



Oregon State Board of Higher Education

Meeting of the
Board Committee on
Finance & Administration
January 20, 2012

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Oregon State Board of Higher Education

Finance & Administration Committee January 20, 2012

AGENDA

1. CALL TO ORDER/ROLL CALL/WELCOME

2. ACTION ITEMS

- a. OUS, Risk Management Program Analysis (Kenton/Bickmore Risk Services) 1
 Senate Bill 242 became effective July 20, 2011. This new law enables the Oregon University System (OUS), among many other things, to purchase its own insurance, operate its own self-insurance program, and hire its own legal counsel. Bickmore Risk Services was contracted to provide pertinent program analysis.

- b. OUS, 2011 Annual Financial Report (Kenton/Moss Adams)..... 7
 The audit opinion issued by Moss Adams, LLP, is an unqualified opinion, which means that their opinion as to the fair presentation of the financial statements was issued without qualification.

- c. OUS, Contracting and Purchasing with Historically Underrepresented Businesses (Bounds) 9
 Per the 2011 Equity Purchasing Policy and Procedures, staff has compiled an annual report consisting of data collected from each Institution relating to their contracts and expenditures with Minority-owned, Women-owned, and Emerging Small Businesses for Fiscal Year 2011.

3. DISCUSSION ITEMS

- a. Internal Control Environment Self-Assessment (Rimai/Weiss)
 The institution president and the Chancellor will perform a self-assessment designed to help ensure that certain general policies and procedures are in place that foster a strong “tone at the top.” Portland State and Western have provided their review and recommendations.
 - i. Portland State University 11
 - ii. Western Oregon University 35

- b. Status Report on the Implementation of Senate Bill 242 (Kenton)..... 61
 The first section of this report summarizes where we are in regard to transition issues affecting OUS and its relationship with the State’s Department of Administrative Services (DAS). The next section of the report will provide an update on processes to review classified staff classification/compensation as was agreed in recent bargaining with the SEIU and establishing labor/management committees to

review employee health and welfare (health insurance) programs and our Optional Retirement Program, as are required in SB 242.

c. Cost Drivers (Kenton)

This will be a discussion on the status of the implementation of SB 242 and a report on the OUS costs and how SB 242 can impact costs going forward.

4. ADJOURNMENT



Bickmore Risk Services

OUS, Risk Management Program Analysis

Executive Summary Risk Management Program Analysis

Presented to the
Oregon University System

January 2012

David Luke
dluke@brsrisk.com
(714) 426-8505

Michael Kaddatz
mkaddatz@brsrisk.com
(714) 426-8511

www.BRSrisk.com
800.541.4591
f. 916.244.1199

CORPORATE
1750 Creekside Oaks Drive
Suite 200
Sacramento, CA 95833
d. 916.244.1100

1100 Town & Country Road
Suite 1550
Orange, CA 92868
d. 714.426.8525

5200 SW Macadam Avenue
Suite 310
Portland, OR 97239
d. 503.419.0450

BACKGROUND

Senate Bill 242 became effective July 20, 2011. This new law enables the Oregon University System (OUS), among many other things, to purchase its own insurance, operate its own self-insurance program, and hire its own legal counsel.

Historically, OUS has financed its property and casualty risks through insurance and self-insurance programs of the State of Oregon, Department of Administrative Services (DAS), except in rare circumstances where such authority was granted to OUS by DAS.

DAS, and the insurance carriers it selected, also provided some risk management related services such as claims administration and risk control (safety).

PROJECT PURPOSE

Bickmore Risk Services, a risk management consulting firm, was engaged to assist OUS with:

- Designing new risk finance mechanisms;
- Determining an appropriate risk management organization:
 - Internal staffing levels;
 - Outsourced service needs;
 - Reporting structure;
- Developing an implementation plan; and
- Transition negotiations with DAS.

RISK FINANCE

OUS is exposed to a variety of property, liability, and workers' compensation losses. Under the insurance and self-insurance programs established for all State agencies, OUS received broad protection under these programs, including:

- No upper limits on the level of tort liability protection;
- Protection against the full range of range of "all risk" and "catastrophe" perils to which OUS property is exposed; and
- Nominal deductibles where any applied.

Key features of the major programs are summarized in the following table.

CURRENT RISK FINANCE PROGRAM*			
Coverage	Limits	Self-Insured Retention / Deductible	Coverage Provider
Liability	Unlimited	None	DAS
Property	\$400,000,000	\$2,500	DAS/Commercial Carriers
Boiler & Machinery	\$100,000,000	\$25,000	DAS/Commercial Carrier
Crime	\$20,000,000	\$5,000	DAS/Commercial Carrier
Workers' Compensation	Unlimited	None	SAIF

* Does not include miscellaneous insurance policies purchased by DAS on behalf of OUS such as watercraft, non-Oregon workers' compensation, marine pollution, and aircraft.

To replace the State's core risk finance programs, we recommend OUS campuses jointly implement programs consisting of:

- **Workers' Compensation** – a common placement of coverage with SAIF, continuing with a university-only version of the fully insured program DAS has maintained in the past.
- **Tort Liability** – a protected self-insurance program, where the campuses would jointly self-insure the more-frequent claims that occur in a level up to \$500,000 and jointly purchase insurance to a limit of \$40 million for claims that exceed the self-insured level.
- **Property (including boiler & machinery and crime)** – a large deductible program, where the campuses would jointly fund the more-frequent claims under a deductible to as high as \$500,000 and jointly purchase insurance for claims above the deductible.

RISK MANAGEMENT ORGANIZATION

To manage the recommended risk finance programs, to enhance risk control (EH&S) efforts, and to support long-term risk cost reduction objectives, we recommend OUS establish a risk management function at the System-level, staffed as follows:

- **Director of Risk Management** – manage the risk finance program, the risk services vendors necessary to support it, and the provision of associated services to all campuses. Set performance goals, measure results, and report to senior management.
- **EH&S Manager** – work with campus EH&S and risk management personnel to develop risk control strategies, practices, and objectives. Support and mentor smaller campus' risk control personnel. Conduct research, perform analyses, and report results to the Director of Risk Management.
- **Risk Analyst** – support the Director or Risk Management and EH&S Manager with analysis and other assigned tasks.

COST COMPARISON

The new risk finance programs and the recommended risk management organization can be implemented at a total 2012-13 expected cost of \$10.8 million, or about \$670,000 less than the 2012-13 DAS budget allocation for risk. The table below summarizes our cost comparison.

Cost Component	DAS Budget Allocation	New OUS Program Estimated Cost
Workers' Compensation	\$3,150,000	\$4,358,000
Tort Liability	3,459,000	2,379,000
Property	4,790,000	3,406,000
Peripheral Insurance	Included Above	200,000
OUS Risk Management Unit	Not Applicable	671,200
Effect of Robust EH&S*	Not Applicable	(285,000)
<i>Totals</i>	<i>\$11,399,000</i>	<i>\$10,729,200</i>
<i>Difference</i>		<i>\$669,800</i>

We recommend the funding for 2012-13 be no less than the DAS Budget allocation to allow for:

- A contingency margin to cover adverse variations in actual costs from projections; and
- The difference between outstanding liabilities on incurred claims and the assets transferred from the DAS risk fund.

Longer term, funding for self-insured liabilities should be based on actuarial projections of expected losses, supplemented by a reasonable margin for contingencies.

IMPLEMENTATION

The key steps required to implement and sustain the program are:

Activity	Target Completion Date
Hire OUS Risk Management Director	February 15, 2012
Select OUS Insurance Broker & Assume Responsibility for all Expiring DAS-Placed Insurance	March 15, 2012
Select Property & Liability Contract Claims Administrator(s)	May 15, 2012
Complete 2012-13 Renewal Negotiations with SAIF	June 1, 2012
Finalize OUS Funding & Allocation Model	June 15, 2012

Activity	Target Completion Date
New Program Takes Effect	July 1, 2012
Conclude Analysis of Trust or other Group Structure	October 31, 2012
Conduct Risk Management Information System Needs Analysis and System Selection	July 1, 2014

By working together to finance and otherwise manage risk as further outlined in the report of January 4, 2012, the seven campuses of OUS can realize:

- Certain synergies through shared approaches and resources aimed at managing risks,
- Program stability from the size of consolidated resources to fund self-insured,
- components and attract the strongest commercial insurers for insured components, and
- Low long-term costs through economies of size that make self-insurance feasible and provide leverage on commercial insurance market negotiations.

STAFF RECOMMENDATION TO THE COMMITTEE

Staff recommends that the OUS Finance and Administration Committee accept this report and authorize the Vice Chancellor for Finance and Administration to proceed in implementing the recommendations contained herein.

(Committee action required.)

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OUS, 2011 Annual Financial Report

SUMMARY

The report titled 2011 Annual Financial Report (see <http://www.ous.edu/dept/cont-div/accounting-reporting/annualfinreport>) was prepared by the Chancellor's Office and the financial statements included within were audited by Moss Adams, LLP, under contract to the Secretary of State, Audits Division. The audit opinion issued by Moss Adams, LLP, is an unqualified opinion, which means that their opinion as to the fair presentation of the financial statements was issued without qualification.

In conjunction with the audit, Moss Adams, LLP, has issued a letter to OUS Management communicating observations and recommendations relating to OUS internal controls. OUS Management has issued a letter in response to these observations and recommendations that includes general agreement with the observations and planned actions in response. None of the observations made by Moss Adams, LLP, represented a significant deficiency or a material weakness in the design or operation of internal control for 2011.

As part of the financial statement audit, Moss Adams, LLP, is required to communicate certain matters related to the conduct of the audit to those who have responsibility for oversight of the financial reporting process.

STAFF RECOMMENDATION TO THE COMMITTEE

Subject to the report of Moss Adams, LLP, staff recommends that the Finance and Administration Committee of the Board accept the 2011 Annual Financial Report.

(Committee action required.)

Attachments (may be obtained at http://www.ous.edu/state_board/meeting/dockets or click on the attachment)

- Communication of Other Matters and Best Practices
- Communication with Those Charged with Governance

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OUS, Contracting and Purchasing with Historically Underrepresented Businesses

INTRODUCTION

Per the recently adopted Equity Purchasing Policy and Procedures (policy) that became effective on November 15, 2011, staff has compiled an annual report (report) for presentation at the first Finance and Administration Committee meeting of the calendar year. The report consists of data collected from each Institution relating to their contracts and expenditures with Minority-owned, Women-owned, and Emerging Small Businesses (collectively referred to as Historically Underrepresented Firms or MWESB) for Fiscal Year 2011 (FY11). Institutions also included Outreach Plans, per the terms of the policy, and other information determined by Institution staff to be relevant to the issue for Board review. The policy and resulting reports will allow the Committee the opportunity to evaluate the progress of the institutions towards meeting the Board's dual goals of increasing both the number of Historically Underrepresented Firms who work with our institutions and the value of that work in a way that builds capacity and contributes to the success of these sectors of the Oregon business community.

OUS OUTREACH

During 2011, staff continued to increase their outreach activities and made dedicated efforts to participate in the Oregon small business community with a focus on increasing awareness of business opportunities for Historically Underrepresented Firms at OUS institutions and building relationships within the community. Below is a non-exhaustive list of sponsorships and memberships in which staff participated:

- Sponsor and Planning Committee Member, Governor's Marketplace
- Sponsor and Planning Committee Member, Business Diversity Institute Leadership Recharge
- Sponsor, Oregon Association of Minority Entrepreneurs Tradeshow
- Sponsor, Minority Entrepreneur Development Week
- Sponsor, Hispanic Chamber of Commerce Awards
- Member of the Board, Business Diversity Institute
- Member, Oregon Association of Minority Entrepreneurs
- Member, National Association of Minority Contractors of Oregon

In addition to increased Systemwide outreach, the institutions have undertaken new efforts to increase the number of Historically Underrepresented Firms doing business with their particular institution, including trade-shows and one-on-one relationship building. These efforts are outlined in the Institution reports attached.

OUS RETAINER PROGRAM

In 2010, the OUS Retainer Program for Construction Related Services was upgraded to a fully electronic database, which allows for campuses to easily target outreach to firms certified by the state as Minority-owned, Woman-Owned or an Emerging Small Business. The upgrade is also expected to greatly increase the efficiency of the application process encouraging more small businesses to participate and allowing staff to accept applications on a continual basis

rather than restricted to specific open periods. In conjunction with these changes and in light of increased flexibility as a result of Senate Bill 242, staff and institution capital construction staff have determined this program can better serve as a contracting vehicle for new Historically Underrepresented Firms to get work on capital projects. Staff will participate in outreach specifically focused on this program during spring of 2011 in order to educate Historically Underrepresented Firms on these opportunities.

FY 2011 DATA NARRATIVE

As the effective date of the policy was after the conclusion of FY11, data for FY11 had not been collected by all institutions in order for there to be a fully completed data set. Institutions were requested to note any gaps in the data in order to facilitate Board review. Data collecting procedures have been implemented by the institutions, with the assistance of staff, to allow for complete reporting beginning FY12.

