The Ohio State University
Business and Finance
Accomplishments
FY2011

To view any of the areas listed below, hold the “ctrl” button down and move your cursor over the name.

- Office of the Bursar
- Office of the Controller
- Office of Financial Planning and Analysis
- Office of Financial Services
- Internal Audit
- Office of Investments
- Purchasing
- Resource Management Systems
- Risk Management and Insurance
- Stores, Receiving and Mail
Office of Financial Services – University Treasurer  
FY 2011 Accomplishments

Leadership Team New Hires

- Mike Papadakis, Vice President for Financial Services and University Treasurer
  - Mark Briggs, Director - Financial Services and Chief Risk Officer
  - Virginia Layton, Director – Financial Services and University Bursar

Treasury and Debt Management

- **$800 million bond issuance** in new bonds in support of OSU capital projects and $88 million in refinancing bonds to obtain a 5% savings on debt service. The $800 million in new bonds was Ohio State’s first ever taxable debt offering done as a Build America Bond financing, to receive a 35% rebate on interest payments from the Federal Government. The net result was the lowest fixed interest rate the university has paid in over 40 years.

- *Implemented first remote deposit capture* terminals at the university to enhance depositing. This procedure turns paper checks into electronic checks and sends the info directly to the bank. It eliminates the need for the armored car pick-ups and results in faster crediting of our deposits.

- *Streamlined the handling of the $6M OSU Highway and Transportation Research Fund* by introducing language that amended the State of Ohio Budget Bill to streamline the processing of transactions related to the fund. Annual investment income is now directly transferred from the Long-Term Investment Pool to the College of Engineering to support transportation and automotive research.

- *Obtained first PCI Report of Compliance* for the university. This three year project is to ensure that Ohio State is undertaking all the required security steps dictated by the credit card issuers to protect from theft of cardholder information.

- *Formal implementation of the Internal Bank*. By implementing its capital and operating programs, the University will grant internal loans and lines of credit to a college or department for a specific project or use. These loans and lines of credit are typically for capital projects but they are also for small acquisitions or projects and occasionally to
bridge operating deficits while colleges or departments are implementing corrective actions.

- **Initiated first university-wide bond tax compliance review.** This had previously been done internally, but with new guidance from the IRS and the number of facilities that are now bond financed, it became imperative that units assist in the necessary data gathering.

- **Expanded and improved cash flow forecasts.** The implementation of a new treasury workstation has allowed OSU to further refine our cash flow forecasting process. We are able to expand the number of categories to track and can do a better job of forecasting.

**Treasury Administration, Accounting & Reporting**

- The Endowment team **enhanced our reporting ability and transparency** on Endowment web site by implementing “Distribution & Gift Calculator” and “Historical Reporting” tools.

- The Bank Reconciliation team **designed a “Deposit Receipt Book”** with appropriate internal controls for designated deposit centers, when the departments are making deposits, to ensure proof of delivery.

- **Established an internal Academic Venture Capital Initiative Fund** to help the President, Provost and Sr. Vice President of Business & Finance fund limited resources for needed University projects.

**Bursar’s Office/Financial Services**

- **Improved Communication** between the Office of University Bursar (OUB) and Student Accounting by relocating Student Accounting to the new Student Academic Services building creating greater efficiencies and improved services to student community.

- **Established the State Budget Discussion Group with representation from various stakeholders** across campus to study impact of changes to state budget on OSU operations; academic and research funding in critical areas. Developed strategies and made recommendations to the Senior Vice President of Business & Finance regarding strategies for dealing with different state budget option.

- **Improved the overall collection process** by automating the placement of delinquent accounts with the Attorney General’s office
and streamlining debtor contact using mass mailing techniques and other advanced methods to contact debtors.

- **The online student Statement of Accounts** was enhanced to provide a clear, concise, real-time presentation of student financials.

- **Implemented acceptance of credit cards for Tuition & Fees** to improved customer service. More than $1.5M was paid in Fall Quarter 2011 by credit cards.

- **Implemented a new fee payment policy** that improved cash flow to the University (to date in FY12 OSU has more than doubled the payment activity for the same period in FY11). This also alleviated customer service bottlenecks by creating a deadline for payment prior to the start of classes.

