This document includes a summary of the recommendations for the following areas:

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ACCOUNTS PAYABLE and PCARD

Note: Accounts Payable refers to the processes in which suppliers are paid for goods and services provided, either through the purchase order or non-purchase order process.

General: The ‘non-PO process’ is primarily intended to address transactions that are authorized by policy to be processed without requiring a purchase order. Common transactions of this type include independent service provider or independent contractor agreements and the like. The consultant recommendations do not include expanding the scope of transactions that do not require a purchase order. The recommendations include having a review and approval process for ‘after-the-fact’ payment requests. Ideally this process should be automated with electronic workflow and approvals.

PO/Non-PO Payments

Non PO Related Payments - Department users would access a list of forms related to types of purchases authorized for processing without a purchase order, and select the appropriate form for their current need. Forms would be completed on-line; funds would be verified by the system and then routed electronically for review and approval. Supporting documents (images or links) would also be routed. Due to the use of online forms and electronic routing, the departments will no longer need to manually track/log these documents as the status of the documents would be available through the automated workflow. Approved transactions would be transitioned into a voucher to reduce the duplication of data entry. As noted previously, activity that requires a purchase order, but is being requested for payment ‘after the fact’ should continue to be by exception only.

PO Related Payments - After an invoice is received by the institution, it is sent to the Accounts Payable department for processing. The invoice would be electronically imaged and electronically matched to the order and receipt. For vendors with a high volume of consumables, electronic invoices could be utilized. A PO would be automatically converted to reduce data entry demands in the A/P department and would be automatically created for supplier provided e-Invoices and uploaded into the system, applying the same matching rules as a paper invoice. Additionally, fund balance and/or budget authority would be verified within the system prior to finalizing the transaction.

Technology Requirements: Electronic forms available to users to initiate payments for non-PO related invoices; ability to attach or link to supporting documentation for payments; automated workflow and approval routing, utilization of electronic invoices for high volume consumables (office supplies, etc.); automatically create the payable voucher to reduce data entry based on electronic three-way match (invoice/purchase order/receipt); ability to manually check available
fund balances within the ERP prior to finalizing the transaction (for any payments that are not previously encumbered).

*General Assumption* - Whether the purchase is Non-PO or PO related, after the invoice has been reviewed a voucher will be initiated, supplier remittance information is validated, and the voucher is finalized and issued for payment.

*Area of Concern:* It is important that appropriate purchasing channels be utilized and that ‘non-PO payments’ remain limited to appropriate designated exceptions. It is also important that funds are available before the document is routed for approvals.

**P-card Issuance and Usage**

*P-card Issuance and Usage* - Supporting documentation would be scanned by the department to replace paper files of supporting documentation. This would facilitate automated/on-line review and document recovery in the event of audit. Users would select the appropriate online form for their P-Card transaction when forms are required (such as for hosting documentation). Electronic workflow and approvals would be utilized for P-Card purchases and account reconciliation and posting transactions direct to general ledger accounts.

*Technology Requirements:* Electronic forms should be available to users; ability to attach or link to supporting documentation; automated workflow and approval routing; ability to automate the reconciliation process to the general ledger.

*Policy Change Proposed:* The consultant recommended developing an NSHE policy for issuing and approving P-cards. The policy should outline the role/position responsible for approving P-card issuance.

*Area of Concern:* While some institutions believe that NSHE should make policy changes related to the issuance of P-Cards and standardize the guidelines for P-Card use, others believe that the institutions should retain flexibility in developing their own policy and have guidelines that they follow currently in the NSHE procedures manual.
ACCOUNTS RECEIVABLE

Note: This process applies to departmental receivables. It is not intended to include student account receivables administered through the student information system or grant and contract receivables which are addressed separately with other Grants and Contract process recommendations.

General – Please note that AR Administration may be a centralized campus unit, or a function to be performed at the college/department level. Departments should anticipate having similar accountability for departmental billing and collection activity as exists currently, but it is anticipated that a ‘miscellaneous receivables’ module of the new financial system would provide tools for generating and tracking receivables that would be occurring either manually or in a ‘shadow system’ today.

Create/Send Invoice and Record Receivable

General Assumptions - All departmental receivables will be recorded and billed from the financial system. Departments would create invoices for departmental receivables within the financial system – this will both create the invoice document to send to the vendor and also record the receivable within the financial system. Controls will need to be in place in the financial system to distinguish between billed/accrued revenue and collected revenue when considering budget/expenditure authority.

Customer Record set up in financial system - Customer records will be established in the financial system in order to facilitate creating invoices and maintaining customer history. This is recommended to be a central activity but depending on security and other system setup options, could be decentralized or some combination with automated workflow. At minimum the customer service record should include: customer identification information, invoice amount, count of invoices generated and invoice development cycle times.

Create invoice from financial system with receivable terms (due date, etc.) - Departments would generate invoices from financial system which would also record the receivable within the financial system referencing the amount billed and the account to be credited when funds are received. Invoices may be generated at the department level or this activity may be centralized, although this would require an assessment of staffing and central vs. departmental responsibilities.

Policy Change Proposed: Policy to be developed to provide guidance regarding the types of activities departments are engaged in that would require payment from a third party and to establish billing and collection requirements. It should also define the departments’
responsibilities for the accuracy of the receivables and establish the approval authority for billing. There may also need to develop policy regarding classifying (or re-classifying) receivables as student-related receivables (library fines, etc.) that may then reduce the number of non-student account receivables being processed in the financial system and possibly tracking them in the student information system.

**Area of Concern:** We will need to evaluate the administrative cost of centralizing this departmental receivable activity within the financial system. There is concern of being able to have a way in which to enter general invoices for one-time only customers as well as ensuring minimal delays in billing/collection/posting. In addition, we will also need to evaluate the cost/benefit of interfacing departmental business management applications (Parking, Dental, TMC, DWED, DFP, and others) with the new financial system to allow billing to continue through the departmental business application, but to capture the activity through an interface.

