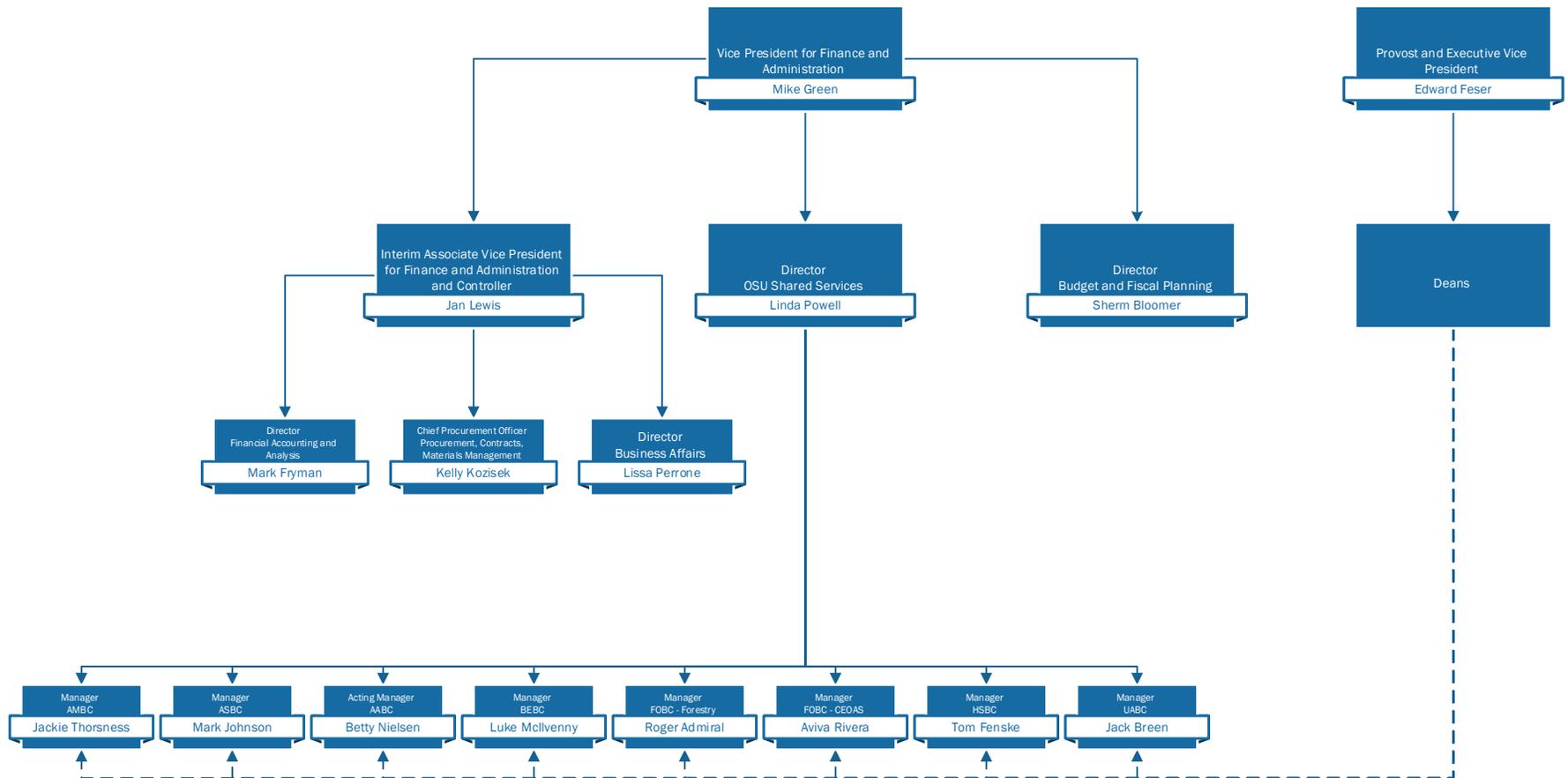
- > Jeffrey Todd, Administrative Program Assistant
- > Janice Lee Virnig, Manager, Cashiers Operations
- > Meredith Wade, Finance Coordinator, UABC
- > Brian Wall, Assistant Vice President for Research, Commercialization and Industry Partnering
- > Jason Weiss, Professor and Head of Civil and Construction Engineering
- > Joanna Willmeth, Student Pay Specialist
- > Penny Wright, Finance & Accounting Manager, FOBC-Forestry
- > Heather Wyland, Procurement Manager
- > Traci Yates, HRIS Analyst

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

Appendix B – Current State Business Operations Structure

The organizational structure below illustrates the current business operations structure.