Unless otherwise noted in the report, institutions are unable to collect data for spend made via procurement cards (P-Cards). Staff is exploring ways to collect that data going forward, but institutions were advised to not include it in their reports if not properly tracked. In addition to P-Card spend, staff developed a list of excluded expenditure categories to be used to determine the amount of total available expenditure for capital construction and goods and services, which was used as the basis for the attached percentage calculations.

Attachments (see http://www.ous.edu/state_board/meeting/dockets or click on the attachment)

1. Eastern Oregon University Annual Report
2. Oregon Institute of Technology Annual Report
3. Oregon State University Annual Report
4. Portland State University Annual Report
5. Southern Oregon University Annual Report
6. University of Oregon Annual Report
7. Western Oregon University Annual Report
8. Chancellor's Office Annual Report
9. Equity Contracting and Purchasing Policy, Effective: November 15, 2011

Internal Control Environment Self-Assessment



Internal Control Environment Self-Assessment

December 2011

Executive Summary

Portland State University has experienced significant growth over the past decade. Research has doubled to over \$58 million annually, infrastructure has increased 23 percent to over 5.2 million square feet, and the University has seen 15 consecutive years of enrollment growth resulting in a current annual enrollment exceeding 30,000 students. In contrast, state resources have decreased, creating an emphasis on efficiency, effectiveness, and entrepreneurship. This rapid growth, changing demographics, and the recent passage of SB 242 have caused the University to review its control structure with a new perspective.

PSU's Self Assessment focused on a review of the overall control environment at the University, including ethics, training, policy development, and senior-level staffing and experience, taking into account the following key control elements:

- Risk Assessment
- Integrity and Ethics
- Organizational Structure
- Assignment of Authority and Responsibility
- Competency of Personnel
- Training, Communication and Information Dissemination
- Continuous Monitoring and Improvement

We found the control environment to be sufficient and functioning as intended. The review noted that PSU utilized a multi-dimensional approach to risk mitigation, including:

- Written policies and procedures
- Frequent campus training
- Continuous process improvement
- Frequent re-assessment of staffing resources
- Appropriate organizational structure
- Budget monitoring and control reports

The full report detailing PSU's self assessment process and related observations noted is attached.

Portland State University Internal Control Environment Self-Assessment December 2011

As part of the 2009-10 financial statement audit, Moss Adams issued a “best practices” letter which included a recommendation that each institution complete a self assessment of their accounting and finance departments. The recommendation further suggested that the review focus on the staffing levels, skill sets, education and experience of personnel. Portland State University (PSU) completed its self assessment process in December 2011. The results of the review are summarized below.

BACKGROUND

PSU has experienced significant growth over the past decade. Research has doubled to over \$58 million annually, infrastructure has increased 23 percent to over 5.2 million square feet, and the University has seen fifteen consecutive years of enrollment growth resulting in a current annual enrollment exceeding 30,000 students. The student demographic has also shifted, resulting in growth of international programs, on-campus housing, and student services. In contrast, State resources have decreased, creating an emphasis on efficiency, effectiveness, and entrepreneurship. This rapid growth, changing demographics and the recent passage of SB242 have caused the University to review its control structure with a new perspective.

GUIDING PRINCIPLES

The Finance & Administration Committee of the State Board of Higher Education approved an Internal Control Program Policy (Policy) on December 16, 2011. This policy provides guidelines for establishing and maintaining an appropriate control environment. PSU used this policy to guide its Internal Control Environment Self-Assessment and corresponding recommendations. Key elements of the policy include the following:

Assessment of Certain Control Environment Attributes

The Policy required that the institution president perform a self-assessment designed to help ensure that certain general policies and procedures are in place that foster a strong "tone at the top." The assessment process should ensure that:

- The ethics and conflict of interest policies codified by ORS 244 have been communicated to all personnel at least annually.
- The System's financial irregularities policy has been communicated to all personnel at least annually.
- The institution's information security policy has been communicated to all personnel at least annually.
- All System and institution policies are made available via the institution's web site as appropriate.

- At least annually, the institution president has communicated a "tone at the top" letter that emphasizes the importance of having good internal controls and compliance with procedures, policies, rules, regulations, and laws. The letter should also clearly assign the responsibility for internal controls and compliance upon each officer and employee, and should contain references to applicable policies, procedures, regulations and laws.
- All officers and selected staff have been trained on the basics of internal controls, where internal controls exist, and the importance of each employee's role in the internal control system. The level of training and education may vary depending upon the degree of responsibilities of the employee. Training should include familiarizing the employees in communicating improvements of internal controls as well as reporting possible waste, fraud, or abuse in conformance with applicable policies and procedures.
- An appropriate employee background check process is in place.
- An ongoing risk assessment and mitigation plan is in place.
- Other processes and procedures designed to foster a strong internal control environment have been considered and implemented as appropriate.

Assessment of Staffing Levels, Skill Sets, Education, and Experience

The auditor's recommendation also focused on the staffing levels, skills, education, and experience of System finance and accounting personnel. In order to perform the recommended self assessment, a review of the entity's organization structure is necessary to identify the departments to be assessed. To be most responsive to the focus of the external auditors, this review should focus on the controller/business affairs, budgets and fiscal planning units within the finance and administration division of the institution.

While the president of the University is responsible for leading and facilitating the review, the vice president for finance and administration is primarily responsible for conducting the review, and should work with department heads of specific areas selected for review to perform the following:

- Validate the department's mission and objectives, confirming that the following specific responsibilities are included in both the finance and administration and the controller/business affairs division mission and objectives:
 - Develop and maintain a sound internal control structure,
 - Ensure that the financial statement of the University is prepared in conformity with GAAP (Generally Accepted Accounting Principles) and OUS policies are included in the department's mission and objectives.
- Assess the department's organization structure against its mission and objectives confirming that the controller, business affairs, budget, and financial planning units are appropriately segregated
- Assess the skill sets, education, training, and experience of departmental personnel against both its organization structure and its mission and objectives, ensuring that the combination of these attributes possessed by key personnel is appropriate.

- Evaluate whether the department has adequate human and financial resources to ensure the effective and efficient attainment of its mission and objectives.
- Develop an action plan to appropriately address any deficiencies noted.

RESULTS OF PSU'S REVIEW

Assessment of Certain Control Environment Attributes

PSU's self-assessment focused on the following key control elements:

- Risk Assessment
- Integrity and Ethics
- Organizational Structure
- Assignment of Authority and Responsibility
- Competency of Personnel
- Training, Communication and Information Dissemination
- Continuous Monitoring and Improvement

A review of PSU's policies, procedures, training programs, and campus communications related to ethics, internal controls, and the control environment was performed. The review noted the following:

- PSU established a University Policy Committee (UPC) in Summer 2011. Chaired by PSU's General Counsel, the committee is charged with review, development, and dissemination of institution-wide policies. The UPC is currently in the process of reviewing and updating all existing policies and has established a formal process for submission, review and promulgation of new policies.
- links to financial and control policies are prominently displayed on PSU's finance and administration website and the human resources website. policies available include:
 - Code of Ethics Policy
 - Conflicts of Interest Policy
 - Office of Information Technology Acceptable Use Policy
 - Information Security Policy
 - Professional Standards of Conduct Policy
 - Drivers License and Criminal Background Check Policy
 - Links to the Oregon Administrative Rules, Oregon Revised Statutes, and OUS Policies
- The president has disseminated a memo to the campus emphasizing the importance of promoting and maintaining a safe and ethical workplace. The memo includes references and links to the Code of Ethics Policy, Conflicts of Interest Policy, Financial Irregularities Policy, and Information Security Policy (Exhibit A). In addition, the vice president for

finance and administration disseminated a memo to the campus on May 12, 2011, emphasizing the importance of promoting and maintaining a safe and ethical workplace.

- Portland State University uses a multi-dimensional approach to risk mitigation and dissemination of information regarding internal controls:
 1. The University has an established process for budget development and monitoring (<http://www.pdx.edu/budget/budget-process>). This process includes consultation with academic, auxiliary, administrative and support units, the Council of Academic Deans, Faculty Senate Budget Committee, FADM Council, and the President's Executive Committee.
 2. Trainings for University personnel are conducted on a frequent and recurring basis. Each training class covers relevant ethics and internal control issues, including segregation of duties, proper budget authority, safeguarding of assets, proper review and approval, and reconciliation responsibilities and guidelines. Specific topics covered include Travel Administration, Purchasing, Procurement, and Contract Administration, Fixed Asset Management, Procurement Card Administration, Compliance Issues for Deans and Department Chairs, Payroll Administration, Personnel Management and Employee Evaluation, Year End Financial Statement Closing, Post Award Administration, and Financial Reporting. These trainings include information on key control elements and policies, as well as employee expectations and responsibilities related to financial integrity and internal control. A list of current training opportunities may be found at <http://www.pdx.edu/hr/training-development>.

The OUS Internal Control Environment Self Assessment noted the possible need for additional technical training for the campuses. Portland State collaborates with the Chancellor's Office and the other campuses on policy development and looks to the Chancellor's Office for policy interpretation. Our assessment noted that while such collaboration is critical, specific campus based trainings are most effective when presented by campus leadership. We will continue to work with the Chancellor's Office to coordinate training materials and incorporate them into PSU's campus training.

3. Professional groups for fiscal administration and networking have been established and meet on either a quarterly or bi-monthly basis. These include a Budget Officers Group, a Financial Management Group, a Human Resources Associated Staff Committee, and Research Administration Professionals group. In addition to training, networking and discussion of relevant topics and administrative changes, these groups provide valuable feedback and input on control issues and policy development.

4. Newsletters, on-line trainings, and prominent web-site displays of policies and procedures are used to provide ready access and continual reinforcement of proper procedures and the importance of ethics and the control environment.
5. New Employee Briefings are conducted semi-monthly throughout the year for incoming personnel. These briefings orient incoming personnel to University policies, procedures, and requirements including Oregon's ethics and conflict of interest laws, PSU's professional standards of conduct, and procurement and payment requirements.
6. Campus-wide Administrative Briefings are held quarterly for University administrative personnel. These briefings provide a forum for presenting and disseminating changes in University policy, as well as emphasizing procedures, processes and internal controls.
7. Automated exception reports from the University's Finance and Human Resource systems have been developed and are produced and monitored on a daily basis. These reports are designed to detect possible control weaknesses, inadequate segregation of duties and possible financial irregularities.
8. The PSU Information Security Policy and Acceptable Use Policy are acknowledged by all PSU account holders both during on-line account creation and subsequently at every 180-day mandatory password reset. Each account holder must acknowledge receipt and agree to the terms of the policies. It is noted that policy comprehension could be further improved via systematic training. Online training could be provided via expansion of the use of existing platforms currently used for Harassment and Discrimination Awareness training.

Assessment of Staffing Levels, Skill Sets, Education, and Experience

The auditor's recommendation also focused on the staffing levels, skills, education, and experience of finance and accounting personnel within the organization. In order to perform this portion of the self assessment, a review of the entity's mission, organization structure and staffing was completed. PSU's review focused on the control, business, budgets and fiscal planning units within the Office of Finance and Administration (FADM) and included the following:

- Assessment of each department's organization structure against its mission and objectives, confirming that the business, budget and fiscal planning processes are appropriately staffed and segregated;
- Assessment of the skill sets, education, training, and experience of departmental personnel against the department's mission, responsibilities and objectives, ensuring that the combination of attributes possessed by key personnel is appropriate;

- Evaluation of the department's human and financial resources to ensure the effective and efficient attainment of its mission and objectives.

As part of PSU's review process, the following areas were assessed:

- Office of the Vice President
- Finance and Controller
- Business Affairs
- Budget & Planning
- Human Resources
- Information Technology
- Auxiliary Services
- Facilities & Planning

Mission Validation

Portland State University's mission is to enhance the intellectual, social, cultural, and economic qualities of urban life by providing access throughout the life span to a quality liberal education for undergraduates and an appropriate array of professional and graduate programs especially relevant to metropolitan areas. The University conducts research and community service that support a high quality educational environment and reflect issues important to the region. It actively promotes the development of a network of educational institutions to serve the community.

The Office of Finance and Administration (FADM) supports instruction and research while providing leadership in finance, technology, facilities, and student services. The culture of FADM is one of service to the campus. Its essence is partnership with faculty, staff, students, and the community to create a vibrant, sustainable environment for living, learning, and working.

The appropriateness of the above mission statements for both the University and FADM were confirmed. Position descriptions for key personnel were reviewed and modified to incorporate specific responsibilities for developing and maintaining an internal control structure, the integrity of financial records, compliance with applicable laws, regulations, and professional standards, and conformance with Generally Accepted Accounting Principles.

Organization Structure

The organization structure of FADM was reviewed to assure that the responsibilities for accounting, payroll, and financial reporting are vested in individuals separate from those responsible for budgets and fiscal planning (Exhibit B). Based on this review, the organization structures within FADM were evaluated as adequately segregated and aligned with supporting the missions of both the University and FADM.

Skill Sets, Education, Training, and Experience

Education, training and experience of senior leadership within FADM was compiled and evaluated, with particular emphasis on comparison of position descriptions and responsibilities to the education, experience, and skill set of administrative personnel. Position descriptions for the vice president of finance and administration, the associate vice president for budget and planning, the associate vice president for finance and controller, and the director of business affairs were reviewed and are attached as Exhibit C. Each of these employees possessed appropriate and relevant undergraduate and/or graduate degrees and experience. Of the senior leadership within FADM, seven have advanced degrees, two have active CPA licenses, and two have inactive CPA or CIA licenses. In addition, the senior leadership has an average of 15 years of experience within higher education.