**Monitor Receivables and Apply Payment**

*Receipts of Payment* - The consultant recommends that all payments would be received in a central campus location for immediate deposit. Wire/ACH payments will be treated in the same manner as other payment types. Payments sent to non-designated locations would be forwarded to the central business office for deposit.

*Application of Payment* - Payments received and deposited centrally will be applied against the receivables recorded in the financial system which will create a clear linkage between invoices and payments. This should allow for improved monitoring and reporting.

*Unidentifiable Payments* - An “Unapplied Account” will be established for each NSHE institution to hold unidentifiable payments. Unidentifiable payments will be deposited into this account and information will be provided back to departmental accounts receivable administrators for review. All accounts receivable administrators expecting payment will review items in the unapplied account on a frequent basis.

*Monitoring Receivables* - Departmental accounts receivable administrators will need to review outstanding A/R frequently (not less than monthly) to identify and pursue missing payments proactively.

*Write-Offs* - The process for writing off receivables will be established for all units, including establishing the appropriate level of documentation to support the write-off.
**Late Notifications** - The financial system will auto-generate late notices based on pre-established timelines. The system will also track collection efforts and communications with customers regarding unpaid invoices.

**Policy Change Proposed:** Policy to be developed to manage external billings (Non-Student and Non-Grant and Contract), and determine aging schedule (30, 60, 90 day). This needs to address roles and responsibilities and escalation procedure for invoice follow-up, including departmental accounts receivable administrators. Policy should also address/define write-off procedures.

**Area of Concern:** Several institutions’ departments currently have their own billing and receivables systems so this would need to be addressed to determine how this would be affected by a new system or policy. We also need to weigh the benefits/consequences of reverting to centralized deposit processing vs. maintaining any of the current decentralized approaches by institutions. In order to match payments to the receivable, the department that created the receivable should receive the payment. Departments need to be notified when Wires/ACH are received. Another concern is when unexpected revenue comes in without an invoice being created. There must be a mechanism/policy in place to handle these situations.

**Year-end Receivables**

*General Assumption* – Tracking Accounts Receivable in the financial system throughout the year eliminates the need to rely on department estimates of A/R at year end. However, collectability of year-end receivable balances must still be evaluated and we would anticipate departments still being responsible for this activity.

**Area of Concern:** We have noted that the value of centralizing A/R activity to facilitate year-end reporting must be weighed against the cost of establishing and maintaining this centralized function for miscellaneous revenue activity. Since receivables would be recorded at billed amounts, year-end reporting would still require evaluation of collectability of accounts receivable which may require financial statement reserve for collectability.

While centralizing A/R activity will facilitate year-end reporting, departments would still need to review and analyze the receivables and provide their analysis to Financial Reporting/Controller’s Office, and departments would still be responsible for the accuracy of their receivables. Additionally, year-end reporting must at minimum include: dollar value by department and detailed invoice reporting as of fiscal year-end.
ASSET MANAGEMENT (EQUIPMENT INVENTORY)

Identification and Tagging

Identification of capital equipment (>5,000) or sensitive equipment becomes primarily a proactive activity based on integration of information obtained at the time an order is placed or a PCard purchase is reconciled with a fixed asset management application/module (this would be new system functionality to automate the identification of assets at the earliest point of entry into the financial system). Through the use of hand-held scanners and an inventory solution, package POs are matched against POs in the Asset Management System (AMS). Provide the functionality to manually enter assets not acquired through purchasing. All items that can be identified as SE or FA are opened/contents verified at delivery and tagged. All sensitive equipment purchased via P-card is coded as such during the P-card reconciliation process and is the responsibility of the purchaser.

Tagging is desired to occur as soon after equipment is received as possible. Recommendation includes identifying and tagging equipment as much as possible at central receiving (requires PO coded to identify items as capital/sensitive) and balance of items to be identified by department upon receipt, log receipt into asset management system and request item to be tagged.

Equipment borrowed by the institution is added to the department inventory and so that it may be covered by the institution’s insurance program. Request to add new asset record is done via web-based form.

Departments are responsible for reviewing assets for condition, parts, etc. and ensuring an asset tag has been affixed by Asset Management. Purchaser approves payment via purchasing system when asset is complete and properly functioning. Asset Management is responsible for the physical tagging of all Fixed Assets. Tags are not provided to department to affix.

Policy Change Proposed: The consultants recommend revising the ‘Sensitive Equipment’ policy to align the definition of sensitive equipment with state and federal requirements only. This may include lowering the sensitive equipment threshold and/or removing specific items currently defined in NSHE policy as sensitive equipment. Some institutions may wish to increase the threshold or add specific items as needed by the institution.

Area of Concern: There are some concerns about the cost benefits of interfacing existing Asset Management Systems, which some institutions have, as opposed to including an asset management module in the ERP.
There is positive feedback on the recommendation of web-based forms for recording inventory data and managing workflow between purchasing, receiving, and department, however, the web based form must capture detailed asset information.

There is concern about control over equipment purchased by P-Card with delivery to the Department, where Purchasing and Receiving is out of the loop. Mitigating this concern, the recommendation presumes the implementation of a procurement solution and corresponding processes. In place of the wide choice of vendors in the P-Card program, a procurement solution might include purchasing agreements with selected vendors with on-line purchasing sites to leverage purchasing volume for favorable pricing, to increase controls over delivery location, and to facilitate reporting on purchasing activity.

For most institutions, Asset Management is responsible for physically tagging all assets. One institution has expressed concern over lack of staffing and their desire to continue sending tags through interoffice mail where equipment has been delivered directly to the department.