- **Enhanced the use of the Student Information System, and developed a revised online student Statement of Account** that provides clear, concise, real-time presentation of student financial status with the university, including pending financial aid. Enhancements aid in facilitating on-time payment, while minimizing questions and complaints.

- **Developed benchmarks and metrics for OUB** that allow for easy month-to-month and year-to-year comparison reporting. These metrics put the information in the hands of others quickly and facilitates management decision making and goal setting. Also used to provide quick feedback for staff, demonstrating results of collaborative effort.

- **Created a positive, service-centric working environment** that cultivates relationships with Enrollment Services staff, regional campus staff, and others throughout the university community resulting in improved response to customer inquiries and complaints.

### Business Continuity

- **Initiated continuity planning with academic units** and added the 250th actively managed workgroup, which is in addition to the other ~130 workgroups the Program advises.

- **Assisted two-thirds of all completed Columbus campus workgroups** to successfully update their continuity plans and performed 106 read-through or table exercises in calendar year 2011 to date.

- **Implemented a Virtual Emergency Operations Center software system** for use during campus emergencies and Football Saturdays.
Insurance

- **Assisted in the recovery operations at the OARDC** campus following a devastating tornado and provided support services to ensure full recovery from insurance carrier. The $25M+ in claims was the largest single insured event in OSU’s history.
OFFICE OF THE CONTROLLER
FY 2011 ACCOMPLISHMENTS

Support of the Academic Plan (Streamlining & Simplification)

Accounting
- Developed expanded interim financial reports, including quarterly comparative balance sheets, income statements and statements of cash flows. Interim adjustments were also expended to improve comparability between years and with the year-end financial reports.
- Developed comprehensive reports of cash and investment balances by college and VP unit to support the VP for Planning and Analysis (and to address legislative inquiries regarding the cash and investment balances of state institutions). These reports reconciled directly to the university’s GAAP financials and allowed key stakeholders to better understand the internal designations and purpose restrictions associated with each college/VP unit’s cash and investment balances.

Travel, PCard and Expediting
- Implemented a restructuring which eliminated one full-time position. This was accomplished through improvements in match exception and PO closure processes including a significant reduction in overall match exceptions.
- Revised and streamlined the travel and PCard policies.

Asset Management
- Conducted a special audit of high-dollar OSP assets, which encompassed close to 300 items with historical cost of over $91 million. The items were physically verified and ownership was confirmed before the beginning of this year’s audit.
- An intensive follow-up process resulted in an unprecedented 100% compliance for Physical Inventory and Equipment Review (PIER) certifications.

Payroll
- Implementing electronic timesheet (e-Time) with in/out and elapsed time options along with an electronic Leave Request (e-Leave). An e-report compares eTime/eLeave data to PeopleSoft and reports any discrepancies. The pilot has been completed in College of Arts and Sciences, College of Engineering and Enrollment Services and Undergraduate Education. Campus-wide rollout is scheduled through 12/31/2011.
- Developed and implemented process and procedures for escheatment of Payroll checks for the first time.
CONTINUOUS IMPROVEMENT

Accounting
- Developed and issued expanded guidelines for Earnings Operations and took on an expanded role in the annual review/approval process for recharge rates.

Accounts Payable
- Continued efforts to increase corporate vendor EFT participation, resulting in a 46% increase over the previous year total of 100 new participants. Total payments via EFT to businesses and employees increased from 27.9% to 29.5% of total disbursement transactions and from 20.3% to 33.9% of total dollar expenditures.
- Improved match exception process, which allowed for restructuring and staff reduction in Expediting.

Surplus Materials Disposal
- Through revenue-optimization activities and increased receipt and handling of larger and/or more specialized high value items, revenues ($135,000) were twice the revenues of FY 08.
- Conducted a detailed analysis of the Surplus operation to identify opportunities for improvement.
- Implemented online training for Surplus system and related processes.

Travel, PCard and Expediting
- Launched and transitioned to IUC rental car agreement with Enterprise and National.
- Provided analysis and input for decision to continue PCard relationship with PNC. Renewed and re-issued over 450 PCards.
- Implemented substantial increases to standardize transaction and cycle limits for PCards and increase card utilization.