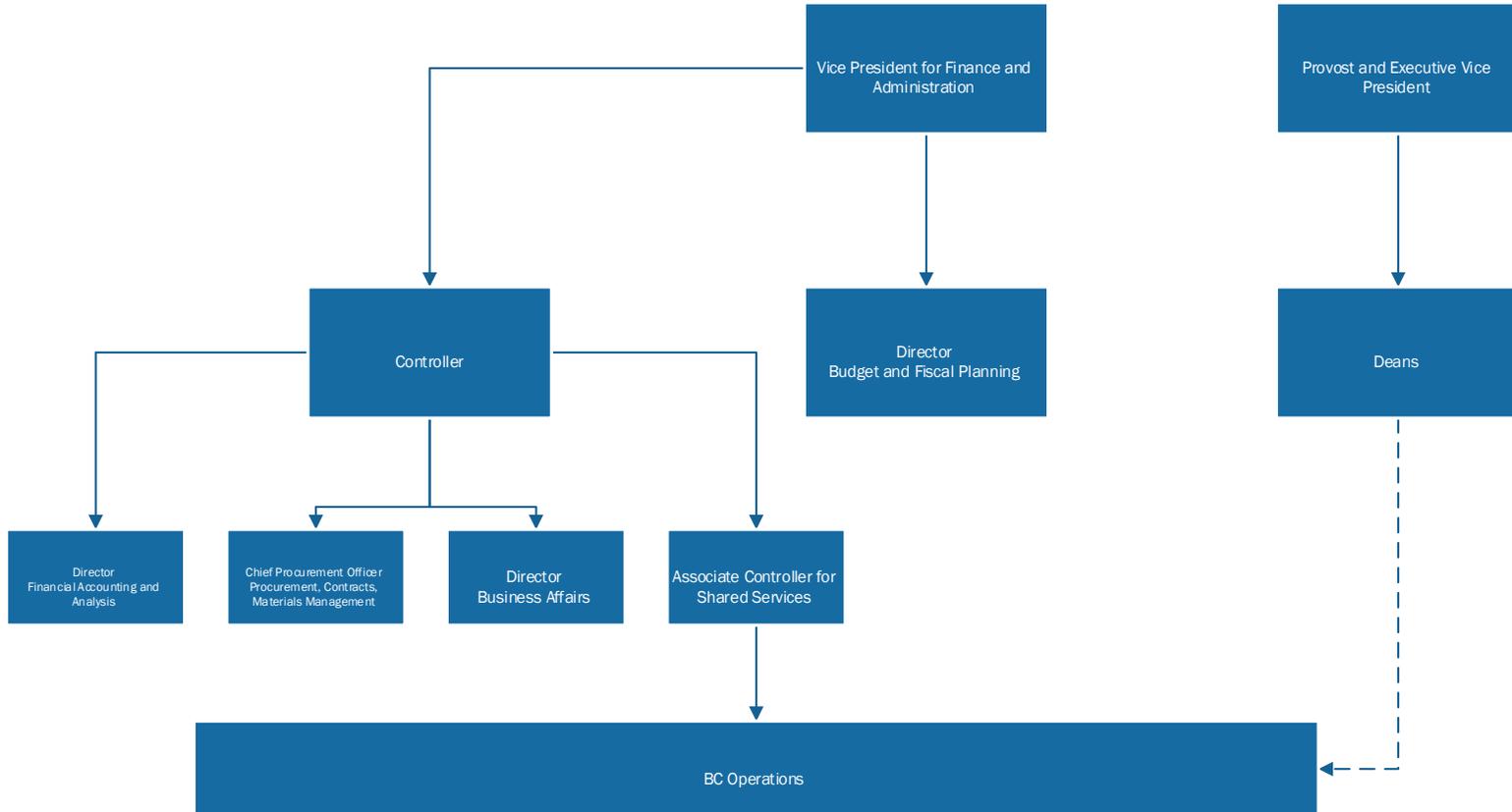


OREGON STATE UNIVERSITY

Business Operations Best Practices Review

Appendix C – Future State Business Operations Structure Option 1

The organizational structure below illustrates a proposed business operations structure.