**Equipment Inventory Review/Dept. Certification**

*Annual Inventory* – Departments will conduct an annual inventory (with departments rotating on a pre-determined monthly schedule) of the assets in their custody. Process recommendation includes automation of the inventory process through the use of a handheld barcode reader which would interface with the asset inventory module and provide exception reports for follow-up. This integration would also automate updates for asset moves/location changes identified through the inventory process. Results are stored in the system.

**Policy Change Proposed:**

1. Refine the Institution-level Asset Management Policies to require each department to conduct a review once a year.
2. Incorporate pre-defined escalation procedures and write-off criteria to address missing assets.

**Area of Concern:** There are concerns about the cost benefits of requiring the review each year. CFR 34 74.34 requires review every two years for grant related equipment. A two year requirement would not prohibit an institution from reviewing annually.

Some concerns relate to which department will perform the inventory, the department owning the equipment or a separate administrative department.
There is also concern about the recommendation for departments to inventory on a rotating monthly schedule. Some institutions currently perform inventory annually and are not sure of the benefit to inventory monthly when resources do not allow for this.

**Equipment Inventory Audit**

*Annual Equipment Audit* - All departments in custody of inventoried equipment are required to conduct an annual physical inventory as noted above. Random annual inventory audits are performed separately by Asset Management staff. Random audits are conducted utilizing same system automation available for annual department inventory process noted above. Missing assets are addressed via documented policies and procedures.

**Policy Change Proposed:** NSHE-level FA and SE policy should require that 3% of FA and SE (as well as firearms), are audited yearly by Asset Management Administration.

**Area of Concern:** We need to evaluate cost/benefit of additional audit requirements on top of departmental annual inventory requirement and other annual audit requirements; however, also need to ensure that certain sensitive items such as firearms and other weapons are inventoried at 100%.

**Surplus/Disposal**

*Surplus Request* – department initiates surplus request electronically and request is routed to Asset Management staff through workflow. Asset Management reviews request for special handling requirements (federally owned equipment, sensitive data removal, etc.).

All outgoing assets and equipment are evaluated for surplus. Those in fair enough condition are moved to the surplus warehouse.

Item location and responsible person are updated to surplus in Asset Management System (AMS). An asset is updated to "Closed" in AMS when it is sold.

**Area of Concern:** Need to ensure that the Surplus department has the final determination as to whether assets are serviceable before transfer to Surplus and/or disposal.
BUDGETING

General – The process recommendations are based on the assumption that the spreadsheet-driven budgeting process would be replaced by an integrated budgeting application/module that would allow for standardization and automation of the budgeting process. Departments would develop, review and submit their budgets within the budgeting application/module with historical and pro-forma budget data pre-populated within the system.

In addition, subject to chart of accounts design and system functionality, the recommendation includes an ‘all-funds’ approach to budgeting such that state and non-state funds would be budgeted as part of a combined process. These processes have different approaches historically based on the different nature of the funding sources, including multi-year sponsored program accounts. As such, the chosen technology will need to support multiple budget types and differentiate between fund types/groups, manage balances for specific funds and display aggregated (roll-up) data segmented by funding source.

Area of Concern: We have noted this approach may be problematic in that budgeting all funds in a combined process is not efficient, particularly during a legislative year when State budgets cannot be finalized until very late in the fiscal year. This will require additional consideration prior to adopting this approach.

We also need to ensure that the system can accommodate off-cycle budgeting. The system should also be able to track the approved budget on July 1 and then subsequent revised budgets.

Biennial Process

Budget development - Global budget assumptions would be controlled at the system level. Position control data, historical actual data, and current year-to-date actual data would be integrated with the budgeting application/module eliminating need for separate database/manual data entry of static/historical data.

Area of Concern: Funding is requested from the State using an incremental budgeting technique that uses the concepts of Base, Maintenance and Enhancement decision units that may require a similar incremental budget reporting structure within the new software. This may also require some custom application development in order for NSHE to automate the budget process with the Nevada Executive Budget System (NEBS).

Additionally, payroll projection requirements for budget preparation and the tracking of vacant positions were not addressed in the Huron study and should be included as a system requirement.
There is a concern by one institution regarding staff whose time is charged to multiple sponsored projects where position control doesn’t fit well as there is no single cost center to tie their position to for funding.

**Annual Process**

“All Funds” budgeting process – The consultants recommend that budgeting of self-supporting units, restricted funds, state appropriations, etc. occur at the same time (on different forms) within the technology. After many years of focusing on the state or unrestricted funds, many institutions have shifted to an “all-funds” approach to budgeting. The all-funds approach allows a comprehensive view of the financial environment supporting programmatic decisions; and may provide greater context for decision making and prioritizing ways to employ available resources (i.e., can test requests for incremental resources against a unit’s own means - and willingness - to fund them).

**Reporting and Monitoring**

*Budget transfers* – The recommendation includes the assumption that functionality will exist within the technology to allow departmental end-users to complete budget transfers (within controllable parameters) rather than having all budget transfers processed centrally.

*Policy Change Proposed: Budget reporting* – The consultants recommend a review of the Board of Regents budget reporting requirements and suggest that the Board consider revising reporting requirements to move toward reports that support strategic/governing activities and move away from the more management oriented reports currently required.

*Area of Concern:* Need to eliminate variances for budget and financial reporting (i.e., July payroll currently in different fiscal years).
GENERAL LEDGER (BANK RECONCILIATION)

*General* – With the exception of the recommendation regarding utilization of remote check deposit capability, bank reconciliation activity is centralized within the Controller’s Office. Bank reconciliation recommendations rely on technology to achieve automation as follows:

- Implement remote check deposit capability utilizing online banking capability and check scanning equipment. Ideally for remote deposit process to be most efficient, deposit data would interface to financial system.
- All departments collecting receipts are required to provide a daily record of deposit to the Business Office.
- Financial system cash management module should have capability to import banking transactions directly from bank (bank statement data) and automated transaction matching with financial system transaction data would produce exception transaction data for follow-up. This capability would focus bank reconciliation effort on resolving exception transactions instead of current spreadsheet driven process which first requires significant auto-manual effort matching transactions to identify exception activity for follow-up.