Financial Training and Documentation
- Released nine new online courses; revised and updated 100+ web pages to coordinate with the content of the online training courses.
- Presented adaptations from Senn Delaney Cultural Transformation sessions to the staff in the Controller’s Office.

Payroll
- Implemented Garnishment Processing System which improved efficiency. The system pulls garnishment information and automatically creates an electronic check file to Accounts Payable for
payment. It also provides for electronic processing of child support payments.

**COLLABORATION**

**Financial Training and Documentation**
- Conducted 48 instructor-led workshops. Coordinated 20 volunteer presenters to lead sessions for 506 participants from across the university in “hands-on” learning.

**Accounting**
- Remediated Audit Findings with other units across campus. To address federal compliance findings related to funds managed in colleges and VP units, Financial Training and Accounting developed online federal grants management training for OSU faculty and staff. To address audit point related to ownership of research assets, Accounting worked with Asset Management to coordinate a review of large-dollar research assets.
- Accounting worked closely with the CFO, Controller, Auditor of State and key stakeholders around campus to administer the bid process, reach consensus on recommended firm and addressed major AOS process issues.

**Accounts Payable**
- Business Analyst assumed the BA functions previously provided by Systems Development, including leadership of several work groups.
- Initiated the Active Pay project with Purchasing to pay vendors via credit card, thereby increasing PCard rebates. Initial system and process design has been completed.

**Travel, PCard and Expediting**
- Provided data and input in support of several B & F studies and inquiries on travel and PCard processes and systems.
- Developed and delivered outreach presentations to several service centers to provide resources, tools and tips for managing their TPE activities.

**Payroll**
- Provided resources to integrate 319 OSUP physicians into the payroll system. Integration resulted in additional payroll cost of $10 MM. Next phase of physicians projected to transfer to the payroll 1/1/2012.
- Researched and provided data to the City of Columbus for the refund of Martha Morehouse employees that were affected by Clinton
Township versus Columbus taxation issue. Received 2007 refund check; will receive 2008 and 2009 check by end of August.

Other

Office-Wide Initiatives
- Each new employee was scheduled for orientation; and the office experienced excellent participation and leadership in university fund drives.

Training
- Continued to conduct cross-training on critical processes. Provided six areas of Senn Delaney’s cultural transformation training. Controller’s Office staff attended a variety of conferences related to their duties and/or expertise.

Top
Financial Planning and Analysis
Major Accomplishments for 2011

• Developed a five-year detailed historical financial review of the university and Health System to identify and understand financial trends as a basis for modeling future outcomes.

• Designed & developed a predictive long-range (15 year) financial model for the university which will provide financial support for university-wide strategic planning.

• Provided analytical support for the first-ever presentation of interim financial reports to the Board of Trustees which include full consolidated financials and accompanying analysis and commentary.

• Provided leadership & coordination with OAA in the design & preparation of the financial template used in the 2011 Strategic Plan Update with the colleges and regional campuses. This included writing instructions and providing guidance to the SFO's.

• Developed the Current Funds Budget for FY 2012 in an extremely dynamic and challenging environment due to decisions related to:
  o Monitoring and analysis of State Budget funding issues, including the analysis of the Enterprise University proposal and the impact of potential subsidy reductions as a result of the loss of federal stimulus funding
  o Tuition and Fee proposals to support the academic plan and initiatives as approved
  o Strategic funding decisions for university-wide initiatives such as the Enrollment Plan and Semester Conversion activities
  o Developing and managing revenue reduction scenarios for the university in order to portray a wide range of funding situations for planning purposes. Generated over 50 scenarios.