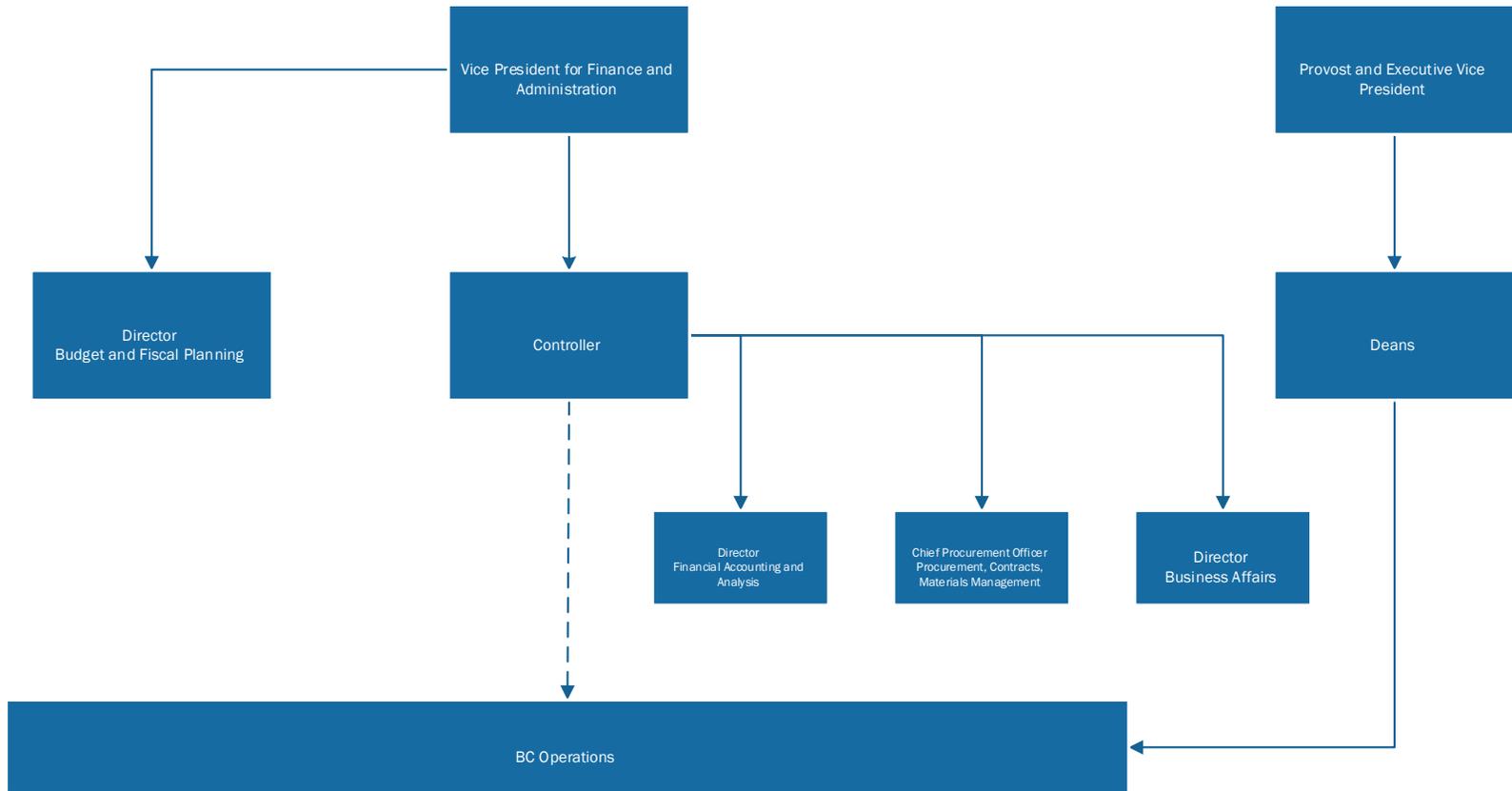


OREGON STATE UNIVERSITY

Business Operations Best Practices Review

Appendix D – Future State Business Operations Structure Option 2

The organizational structure below illustrates a proposed business operations structure.

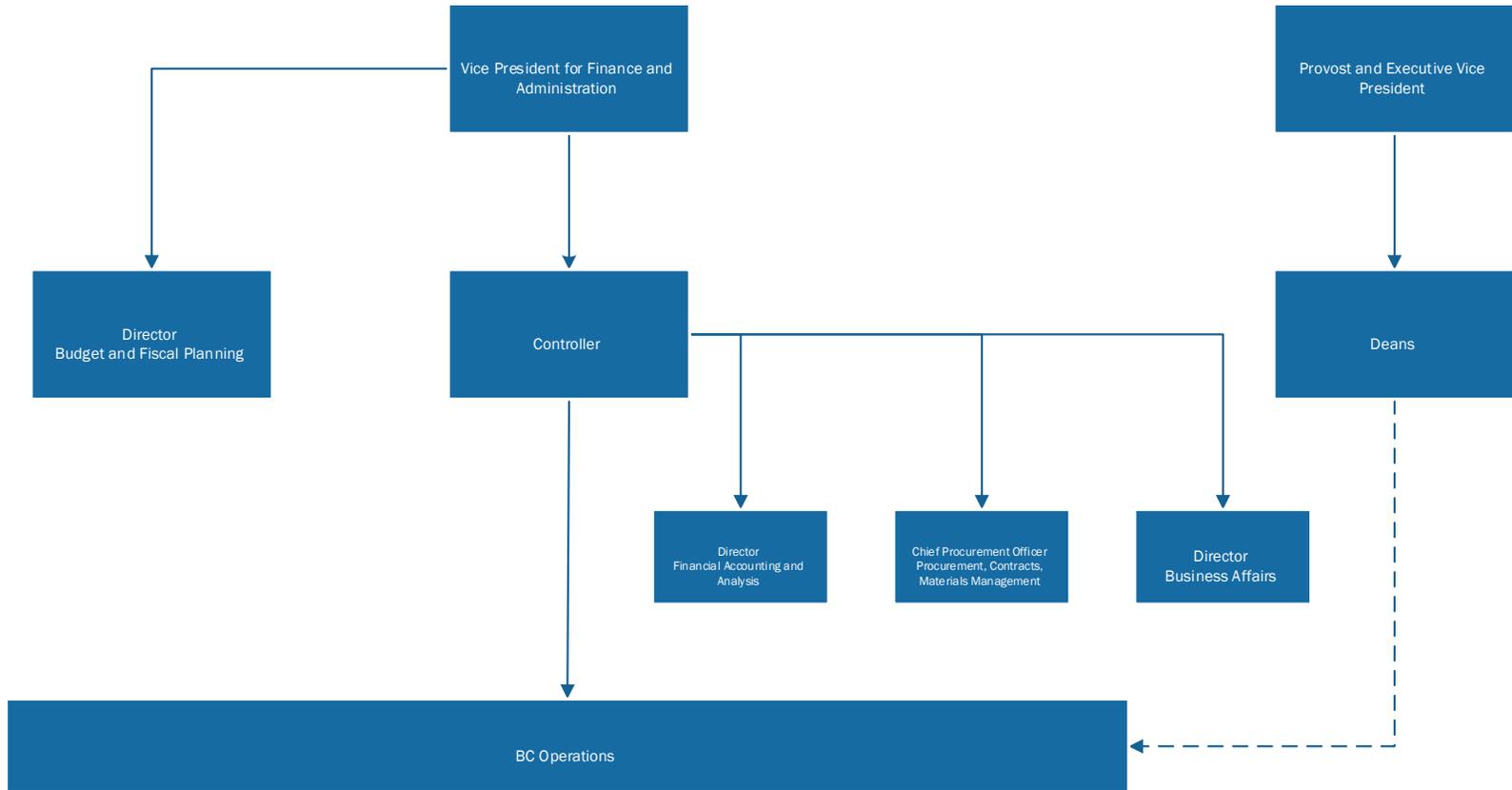


OREGON STATE UNIVERSITY

Business Operations Best Practices Review

Appendix E – Future State Business Operations Structure Option 3

The organizational structure below illustrates a proposed business operations structure.



OREGON STATE UNIVERSITY

Business Operations Best Practices Review

Appendix F – Controller – Skillsets

Below we provide a proposed outline of qualifications and experience for a Controller to drive change and improve consistency, communication and customer service within OSU's business operations.