*Policy Change Proposed*: Consultant recommends establishment an NSHE-wide policy that requires the monthly bank reconciliation must be completed in the most reasonable timeframe possible. Current NSHE policy is within 60 days from the end of the month. Recommendation based on assumed system functionality is 45 days from the end of the month.

*Area of Concern*: Changing the policy for the bank reconciliation due date is premature until the system functionality is better understood. Many feel that the time required to complete the bank reconciliation will actually increase during the first stages of implementation of a new system.

For GL, the consultant generally only covered the bank reconciliation process. The following areas, which would need to be addressed in the RFP, were not covered:

- The ability for departments to enter journal vouchers and the Controller’s office review, approve and process
- Month-end and year-end processes.
- Financial reporting.
- The ability to leave the prior year open for a select period of time until the financial statements have been approved and without affecting new-year activity. This would include the ability to limit access to only the Controller’s Office to allow for adjusting journal entries for the financial statements.
Some institutions are currently using remote check deposit, while others are not. The desire by some is that the decision be left to each institution. Others want to ensure that remote deposit is actually saving time and money and that there is an interface with the financial system.
GRANTS AND CONTRACTS

General – The consultants’ recommendations are dependent upon the general expectation that the financial system implementation would include an integrated grants and contracts management module. The consultants have noted; however, that numerous technology dependent recommendations are not generally part of a typical finance/HR systems and so depending on the system capabilities, many recommendations will likely require a separate grants and contract management system to be acquired and fully integrated with the finance/HR systems. Some institutions have already moved forward with such an investment that will require integration. (UNR- InfoEd, DRI –ARGIS) The proposal below is intended to outline the capabilities needed for effective and efficient grants and contract management which may or may not be practical to expect in the finance/HR proposal.

Please note when reviewing process diagrams included within the consultants recommendations (and this summary of their recommendations), references to ‘Sponsored Project Administration’ refers to a functional role rather than a specific department. So in some cases this may refer to our central Office of Sponsored Programs but it may also refer to a departmental/college administrator supporting sponsored project activities. The specific delineation of responsibilities between central functional staff and departmental/college functional staff would be determined after system selection so that specific system functionality, security capability, etc. can be considered.

Proposal Development

A sponsored projects administrator (which as noted previously may be a central OSP resource or a departmental resource) would create a record of a proposal immediately upon confirming one will be developed. This allows for the proposal development to be tracked within the development pipeline without having to wait for the proposal to reach an endpoint in the process.

The proposal development process would be enhanced via integration with HR and finance tools to facilitate proposal elements for salary and benefits and pre-developed budget guidance for non-salary project costs.

Review and Submission

Rules-based automated workflow would route proposals through the development, review and approval steps.

Proposal reviews and approvals are captured via the proposal tracking functionality so the status of proposals within the process can be determined.
**Policy Change Proposed:** Each Institution should draft and formalize a Proposal Review Policy that will outline key institutional requirements for proposal review and submission, based on the principle that proposals are submitted on behalf of the Institution, and not individual Investigators.

**Area of Concern:** In a decentralized organization, the proposal for a single point of receipt for all award documents may be problematic. If a workflow system is being used by all stakeholders, it is likely not necessary as all stakeholders would have visibility to proposals received.

**Negotiation**

Contract templates/standard terms would be available in a forms repository to support agreements including acceptable/required standard terms and conditions clauses.

A tracking log would capture key data points and workflow status of all draft agreements as they proceed through the review and negotiation process. Status updates would be widely available across the institution so that stakeholders (primarily investigators) can monitor and track the status of agreements between the parties.

As negotiations take place between the institution and sponsor, if a change impacts the investigator (such as the scope of work, reporting requirements, etc.) the change is validated to ensure the investigator can accept the revised terms.

**Policy Change Proposed:** Institutional policy should specifically define the roles and responsibilities for individuals who can enter into a binding agreement with the institution.

**Award Set-Up**

As awards are received they would be logged into the proposal/award tracking system. Documents would be scanned (if not already electronic) and electronic copy routed to the investigator. Distribution would include a cover letter indicating any specific actions required by the investigator including, if applicable, specific action needed for any budget modifications.

The consultant recommends PIs only review/approve ‘significant’ modifications to budgets, timeline or other change in scope and changes that are not ‘significant’ would be incorporated into the award setup process through a pre-defined standard process. UNLV and others currently require review by the PI of any changes from proposal to award and based on current volume of activity this process is not inefficient and ensures PIs are fully aware of and accept any changes.
Terms and conditions significantly impacting the execution of the project are flagged within the system for tracking/monitoring. Such terms include carryover limitations, budget restrictions, effort restrictions, ARRA applicability, FFATA applicability, etc.

If an award requires cost sharing, a specific cost-share account is identified and associated with the award within the financial system to automate cost sharing commitments and documentation.

**Policy Change Proposed:** NSHE should formalize record retention requirements for a variety of document types.

**Area of Concern:** The consultant recommends that the PI’s review only significant changes. This causes concern for many institutions who feel that the PI’s should be aware of all changes.

**Expenditure Monitoring**

*General* – It is anticipated that automated workflow would route documents for procurement (requisitions, vendor sub-award agreements, etc.) and vendor invoices for review and approvals based on rules-based configuration.