• Numerous analyses and projects providing decision support to university senior leadership and the Board of Trustees:
  o Analyzed university-wide cash balances to support OSU’s communications with legislators during the state biennium budget
  o Projections which resulted in the adoption of the One University Enrollment Plan, 2011-2015, which targets the enhancement of the quantity, quality, and diversity of the Ohio State student body
  o Semester conversion analysis which informed the senior staff of the potential impact on enrollment and credit hours and directly affected the decision to revise the One University Enrollment Plan for FY 2012 and FY 2013 to address the financial impact of converting to semesters
  o Medical I Funding Analysis for Senate Fiscal Committee to further implement taxonomy changes and funding set asides from the State impacting Veterinary Medicine and Dentistry
Revision of Guidelines for Earnings Operations and implementation of Earnings Funds Balance Review Process, in conjunction with the Controller’s Office, resulting in a more standardized approach to earnings operations, as well as compliance with federal regulations and Internal Audit recommendations regarding recharge centers

Implementation of the new taxonomy as recommended by Senate Fiscal Committee which further refined the distribution of funding to the colleges to reflect course completion rates and to reflect OSU costs per credit hour vs. state average cost per credit hour

Comparison reports between OSU and peer institutions on various financial metrics and budget characteristics designed to keep senior leadership and the Board of Trustees informed of OSU’s financial performance in key areas compared to other comparable higher education institutions that are highly ranked academically
Internal Audit
Accomplishments FY 2011

- Issued 75 audit reports and 59 follow-up reports.
- Investigated on behalf of a Federal granting agency a whistleblower report related to sponsored research.
- Management team created FY12 Audit Work Plan that was presented to the Audit and compliance Committee for acceptance.
- Transitioned fiscal and HR processing to the B&F Service Center.
Office of Investments
Accomplishments FY 2011

• Installed and implemented Investment Management System

In August of 2010 we installed CODE RED, which is a comprehensive software package used for investment manager research and monitoring. We transferred all legal documents for existing funds to the system, as it has a robust data storage/retrieval component. The system serves as a one-stop shop, housing research data for prospective funds, as well as all data for existing funds. The system stores legal documents, financial statements, periodic reports and updates, staff notes, contract information, and more. The system was fully implemented by December 2011.

• Exceeded Benchmarks for Long-Term Investment Pool

For the 2nd year in a row, the Long-Term Investment Pool produced an investment return well in excess of its stated benchmark. The Pool returned 16.8% for FY 2011, and the Policy Benchmark was 13.7%. The excess return of 3.1% was achieved through active management of the portfolio led by the Inflation Hedge asset class that produced an FY 2011 return of 28% with its real estate, natural resource, commodity, and infrastructure investments. During the year, the office focused on keeping a lowered risk profile based upon the numerous issues experienced in almost every corner of the globe. We maintained a strong focus on liquidity and volatility, which we believe, will serve us well through the balance of the calendar year.

• Received Large Nonprofit of the Year Award

In October 2010, The Ohio State University was awarded the 2010 Large Nonprofit of the Year Award by Foundation and Endowment Money Management. Nonprofits with investment pools in excess of $1 billion were included in the category. Investment performance was considered, but was not a sole determining factor. The award was given for innovative strategies, bold positions that paid off, and other unique accomplishments. In Fiscal 2011, the University was named as a finalist for the Top Large Endowment in the country alongside Duke, King Abdullah University of Saudi Arabia, and University of Texas (the winner). The criteria were similar to the above mentioned.

• Established Advisory Group

With the assistance of Geoff Chatas and the concurrence of the Board of Trustees, the office established a three member advisory group consisting of outside investment professionals. The group first met in December 2010, with subsequent meetings occurring in March and May of 2011. The group will meet with CIO, Jonathan Hook, and Geoff
Chatas several times a year to review investment policy and strategy. The group serves in an advisory capacity only, with the Board of Trustees retaining final authority over the Pool.
Purchasing, Receiving, Stores and Mail
Accomplishments FY 2011

Purchasing

• **Contract Improvements**
  - 05 Office Furniture contract extension/negotiations with Allsteel, Haworth, Herman Miller and Steelcase. Negotiated deeper discounts for drop ship and Delivered and Install. Offers discounts up to 67% for delivered and installed orders and up to 71% for drop ship orders.
  - Negotiated pricing for **standard configuration computers** purchased without monitors. Saving extended to IUCPG.

• **Improved Central Purchasing PO Turn Times** to processing 85% of POs within 48 hours, showing an improvement of 112% over the prior 12-month period.