Human and Financial Resources

Human capital is one of PSU's most significant assets. Over 70 percent of the institution's expenditures are devoted to teaching, research, and support personnel. A review of the institutions fiscal staffing, particularly within FADM, noted the following:

- PSU has seen major organizational changes in the past 18 months. The majority of these changes were designed to re-align resources with the University's mission and strategic initiatives. Examples include the creation of an Enrollment Management function, establishment of a vice president for research and strategic partnerships, and creation of a separate associate vice president/CIO position. Management is taking the opportunity to review position descriptions and re-align fiscal personnel and controls in light of these organizational changes.
- PSU's focus is to develop an infrastructure to support the University's mission and growth. This requires the attraction and retention of qualified personnel and minimization of employee turnover. This is challenging given PSU's urban environment.
- Recurring budget reductions have continued to shrink administrative support services to preserve resources for student teaching, research and institutional mission. This presents several challenges including:
 - Maintaining sufficient staffing levels to ensure an adequate control environment and fiscal integrity.
 - Responding to increased compliance and regulatory changes within current staffing levels.
 - Providing opportunities for staff to attain continuing professional education and development, and network with other professionals in their fields.
 - Monitoring geographical salary equity, to remain competitive and to attract and retain outstanding faculty, researchers, administrators, and technical employees.
 - Monitoring of daily workloads.
 - Pursuing efficiencies to accommodate increased workloads while minimizing impact on staffing levels and control infrastructure.

Additional Factors for Consideration:

The review also noted the following:

- With the exception of auxiliaries and facilities, budget development, monitoring, and financial and business processes at the University are largely decentralized. Management is in the process of developing a more analytical (as opposed to transactional) approach to central review and monitoring to ensure integrity of financial information. As part of this review, management is also re-evaluating authority and responsibility, departmental staffing, training materials and delivery methods to enhance campus wide competency.
- PSU is in the process of implementing an enhanced data warehouse and reporting tools to assist management with strategic decision-making and compliance monitoring. Phase I of the project is nearing completion, and will enhance the standardized fiscal and operational reports available to campus users. Phase II will enable enhanced ad hoc reporting for business process improvement, strategic planning, monitoring, and targeted analysis.
- Research administration and financial processing for individual grants and contracts is very decentralized. Pre- and Post-Award administration were combined in fiscal year 2011 in an effort to streamline and reduce fragmentation of grant and contract business processes. As part of this effort, Research Administrative Professionals (RAPS) were designated within departments involved in a significant amount of research, to assist with fiscal processing, financial monitoring, and compliance. Research administration is continuing to evaluate personnel qualifications, staffing levels, systems, and training required to support research at the institution.
- Separate fiscal offices exist for both facilities and planning and auxiliary services. Leaders of these offices meet regularly with the associate vice president for budget and the associate vice president for finance to coordinate budgets and business processes and financial reporting. Senior financial management within each of these departments has over 10 years of relevant experience within higher education finance.
- The University has a University District Framework Plan that defines campus needs and guides campus long range capital planning and a Climate Action Plan that speaks to long range energy, transportation, and sustainability goals. Rapid expansion of campus infrastructure over the past 10 years has resulted in significant increases in retail tenants as well as complex ownership structures, including tenancies in common, condominium associations, and land lease. To assist with management of these entities, the University has established a Planning, Sustainability, and Real Estate division within Finance and Administration. This division contracts with a property management firm for administration of lease and retail within the University, and is working with OUS to develop a 10-year Capital Plan that will meet both campus needs and evolving legislative expectations for capital request detail.

- The University is in the process of developing a new budget model for Portland State. This process is on-going, with a goal of completing transition to a new model by Fiscal Year 2013-14.
- Passage of Senate Bill 242 has the potential to significantly impact budgeting and business processes throughout the University. The director of business affairs is currently chairing a Process Improvement Committee to identify opportunities for streamlining and improving business processes throughout the University.

EXHIBIT A**MEMORANDUM**

TO: Portland State University

FROM: Wim Wiewel, President

DATE: January 17, 2012

SUBJECT: Promoting an Ethical and Secure Workplace

As Oregon's only public urban research university, PSU has a deep commitment to pursuing our mission of teaching, research and service in a manner that promotes the best interests of our greater community and region. In pursuing our mission, however, we also have a responsibility to do so in a manner that evinces the highest standards of ethical behavior so that the university's stakeholders may have confidence in the integrity of PSU. To this end, as President of PSU, I have the duty to share the following information with all of you on an annual basis in support of PSU's program of Financial Integrity and Internal Controls.

All of us share responsibility for ensuring that the University conducts its business in ways that are ethical, honest and reflect sound fiduciary practices. The success of the institution rests with each and every employee's observance and commitment to these values. How we interact with our customers, partners and the community impacts our effectiveness and success as an institution.

The institution requires all PSU employees to act in a manner that is consistent with public trust. In support of these values, it is important that all PSU employees read, understand and uphold the key laws, rules and policies that are intended to help ensure that we meet these core goals. These include:

- ORS Chapter 244, which codifies ethics and conflict of interest policies that you are required to follow as you conduct Portland State University Business. See the guide for public officials at http://www.oregon.gov/OGEC/docs/Public_Official_Guide/2010-10_PO_Guide_October_Final_Adopted.pdf
- The OUS financial irregularities policies that sets forth your responsibilities regarding and the process for reporting known or suspected financial irregularities. See the policies at: <http://www.ous.edu/dept/cont-div/fpm/audi-10-100> and <http://www.pdx.edu/sites/www.pdx.edu/fadm/files/Fiscal%20Irregularity%20Policy%20Revised.pdf>. A link to the OUS Fiscal Irregularity Reporting Hotline has been provided on the PSU Business Affairs website at: <http://www.pdx.edu/bao/formpolicies>
- The OUS and PSU information security policy that sets forth your responsibilities relating to the security of electronic information systems and confidentiality of data. See the policy at

<http://www.ous.edu/dept/cont-div/policy/cobpp/10-01> and
http://www.oit.pdx.edu/Info_Sec_Policy

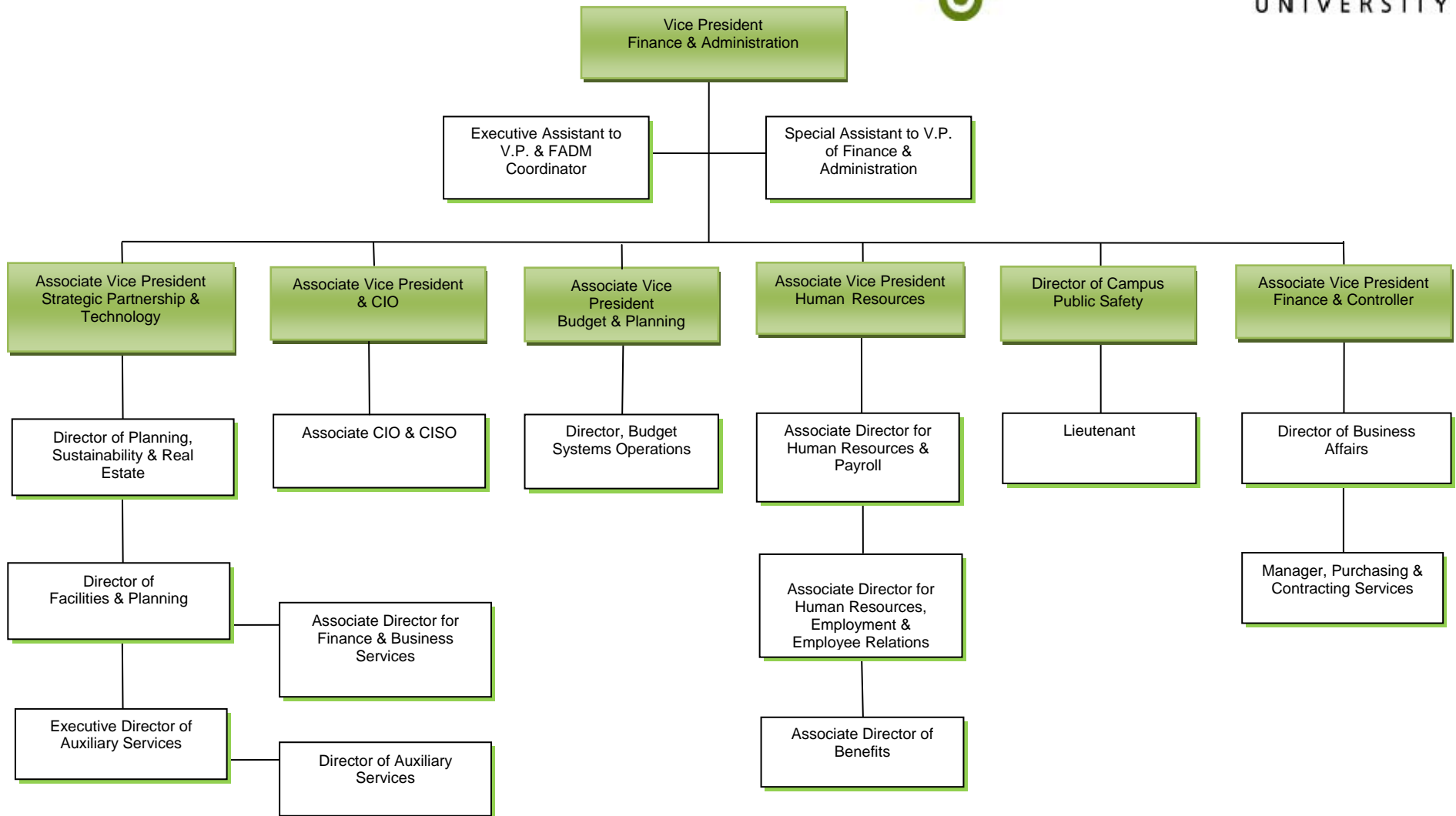
As a further resource, a more comprehensive listing of state laws and rules, as well as board and OUS policies that guide our operations can be found at

http://www.ous.edu/state_board/polipro

All Portland State employees are responsible for understanding and complying with ORS 244, applicable government regulations, and Chancellor's Office, OUS and PSU policies. As PSU employees, we also have a responsibility to raise compliance and ethics concerns through our established channels. This is the way to ensure that Portland State University continues to be a great organization of great people.

If you have any question regarding any of these policies, please feel free to contact the Vice President of Finance & Administration, Monica Rimai, at monica.rimai@pdx.edu. Thank you.

EXHIBIT B
PSUFINANCE & ADMINISTRATION



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EXHIBIT C

Portland State University
Unclassified Position Description

Working Title: Vice President for Finance and Administration
 Department/Org: Finance and Administration
 Employee Name: Monica Rimai
 Reports to: University President
 Actual FTE: 1.0

New Position Revised Date: July, 2011 Exempt (from Overtime)

Non-Exempt

General Description of the Position

The Vice President for Finance and Administration is a member of the President's Executive Committee, and plays a major leadership role in shaping the University's future. The Vice President is responsible for the institution's financial, human resource, and administrative management, including supervision of staff engaged in collective bargaining, human resources, controllership, financial management and reporting, auxiliary services, facilities, campus public safety, information technology and operating and capital budgets.

Description of Specific Duties

The Vice President for Finance and Administration shall be responsible for the following duties:

- Providing vision and leadership for the direction of the University. The Vice President works with other members of the Executive Committee to develop and implement strategies that further the institution's reputation as a model urban university. This individual must build and leverage collaborative relationships with faculty, staff, students, legislators, business leaders, and governmental officials. The Vice President must be committed to the academic mission of a rising urban university and embrace Portland State University's motto, "Let Knowledge Serve the City."
- Managing fiscal processes and strategic budgeting. The Vice President must be knowledgeable of sources of public financing at city, state, and federal levels. The Vice President is responsible for the fiscal health of the University, and must ensure the existence of systems and processes that:
 - ensure proper development and monitoring of operating and capital budgets;
 - maintain fiscal stability and integrity;
 - ensure an effective internal control structure;
 - maintain fiscal and accounting procedures, standards, and policies, that ensure that the University's accounting records and financial reports are maintained in conformity with Generally Accepted Accounting Principles;

- Overseeing Business Affairs, Budget, Facilities, Information Technologies, Human Resources, Auxiliary Services, and Public Safety. The Vice President creates and maintains vitality among and between the above diverse set of functions. Accordingly, this individual must exercise:
 - Critical thinking and accurate assessments of risk to develop entrepreneurial and creative responses to funding challenges, including successful financial partnerships and ventures;
 - the highest level of integrity, fairness and ethics while managing multiple and sometimes contradictory demands and expectations;
 - A deep appreciation for the value of diversity, the expertise and opinions of others, and the complexity of student culture in a large urban university;
 - Demonstrated skills for leading change in a dynamic environment using persuasion rather than prescription to articulate vision, build teamwork, and motivate others to achieve desired outcomes;
 - extensive management experience, including oversight of collective bargaining
 - leadership in the area of process improvement.