The consultant recommends focusing OSP review of expenditures only on high-risk transactions and sub-award activity. Review for allowability and appropriate charging of other items not considered high risk would be the responsibility of the appropriate departmental resource assisting the PI in the procurement process.

The consultant recommends invoice-specific approval by investigator would only be required for sub-award invoices, to ensure sub-recipient technical progress.

The consultant recommends annual reviews of sponsored projects in their entirety for appropriate spending, compliance with terms & conditions, effort requirements, etc. These reviews would be conducted by central OSP staff, typically on the anniversary date of an award.

**Policy Change Proposed:** Institutions should develop policy outlining what type of non-labor expenditures are deemed "high-risk" and require review and approval prior to procurement. This definition and policy may be established by each institution or at the System-level. Recommendations for High-Risk expenditures can include service contracts in excess of $25,000 and computer equipment.
Cost Transfers

Cost transfers would be initiated and routed for processing via automated rules-based workflow. All cost transfer reviews and approvals are facilitated, captured and documented by automated approval queue workflow.

While the need for cost transfers may be identified by various units/individuals, all cost transfers would originate with the investigator as the investigator has overall technical and fiscal authority for management of an award.

High risk transfers including, but not limited to, transfers of previously certified effort, transfers after 90 days, or transfers near the end of a project, would be reviewed and approved by Sponsored Project Administration, but configured rules-based workflow would route transfers requiring approval and would not require review by OSP of all cost transfers.

**Policy Change Proposed:**
1. Institution policy should require an extra level of oversight/review for high-risk cost transfers.
2. Consistent NSHE policies and practices should be developed outlining roles and responsibilities for hard copy and electronic copy records retention, specifically as it relates to sponsored projects.

Invoicing

System functionality would facilitate monthly invoicing cycle. For programs having standard monthly invoicing requirements, invoices would be automatically generated on a monthly basis as part of the month-end closing process.

‘Special Handling’ invoices would continue to be prepared outside the financial system. Items requiring special handling may include requiring detailed cost sharing information, requiring detailed back up to be transmitted with invoice, technical deliverables, or a final billing event.

Invoice frequency of semi-annual or annual would require the ‘high-touch’ reconciliation process (as recommended for expense monitoring) to occur as part of the billing process.

**Policy Change Proposed:** Institutions should develop policy outlining what type of non-labor expenditures are deemed "high-risk" and require review and approval prior to procurement. This definition and policy may be established by each institution or at the System-level.
Cash Management

Payments for all invoices would be received and posted to outstanding invoices centrally (this may be Sponsored Projects Administration or the central institutional treasury unit). Sponsored Projects Administration would monitor outstanding invoices and guide collection efforts.

All collection efforts would be documented within the system for reporting and tracking. This includes a requirement to be able to include scanned/file attachments with collection effort documentation.

Uncollectible receivables would be verified and approved by Sponsored Programs and department administration resulting in write-off against a (department) specified account.

*Policy Change Proposed:*

1. Institutions should establish a Collections Policy that governs sponsored project collection efforts.
2. Institutions should develop a policy to establish and manage an Accounts Receivable write-off account to cover sponsored projects receivables that have been deemed uncollectible after other collection efforts have failed.

Financial Reporting

When award is set up in financial system, periodic reporting requirements are configured so that after month-end close, a list of sponsored awards requiring financial reports that month is generated.

Requirements for reporting events (timing, format) are tracked systematically by award. Also, responsible parties can be linked back to events via account number and portfolio.

Quarterly Federal Financial Report (FFR) details are automatically reported out of the system and verified by OSP. The information will be populated into the sponsor system, certified and submitted. Subject to system capabilities, OSP should be able to do this electronically.

OSP performs a detailed reconciliation and review process for awards requiring reporting including a review of cash, effort, cost share, expenditures etc. This may include a validation step with the investigator.

A single, central reporting retention location is established so that copies of reports and submission confirmation documents are retained according to retention requirements.
system would retain electronic copies of financial reports ‘tagged’ against specific account numbers.

**Effort Reporting**

*General* – The consultant’s recommendations are based on the utilization of an electronic effort reporting system which may not be part of a typical HR/financial system implementation. Therefore, automating this process may require a separate system to be integrated with the HR/financial system. Effort reporting should be at least quarterly, although some institutions may require effort reporting on a monthly basis.

Planned effort commitments are documented during award setup and actual effort is monitored during the life of the award. If the investigator determines that a change in effort is required, appropriate approvals are obtained from the sponsor.

Effort reports (quarterly or monthly depending on the institutions’ reporting cycle) displaying an individual’s payroll distribution across all accounts (sponsored and non-sponsored) is generated and required reports are inventoried and tracked. Effort reporting should update payroll for cost distribution to applicable projects.

Effort reports are reviewed and verified for accuracy by investigator. If accurate, report is signed/certified. If changes are required, cost transfer is initiated through HR/Payroll system so payroll reflects effort.

**Policy Change Proposed:** Establish/update the Effort Reporting policy to clarify roles and responsibilities for monitoring effort and proactively identifying changes or requests for sponsor approval.

**Area of Concern:** We would like to ensure that current Grants and Contracts software can be integrated into Payroll in the system that is implemented. Many employees are paid by multiple grants or funds. Monthly updates would be necessary to ensure timely invoicing of sponsors.

**Award Closeout**

Investigator is notified electronically 90 days prior to the award end date. If necessary, the investigator notifies OSP of an extension/amendment.

At the award end date, an automated notice alerts the investigator who initiates close-out actions.
If upon close-out an overdraft exists, OSP works with the investigator to resolve the overdraft or transfer to a designated write-off account. Minor balances would be written off automatically by OSP against a pre-determined departmental write-off account established during the award set-up process.