• **Developed electronic workflow approval process in eWaiver system** with the ability to track the progress of a waiver request and an additional reporting feature.

• **Enhanced Contract Management Portal** as a repository for contracts with an email notification regarding contract expiration.

• **Eliminated Resale Waivers** by requiring departments to review requirements regarding resale waivers. Departments will determine opportunities to bid or present a case for a waiver.

• **Background Check RFP** collaboration with OHR and OSU Legal to implement policies regarding the background check policy. UNIV purchasing incorporated language in PO Terms and Conditions/Bid Template.

• Created process to document and validate **bid cost savings in Ariba** revising bid prep form to capture cost estimates and baselines.

• **Additional Process Improvements**
  - Bid Prep Form revised/Waiver Form
  - FOD Bid/Approval Process/State Funds process
  - CRP process
  - Implemented Reverse Auction Process
  - Various PeopleSoft system enhancements
  - PRSM Metric Project for PO and eWaiver turn time models.
Strategic Purchasing

- Implemented a strategic purchasing team that has identified cost savings actions forecasted to save $16 million during the 2012FY.
- Completed 129 cost savings projects with 80 resulting in savings. Examples of completed projects include:
  - Awarded single source bid for printer cost management and cost per copy program with Uniprint, savings forecasted $3 million annually
  - Implemented university-wide Plumbing skilled trades contract, forecasted to save $0.7 million annually
  - Increased use of contracted vendors for Office Supplies (OfficeMax/Guy Brown) and Outbound Shipping (UPS), resulting in annual forecasted savings of $0.8 million and $0.2 million (respectively)
  - Transitioned several small food contracts to U.S. Foods with forecasted savings over $0.2 million annually.
  - Working with OCIO, forecasted to save over $0.4 million annually for Arts and Sciences through negotiation of reduced license seat cost from $29.87 to 2.67 each through expansion to the enterprise.

Stores, Receiving and Mail

- **Excellence to Eminence, Stores, Receiving and Mail Services embrace “One University”**

  Introducing a “One Size Fits All” service to a community as large as The Ohio State University, can be a daunting task. Stores, Receiving and Mail (SRM) have accomplished just that. By aggregating an outbound delivery service that accommodates all aspects of our university community (including the regional campuses), OSU experienced a 99% “on time delivery” of 78,296 items. Costs have been cut by nearly $600,000.00, when compared to standard book rates. Additionally, SRM experienced a nearly 90% university compliance rate with an annual spend for outbound shipments of $964,434.64. In honoring our prime vendor contracts as an entire University, we can significantly reduce operating costs, while at the same time, improving services. “One University” works.

- **Collaborative Effort Nets Cost Savings**

  In an effort to drive down custodial supply cost, Stores, Receiving and Mail (SRM) has been working in collaboration with Facilities Operation and Development (FOD) on the Janitorial Inventory Program. This program involves SRM employees taking inventory and replenishing supply closets on a regular basis. The program currently encompasses 24 buildings, 109 secondary closets and 19
primary janitorial closets. Initial cost savings reported from FOD are 14%, or $190,000.00. Due to the success of this pilot, plans in expanding to all areas of FOD are in progress. Thank you to all involved in these departments in promoting collaboration and supporting “One University”.

- **Telecommunications & Networking Stockroom Addition to the Store, Receiving and Mail Facility**

Stores, Receiving and Mail, (SRM) now supports the operational function of the OCIO Telecommunications & Networking technicians, by providing and replenishing supplies in the stockroom/warehouse. SRM purchased the inventory from the OCIO in March 2011, and has operated the stockroom since August 2010 (first as a pilot program) in the SRM facility. The OCIO approached SRM about taking over the operation since it fell in line with a portion of SRM mission in terms of warehousing and inventory management. By shedding this inventory, and the administrative costs associated with maintaining and managing inventory, the OCIO has been able to turn more of their resources to their core responsibilities.
Resource Management Systems

- Completed roll-out of eRequest, the user friendly electronic request and approval system for procurement.
- Completed implement of Business and Finance Services Center for both fiscal and human resource activity.
- Identified consolidated space for the BFAP IT group.
- Continued transition of servers and applications.