Desired Role and Responsibilities:

- > Oversee the University's Business Affairs group, OSU Shared Services group including seven Business Centers
- > Develop and implements strategic direction for OSU's business operations groups to improve efficiency and effectiveness of operations through both technology and process improvements
- > Serve as a central point of contact and communication for all finance and accounting activities across the University
- > Coordinate with the Vice President for Finance and Administration and other University leadership to implement change within OSU's business operations according to a defined implementation road map
- > Develop and maintain strong communication protocols and collaboration across all finance and accounting personnel across the University
- > Provide executive level updates, escalation and reporting to the Vice President of Finance and Administration
- > Prepare and present senior leadership and board level analysis and presentations
- > Lead the establishment, implementation and enforcement of appropriate internal controls and financial policies and procedures, coordinating roles among central groups, Business Centers, and unit personnel
- > Ensure clear and consistent adherence with University policies and procedures across the University, including appropriate delegation of authority to manage review and approval of individual issues
- > Develop, document and monitor appropriate OSU Shared Services expectations, provision of baseline vs. specialized services and coordination between Business Center, central and unit business operations personnel to provide consistent, high quality service
- > Coordinate annual financial reporting, financial audits and proper filing of tax returns
- > Serve as a university representative to financial partners, including financial institutions, investors, auditors and public officials
- > Oversee effective accounting systems that enable proper reporting and support safeguarding of university assets
- > Manage preparation of required monthly, quarterly and other reporting packages for senior leaders (e.g., financial statements, comprehensive performance indicators, analysis of key trends, actual versus budget variances and complete executive level explanations of differences)
- > Oversee capital planning, treasury and debt management
- > Recruit, manage, develop, and evaluate a high performing team
- > Support and communicate the University's long term financial strategy, mission and budget goals and objectives
- > Ensure consistent integration with budget outcomes and direct support of overall strategic planning
- > Develop, analyze and maintain benchmarks/metrics for measuring financial and operating performance
- > Other duties as assigned

Desired Previous Experience:

- > Bachelor's Degree in Accounting or Finance required. Master's Degree in Accounting or related field preferred
- > CPA certification preferred
- > Proactive in identifying issues and implementing innovative solutions
- > Very strong analytical, interpersonal and managerial skills are needed; as well as strong written and oral communication skills
- > Competencies with Excel, Word and PowerPoint required
- > Proven ability to work well across University groups

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

- > Experience in broader management aspects including finance and/or business
- > Strong project management experience and skills
- > Experience working within a decentralized environment
- > Experience or familiarity with the shared governance model

Desired Traits:

- > Visionary leader who can drive change to maximize alignment of business operations across the University with institutional strategic aims and goals
- > Ability to be a change agent and change the culture of the organization as it relates to risk tolerance, collaboration between business operations groups and support structure provided to units to lead to more consistent and fair business practices
- > Demonstrated ability and willingness to share information, carry out initiatives, and serve as a mentor
- > Ability to manage multiple, concurrent priorities
- > Effective persuasion and communication skills
- > Willingness to listen and build consensus across University groups
- > Team builder and decision-maker
- > Ability to ask the right questions, understand processes, and build consensus before making decisions
- > Ability to manage with respect and integrity
- > Capability to play the role of business partner within the context of managing risk and protecting the institution from liabilities

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

Appendix G – Associate Controller for Shared Services – Skillsets

Below we provide a proposed outline of qualifications and experience for an Associate Controller for Shared Services to drive change and improve consistency, communication and customer service within OSU's business operations.

Desired Role and Responsibilities:

- > Develop and implement strategic direction for OSU Shared Services to improve efficiency and effectiveness of the group through both technology and process improvements to ensure a robust control environment, help reduce the cost of the activities and improve service provided by OSU Shared Services
- > Coordinate with the Controller and other University leadership to implement change within OSU's business operations according to a defined implementation road map
- > Provide leadership level updates, escalation and reporting to the Controller
- > Assist the Controller in the preparation and presentation of senior leadership and board level analysis, presentations and financial reporting
- > Coordinate with the Controller to establish, implement and enforce appropriate internal controls and financial policies and procedures, with a particular focus on internal controls at the Business Center and unit level
- > Coordinate with the Controller and senior leadership to ensure policies and procedures are appropriate to the University's vision and risk tolerance, and embraced by the University community
- > Ensure clear and consistent adherence with University policies and procedures across Business Centers, including appropriate delegation of authority to manage review and approval of individual issues
- > Ensure the effective use of accounting systems that enable proper reporting and support safeguarding of university assets at the Business Center level
- > Coordinate with the Controller to develop, document and monitor appropriate OSU Shared Services expectations, provision of baseline vs. specialized services and coordination between Business Center, central and unit business operations personnel to provide consistent, high quality service
- > Provide operational direction and oversight for Business Center Managers
- > Serve as a central point of contact for Business Center Managers, encouraging collaborative engagement between Business Center Managers and with other business operations personnel
- > Serve as the key link between Business Center Managers and unit leadership to ensure customer service, efficiency and satisfaction
- > Analyze and evaluate business processes and recommends actions to streamline processes, improve operational efficiencies, and identify opportunities for reducing operational costs
- > Oversee the development and analysis of benchmarks/metrics to measure and improve performance with special financial and business related projects which impact OSU Shared Services
- > Drive an empowered and engaged high performance culture focused on continuous improvement and service delivery
- > Foster a strong customer service culture across the center to ensure a quality service is delivered to the units
- > Build and maintain relationships by collaborating across business units and departments to foster trust, commitment, accountability and results

Desired Previous Experience:

- > Bachelor's degree in Accounting, business or other related field
- > CPA or Master's degree an advantage
- > Significant experience within a finance leadership role in a Shared Services organization
- > Experience with process improvement and/or change management
- > Strong commercial acumen and customer service focus
- > Analytical thinking, focusing on the big picture, and the ability to drill into the detail and understand the impact
- > Proven ability to work well across departments

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

- > Project management experience (strong management skills)
- > Experience working within a decentralized environment
- > Experience or familiarity with the shared governance model

Desired Traits:

- > Dedication to providing a collaborative environment, growth opportunities for staff, and effective working relationships with units across the University
- > Excellent leadership and talent development skills
- > Analytical thinking, focusing on the big picture, and the ability to drill into the detail and understand the impact
- > Energetic, can-do attitude, forward-thinking leader and strong ability to multi-task
- > Effective persuasion and communication skills
- > Trustworthy, with strong integrity and ability to command respect of other institutional leaders
- > Ability to ask the right questions, understand processes, and build consensus before making decisions
- > Ability to manage with respect and integrity
- > Capability to play the role of business partner within the context of managing risk and protecting the institution from liabilities
- > Ability to work effectively in a matrixed governance organization

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

Appendix H – Illustrative Decision Matrix

The business operations Decision Matrix below provides several proposed examples of this concept and indicates the involvement of various positions in business function policies. The following defines each position’s involvement:

- > **Lead:** Indicates a position that is responsible for guiding that process through to completion
- > **Input:** Indicates a collaborative process that considers thoughts and feedback from stakeholders across the University
- > **Participant:** Indicates a position that is a part of the decision making process
- > **Potential Involvement:** Indicates that these positions may become involved in the process if it escalates or requires a higher level of authority.
- > **Final Decision:** Indicates a position that has authority to make the final decision in the process. Where possible, this role should be pushed to lower levels of the organization in order to avoid “bottlenecks,” gain engagement and commitment to effective business operations, and ensure decision-making occurs at the level of impact

Position	Strategic			Transactional					
	Budgeting	Policies	Strategic Investments	Procurement	Payroll	Accounts Payable	General Accounting	Financial Reporting	Student Finance
President	Final Decision	Input	Input	Input	N/A	N/A	N/A	N/A	N/A
Provost & Executive Vice President	Input	Input	Input	Input	N/A	N/A	N/A	N/A	N/A
Vice President for Finance and Administration	Input	Final Decision	Final Decision	Input	N/A	N/A	N/A	Potential Involvement	N/A
Associate Vice President for Finance and Administration and Controller	Input	Lead	Lead	Potential Involvement	Potential Involvement	Potential Involvement	Potential Involvement	Final Decision	Potential Involvement
Director of Budget and Fiscal Planning	Lead	Participant	Participant	Participant	N/A	N/A	N/A	Participant	N/A

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

Position	Strategic			Transactional					
	Budgeting	Policies	Strategic Investments	Procurement	Payroll	Accounts Payable	General Accounting	Financial Reporting	Student Finance
Director, Business Affairs	Participant	Participant	Participant	N/A	Final Decision	N/A	N/A	N/A	Final Decision
Director, Financial Accounting and Analysis	Participant	Participant	Participant	N/A	N/A	N/A	Final Decision	Lead	N/A
Chief Procurement Officer	Participant	Participant	Participant	Final Decision	N/A	Final Decision	N/A	N/A	N/A
Business Affairs Personnel	Participant	Participant	Participant	Co-lead	Co-lead	Co-lead	Co-lead	Participant	Lead
Director OSU Shared Services	Potential Involvement	Participant	Participant	Potential Involvement					
Business Center Personnel	Participant	Participant	Participant	Co-lead	Co-lead	Co-lead	Co-lead	Participant	Participant

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

Appendix I – BC Transaction Metrics

The following analysis were performed to show that the BCs⁶ have seen a larger increase in transaction volume compared to the increase in Finance FTE⁷.

Business Center	FY12 E&G Expenditure % Change	FY13 E&G Expenditure % Change	FY14 E&G Expenditure % Change	FY15 E&G Expenditure % Change	FY16 E&G Expenditure % Change	FY17 E&G Expenditure % Change	FY12 – FY17 E&G Expenditure % Change
AMBC	5%	5%	10%	5%	5%	5%	6%
ASBC	10%	5%	5%	5%	5%	5%	6%
BEBC	10%	10%	15%	15%	20%	20%	15%
FOBC	40%	40%	5%	0%	15%	5%	18%
HSBC	20%	-5%	15%	10%	5%	5%	8%
Average	17%	11%	10%	7%	10%	8%	11%

Business Center	FY12 Finance FTE % Change	FY13 Finance FTE % Change	FY14 Finance FTE % Change	FY15 Finance FTE % Change	FY16 Finance FTE % Change	FY17 Finance FTE % Change	FY12 – FY17 Finance FTE % Change
AMBC	0%	0%	0%	0%	5%	0%	1%
ASBC	0%	5%	2%	0%	0%	0%	1%
BEBC	0%	10%	0%	10%	5%	0%	4%
FOBC	5%	0%	5%	0%	0%	0%	2%
HSBC	0%	0%	5%	5%	0%	0%	2%
Average	1%	3%	2%	3%	2%	0%	2%

⁶ AABC and UABC data not included.

⁷ E&G Expenditure and Finance FTE % changes pulled from BC Budget, Expense and FTE change charts.

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

Appendix J – Workload Analysis

The following high level workload analysis was performed to show that OSU business operations personnel are processing slightly higher volume compared to peers and that non-academic BCs at OSU are experiencing higher transactional volume and turnover compared to the academic BCs.

Ratio	OSU	KU	UC Irvine	UC Riverside	Peer Average
Expenditures per FTE	\$3,087,969	\$2,831,648	\$2,229,660	\$2,705,438	\$2,588,915

Business Center	FY14 Transaction Count ⁸	FY14 Volume	% of total BC Volume	FY17 Headcount ⁹	FY17 Turnover	Transactions per FTE
AABC	95,290	\$225,531,471	19.0%	26	8	3,665
AMBC	58,360	\$132,616,062	11.2%	29	4	2,102
ASBC	36,237	\$117,004,859	9.8%	18	2	2,103
BEBC	33,905	\$144,963,836	12.2%	16	1	2,119
FOBC	30,545	\$96,428,923	8.1%	17	2	1,797
HSBC	34,934	\$83,498,098	7.0%	13	3	2,687
UABC	120,239	\$387,856,678	32.7%	22	6	5,465
Total	409,510	\$1,187,899,928	100.0%	141	26	

⁸ FY14 Transaction count and volume pulled from 2014 OSU Performance Metrics Report.