**Policy Change Proposed:**

1. Institutions should utilize guidance and policy requiring all overdrafts and resultant transfers onto other sponsored accounts to be properly documented and supported to ensure compliant transactions.
2. For excess revenue on Fixed Price Agreements, Institutional Policy should outline the level of indirect costs that should first be recovered by the institution.
3. Establish roles and responsibilities via policy for the fulfillment of technical reporting and the responsibility for retaining these documents.

**Area of Concern:** With respect to the areas of Cost Transfer, Invoicing, Cash Management, and Award Closeout, it is very important that we have the capability to integrate our existing Grants and Contracts software into the Accounts Receivable functionality provided in the product that we implement.

There is a general concern regarding the functionality of Grants and Contracts modules in available ERP systems and therefore it is very important that we have seamless integration of current software into whatever system we implement.

In addition, we want to ensure that any new Grants and Contracts module can handle all the fundamental aspects of post-award accounting. This was not an area that was addressed by the consultant.
PAYROLL

General – The Payroll business process recommendations rely on several key assumptions related to expected capability of a new human resources/payroll system and also the implementation of an automated time collection system.

Update Employee Information

The consultant’s recommendation expands employee self-service to include all employee information (including new employees) for payroll tax and benefit items. Employee entered data may still require review by appropriate HR or Payroll staff or may be limited to exception data depending on system configuration. Emphasis on employee self-service beginning even before employee first reports to work (so new employee document processing can begin via self-service).

Collect Timesheets

The consultant recommends implementing an automated time and attendance application that would collect time transactions (clock in/out) from all non-exempt staff (this would include classified staff, DRI’s technologists, intermittent classified, student employees, casual labor, and any other hourly paid employees) to produce time records for payroll. Pre-populate T&A with default data (including standard hours and account charges for labor distribution). System workflow would route reported hours and exceptions to supervisor for on-line review and approval and correction of errors/exceptions. Supervisor approved time records would be interfaced to the payroll system eliminating paper timecards/timesheets.

Expense Transfers

Department payroll administrators would be able to process payroll expense transfers within the system based on system functionality and configuration. Approval routing and processing for payroll expense transfers would be automated via configured workflow. Central business administration (such as HR and Budget Offices) would, of course, continue to need access to this capability as well.

Payroll Distribution

Consultant recommends and we fully support maximum utilization of electronic payroll delivery methods. Voluntary direct deposit supported by self-service enrollment and updating is preferred. NSHE in process of implementing a payroll debit card, which will require interface.
Disburse Payroll Liabilities for payroll taxes, benefits, etc.

The process and policies governing this process are not recommended to change significantly. Some responsibilities may shift from Payroll to Accounts Payable and the process would benefit from better enabled and integrated technology. Expectation is that technology and workflow will automate the current manual process of reconciling payroll deduction reports to prepare EFT and/or payment voucher disbursements for payroll deductions.

Additional technology recommendations:
- T&A module to calculate regular vs. overtime hours and feed into payroll system for gross-to-net calculations. Interactive deduction lists processed in batches.
- Calculate/report on all garnishment and levy types. Tracking of work study hours.
- Electronic remittances to be available via employee self-service.
- ‘Change Register’ or field audit data is critical within payroll masterfiles – need to be able to tell who & when fields driving payroll processing are updated.
- System should be capable of accommodating a fringe benefit pool rate such as in use at DRI as other NSHE institutions may pursue a fringe rate proposal also.

Area of Concern:
- Consultant mentions HR master file feeds to payroll in nightly batches. We are not sure why recommending batch feeds as real-time updates seem more ideal.
- We are in full support of automating time collection for all staff currently paid by timesheet and for automating the collection of exception pay items. Converting classified staff from exception-based pay to positive pay (clock-in/out) will require further analysis and consideration.
- Automated workflow to also handle leave requests.

Divergent Considerations:
DRI processes payroll and timesheets differently than other NSHE institutions. Effort reporting is completed monthly, all payroll transactions are processed through a clearing account, and all sponsored project and non-sponsored accounts are charged base salary through a special timesheet journal entry process and a negotiated fringe benefit rate (different than NSHE rates) are applied to all accounts at month end to properly charge all fully burdened personnel compensation costs to projects and accounts. The consultants have recommended NSHE determine if institutions should use clearing accounts for this activity or distribute expense to accounts. We are not sure there is a reason institutions should not have this flexibility although the distribution process described would preferably be aided by automation.

DRI recommends converting all employees currently paid on the semi-monthly payroll cycle (classified staff, students, casual labor, etc.) to bi-weekly payroll. This suggestion would likely
require system-wide implementation due to the impact on the payroll processing workload if bi-weekly cycles were implemented without eliminating semi-monthly cycles (difference between adding 26 disbursement cycles vs. adding 2 cycles to the annual payroll processing calendar). Other NSHE institutions have not indicated an interest in making changes to payroll cycles at this time.
PROCUREMENT (PURCHASING)

General – The Huron recommendations are focused primarily on implementing technology driven improvements with the expectation that the procurement process would be more fully integrated as part of a new financial system implementation. A fully integrated e-procurement application would provide better visibility to departmental users to the full range of the purchasing process and would also provide a ‘real-time’ update vs. current processes which are largely batch-processing oriented due to the limitations of separate systems currently in place and the antiquated nature of our current financial system, Advantage. It will also allow for system-wide reporting in order to negotiate contracts at a system-wide level, instead of a separate contract at each institution.

Requisition Processing

Departments would initiate requisitions electronically utilizing standard forms within the financial system with electronic routing and approval capability through automated workflow. Preferably, users would have the ability to add multiple items to a single cart.

Where specific forms are needed, such as standard contract templates, purchase order modification/change order requests, competitive exception request, etc., departmental users would select the form from the on-line repository. Forms would be completed on-line and routed electronically through rules-based workflow for required review(s) and approval(s). This should also include the ability to scan and attach forms to a requisition or send hard copies to purchasing if necessary.