- Representing the University's interest in city and regional transportation and land use planning. The Vice President's role in representing the significant impact the University has on the community is of paramount importance. The evolving campus of Portland State University occupies one of the largest footprints in the heart of downtown Portland. Rapid enrollment growth, expansion of on-campus housing, strong ties to regional transit, and a vibrant downtown all combine to make the development of housing, retail, and related service businesses a key responsibility of this position.

- Presenting budgets and initiatives to stakeholders such as the State Board of Higher Education, legislature, and Foundation Board.

Affirmative Action and Diversity Responsibilities

Responsibility to support progress in the elimination of past and present discrimination includes: complying with policies, procedures, and practices that promote affirmative action, equal opportunity, and diversity; encouraging employees to know, understand, comply with and support equal employment, affirmative action, diversity and inclusion of a multicultural workforce; fostering an environment supportive of affirmative action efforts related to recruitment, selection, promotion, transfer, and training; monitoring workplace conditions to prevent unlawful discrimination and harassment of employee; assisting Human Resources and Purchasing/Contract Services by identifying areas of concern and developing and implementing strategies for resolution.

Experience and Education Required (Minimum Qualifications)

- Ph. D. or Master's or terminal degree with progressive leadership and management responsibilities in complex and dynamic environments.

Special (Preferred) Qualifications

- Experience in large public organizations

Working Conditions

Based on criteria under OAR 580-023-0111(5), it has been determined that this position is a critical or security sensitive position that requires a criminal background check.

Portland State University
Unclassified Position Description

Working Title: Associate Vice President of Budget and Planning
 Department/Org: Budget Office/Finance and Administration
 Employee Name: Michael Fung
 Reports to: Vice President of Finance and Administration
 Actual FTE: 1.0

New Position Revised Date: Exempt (from Overtime)
 Non-Exempt Job Group:

General Description of the Position

The AVP Budget and Planning reports directly to the vice President of Finance and Administration and has primary responsibility for the University's budget functions. The position requires strong financial planning and resource management experience as well as the ability to identify practical implications of new financial strategies.

Description of Specific Duties

- Coordinating and administering all aspects of programs and activities associated with the University's budget
- Coordinating and University's external budget process, including preparation and review of operating and capital budget requests, for the Oregon University System and Oregon State Board of Higher Education
- Supervising and assisting in the development, preparation and presentation of internal and external budget materials
- Preparing and analyzing summarizations pertaining to major reporting areas
- Making recommendations to the Vice President of Finance and Administration concerning budgets and assuming responsibility for the appropriate use of funds
- Providing leadership in maintaining quality staff through recruitment, development and retention
- Serves as liaison with faculty, staff, and student users
- Oversee the preparation of annual operating budgets and presentation of the same to Deans and Directors
- Provide budget advice to the president, provost, and vice presidents, vice provosts, deans, and directors
- Integrate University plans (e.g. strategic plan, development plan, enrollment plan, capital construction plan and technology plan) with budget strategies

- Work closely with vice provost for academic personnel and budget in all academic budgetary and planning matters
- Serve as the University's financial representative in labor relations activities/union negotiations

Core Competencies

Affirmative Action and Diversity Responsibilities

Responsibility to support progress in the elimination of past and present discrimination includes: complying with policies, procedures, and practices that promote affirmative action, equal opportunity, and diversity; encouraging employees to know, understand, comply with and support equal employment, affirmative action, diversity and inclusion of a multicultural workforce; fostering an environment supportive of affirmative action efforts related to recruitment, selection, promotion, transfer, and training; monitoring workplace conditions to prevent unlawful discrimination and harassment of employee; assisting Human Resources and Purchasing/Contract Services by identifying areas of concern and developing and implementing strategies for resolution.

Experience and Education Required (Minimum Qualifications)

- Bachelors degree in accounting, finance, or other business-related field
- Minimum of four years recent applicable experience in financial/budget management, with at least two years in a significant management role
- Comprehensive knowledge of budget modeling and forecasting techniques
- Ability to develop and articulate a strategic resource management
- Excellent analytical, communication, and interpersonal skills
- Ability to develop and deliver persuasive presentations to legislators, regulators, and other constituencies
- Creativity, vision, and sensitivity to the multi-faceted nature of a university environment
- Ability to lead, organize, coordinate, and supervise professional staff

Special (Preferred) Qualifications

- Masters degree in accounting, finance, or other business-related field
- Prefer that financial/budget management experience be in higher education
- Experience with labor relations/union environments

Working Conditions

Based on criteria under OAR 580-023-0111(5), it has been determined that this position is a critical or security sensitive position that requires a criminal background check.

Portland State University
Unclassified Position Description

Working Title: Association Vice President for Finance and Controller
 Department/Org: Finance and Administration
 Employee Name: Dee Wendler
 Reports to: Vice President for Finance and Administration
 Actual FTE: 1.0

New Position Revised Date: July, 2011 Exempt (from Overtime)

Non-Exempt Job Group:

General Description of the Position

The Associate Vice President for Finance & Controller (AVPC) reports directly to the Vice President for Finance & Administration (VP FADM). The AVP provides financial planning and policy for the institution, including financial reporting, internal control structure, compliance with GAAP and GAAS, finance system administration and security. The position works closely with other AVP's and Directors, providing consultation and collaboration on joint projects and policy development. The position serves as the lead contracts officer for the University, working closely with the Department of Justice and PSU legal counsel on contracting, compliance, leasing, and real estate development agreements. Offices directly supervised by the AVP include Purchasing and Contracting, Business Affairs, Financial Aid, Bursar, Treasury Operations, Purchasing, Contracting and Procurement Services, Risk and Liability Management, Post Award Administration, Departmental Service Centers, and Continuous Process Improvement.

Description of Specific Duties

- Oversight of all University finance operations and annual financial reports;
- Direct management of a budget in excess of \$7 million and a staff of over 75 employees (excluding students);
- Fiscal oversight of Auxiliary and Facilities financial transactions and reporting, including service departments, capital projects, debt schedules and maintenance plans;
- Development and implementation of campus wide fiscal policies, procedures, internal controls and financial systems,
- Management of internal, external, and federal audits;
- Coordination and approval of campus property management agreements, construction financing, leasing, bonding, debt service, real estate acquisition & disposition, and condominium administration;
- Direct management of the Business Office, including Bursar, Student Account, Accounts Payable, Fixed Assets, Travel, Accounting Administration;
- Direct management of Purchasing and Contracting Services;
- Financing and coordination of debt management for capital construction and capital acquisition projects in excess of \$50 million per biennium;
- Negotiation of co-enrollment, international exchange, and outreach/partnership agreements;
- Risk Management, including insurance procurement (domestic student health, international student health, and athletic camp insurance), mitigation through policy development,

- physical improvements, and contract administration;
- Oversight of the annual fiscal closing of the books and financial statement preparation;
- Oversight of post award administration for research and sponsored projects (over 600 active awards in excess of \$40 million)
- Oversight of Continuous Process Improvement teams and processes
- Special projects, as requested.

Core Competencies

- Strategic planning & organizational leadership
- Audit compliance & coordination
- Infrastructure & facility management
- Financial Policies and Internal Control Development
- Post award research administration
- Auxiliary management, budgeting, and capital planning
- Financial Aid administration
- Project management
- Process re-design
- Continuous process improvement
- Treasury management
- Fiscal strategy & policy development
- Risk management
- Property management, leasing and real estate
- Procurement and contracting
- Capital management and fiscal planning
- Indirect cost negotiation and DS-2 Statement development
- NCAA athletics reporting

Affirmative Action and Diversity Responsibilities

Responsibility to support progress in the elimination of past and present discrimination includes: complying with policies, procedures, and practices that promote affirmative action, equal opportunity, and diversity; encouraging employees to know, understand, comply with and support equal employment, affirmative action, diversity and inclusion of a multicultural workforce; fostering an environment supportive of affirmative action efforts related to recruitment, selection, promotion, transfer, and training; monitoring workplace conditions to prevent unlawful discrimination and harassment of employee; assisting Human Resources and Purchasing/Contract Services by identifying areas of concern and developing and implementing strategies for resolution.

Experience and Education Required (Minimum Qualifications)

- Bachelor's degree in business and/or accounting
- Minimum 10 years direct experience in financial, accounting, and/or controller functions in a university environment
- Extensive knowledge of accounting standards, business practices, statues, regulations and policies pertaining to financial management of universities
- Excellent writing and speaking skills
- Excellent human relations skills

Special (Preferred) Qualifications

- Masters degree in business and/or accounting
- Campus based experience
- Familiarity with OUS system

Working Conditions

Based on criteria under OAR 580-023-0111(5), it has been determined that this position is a critical or security sensitive position that requires a criminal background check.

Portland State University
Unclassified Position Description

Working Title: Director of Business Affairs
 Department/Org: Business Affairs Office/Finance and Administration
 Employee Name: Sandra Burris
 Reports to: Associate Vice President of Finance and Controller
 Actual FTE: 1.0

New Position Revised Date: Exempt (from Overtime)
 Non-Exempt Job Group:

General Description of the Position

The Director of Business Affairs (BAO) serves as the chief business officer for the University. This hands-on position reports to the Associate Vice President of Finance and Controller and is responsible for the development and implementation of administrative and fiscal policies and procedures both within BAO and throughout the University. Additionally, the Director promotes and implements goals, policies, and directives of the University and the Oregon University System (OUS).

Working with department and colleges the Director structures effective and efficient policies, internal controls, and automated systems to serve the campus and to ensure the integrity of financial records and reporting systems. Key liaison relationships include the Offices of Financial Aid, Student Affairs, Admissions and Records, Auxiliary Services, Facilities and the Oregon University Systems (OUS) Controller's Division.

The Director supervises professional and support staff and oversees an annual operating budget of \$4.5 million.

Description of Specific Duties

- Directly supervises and maintains quality control of the following areas: accounts payable, accounts receivable, bursar, cashiers, student accounts, travel, fixed assets,

general ledger and departmental accounting, post award administration, and procurement cards.

- Coordinates fiscal year end close and prepares campus information to be included in the university system consolidated financial statements.
- Ensures compliance with Payment Card Industry (PCI) compliance standards.
- Prepares and provides accurate and timely information to internal and external constituencies including external auditors.
- Promotes and ensures integrity of the enterprise accounting system including all auxiliary financial systems.
- Plans, evaluates and organizes work to maximize efficiency and to effectively use University resources.
- Provides effective management, professional support and development of BAO staff.
- Develops and implements accounting policies, fiscal reporting systems and services consistent with NACUBO, GASB, AICPA, OMB, and GAAP standards.
- Ensures sound, ethical, and compliant business practices and works proactively with university constituencies to develop, implement, and improve policies and establish best practices.
- Serves on University and Oregon University System committees.
- Acts as a liaison with Facilities Accounting, Auxiliary Accounting, Financial Aid, Student Affairs, Athletics, and Admissions and Records.
- Provides leadership for implementation of university financial controls and systems and utilizes monitoring and assessment techniques to enhance management and system integrity.
- Works collaboratively with campus units to establish effective policies, fund structures, and cost accounting techniques to enhance financial reporting.
- Collaborates with the Oregon University System staff to enhance utilization of enterprise financial systems.
- Participates in special projects and other duties as assigned.

Core Competencies

Affirmative Action and Diversity Responsibilities

Responsibility to support progress in the elimination of past and present discrimination includes: complying with policies, procedures, and practices that promote affirmative action, equal opportunity, and diversity; encouraging employees to know, understand, comply with and support equal employment, affirmative action, diversity and inclusion of a multicultural workforce; fostering an environment supportive of affirmative action efforts related to recruitment, selection, promotion, transfer, and training; monitoring workplace conditions to prevent unlawful discrimination and harassment of employee; assisting Human Resources and Purchasing/Contract Services by identifying areas of concern and developing and implementing strategies for resolution.

Experience and Education Required (Minimum Qualifications)

- Bachelors degree from an accredited university in accounting or a related field
- Four years of progressively responsible experience in finance and accounting with emphasis of fund accounting

- Four years of supervisory experience
- Strong analytical skills and advanced expertise with Microsoft Office software and enterprise financial systems such as Banner SunGardSCT
- Outstanding financial expertise
- Broad and thorough knowledge of GAAP, and an understanding of both state and federal regulations related to finances and accounting.
- Collaborative, service-oriented professional with the ability to develop strong working relationships with internal and external constituencies.
- Excellent verbal and written communication skills and ability to effectively communicate financial information to all levels of staff and the public.
- Higher education experience in a range of fiscal managerial assignments, including three or more years of demonstrated leadership and creativity in leading a complex and diverse organization.
- Valid motor vehicle driver's license required.

Special (Preferred) Qualifications

- Licensed as a Certified Public Accountant (CPA)

Working Conditions

Based on criteria under OAR 580-023-0111(5), it has been determined that this position is a critical or security sensitive position that requires a criminal background check.

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Internal Control Environment Self-Assessment



BACKGROUND

Included in Moss-Adams' "best practices" letter from the 2009-10 financial statement audit was a recommendation that the Board "obtain a self assessment of each institution's finance and accounting departments that focuses on staffing levels, skill sets, education, and experience of its personnel." This was in reference to the auditors concerns regarding the System's control environment.