⁹ FY17 headcount and turnover pulled from FY17 Shared Services Business Center Turnover Report.

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

Appendix K – BC Services

Below we provide a list of current services offered by one or more BCs and a proposed approach to offering each as services to academic and administrative units.

Service Description	Baseline Service	Specialized Service	Consider Whether Service Should Be Provided at Unit Level	Consider Whether Service Should Be Provided Centrally
General Services				
Participate on relevant OSU committees	✓			
Participate in policy development	✓			✓
Researching and interpreting policy	✓			✓
Serving as "quarterback" for unit personnel questions, errors, and needs	✓			
Develop and maintain BC website, and BC Connector	✓			
Participate on process and system improvement teams	✓			
Assisting and supporting study abroad programs		✓		
Process non-foundation scholarships and awards		✓		
Training				
Provide training to new unit personnel on BC operations and areas of responsibilities (e.g., monthly reports)	✓			
Training on policy and procedures (training should be provided jointly with central office)	✓			✓

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

Service Description	Baseline Service	Specialized Service	Consider Whether Service Should Be Provided at Unit Level	Consider Whether Service Should Be Provided Centrally
Training on university systems (training should be provided jointly with system owner)	✓			✓
New employee onboarding/orientation (training should be provided jointly with central office)	✓			✓
Accounting and Reporting				
Quarterly Education & General (E&G) reports	✓			
Monthly reports (e.g., summary and detail, professional development, funds, grants, etc.) - Exact slate of reports to be defined as Baseline Service; other reports should be Specialized Service	✓	✓		
Monthly start-up reporting	✓			
Special reports as requested		✓		
Review account codes for appropriateness	✓			✓ (monitoring)
Quarterly/monthly/weekly meetings with deans, directors, chairs - Exact meeting expectations to be defined as Baseline Service; additional meetings should be Specialized Service	✓	✓		
Maintenance and clean-up of accounting records	✓			
JV Entry			✓	

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

Service Description	Baseline Service	Specialized Service	Consider Whether Service Should Be Provided at Unit Level	Consider Whether Service Should Be Provided Centrally
JV Approvals	✓			
FOAPAL management (requests for indexes, orgs, funds)				✓
Approve Budget JV's entered for Research and Extension		✓		
Year-end processing and adjustments	✓			✓ (monitoring)
Accounts Payable				
Personal/travel reimbursement approval	✓			
Personal/travel reimbursement entry		✓		
Travel pre-authorization			✓	
Invoice entry		✓		
Invoice approval	✓			
Vendor Setup	✓			✓ (monitoring)
Departmental/travel advances	✓			
Document imaging and scanning		✓		
Procurement card coding and distribution	✓			
Other payments (e.g., wire transfers, special checks)	✓			
Accounts Receivable				
Cashiering and deposits		✓		
Vault management				✓

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

Service Description	Baseline Service	Specialized Service	Consider Whether Service Should Be Provided at Unit Level	Consider Whether Service Should Be Provided Centrally
Departmental billing and invoicing		✓		
Stores, Motor Pool, Network Services, Recycling, etc.		✓		
Petty cash counts and reconciliation		✓		
Other cashiering functions		✓		
Purchasing/Contracts				
Assist with contracts including competitive process (between \$5k and \$25k)	✓			
Assist with contracts (above \$25k)				✓
Purchase Order Entry		✓		
Purchase Order Approval	✓			
Coordinating large equipment purchases	✓			
Document imaging		✓		
Procurement education				✓
Assist with contracts (below \$5k)		✓		
Payroll				
Update payroll records in Banner	✓			
Review timesheets during time entry		✓		

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

Service Description	Baseline Service	Specialized Service	Consider Whether Service Should Be Provided at Unit Level	Consider Whether Service Should Be Provided Centrally
Serve as central point to answer or relay questions	✓			
Document imaging		✓		
Special needs (e.g., vacation payout)	✓			
Labor distributions and redistributions	✓			
Jobs Form review and approval		✓		
Timesheet certifications	✓			
OSU Foundation				
AG Research Foundation		✓		
FS reimbursements and direct payment requests	✓			
Processing OSUF scholarships and related awards		✓		
Monthly reporting to customers	✓			
Monitoring use of restricted funds	✓			
Grants Management				
Invoice processing and approvals		✓		
Correcting JV's and Budget JV's to grant funds		✓		
Monthly reports		✓		

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

Service Description	Baseline Service	Specialized Service	Consider Whether Service Should Be Provided at Unit Level	Consider Whether Service Should Be Provided Centrally
Labor distributions and redistributions		✓		
Account code scrubs		✓		
Monitor Cost Share requirements		✓		
Proposals - Help with budget preparation		✓		
Monitor grant ending dates		✓		
PAR Forms- Create, Review, Maintain, Audit		✓		
Serve as central point to answer or relay questions from PIs		✓		
Budget and Financial Analysis				
Budget Worksheets	✓		✓	✓
Quarterly Projections			✓	
Budget JV's	✓			
Revenue Projections			✓	
Tracking budget commitments	✓		✓	
Development of college budget models			✓	✓
Review reports with deans and directors	✓		✓	
5 year projections			✓	
Special analysis as requested			✓	
SCH Analysis			✓	

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

Service Description	Baseline Service	Specialized Service	Consider Whether Service Should Be Provided at Unit Level	Consider Whether Service Should Be Provided Centrally
Salary and OPE estimates for new/proposed positions			✓	
Salary and OPE projections for units			✓	
Budget build-up	✓		✓	
College analysis of student credit hours			✓	
Department analysis of student credit hours			✓	
Long term forecasts (beyond the current fiscal year)			✓	
Quarterly budget forecasts			✓	
Revenue forecasts			✓	
Start-up tracking and budget reports		✓	✓	
Study abroad budgets and tracking		✓	✓	
Summer and Ecampus distributions		✓	✓	
Tracking faculty account balances (e.g., salary savings, returned overhead, S&S allocations, etc.)		✓	✓	
Unit budget reports	✓		✓	
University budget model simulations (e.g., Shared Responsibility Model)			✓	✓
Other				