Integrated purchasing and financial system would accommodate real-time validation of funds availability.

A hierarchy for signature authority will need to be set up at each institution and at account level for purchase order requisitions for routing for approvals. Some accounts may require one signer while other accounts may require two. A consistent set of guidelines is established for signatory authority and used to determine who must sign each agreement/contract depending on contract attributes (dollars, time, unit).

Workflow groups would be required for team processing (i.e. purchasing team, accounts payable team, etc.) and workflow substitution would be necessary at the approval levels to accommodate temporary changes in approvals without changing the workflow hierarchy.

Tools and training are developed and widely disseminated and reinforced to allow Procurement Administration to manage and negotiate the straight-forward, template contracts.
Area of Concern: While standard contracts are important we need to ensure that we have provisions for changes requested by the vendor. We need to have the ability to revise contracts if needed.

Purchase Order/Modify Purchase Order

Once requisition processing and authorization is complete, how will the Purchase Order be disseminated to the vendors and the departments? Ideally, purchase orders are issued, maximizing electronic routing for delivery of purchase order documents.

When a department identifies a need for a modification to an open purchase order, the change would be initiated and routed for approvals and processing within the e-procurement system via configured workflow in the same fashion as requisition processing. We need to make sure that the change order gets to the buyer assigned to the original purchase order.

Signature authority is validated within the eProcurement application rather than through manual validation.

Area of Concern: We need to ensure that we still have the ability to send purchase orders out by a means other than email; some companies may prefer hard copies or fax. We might want to include an option in the vendor registration data-base for the vendor to choose how they want to receive the purchase order documentation.

Once all documents are processed, we need to store the documents electronically. We need the ability to add notes to documents and to attach documents received by hard copy to the purchase order. We will need to set up a retention schedule with the possibility of “rules-based” purging of document.

Competitive Bid/Request For Proposal

The consultant has recommended a competitive solicitation process that is integrated with the supplier registration. When the vendor registers, they would indicate the type of products they offer. When a competitive bid is needed, the buyer could send out a request for bid electronically to a group of vendors based on their vendor registration data.

Requestor works with Procurement Administration to establish the Proposal Evaluation Criteria (PEC) and then Procurement Administration assists in communicating this criteria to the committee and ensuring understanding.
Data stored in the supplier registration system is leveraged to generate bid notifications for suppliers who have registered to be notified of opportunities for the commodity or service areas associated with the RFP/Competitive Bid opportunity.

Institutions and Purchasing Administration evaluate supplier proposals accordingly based on regions of service, especially for those suppliers who are limited in scope to one of the two regions.

**Supplier Registration**

The consultant recommends NSHE utilize an on-line, vendor self-service supplier registration that is maintained by the supplier. They also recommend that we would need a centralized supplier registration team to review and approve supplier registration requests.

**Area of Concern:** We would like to add a disclaimer on the vendor registration application stating that it is the vendor’s responsibility to maintain their data to ensure the accuracy of their mailing address and all pertinent information.

If we set up standardized requirements in the data base system for suppliers that are accepted by all institutions prior to vendor registration, this would make it unnecessary to have a team review and approving all vendor supplier registration request. Having a centralized supplier registration team would bog down the process and prevent purchase orders from getting out in a timely manner. This would be a big dis-service to not only the institutions, but to the vendors as well. We will need to keep an open mind on this particular issue to see what software applications are out there and how the application can be set up to best meet the needs of NSHE.

All institutions will need the ability to add vendors on the spot as needed for payments that may come up through Accounts Payable and Cash with Orders as well as payments to employees and students. We should start clean with the new database and there must be consistency in the information entered as well as the format. In order to keep the database current, we would like to see the ability for the system to drop off vendors if NSHE has never done business with a vendor or if they have not done business with NSHE in a predetermined time frame.

We need to ensure that we can address supplier diversity requirements in our reporting in particular the mandated procurement related diversity and local reporting requirements. In addition, we need the capability to report on a wide variety of other areas including grant reporting, assets, type of merchandise purchased, dollar amounts, locations etc.
TRAVEL ACCOUNTING

General – The recommendations for travel authorization and claim processing are largely dependent on the implementation of a travel processing system (sometimes referred to as a ‘T&E tool’) and also the engagement of a contracted travel partner/travel agency. The travel system and travel partner would provide tools to automate the pre-authorization of travel, booking travel such as air, hotel, and transportation, and preparing and submitting a claim for approval and reimbursement. This automated system would replace our current paper based process and would allow departments/travelers to track travel claims through the system as they are routed for approval and processing for disbursement. The T&E system feeds the GL to automatically encumber the amount of the approved travel request.

The travel system would also provide for controls ensuring claims are compliant with state/NSHE travel policy and include a data feed/interface to the PCard or travel card to automate the collection and documentation of certain travel claim expenses such as airline and hotel room charges. The contracted travel partner and integration with the travel system would ensure travel bookings are compliant with state/NSHE policies at the time of booking such that travel department review of these travel expenditures for policy compliance would not be necessary.

The recommendations are focused primarily on individual travel rather than group/team travel which typically requires more assistance from a department administrator (such as athletics team travel).

Pre-Travel

Initiating Travel – The traveler initiates a request (including cost estimates) for pre-authorization via the automated travel system. Workflow routes the request for approval as needed. Upon completion of approved travel request, the T&E tool is used to request and process advances (by flagging the need for an advance and associated amount).

Area of Concern: Huron recommends pre-authorization only for international travel, however most NSHE institutions have expressed concerns about eliminating pre-approvals of domestic travel as we believe this is an important supervisory responsibility. In addition, it is expected that a travel system would allow for an automated electronic approval process that would be efficient. We strongly recommend having electronic pre-approval by traveler’s supervisor and the funding account signature authority.