As noted by OUS in its self-assessment, profound changes in the overall organization structure within the System have occurred over the past 15 years. These changes have significantly impacted the authority and responsibility of finance staff at all levels of the organization. In addition, further change is currently underway. The concern of the auditors stems primarily from those changes and potential future changes, not evaluations of specific employee performance or competence.

CONTROL ENVIRONMENT DEFINED

The control environment, as established by the University's administration, sets the tone and expectations for the organization and influences the control consciousness of its employees. Likewise, leadership within each department, area, or activity of the University establishes a local control environment. The control environment is the foundation for all components of internal control, providing discipline and structure. Control environment factors include:

- Integrity and ethical values;
- Management philosophy, expectations and operating style;
- Organizational structure;
- Assignment of authority and responsibility;
- Human resource policies and practices; and
- Competence and integrity of personnel.

ACTION PLAN FOR RECOMMENDED SELF -ASSESSMENTS

Assessment of Certain Control Environment Attributes

The institution president and the Chancellor will perform a self -assessment designed to help ensure that certain general policies and procedures are in place that foster a strong "tone at the top." The assessment process should ensure that:

- The ethics and conflict of interest policies codified by ORS 244 have been communicated to all personnel at least annually.
- The System's financial irregularities policy has been communicated to all personnel at least annually.
- The institution's information security policy has been communicated to all personnel at least annually.
- All System and institution policies are made available via the institution's web site as appropriate.
- At least annually, the institution president has communicated a "tone at the top" letter that emphasizes the importance of having good internal controls and compliance with procedures, policies, rules, regulations, and laws. The letter should also clearly assign the responsibility for internal controls and compliance upon each officer and employee. The letter should contain references to the applicable policies, procedures, regulations, and laws.
- All officers and selected staff have been trained on the basics of internal controls, where internal controls exist, and the importance of each employee's role in the internal control system. The level of training and education may vary depending upon the degree of responsibilities of the employee. Training should include familiarizing the employees in communicating improvements of internal controls as well as reporting possible waste, fraud, or abuse in conformance with applicable policies and procedures.
- An appropriate employee background check process is in place.
- An ongoing risk assessment and mitigation plan is in place.
- Other processes and procedures designed to foster a strong internal control environment have been considered and implemented as appropriate.

Assessment of Staffing Levels, Skill Sets, Education, and Experience

As noted above, the auditor's recommendation focused on the staffing levels, skills, education, and experience of System finance and accounting personnel. In order to perform the recommended self assessment, a review of the entity's organization structure is necessary to identify the departments to be assessed. To be most responsive to the focus of the external auditors, this review is focused on the Controller/Business Affairs and Budgets and Fiscal Planning units within the Finance and Administration (F&A) divisions of the Chancellor's Office and each institution.

The president of the University (the Chancellor for the Chancellor's Office) is primarily responsible for leading and facilitating this review. Chancellor's staff briefed the presidents on this project in August 2011 and provided high-level training regarding the COSO framework for internal control. The vice president for finance and administration (the vice chancellor for finance and administration for the Chancellor's Office) is primarily responsible for conducting this review. The vice president for finance and administration and the department head for each area selected in this process should perform the following:

- Validate the department's mission and objectives, confirming that the following specific responsibilities are included in both the Finance and Administration and the Controller/Business Affairs divisions mission and objectives:
 - Develop and maintain a sound internal control structure,
 - Ensure that the financial statements of the university are prepared in conformity with GAAP (Generally Accepted Accounting Principles) and OUS policies are included in the department's mission and objectives.
- Assess the department's organization structure against its mission and objectives, confirming that the controller/business affairs and the budgets and fiscal planning units are appropriately segregated.
- Assess the skill sets, education, training, and experience of departmental personnel against both its organization structure and its mission and objectives, ensuring that the combination of these attributes possessed by key personnel is appropriate.
- Evaluate whether the department has adequate human and financial resources to ensure the effective and efficient attainment of its mission and objectives.
- Develop an action plan to appropriately address any deficiencies noted.

Each institution and the Chancellor's Office will report the results of their self-assessments to the Board's Finance and Administration Committee, utilizing a standard reporting format developed by the Chancellor's Office.

RESULTS OF SELF-ASSESSMENT

Assessment of Control Environment Attributes

The President of WOU sent a letter to all faculty and staff discussing the importance of fostering a safe and ethical workplace environment and a financial irregularities letter. That letter (see Appendix A), included links to the following policies:

- Ethics and Conflict of Interest
- Financial Irregularities
- Information Security
- All other CO and System policies

The associate vice chancellor for finance and administration and controller provided high-level internal control training to the Chancellor and campus presidents in August 2011. Additionally, an internal control training session will be held winter/spring 2012 for all WOU relevant employees.

The training session will include the basics of internal controls, where internal controls exist, and the importance of each employee's role in the internal control system, and will discuss how to communicate recommended/implemented improvements of internal controls as well as how to report possible waste, fraud, or abuse in conformance with applicable policies and procedures. WOU looks to utilize the OUS training program and tailor it to meet our needs.

WOU has implemented an employee background check process pursuant to OAR 580-023-0106.

With the goal of continuously monitoring risks and to assess and implement risk mitigation strategies, the finance and administration (F&A) department will periodically include in its regular staff meetings an agenda item to identify and discuss emerging risk areas and plan for appropriate mitigation of those risks.

Annually, each department head within F&A will be asked to review their identified risks and related mitigation strategies and procedures to help ensure appropriate internal controls are in place. In addition, the internal control training noted above will be conducted for each new F&A employee within the first six months of employment and for all administrative employees every two years.

Assessment of Staffing Levels, Skill Sets, Education, and Experience

Mission Validation

The interim president met with the directors for business services, for budgets and payroll, and human resources to discuss the mission of the F&A department of WOU. The discussion centered on both the business affairs and budget functions, and the position descriptions of the vice president and directors were reviewed (see Appendix B). The specific missions of both divisions were confirmed and the position descriptions for those key positions were modified to incorporate specific responsibilities for developing and maintaining an adequate and appropriate internal control structure.

Organization Structure

The organization structure (see Appendix C) of the F&A department was reviewed by the interim president and directors to ensure that they adequately support the achievement of the unit's mission. The structures are appropriately segregated or mitigating control strengths exist to ensure that the responsibilities for accounting and financial reporting are vested in individuals separate from those responsible for budgets and fiscal planning. OUS Internal Audit has consulted with WOU administration advising that appropriate checks and balances must continue to be in place for the payroll function within the budget office and will conduct an internal control review during 2012.

The organization structures for both units were evaluated as adequately supporting their mission.

Skill Sets, Education, Training, and Experience

The skill sets, education, training, and experience of the interim president (serving in some capacities in support of F&A) and all employees within both the business affairs and budget and payroll organizations were compiled and evaluated in conjunction with their related position responsibilities. All employees, including the senior-level administrators, possessed appropriate

and relevant undergraduate and/or graduate degrees and experience where required. Of the 22 full-time filled positions within these units, 10 have bachelor's degrees, two have master's degrees, nine have either a bachelor's or master's degree in either accounting or business administration, and two have active CPA licenses. With the exception of the items noted below, the interim president, director of business affairs and the director of budget and payroll concluded that the skill sets, education, training, and experience of their staff are sufficient to support the mission of their respective departments.

1. The magnitude of financial activities by WOU requires that it have sufficient resources in processing various and voluminous transaction in accordance with appropriate accounting rules, reporting requirements, and strong internal controls. Those resources are stretched exceedingly thin to the point that priorities are often evaluated to determine actions to be taken. We have come to rely on OUS Internal Audit, Moss Adams external audit, and employees with deep experience to help identify risks and recommend actions to mitigate them. We believe that WOU does not currently possess sufficient resources for an organization of its size and complexity. Our judgment leads us to believe that quality change management initiatives, strategic financial planning analysis, and the opportunity to participate on important OUS initiatives are severely limited at WOU. Furthermore, we are concerned about the excessive workloads that are simply added to expectations as administrative positions are not filled – these employees work the longest hours, lose the most untaken vacation, and are among the most stressed in the organization.

Hopefully, should resources become available in the future, areas that have seen significant cuts should be restored to levels that provide adequate analysis for decision-making and to further strengthen internal control of assets.

Independent internal and external audits are routinely conducted on our campus each year. WOU is responsive to findings and implements recommendations appropriately and timely. Audit entities typically follow up with assessment of the implemented recommendations.

Taxation expertise is thin for WOU as it is within OUS. However, we believe the risk for WOU is minimal and any tax issues that arise cause WOU to seek external expertise. WOU supports an OUS coordinated approach to meeting needs on a Systemwide basis.

The VP for Finance and Administration is currently being held vacant for cost considerations and to allow the successor to the current interim president to staff the position the after the June 30, 2013, transition. During this time, a portion of those VP duties are being covered by Interim President Mark Weiss (formerly WOU Executive VP, F&A); other portions have been assigned out to the directors of business services and budget and payroll. The OUS Internal Audit Division (IAD) was consulted on the risks and controls associated with this structure and felt comfortable that adequate controls

could be established and in place. IAD did not perform a full review of delegation or segregation of duties.

2. The staffing within the areas under review is very experienced. Of the seven senior-level positions within WOU's finance and administration organization, four of the incumbents have 30+ years of relevant work experience and all have over 25+ years of relevant work experience. This increases the risk of significant turnover and loss of institutional knowledge in the near future. An issue that exacerbates this risk is that there are numerous distinct areas of technical expertise represented in a relatively lean organization, increasing the risk that the loss of a single individual will negatively impact ongoing operational responsibilities. In order to mitigate this risk, it will be important to ensure that for each position, up-to-date desk manuals are in place and maintained as appropriate, cross-training is performed where feasible, additional professional training is obtained, and that succession planning be made a priority. Additionally, it is important to enhance job satisfaction to help ensure retention of staff. (See Appendix D for the education and experience of the senior-level WOU finance office positions.)

In order to mitigate this risk, all directors will improve desk manuals and cross-training plans for all positions as appropriate, with priority given to those positions that are responsible for daily and monthly transaction processing and those that are of a highly technical nature. Succession plans and options for key positions will also be developed for F&A departments, providing resources are available. In addition, continuing education efforts will be targeted to support these initiatives, providing resources are available.

Other Topics Identified in the OUS Self-Assessment for Campus Consideration

1. *Adequacy of technical training, including Banner system training and accounting and budget training.*

WOU maintains adequate resources on-site to provide training in Banner accounting and budgeting. In addition, SunGard Systems provides training availability throughout the year on a broad range of user topics. The OUS Fifth Site, which provides IT support for the four smaller institutions, provides backup training resources if needed as does borrowed resources from the three large institutions, on a case-by-case basis. Adequate training for the accounting and budget processes is provided through a combination of cross-training of individuals, policy and procedure desk manuals, and consultation with the various other institutions at OUS functional meetings of business affairs officers, budget officers, and payroll personnel. Nevertheless, more formalized processes across all of OUS for training in these areas would be an asset, given availability of adequate personnel and budgetary resources.

2. *Adequacy of staffing of payroll and human resources office personnel.*

The smaller campuses have been asked to comment on the OUS statement that we “are challenged to maintain/retain adequate staffing of payroll and HR offices...” We have experienced some turnover at WOU in both the payroll and human resources areas but believe that capable and knowledgeable personnel, with appropriate credentials and internal control awareness have replaced departing personnel. Again, process documentation, cross-training, and available resources throughout OUS have proved sufficient to obtain full productivity in a short time period. A new payroll manager and support staff member quickly came up to speed to process approximately 1,500 faculty, staff, and student employees, including special rules under two labor union agreements. A new benefits person quickly came up to speed this fall and winter to serve the needs of the new PEBB programs.

3. *Adequacy of campus capital planning with campus strategic planning.*

WOU has just completed its most recent campus master capital plan, which includes consideration of the campus strategic plan and the state’s 40-40-20 initiatives. That plan provides for approximately 4-5 percent annual FTE enrollment growth, which amounts to 2 percent, implicit in the 40-40-20 goal plus 1,000 students. That plan may be found at: <http://www.wou.edu/admin/plant/MasterPlan/mpdraft.pdf> . Pages 4 and 5 of that plan address the overarching OUS Systemwide priorities and how the WOU Plan addresses them. Page 10 addresses the university’s core mission.

APPENDIX A*Fostering an Ethical and Secure Workplace/Financial Irregularities Letter*

Dear Faculty and Staff: Please take a few minutes to review the 2012 WOU annual work ethics letter linked below, including concerns about financial irregularities - and please share with student employees as well.

http://www.wou.edu/president/documents/ethicsletter_000.pdf

See following:

Please direct any questions to your supervisor or relevant area. Thank you, Mark Weiss



Subject: Fostering an Ethical and Secure Workplace

Western Oregon University aspires to be a great University, **and our success depends on you**. It depends on people who innovate and are committed to improving our outcomes responsibly, people who dedicate themselves to satisfying customers, helping partners, and improving the communities in which we do business; people who are accountable for achieving big, bold goals **with unwavering integrity**, people who are leaders, who appreciate that to be truly great, we must continually strive to do better ourselves and help others improve.