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

Service Description	Baseline Service	Specialized Service	Consider Whether Service Should Be Provided at Unit Level	Consider Whether Service Should Be Provided Centrally
Preparation (including calculations) and submission of internal and external fees		✓		
Processing small unit internal charges (e.g., copier charges)		✓		
Processing major unit internal charges (e.g., Chem. Stores, Motor Pool, Network Services, Recycling, etc.)		✓		

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

Appendix L – School/Department Unit Categorization

Below we provide a proposed example of how OSU should consider categorizing their schools/departments based on which unit we think would best fit their needs.

School/Department	Business Center	Research-Intensive Unit ¹⁰	On-Campus Curriculum-Focused Unit	Administrative and Other Units
College of Agricultural Sciences	AMBC	✓		
Cooperative Institute for Marine Resources Studies	AMBC	✓		
Hartfield Marine Science Center	AMBC	✓		
Marine Studies Initiative	AMBC	✓		
College of Liberal Arts	ASBC		✓	
College of Science	ASBC	✓		
College of Education	ASBC		✓	
Honors College	ASBC		✓	
Associated Students of OSU	AABC			✓
Capital Planning and Development	AABC			✓
Counseling and Psychological Services	AABC			✓
Diversity and Cultural Engagement	AABC			✓
Enterprise Risk Services	AABC			✓
Facilities Services	AABC			✓
Family Resource Center	AABC			✓

¹⁰ Research-Intensive Unit defined as schools/departments with awards totaling more than \$25 million.
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OREGON STATE UNIVERSITY

Business Operations Best Practices Review

School/Department	Business Center	Research-Intensive Unit ¹⁰	On-Campus Curriculum-Focused Unit	Administrative and Other Units
Human Services Resource Center	AABC			✓
Intercollegiate Athletics	AABC			✓
Memorial Union	AABC			✓
MU Retail Food Services	AABC			✓
Office of Human Resources	AABC			✓
Orange Media Network	AABC			✓
Printing and Mailing	AABC			✓
Public Safety	AABC			✓
Recreational Sports	AABC			✓
Specialized Administrative Services	AABC			✓
Student Affairs	AABC			✓
Student Health Services	AABC			✓
Student Leadership and Involvement	AABC			✓
Transportation Services	AABC			✓
University Conference Services	AABC			✓
University Dining	AABC			✓
University Housing	AABC			✓
College of Business	BEBC		✓	
College of Engineering	BEBC	✓		

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

School/Department	Business Center	Research-Intensive Unit ¹⁰	On-Campus Curriculum-Focused Unit	Administrative and Other Units
College of Forestry	FOBC	✓		
College of Earth, Ocean, and Atmospheric Sciences	FOBC	✓		
College of Public Health and Human Sciences	HSBC		✓	
College of Pharmacy	HSBC		✓	
College of Veterinary Medicine	HSBC		✓	
Academic Affairs	UABC			✓
Enrollment Management	UABC			✓
Ecampus	UABC			✓
Extension	UABC			✓
Finance and Administration	UABC			✓
Graduate School	UABC		✓	
Information Services	UABC			✓
International Programs	UABC			✓
OSU Libraries	UABC			✓
Outreach and Engagement	UABC			✓
Office of the President	UABC			✓
Office of the Provost	UABC			✓
Procurement, Contracts, and Material Management	UABC			✓

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

School/Department	Business Center	Research-Intensive Unit ¹⁰	On-Campus Curriculum-Focused Unit	Administrative and Other Units
Research Office	UABC	✓		
Undergraduate Studies	UABC			✓
University Relations and Marketing	UABC			✓
USSE	UABC			✓

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

Appendix M – Business Operations Technology Decision Matrix Template

The IT Decision Matrix below provides a proposed example decision matrix indicating the involvement of various positions in business-related technology functions. The following defines each position’s involvement:

- > **Lead:** Indicates a position that is responsible for guiding that process through to completion
- > **Input:** Indicates a collaborative process that requires multiple avenues of input from stakeholders across the University
- > **Participant:** Indicates a process that all University positions take part in
- > **Potential Involvement:** Indicates that these positions may become involved in the process if it escalates or requires a higher level of authority.
- > **Final Decision:** Indicates a position that has authority to make the final decision in the process. Where possible, this role should be pushed to lower levels of the organization in order to avoid “bottlenecks,” gain engagement and commitment to effective business operations, and ensure decision-making occurs at the level of impact

Position/Department	Strategic			Transactional			
	IT Development	IT Policies and Procedures	Process Improvement	Regular Operations (e.g., Helpdesk)	Development	Website Management	Information Security and Privacy
Vice President for Finance and Administration							
Vice Provost for Information Services and CIO							
Enterprise Computing Services							
Business Operations IT Manager							
Representation from other technology offices							
Associate Vice President for Finance and Administration and Controller							

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

Position/Department	Strategic			Transactional			
	IT Development	IT Policies and Procedures	Process Improvement	Regular Operations (e.g., Helpdesk)	Development	Website Management	Information Security and Privacy
Business Affairs leadership							
BC Managers							
Key Finance and Accounting Managers							

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

Appendix N – Process Improvement Areas

Below we provide a proposed list of process improvement areas for OSU to consider addressing.