Booking Travel – An Online Booking Tool (OBT) integrated with the travel system would be provided through a contracted travel partner (travel agency). The OBT would incorporate state
and NSHE travel policies to ensure compliance. Out-of-policy bookings could not be made via this tool thereby eliminating the need for ‘post-audit’ of certain travel expense claims such as airfare and hotel room charges.

**Area of Concern:** It is not desirable for institutions to use a contracted travel partner (travel agency) for all travel bookings. The institutions would prefer this to be an option depending upon their own institutional policies. In many cases, individuals can book their own travel online at better rates than are provided by an agency. This concern will need to be addressed when evaluating a travel system.

**Travel Advances** – Traveler’s would request a travel advance through the travel system. Workflow logic configured in the travel tool would route the request for approval as needed eliminating the need for paper forms and physical routing. Approved travel advance requests would be automatically encumbered and routed to A/P for processing. No additional review by Travel Administration is necessary. The consultant recommends allowing travel advances for meal per-diem only.

**Policy Change Proposed:** Travel policies would need to be refined to include:

- Established roles and responsibilities of traveler, approver, and Travel Department.
- Clarified roles for reviewing and approving travel from both a business purpose and funding perspective. It is recommended that no more than two separate individuals are required to approve travel requests.
- Thoroughly defining allowable payment methods and guidelines associated with business travel and travel advance requests:
  - Corporate travel cards available to employees for all travel expenses (preferred).
  - P-cards for use with booking travel only via the OBT, and to employees without corporate travel cards.
  - P-cards may be used for conference registration fees.
  - Travel advances are only available to travelers without corporate travel cards and are limited to per diem only.
- Requirements for employees to be financially responsible for any and all expenses for travel determined to be for non-institutional business purposes.

**Area of Concern:** Consultant does not recommend utilizing encumbrances for travel, which is the current practice for some institutions. However, the current process is largely driven by our paper-based approval and claim processing system. An integrated electronic travel system may facilitate encumbering travel expenses as travel is approved and/or bookings are completed.

Some institutions may wish to keep their current signature requirements in lieu of going with the recommended two approvals.
Post-Travel

**Entering a Travel Claim** – After travel has been completed, the traveler would complete and submit a travel claim via the electronic T&E tool. All travel costs must be allocated to a valid and approved account that has been entered in the system. The consultant recommends system functionality that would permit/require scanned copies of receipts to be included with the travel claim eliminating the need for paper forms and copies. Submitted claims would be routed electronically for approval by department/division authority via workflow configured rules. Approved claims are automatically processed via the Accounts Payable process.

**Audit** – A significant change recommended by the consultants is that not all claims submitted are reviewed by central Travel Administration before payment. While all travel claims would be subject to audit, only those flagged based on system-configured rules and thresholds as defined by NSHE would be audited before payment. Other claims selected randomly would also be audited. A summary of significant assumptions for this recommendation are:

- Claims flagged for audit would not be processed until a Travel Administrator has completed a thorough review of the claim. Issues are resolved by working with the Traveler to gather appropriate documentation or adjusting the claim as necessary.
- Unresolved claims that require NSHE funds to be recouped are escalated and potentially resolved through payroll deductions.
- Random audits are performed on a percentage of all travel claims; consultant recommends 3-5% of claims are audited.

**Policy Change Proposed:**
Refine travel policies to include:

- Clarification that original receipts are not required, as they are scanned via the T&E tool. Receipt thresholds need to be reviewed. **Huron recommends a threshold of $50**, however, this threshold will need to be reviewed for compliance with state and federal requirements as well as other policy considerations.
- Consistent travel audit processes requirements and criteria.
- Outlining allowable courses of action to recover funds from a traveler when a claim is found to have been overpaid, etc.

**Area of Concern:** Consultant recommends certain claims be flagged for pre-audit based on dollar amount, particular expenses being included, etc. and that all other claims would be paid. Some institutions have indicated that they would want to ensure that the T&E tool could be configured to ensure that only claims that follow policy are paid. Consultant also recommends that 3-5% of travel claims be randomly selected for audit post travel. Most institutions feel that percentage is too low and would need to be evaluated.
SERVICE DELIVERY OPPORTUNITIES

The Huron consultants identified several administrative business activities as common candidates for some level of possible centralization/shared service delivery model in order to achieve a system-level effectiveness or efficiency. These candidates for service delivery opportunities were identified by the consultants, but specific recommendations were not developed at this time as the complexity of each service delivery opportunity was beyond the scope of their business process review. The consultants recommended further evaluating the service delivery opportunities that would be available based on the capabilities of a new financial system. Campuses require well-developed cost/benefit analyses that ensure efficiency but also ensure a high level of customer service at the campus level.

Below is a listing of the financial business processes identified as having service delivery opportunities which could be further evaluated as part of a system solicitationimplemenation together with concerns/limitations raised by the campuses:

**Accounts Payable**
*General Concerns:*
This activity should not be separated from the purchasing function.

**Procurement**
*General Concerns:*
Purchasing differs greatly in major parts of state. There is a need to also consider that legal review has to be connected with purchasing/contracting. Performing walk-throughs for bids requires purchasing staff to be present. Additionally, there is a need to maintain the ability for vendors to meet with purchasing staff.

**Travel Accounting**
*General Concerns:*
Travel reimbursement is an area that has a high level of interaction with faculty. A centralized service operation for the final disbursement of travel claims may be feasible. But, travel accounting coordinators would be necessary at each institution to assist employees in the processing of travel claims.

**Payroll Processing**
*General Concerns:*
Payroll processing is currently centralized in two regional business centers. While a single centralized service operation may be feasible, who and how the operation would be managed would need to be determined. The Business Center model may be the best alternative.