We must expect the best from ourselves because of whom we are as a University, and as individuals, it is as important as our ability to deliver the best educational outcomes. How we manage our business internally—and how we think about and work with customers, partners, governments, vendors and communities—impact our productivity and success. It's not enough to just do the right things; we have to do them the right way. All WOU employees are entrusted with the public assets and with that comes a responsibility to be prudent stewards and to safeguard, preserve and protect these funds and this trust. We take these responsibilities seriously.

In order to support these values, it is important that all WOU employees read and understand the key laws, rules and policies that are intended to help ensure that we meet these core goals. These are:

- ORS Chapter 244, which codifies ethics and conflict of interest policies that you are required to follow as you conduct WOU business. See the guide for public officials at http://www.oregon.gov/OGEC/docs/Public_Official_Guide/2010-10_PO_Guide_October_Final_Adopted.pdf
- The *financial irregularities policy* that sets forth your responsibilities regarding and the process for reporting known or suspected financial irregularities. Access the policy at <http://www.wou.edu/admin/business/financialconcerns.php>
- OUS *information security policy* that sets forth your responsibilities relating to the security of electronic information systems and confidentiality of data. See the policy at http://www.wou.edu/ucs/policy/AAinformation_security_manualv1.0.pdf

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- The WOU *student records policy* including the Family Educational Rights and Privacy Act (FERPA) provides guidelines for maintaining the confidentiality of education records and monitoring the release of information from those records. Access this information at http://www.wou.edu/provost/registrar/privacy_students.php

As a further resource, a more comprehensive listing of state laws and rules, as well as board, OUS and WOU policies that guide our operations can be found at:

- http://www.ous.edu/state_board/polipro and
- <http://www2.wou.edu/pls/wou2/policy.woupolicy.main>

All WOU employees are responsible for understanding and complying with ORS 244, applicable government regulations, and WOU and OUS policies. As WOU employees, we also have a responsibility to raise compliance and ethics concerns through our established channels. This is the way to ensure that WOU is and continues to be a great organization of great people.

If you have any questions regarding any of these policies, please ask your supervisor for clarification or for a resource who can respond to your question.

Thank you for your attention to this important topic,



Mark Weiss

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APPENDIX B**POSITION DESCRIPTIONS****AFFIRMATIVE ACTION AND DIVERSITY RESPONSIBILITIES**

Responsibility to support progress in the elimination of past and present discrimination includes: complying with Western Oregon University policies, procedures, and practices that promote affirmative action, equal opportunity, and diversity; encouraging employees to know, understand, comply with and support equal employment, affirmative action, diversity and inclusion of a multicultural workforce; fostering an environment supportive of affirmative action efforts related to recruitment, selection, promotion, transfer, and training; monitoring workplace conditions to prevent unlawful discrimination and harassment of employee; assisting Human Resources and Purchasing/Contract Services by identifying areas of concern and developing and implementing strategies for resolution.

Western Oregon University

Working Title: **Vice President for Finance and Administration**



**Unclassified Professional Staff
Position Description**

Initial Date: Revised Date:

Purpose of the Position Description

- To record the essential functions of the position
- To record special requirements
- To record required knowledge and skills to perform the duties of the position
- To record special working conditions
- To aid in recruitment and selection
- To establish Management's expectations
- To provide a base for managing performance

Position Status

Incumbent's Name: Vacant –supported by Interim President and F&A Directors

Position Title: [Executive] Vice President for Finance and Administration

Position Number: E99686

Department/Division: President's Office

Type of Appointment: 12 mo. 9 mo. Other

Contract Period: July 1, 20XX– August 31, 20XX

Supervisor: President

Program Information

A. Describe the general program in which this position exists. Include program purpose, size, scope and relationship to the University's mission.

The primary responsibility of this executive is to maintain the fiscal health of the University and its programs while increasing the quality and efficiency of services provided in support of its academic agenda. Long-term goals include the continuing development and enhancement of relationships with all members of the President's Cabinet, all divisions of the University, and external constituents while creating a working environment that is professional, respectful and caring.

B. Describe the purpose of this position and how it functions within this program.

The Executive Vice President for Finance and Administration is the President's key executive officer for all issues related to the University's fiscal and ancillary operations.

The Executive Vice President, Finance and Administration oversees all non-academic activities including finance, investments, human resources, physical facilities, real estate and development, business services, administration, information technology, public safety and internal audit and compliance.

Position Information and Qualifications

A. Description of Duties/Responsibilities:

List **major** duties assigned to the position. Note the percentage of time each listed duty is performed. Place an asterisk (*) by each duty that represents an essential function.

- Leadership and Management of Policies, Systems, and Procedures
 - Directs the development of all business operating and administrative strategies, policies, procedures and practices that provide support for the academic and research mission of the University.
 - Ensures that all business operating organizations and functions are structured to optimize their effectiveness and provide excellent customer service.
 - Oversees the development of programs and working practices that promote a culture in the University that continuously strives for operational and

management improvement using state of the art processes and project management tools.

- Directs the development, acquisition and implementation of information technology systems that support the University's Human Resources, Financial and other operational activities.
- Directs the communication and implementation of all administrative policies campus-wide.
- Guides and assists the campus on the correct use of established policies and procedures.
- Budget Responsibilities
 - Supervises the planning and monitoring of annual department operating budgets.
- Oversight and Management
 - Serves as the senior source of advice, counsel and support in all areas of business operations for the campus.
 - Advises the President on all aspects of business operations and management including the effect of regulatory changes, and the most effective and efficient use of premises, equipment, administrative systems and people.
 - Works with University Advancement to represent the University with all external groups including legislators, local communities, the media, and alumni/donors.
 - Represents the University externally through memberships of various organizations and associations.

B. Required Qualifications:

List any certificates, licenses, academic degrees, or experience **required** to perform the duties of this position. Indicate if a combination of education and experience is acceptable.

- A master's degree in business administration, accounting, public administration, finance or other relevant discipline.
- Seven years of progressively responsible management experience.
- A thorough working knowledge of financial management practices and experience in computerized fiscal and business operations.
- Direct experience in the areas of strategic planning and capital programs.
- Outstanding organizational, interpersonal and advocacy skills.
- Outstanding ability to communicate effectively with internal and external groups.
- Knowledge of higher education administration - demonstrated knowledge of critical issues in higher education, including diversity, shared governance, collective bargaining and accreditation.

C. Preferred Qualifications:

Describe preferred education, experience, skills, licenses, certificates, and other qualification for this position.

- Direct management experience in higher education administration.
- Professional credentials, such as Certified Public Accountant.

D. Knowledge Areas:

List the major areas of knowledge that are **required** to perform the duties of this position.

- Fiscal management
- Personnel management
- University and state policies (OAR, and ORS)
- University management

E. Budget Authority:

Indicate the level of the position's responsibility for the development, control, and monitoring of budget. Indicate the size of the budget. Check all that apply.

Develops, monitors*, and controls* \$ WOU Budget
 Delegated authority to monitor budget \$ _____
 Limited approval authority for purchase \$ _____
 Purchase only with higher level approval \$ _____

*Monitor means to review and approve expenses; control means to authorize budget transfer at the department level.

F. Supervisory Authority:

If this position has the authority to act or effectively recommend action affecting employees in the follow areas, check all that apply.

Hire Transfer Discipline Dismiss Layoff Promote
 Assign work Recommend salary adjustments Approve requests (i.e., leave)
 Respond to complaints/grievances Conduct performance assessments
 Give direction

G. Positions supervised: all F&A positions

Number of Teaching Faculty _____ Total FTE: _____
 Number of Classified Staff _____ Total FTE: _____
 Number of Unclassified Staff _____ Total FTE: _____
 Student Employees (average per term) _____ Total FTE: _____

Other (specify) -- Position has the following organizational structure:

- 6 Directors – business affairs, budget & payroll, university enterprise computing, human resources & affirmative action, campus public safety, physical plant operations.
- 1 Administrative Assistant

H. Decision-Making Authority:

Describe the breadth and scope of decision-making authority and discretion the position has to formulate, implement, evaluate, approve and/or modify department/university policy, procedures, and/or programs. Describe the type of review and/or approval required by a higher level.

- Position must receive approval for implementation of major campus-wide policy changes or new policies. Approval is received from either the Provost or University President.
- Position has discretion to make decisions regarding implementation of policies and programs.

I. Additional Information:

List any additional information that would help describe the nature of the position. Attach appropriate Organizational Chart. (Attached elsewhere)

Position works closely with administrators in addressing campus issues.

_____	_____	_____	_____
Employee	Date	Supervisor	Date

Human Resources Use Only:

Date Received: _____ HRS Signature: _____

FLSA Status: Exempt from overtime Eligible for overtime
 Executive Administrative Professional

Comment: _____

Western Oregon University reserves the right to change this position description at any time.

Western Oregon University
 Working Title: **Director of Business Services**



**Unclassified Professional Staff
 Position Description**

Purpose of the Position Description

- To record the essential functions of the position
- To record special requirements
- To record required knowledge and skills to perform the duties of the position

- To record special working conditions
- To aid in recruitment and selection
- To establish Management's expectations
- To provide a base for managing performance

Position Status

Incumbent's Name: Darin E. Silbernagel
 Position Title: Director of Business Services
 Department/Division: Business Office
 Type of Appointment: 12 mo. 9 mo. Other
 Contract Period: July 1, 2011 to June 30, 2012
 Supervisor: Mark Weiss

Program Information

- B. Describe the general program in which this position exists. Include program purpose, size, scope and relationship to the University's mission.

The position is located in the Western Oregon University Business Office. The Director of Business Services is responsible for Business Office operations including accounts receivable, accounts payable, general accounting, purchasing and contracts, cashiering, Banner business operations, mailroom, print shop and oversight for the bookstore. The operation of the Office directly affects each of the institution's employees, students, and suppliers, student sponsors, some employees of other state agencies, and some members of the public. The Office's operations are vital to the independent operation of the institution. The Business Office has seventeen employees, excluding students and temporary hires.

- C. Describe the purpose of this position and how it functions within this program.

The Director of Business Services is responsible for the day to day activities of the Business, Mailroom and Print Shop offices of the University. This position assures compliance with Federal, State and Institutional Policies and Procedures along with oversight for internal controls.

Position Information and Qualifications

- A. Description of Duties/Responsibilities:

List **major** duties assigned to the position. Note the percentage of time each listed duty is performed. Place an asterisk (*) by each duty that represents an essential function.

<u>Percent of Time</u>	<u>Duties</u>
30% *	Supervise, support and manage 4 unclassified staff and 11 classified staff directly; and 10 other classified staff indirectly.
55% *	<p>Responsible for policy setting, developing goals and objectives and decision making for the following programs: accounts receivable, accounts payable, cashiering, purchasing, Perkins loans, financial aid disbursement, revenue collection, administration of grants and contracts, general accounting, travel, records retention, insurance, administrative rules, audit, internal controls, and financial information within Banner. Responsible for the processing and reporting of all financial transactions for the institution following Generally Accepted Accounting Principles (GAAP) and OUS Fiscal Policies. The Office's operations are vital to the independent operations of the university.</p> <p>Receives and reviews requests for exception consideration related to student loans, withdrawals, etc.</p> <p>Direct management of \$2 million operations budgets. Expenditure and receipt oversight for \$100 million campus budget.</p>
5%	Financial advisor to the Incidental Fee Committee. This committee establishes the operating budgets for Intercollegiate Athletics, Werner University Center, Student Leadership and Activities, Student Government (ASWOU), Campus Recreation, Health and Wellness Center, Creative Arts, Student Media, Access and Childcare.
10% *	Represent Western or the Executive Vice President for Finance and Administration on numerous inter-institutional committees: Business Officers, 5th Site, SB 242, Inter-institutional Fee Committee and campus committees as determined by the Administration.
100%	

B. Knowledge Areas:

List the major areas of knowledge that are **required** to perform the duties of this position.

The Director administers and is responsible for the following activities which requires major knowledge in: accounts receivable, accounts payable, cashiering, purchasing, Perkins loans, financial aid disbursement, revenue collection, administration of grants and contracts, general accounting, travel, records retention, insurance, administrative rules, audit, internal controls, computing, banking services, student, finance and human resource information systems, bookstore, mailroom and print shop operations.

C. Special Requirements:

List any certificates, licenses, academic degrees, or experience **required** to perform the duties of this position.

Bachelor’s degree in business, accounting or related field required. Master’s degree desirable and/or a minimum of three years experience in business administration or related field with extensive experience in business operations and accounting. The ability to work with people with tact and management skill is essential.

D. Decision Making:

Briefly describe the typical decisions expected from the incumbent of this position.

This position makes many decisions relative to compliance with established rules. Determines policy questions relative to the business office, print shop and mailroom many of which affect the way work is performed at the department level. Decisions are made in terms of precedent, that is, “what is it, what should it be.”

Responsible for reviewing exception requests, making exceptions to policy when judged appropriate for campus based charges on appeal.

E. Additional Information:

List any additional information that would help describe the nature of the position. Attach appropriate Organizational Chart.

This position serves as liaison with the Oregon University System Controller’s Division, Enterprise Technology Services, and Internal Audit Division. Responsible for coordinating all Secretary of State, Division of Audit activities on campus as well as all external fiscal audits.