Process Area	Observations
Timekeeping	<ul style="list-style-type: none"> > Inconsistent timesheet auditing
Payroll	<ul style="list-style-type: none"> > Significant and recurring errors leading to incorrect payments in which employees had to pay back OSU > Inconsistent payroll processes > Unclear roles and responsibilities, especially between HR and payroll in the BC's, leading to duplicative work and confusion in reporting > Errors with employee set up > Lack of transparency in the payroll process (e.g., notes on ePAFs are disregarded by payroll)
Department invoicing process / Accounts Receivable (AR)	<ul style="list-style-type: none"> > Lack of central invoicing department leading to individualized invoicing processes by BCs > Lack of method to track incoming unit invoices and outgoing wire transfers in Cashier's Office > Inconsistent process to issue and track unit invoices and related accounts receivable in BCs
Contract process	<ul style="list-style-type: none"> > Untimely and requires follow-up by contract initiator to obtain necessary information and confirm process is complete
Travel	<ul style="list-style-type: none"> > Inconsistent travel reimbursement processes across BCs (e.g., some units may require pre-authorizations, while others may not)
DocuSign	<ul style="list-style-type: none"> > System not well supported by technology offices and has not been communicated well to key stakeholders > Lack of clarity around when system should/should not be used
Grant management	<ul style="list-style-type: none"> > Variation in levels of support provided to Principal Investigators for grant accounting and administration > Inconsistent, untimely, and inaccurate processing of Labor Distribution Forms
Self-funded units	<ul style="list-style-type: none"> > Billing process between units is time consuming and inefficient between > Units not mandated to use OSU services provided by self-funded units (e.g., units can get printing services done outside of OSU Printing and Mailing)
Encumbrances	<ul style="list-style-type: none"> > Research personnel are encumbered for a full fiscal year at a time which does not align with grant years and can lead to difficulties in projecting expenses > Not all expenses are encumbered in the system, leading to difficulties in fiscal management > Incomplete fiscal picture

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

Appendix O – Performance Metrics for Consideration

Below we provide a proposed list of performance metrics for OSU to consider tracking.

Metric Category	Metric
Accounts Payable	
Size and Scale of Operations	Number of bank accounts
	Number of checks issued <ul style="list-style-type: none"> a. All b. To students c. Travel-related
	Number of Vouchers <ul style="list-style-type: none"> a. Students b. Travel c. Vendors
	Total Accounts payable (dollars)
Efficiency	Number of travel reimbursements processed
	Average number of days to reimburse travel expense
	Number of personal reimbursements processed
	Cost of expense report processing per FTE
	Cost per expense report
	Cost per travel and entertainment reimbursement
	Cost to process an invoice
	Number of days to apply cash
	Number of days to process an invoice
	Number of days until checks issued <ul style="list-style-type: none"> a. All b. To students c. Travel-related
	Number of invoices per finance FTE
	Number of invoices per finance FTE per day
	Number of vouchers per FTE
	Percentage of online invoices paid within 30 days of receipt
	Percentage of online invoices paid within 45 days of receipt
Effectiveness	Accounts payable error rate
	Days payable outstanding
	Number of invoices in discrepancy status for more than 30 days
	Percentage of invoices with a discrepancy between original purchase order and actual invoice
	Travel and entertainment expenses error rate
Payroll	
Size and Scale of Operations	Total number of employees
	Total payroll value
	Cost per employee paid

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

Metric Category	Metric
Efficiency	Hours per annum to manually process changes to employee salary, withholding, deductions, etc.
	Hours per annum to process student and non-exempt paper timesheets
	Number of employees paid per human resources FTE
	Number of timesheets processed per payroll period
Effectiveness	Number of accurate payroll warrants per cutoff date
	Number of timesheet errors per cycle
	Payroll error rate
Finance	
Size and Scale of Operations	Number of tax domains for tax filing/reporting
	General fund balance as percentage of revenue
	Net operating income
	Number of active general ledger accounts
	Number of bills issued
	Number of cost transfers
	Number of forced encumbrances
	Percentage of operation expenses by: <ul style="list-style-type: none"> a. Academic support b. Institutional support c. Instruction d. Operation and maintenance of plant e. Public service f. Research g. Student services
	Percentage of tuition fees paid by each available method (i.e., online, in-person, via mail)
	State appropriations for operations per student FTE
	State capital appropriations per student FTE
	Total accounts receivable
	Educational expenditures per student FTE
	Net income ratio
Net tuition and fees per FTE student	
Efficiency	Number of days to receive state auditor approval on cut checks (via both manual process and electronic checks system)
	Number of months to produce university annual report
	Percentage of revenue or operating budget that is attributed to finance cost
	Percentage of time finance employees spend on transaction processing
	Percentage of time-sensitive check requests processed immediately
	Percentage of total count of inter-department billings entered into financial system more than one month and one day from current month
	Percentage of travel expenses reimbursed within five days of receipt of travel and expense voucher
	Total revenue per faculty FTE
	Total revenue per FTE student
	Twelve-month average of number of days to set up a new award

OREGON STATE UNIVERSITY

Business Operations Best Practices Review

Metric Category	Metric
Effectiveness	Annual change in F&A indirect cost
	Current receivables as a percentage of current year revenues
	Debt service coverage ratio
	Percentage of campus locations audited annually
	Percentage of days in the fiscal year when the balance of the revolving fund was negative
	Percentage of employees trained in process improvement
	Percentage of staff highly satisfied with financial management services
	Percentage of students satisfied with student fiscal services
	Primary reserve ratio
	Return on net assets
	Total penalty costs during the year assessed by agencies for filing late or reporting inaccurate information
	Total uncollected cash for unbilled invoices and aged receivables
	Customer Service/Satisfaction Surveys
Business Center Services (Key Parameters)	Business center representatives respond in a timely manner
	Overall my business center experiences are positive
	I know who to contact at the business center
	Business center reports provide useful information (monitor status)
	Business center representatives handle issues to my satisfaction
	People in my work group treat each other with respect
	I feel fully committed to my job
	The amount of work expected of me is reasonable
	I am satisfied with career advancement opportunities
	Percentage of employees with degrees