Provide direct support to the Executive Vice President for Finance and Administration as required through analysis, project development and research. Coordinate activities for the Executive Vice President for Finance and Administration in his absence.

Employee	Date	Supervisor	Date
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Western Oregon University
Working Title: **Budget Director**



**Unclassified Professional Staff
Position Description**

Purpose of the Position Description

- To record the essential functions of the position
- To record special requirements
- To record required knowledge and skills to perform the duties of the position
- To record special working conditions
- To aid in recruitment and selection
- To establish Management's expectations
- To provide a base for managing performance

Position Status

Incumbent's Name: Eric Yahnke
 Position Title: Budget Director
 Department/Division: Finance and Administration
 Type of Appointment: 12 mo. X 9 mo. Other
 Contract Period: July 1, 2011 to June 30, 2012
 Supervisor: Mark Weiss

Program Information

- A. Describe the general program in which this position exists. Include program purpose, size, scope and relationship to the University's mission.

Serving as the primary senior budget administrator, this position works with the Executive Vice President for Finance and Administration to provide WOU with efficient and effective fiscal planning, analysis, and administration of an approximate \$100 million budget with specific emphasis on the University's Education and General Funds.

This position also directs the operations of the Payroll Office and is responsible for the timely and accurate processing of pay for all Western Oregon University employees.

D. Describe the purpose of this position and how it functions within this program.

Under the supervision of the Vice President for Finance and Administration, the Budget Director 1) recommends and implements budget reallocations based on identified patterns or forecasts, and advises executive management on strategies to mitigate emerging revenue shortfalls or potential over-expenditures; 2) provides analytical support and consultation for executive management and campus wide academic units through special studies of institutional budget issues, financial modeling, and analysis; 3) designs and completes budget analysis and financial reports that clearly communicate complex financial information for executive management and other constituencies; 4) serves as a key finance liaison with the OUS Chancellor's Office and other OUS institutions; and 5) directs the operations of the Payroll Office

Position Information and Qualifications

A. Description of Duties/Responsibilities:

List **major** duties assigned to the position. Note the percentage of time each listed duty is performed. Place an asterisk (*) by each duty that represents an essential function.

Percent of TimeDuties**40%****Directs WOU Budget Operations:**

- Develop and monitor \$100million WOU budget (excluding \$30 million in grants) with specific emphasis on general fund budget of \$55 million;
- Develop goals, objectives, policies and procedures related to operating budgets;
- Conduct campus-wide budget development hearings. Submit the annual budget to the Board's Office and load into FIS;
- Analyze and interpret state law and regulation relating to fiscal and budget issues; and
- Serve as a key finance liaison with the OUS Chancellor's Office and other OUS institutions.

40%**Provides Financial Analysis and Reporting**

- Provides analytical support and consultation for executive management and campus wide academic units through special studies of institutional budget issues;
- Financial modeling, and analysis;
- Develop the budget exhibits requested by the OUS for the biennial budget request and legislative inquiries;
- Prepare quarterly management report;
- Prepare 3 – 6 year all funds rolling financial projections;
- Prepare University's annual budget document; and
- Clearly communicate complex financial information for executive management and other constituencies.

- 10% Direct Payroll Operations:**
- Supervise one (1) unclassified staff directly and three (3) classified staff indirectly;
 - Develop and maintain University policies related to payroll; and
 - Lead Payroll process improvement initiatives.

- 10% Manage Position Control System:**
- Maintain position inventory and associated position and OPE budget;
 - Reconcile position budget to operating budget;
 - Account for vacancies, and pooled faculty, staff, and temp positions; and
 - Review and authorize all new hires, salary adjustments, and salary redistributions.

C. Knowledge Areas:

List the major areas of knowledge that are **required** to perform the duties of this position.

- Advanced use of computer databases for business uses (preference: Sunguard/SCT Banner information systems, Excel, Access).
- Experience with statistical methods, and knowledge and experience with a variety of software and computer applications are desired.
- Federal and State of Oregon law and.
- American Federation of Teachers (AFT) and Oregon Public Employees Union (OPEU) collective bargaining agreements, Faculty Handbook, and Unclassified Professional Handbook.
- Oregon University System's (OUS) rules and regulations as outlined in Financial Administration Standard Operating Manual (FASOM), internal management directives, and Administrative Rules.
- Western's policies and procedures and Western's Administrative Rules.

D. Special Requirements:

List any certificates, licenses, academic degrees, or experience **required** to perform the duties of this position.

Bachelor's degree required, Master's preferred, in business or accounting. Experience in budgeting required preferably in higher education. Supervisory experience required and broad knowledge of payroll.

E. Decision-Making:

Briefly describe the typical decisions expected from the incumbent of this position.

- Budget control related to departmental NSF conditions.
- Approval of budget changes and transfers.
- Approval of employment authorizations, overloads and pay adjusts.
- Determination of position assignments within the budget and when to establish a new or position.

- Determine methodology used to financial forecasting.
- Determine the established “base” budgets for the annual budget process and budget totals for general fund controllers to balance to.

F. Additional Information:

List any additional information that would help describe the nature of the position. Attach appropriate Organizational Chart.

Provide direct support to the Executive Vice President for Finance and Administration as required through analysis, project development and research. Coordinate activities for the Executive Vice President for Finance and Administration in his absence.

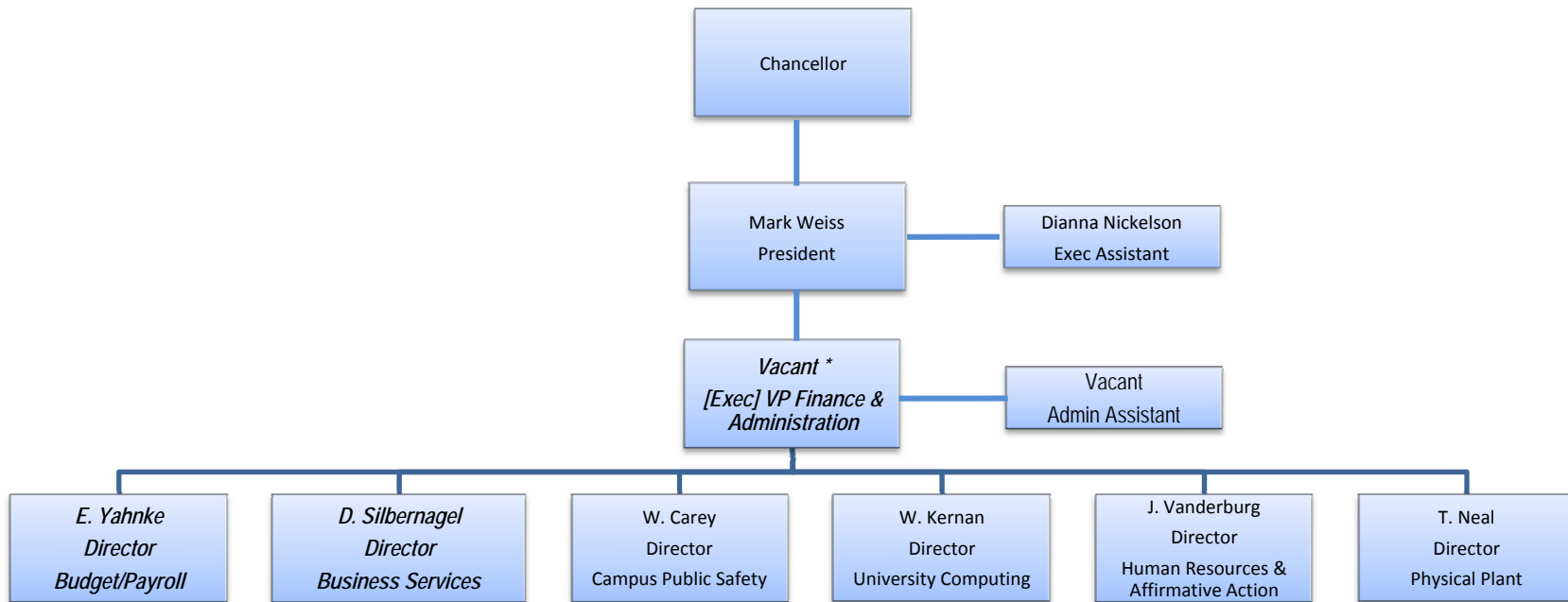
Employee Date

Supervisor Date

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APPENDIX C

**Western Oregon University
Organization Chart – Finance & Administration**



Note: Positions in **BOLD** for self assessment.

* Position is vacant and responsibilities of the position are being covered by Mark Weiss, as WOU Interim President. Various Directors are assuming additional duties and responsibilities as well. Internal controls over WOU approval process for presidential transactions reviewed and agreed with Ms. Patti Snopkowski, OUS Internal Audit.

APPENDIX C

WOU Finance and Administration Staff Education and Experience Summary – Director Level and Above			
Department	Position Title	Education/Certifications/Specialized Training	Related Work Experience
Finance and Administration	[Executive] Vice President Finance and Administration (1)	<ul style="list-style-type: none"> • Masters of Business Administration, Professional Accounting, Rutgers University, graduated with honors • Certified Public Accountant – New Jersey & New York – 1976-1987 	32 years experience in finance and administration <ul style="list-style-type: none"> • 9 years public accounting; Sr. Mgr – KPMG Peat Marwick • 17 years corporate finance and administration; Sr. VP, CEO, corporate director, Siemens Power Corporation • 6 years Higher Education includes Executive VP, Finance & Administration
Budget/Payroll	Director	<ul style="list-style-type: none"> • AA Business • BA Accounting • Masters of Public Administration • Oregon CPA License • Certified Government Financial Manager 	26 years experience includes – <ul style="list-style-type: none"> • 9 years corporate accounting • 3 years public accounting • 14 years Higher Education includes- <ul style="list-style-type: none"> ○ 6 years Financial Analyst ○ 6 years Manager of Fiscal Planning and Analysis ○ 2 years Budget Director
Business Services	Director	<ul style="list-style-type: none"> • BS Business Administration, concentration in Accounting, minor in Computer Science 	27 years of higher education experience includes: <ul style="list-style-type: none"> • 2 years Accounts Payable Supervisor • 2 years Assistant Business Manager • 1 year Budget Officer • 5 years VP Finance & Administration • 17 years Director of Business Services
Campus Public Safety	Director	<ul style="list-style-type: none"> • BS in History and Education, minor in Psychology • State Police Academy graduate; Graduate of Leadership and Command College (concentration in 	38 years of experience <ul style="list-style-type: none"> • 4 years - Private Security • 20 years - Public Law Enforcement • 14 years - Higher Education Law Enforcement & Security

WOU Finance and Administration Staff Education and Experience Summary – Director Level and Above			
Department	Position Title	Education/Certifications/Specialized Training	Related Work Experience
		Criminal Justice management); <ul style="list-style-type: none"> • DPSST Career Officer Development Course; • Specialized training in Emergency Management, Incident Command and NIMS, Active Shooter, Fire/Life Safety, Criminal Investigations. Police Instructor. 	<ul style="list-style-type: none"> • Implemented a new police department from conception to implementation • Instructor - state police academies.
University Computing	Director	<ul style="list-style-type: none"> • AS in Science – Instructional Technology • BA in Religion • BS in Computer Science • ORACLE training in SQL*FORMS, SQL*REPORTS, database design, and DBMS • Graduate database theory coursework 	25 years experience in Higher Education <ul style="list-style-type: none"> • 2 years - Instructor • 10 years - Programmer Analyst • 2 years – System Analyst, WEB Master, Network Engineer • 11 years – Director, Computing Services
Human Resources	Director	<ul style="list-style-type: none"> • BS Psychology, minor in Business • MS Education-Information Technology 	30 years experience in Higher Education includes: <ul style="list-style-type: none"> • 10 years – Director, Academic Services & Resources • 13 years – Director, Human Resources <ul style="list-style-type: none"> ○ 17 years – Labor Relations Experience • 11 years – Affirmative Action Officer • 3 years – Title IX Coordinator
Physical Plant	Director	<ul style="list-style-type: none"> • B.S. Civil Engineering –U.S. Air Force Academy • M.B.A. –Willamette University 	37 years experience <ul style="list-style-type: none"> • 5 years – U.S. Air Force Civil Engineering • 4 years – Private Construction • 11 years – Public Engineering

WOU Finance and Administration Staff Education and Experience Summary – Director Level and Above			
Department	Position Title	Education/Certifications/Specialized Training	Related Work Experience
			<ul style="list-style-type: none"> • 17 years in Higher Education <ul style="list-style-type: none"> ○ 11 Years –Willamette University ▪ Director, Facilities Operations and Maintenance ▪ Associate Director, Facilities ▪ Supervisor, Building Maintenance <ul style="list-style-type: none"> ○ 6 years – Western Oregon University ▪ Director, Physical Plant and Facilities

(1) Position is vacant and responsibilities of the position are being covered by Mark Weiss, as WOU interim president; in addition, various Directors are assuming additional duties and responsibilities as well. Internal controls over WOU approval process for presidential transactions reviewed and agreed with Ms. Patti Snopkowski, OUS Internal Audit.

Status Report on the Implementation of Senate Bill 242

The following constitutes a brief overview of the status of transitional issues associated with Senate Bill (SB) 242. The first section of this report summarizes where we are in regard to transition issues affecting OUS and its relationship with the State's Department of Administrative Services (DAS). The next section of the report will provide an update on processes to review classified staff classification/compensation as was agreed in recent bargaining with the SEIU and establishing labor/management committees to review employee health and welfare (health insurance) programs and our Optional Retirement Program, as are required in SB 242.

OUS/DAS TRANSITION ISSUES

Regarding our separation from DAS, the Chancellor and vice chancellor for finance and administration met with Michael Jordan, Chief Operating Officer of DAS, and affiliated staff to discuss the following:

- Risk Management – representatives from DAS, represented by their DOJ counsel and OUS representatives including its legal counsel and assisted by Bickmore Risk Services, met to determine the best approach to this complex transition. The result of these meetings was to agree that we would strive for a clean break effective July 1, 2012; after which time, OUS would assume full responsibility for all risk management functions, including assuming the responsibilities for any claims in process at that time. We also agreed to divide the risk fund balance based on the actuarial status of the fund at 6/30/12 such that, after separation, both funds would be funded at the same actuarial levels after the separation as they were before the separation. The attorneys are now drafting the legal agreements necessary to codify this agreement.
- Motor Pool – OUS expressed its desire to continue to utilize the State Motor pool services after July 1, 2012; parties are to develop an IGA or similar agreement by July 1, 2012. OUS will need to provide proof of minimum insurance coverage as required by DAS.
- Information Technology:
 - a. OUS' expressed a desire to continue to utilize the State's GIS dataset and participate in the State GIS counsel; parties are to negotiate a use agreement.
 - b. OUS stated that the State could continue to utilize the services of the OWEN network. This is currently accomplished via annual use agreements.
- Budget and Management:
 - a. Allotment process to continue as currently performed at least through the remainder of the 2011-2013 biennium. (DAS will need to review the allotment process in 2013-2015 when General and Lottery Funds are appropriated to DAS rather than OUS.)

- b. DAS, LFO, and OUS met to discuss capital budget project and bond limitation issues and determined that OUS is no longer subject to expenditure limitation for its capital projects, but will require bond limitation for any projects funded with State debt.
 - c. ORBITS – OUS is to populate 2009-2011 actual data in the ORBITS system, but thereafter will no longer have any responsibilities or requirement to use ORBITS or to submit quarterly updates; although it was acknowledged that DAS would continue to use this system to record the OUS appropriations and debt service by line-item funding types.
 - d. It was agreed that OUS would no longer be required to submit vacancy information.
 - e. OUS to continue to pay its portion of Pension Obligation bond debt service as long as its employees remain in the State pension fund. This is unlikely to change by time bonds are paid off in 2027.
 - f. Key Performance Measures (KPMs) or other performance metrics – this is a legislative requirement at present and, until changes have been agreed to by the legislature, it will need to continue. Leadership from DAS, OUS, and the Governor's Office are to discuss this issue since the new budget process will utilize other performance/achievement information that will likely be redundant with this information.
- Mail/Shuttle Services – OUS is no longer interested in this service effective July 1, 2012; parties are to work on agency notifications and other transition issues.
 - State Printing Services – OUS is no longer interested in this service; no transition issues were identified.
 - State Procurement – OUS would like to continue to access State Price agreements on the same basis as today.
 - State Controller/CAFR – OUS is to coordinate any transition issues with the State Controller on any issues affecting the accounting treatment of OUS in the Statewide Comprehensive Annual Financial report. Parties have met and are currently researching issues pertaining to the resolution of such.
 - Human Resources:
 - a. Labor relations – OUS would like to discontinue pattern bargaining with SEIU in future negotiations.
 - b. State personnel – transfer of sick leave and re-employment of injured workers
 - c. Other issues related to ERB fees and mass transit taxes.

- ARRA reporting process – The parties met to discuss continuation of the state mandate that OUS make its required federal ARRA reporting through DAS. It was the OUS position that this has created inefficiencies and increased the risk of errors in our reports. Given this the parties agreed that OUS is no longer required to report through DAS.
 - PEBB and health insurance changes – it was agreed that this will need to be coordinated closely with the governor’s Office, though it was acknowledged that unless directed otherwise, OUS would constitute its labor/management committee as required by SB242 and work with a consultant starting in early 2012 to study alternatives to current PEBB plans. See added information about this process in the next section of this report.
 - State Assessments
 - a. All assessments other than those specifically listed below are to be discontinued as of June 30, 2012. Given the agreement to separate effective July 1, 2012, OUS agreed to pay one-half of the biennial assessments that are to be discontinued.
 - b. OUS to continue to pay assessments for:
 - i. Secretary of State audits
 - ii. State Archives
 - iii. Central Government Service Charges
 - iv. MWESB advocate
 - v. Ethics Commission
 - vi. Banking Services
 - vii. PERS Pension Obligation Bond Debt Service
 - viii. Employment Relations Board
-

OTHER INITIATIVES REGARDING SB 242 INVOLVING EMPLOYEE COMPENSATION AND BENEFITS

a) OUS/SEIU Classification/Compensation Advisory Committee (CCAC)

Guiding Principle

OUS desires to contemplate a new/better class/comp structure that maintains a competitive compensation system, is efficient and easy to maintain, provides incentives to employees to maximize productivity, treats employees in a fair and equitable manner, and creates a system that acknowledges the different institutional and market needs.

Deliverables

1. Assist OUS in developing an overall classification and compensation philosophy for its classified employees.

2. Develop a report of best practices in classification/compensation structures and systems in use by other universities, university systems, state systems, or the private sector.
3. Working with the CCAC assess the OUS' classification and compensation structure to better understand challenges, issues and opportunities associated with such.
4. Gather information from classified staff and their managers regarding what works well and what does not work well in the current structure using methods (such as questionnaires, surveys, interviews, or other accepted procedures).
5. Analyze information gathered regarding existing classification/compensation structure and report on problem areas and opportunities to redress these areas as well as areas that work well and thus should be continued.
6. Based on information gathered from the processes as outlined above, make recommendations for new structure or structures that best meets OUS needs and best achieves the compensation philosophy as developed.
7. Make recommendations regarding methods for implementing recommendations over a multi-year or contract period (i.e., four to six years).
8. Present analyses and recommendations to the human resource directors, vice presidents for finance and administration, and other groups as requested by OUS.
9. The final written report for the project will be presented in person by the consultant upon request by the Chancellor's Office and Classification/Compensation Advisory Committee to various OUS groups and stakeholders including but not limited to the human resources directors and vice presidents for finance and administration, etc.

LETTER OF AGREEMENT
(Included in OUS/SEIU Agreement)

ARTICLE 52 – CHANGE IN CLASSIFICATION SPECIFICATIONS

OUS, working with an advisory committee comprised of four (4) campus representatives from management and four (4) classified campus employee representatives selected by the Union, shall seek a consultant to perform a review of the current classification and compensation system structure and suggest alternative structures. The committee shall also work with the consultant throughout the process.

During the period of this review the parties agree to suspend the collection of biannual salary and total compensation market surveys under Article 21 – Salaries, Section 4 and 5.

The target date for completion of the selection of the consultant, review of the present system, and suggestions of other systems shall be January 1, 2013.

Salaries and terms of implementation for any new or revised classifications or compensation systems and structures resulting from this study shall be negotiated during future successor contract negotiations.

b) 2012 Health and Welfare Plans Review Committee**Committee Charge**

The Oregon University System, under the Senate Bill 242, Section 43, is convening a Health & Welfare Plans Review committee comprised of representatives of public university management and employees, both represented and unrepresented, to evaluate options for continued participation in the Public Employees Benefit Board (PEBB) under ORS 243.061 through 243.302, transfer to Oregon Educators Benefit Board (OEBB) plans operating under ORS 243.860 through 243.886, or participation in alternative group health and welfare plans. The committee will develop benchmarks that are unique to the needs of the OUS campus communities for comparative evaluation of the proposed options. The existing PEBB and OEBB insurance programs and alternative group insurance models will be analyzed within this framework to recommend affordable, quality health and welfare insurance programs that meet the needs of the diverse employee population of the public universities. The committee will report their recommendations to the Legislative Assembly prior to October 1, 2012.

Committee Scope

The committee will review existing and new options for health and welfare programs, and will provide input for recommendations to the Legislative Assembly on health and welfare plan topics including:

- A benefits philosophy that is the framework for benefits program recommendations of the public universities;
- Identification of current areas of adequacy and shortfalls specific to employees of the public universities;
- Plan choices that should be available throughout the state and abroad;
- Types of coverage to be provided, e.g., medical, dental, disability, life, AD&D, and long term care insurance; employee assistance and wellness programs;
- Financial and risk management models, including but not limited to consumer driven health plans (CDHPs), fully-insured and self-funded programs, and access to Oregon's coordinated care organizations (CCOs);
- National and state health care reform/transformation requirements and options;
- Operations and enrollment administration systems;
- Third party administration of COBRA, self-pay groups, retirement incentive subsidies;
- Systemwide or individual plan options for individual universities;
 - Dispute resolution
 - Risk pooling
 - Shared savings
- Pre-Medicare retiree coverage.

Deliverables

The committee will draft recommendations for a preferred option, supported by rationale based on elements of the framework topics described in the Section II - Scope. The committee's recommendation should identify unacceptable options, if any, and issues the committee determined to be problematic.

Schedule and Timing

The committee will prepare an RFP for consultant services to aid in development of a benefits policy framework and to assist in evaluation of options under SB 242. The committee's draft recommendations will be completed by August 1, 2012.

Health and Welfare Plans Review Committee Members

Committee membership is limited to no fewer than 10 and no more than 12 employees, including represented (AFT, AAUP, APSOU) and unrepresented faculty; SEIU represented staff, non-represented academic/administrative professional staff and management who will represent their constituent groups and campuses.

c) 2012 Optional Retirement Plan (ORP) Review Committee

Options for the optional retirement plan described in ORS 243.800

Committee Charge

The Oregon University System, under the Senate Bill 242, Section 43, is convening an Optional Retirement Plan (ORP) Review committee comprised of representatives of public university management and employees, both represented and unrepresented, to evaluate options for the Optional Retirement Plan that operates under ORS 243.800. The committee will review the 1995 authorizing statute and changes that have occurred in retirement plan regulations and the general retirement industry to propose updates to the retirement plan. The committee will report their recommendations to the Legislative Assembly prior to October 1, 2012.

Committee Scope

The committee will review existing and new options for retirement plan design, and will provide input for recommendations to the Legislative Assembly on optional retirement plan topics including:

- Simplification and consolidation of assets for reduction of participant expenses through use of fewer insurance and mutual fund providers;
- Discontinuation of pre-funding/refund cycle of contributions to non-qualifying accounts;
- Establishment of plan-specific eligibility for contributions subsequent to a participant's irrevocable election of the ORP;
- Prospective adoption of a definitely determinable employer and employee contribution rate;
- New and old plan design implementation and coordination for existing participants.

The committee may adopt or add to the scoping topics.

Deliverables

The committee will draft recommendations for a preferred option, supported by rationale based on elements of the framework topics described in the Section II - Scope. The committee's recommendation should identify unacceptable options, if any, and issues the committee determined to be problematic.

Schedule and Timing

The committee's draft recommendations will be completed by August 1, 2012.

Staff and Resources

The Oregon University System will engage a professional consultant with expertise in defined contribution plan design and administration to advise the committee and review process, and will retain legal counsel for advice on compliance with retirement plan regulations.

Optional Retirement Plan Review Committee Members

Committee membership is limited to no fewer than 10 and no more than 12 employees, including represented (AFT, AAUP, APSOU) and unrepresented faculty, non-represented academic/administrative professional staff and management who will represent their constituent groups and campuses.

76th OREGON LEGISLATIVE ASSEMBLY—2011 Regular Session



**Enrolled
Senate Bill 242**

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Senate Interim Committee on Education and General Government for Higher Education Workgroup)

SECTION 43. (1) The State Board of Higher Education shall establish a committee consisting of representatives of public university management and of employees, both represented and unrepresented, to evaluate options for:

- (a) An optional retirement plan as described in ORS 243.800; and
- (b) Continued participation in the Public Employees' Benefit Board, transfer of employee participation to the Oregon Educators Benefit Board or participation in other, alternative group health and welfare insurance benefit plans.

(2) The State Board of Higher Education shall make a report based upon the recommendations of the committee to the Legislative Assembly prior to October 1, 2012. The State Board of Higher Education may not make any changes to retirement plans based on the report until July 1, 2013. The State Board of Higher Education must make any changes to group health and welfare insurance benefit plans between January 1, 2013, and May 1, 2013, to become effective on January 1, 2014.

Oregon State Board of Higher Education



Supplementary Materials

PowerPoint: Risk Management Study

Moss Adams: Communication of Other Matters and Best Practices

Moss Adams: Communication with Those Charged with Governance

Annual Report, Contracting and Purchasing with Historically Underrepresented Businesses

Eastern Oregon University

Oregon Institute of Technology

Oregon State University

Portland State University

Southern Oregon University

University of Oregon

Western Oregon University

Chancellor's Office

January 20, 2012

Finance and Administration Committee