

<b>To:</b> President Gamble Business Process Review Oversight Committee	<b>From:</b> BPR Accounting Functions Team LeAnn Anderson, Heather Halverson, Keith Pickering, Kevin Ward, Sheron McIllhattan, Christina Fournier, Chris Wendland, Ed Binkley, Duane Morris
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## **MSU Business Process Review Business Case: Accounting Functions**

### **Reconciliations**

#### **Executive Summary**

The Accounting Functions Team reviewed the common reconciliations that take place on each of the four campuses by the administrative and financial offices. The goal was to identify areas that could use improvement in efficiency and consistency.

After collecting information from all four of the campuses on their reconciliation processes we identified that there was already a consistency among the campuses in several of the reconciliations. Many of these consistencies started when the Banner implementation took place on the four campuses. Some reconciliations were already in such an efficient state that looking to improve them might result in inefficiencies.

Some of the reconciliations that we looked at were in need of just minor changes. By making these changes, it improved the process and increased consistency across campuses. The Banner/SABHRS reconciliation was identified as one that had possibilities of being improved upon. We discovered that there was a lot of time in this reconciliation process due to a timing issue. Every month that the reconciliation is done, there are timing issues between Banner and SABHRS. Employees on all four campuses are spending a lot of time each month researching these differences. By improving the process to be able to report these timing issues automatically, we will be able to decrease the amount of time looking for them manually each month. We will continue to use these reports on all four campuses so that we can maintain our degree of consistency.

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## **A. Introduction**

### **1. Business Case Subject**

Banner/SABHRS Reconciliation

#### **a. The Action**

Creating and Implementing new report details to current reporting methods that will increase the efficiency of the Banner/SABHRS reconciliation.

#### **b. Business Objectives**

The Accounting Function Team's goals for Banner/SABHRS reconciliation are to:

- Increase efficiency
- Continue to use the same processes across all four campuses
- Build in automated procedures

#### **c. Scope of This Case**

The Accounting Functions Team identified the Banner/SABHRS reconciliation to be a process that could be more efficient. The process itself is already consistent across all four campuses. Improvements were made over recent years to make this process as efficient as it currently is.

The current process involves running reports on each of their fund types from the SAIS website. These reports are then put into a spreadsheet format. The reports show the month end general ledger balances for each fund type both in Banner and in SABRS. They also show whether the Banner accounts are in balance with their corresponding SABHRS account. If these accounts are not in balance, the differences are researched to see why they are not in balance. Since transactions that post to Banner do not post to SABHRS that same day, there are usually differences at the end of each month due to timing. These timing issues in most cases make up the bulk of reconciliation differences.

The reports that we currently use can be modified to pull information on transactions that are off between Banner and SABHRS due to timing issues. This will be done by using the "B" numbers that are attached to each document that passes from Banner into SABHRS. These "B" numbers will determine which documents have posted to both systems.

Currently the reports are displayed in a web browser. By changing the format in which the reports are pulled, we can pull them directly into an Excel, which would eliminate the step of copying or exporting them into a spreadsheet.

## **2. Business Case Purpose**

Transactions posted on the campus system, Banner, are also posted on the State system, SABHRS. In order to ensure that all transactions actions post correctly on both sides each campus reconciles Banner and SABHRS on a monthly basis. If differences are found, they are researched and corrected.

## **3. Background**

### **a. Problems and /or Opportunities Addressed by Business Process Review**

The Accounting Functions Team sees several opportunities presented by BPR. Not all of the overall issues are applicable to the Accounting Functions Team. Those that we explicitly addressed during our review include:

- Consistent process across all four campuses to promote efficiency
- Process that improves quality
- Improved technical functionality to automate processes where applicable
- Implementation of Front Office/Back Office concept if appropriate

### **b. Other, Alternative Actions**

If the Oversight Committee does not approve our recommendations for the Banner/SABHRS reconciliation, we propose to continue the process in its current operational status.

### **c. Current Problems or Limitations**

There are no major problems with the current Banner/SABHRS reconciliation process. Updates have been made over recent years and it has made tremendous strides in efficiency. We do see possibilities to continue improving on the process as the changes become available. What we are proposing is one of these possibilities. We have identified a way to increase the efficiency of the reports by automating a part of the process.

### **d. Other Important Historical or Situational Information**

When Banner was implemented system wide, there were changes made to the reconciliation processes on all four campuses also. These changes have helped to maintain a consistent process across the four campuses that is still being utilized.

## **B. Methods and Assumptions**

### **1. Financial Metrics**

The financial metrics used were based on a weighted average of all four campuses for cost of process. We calculate that the cost of this process will be decreased because we will be able to decrease the amount of time that is involved by implementing the new report. There will also be the one-time report implementation costs of development, testing, set-up, and minimal training.

### **2. Business Case Scope and Boundaries**

This business case covers all four of the campuses. Only the time of those directly involved with the Banner/SABHRS reconciliation is included.

#### **a. The Analysis Period**

The analysis period will take place over a 5-year timeframe from the date of completed implementation.

#### **b. Geography or Location**

All four campuses are involved in this analysis.

#### **c. Organizations**

Financial Services or the equivalent office is included on each campus.

#### **d. Technology**

No technology costs are included in this business case. We will be modifying a reporting system that we currently use.

### **3. Scenario Design**

This business case compares the current Banner/SABHRS reconciliation process using the current report to the proposed reconciliation process using the enhanced report. The process steps will remain the same on each campus, as there is no need to change them. The only variable is the report version that we are using to do the reconciliation.

### **4. The Cost Model**

The financial considerations include time and cost spent on each step of the Banner/SABHRS reconciliation process. The costs are based on a weighted average rate for all four campuses. There are also costs for the designing and implementation of the new report. There will be minimal costs for training since the report will operate the same at the user end.

## 5. The Benefits Rationale

The benefits will be:

- More efficient reconciliations
- Maintain consistency across all campuses
- Enhanced report, using current program
- Implement automation into report

## 6. Data Sources and Methods

The following data sources and methods were used:

Data	Source	Method
Workload Distribution Charts	Employees Involved	Self-Report
Flowcharts	Employees Involved	Self-Report

### a. Data Sources

All sources were internal to the BPR process or extracted from Banner.

## 7. Assumptions

The Following Assumptions were made:

- Timing issues occur each month
- Non-timing issues will remain constant
- Reconciliation is done on a monthly basis

## C. Business Impacts

### 1. Analysis of Results

See Appendix A

Our results show that by enhancing the Banner/SABHRS trial balance report to include listing the timing differences and providing the report out put in an Excel format we can save time and in turn money. By implementing these changes we project a total time savings of 532.8 hours annually. This in turn provides an annual savings of \$12,947.

### 2. Expenses

There will be an initial cost to modify and implement this report. Report writers in Bozeman estimate the time involved to create the new reports at approximately 40 hours. This would result in a one-time implementation cost of approximately \$1,417.

### **3. Non-financial and Non-quantified results**

By enhancing the report that we currently use we will continue to be using the same process on all four campuses. We will also be building in automated procedures that increase efficiency and ease of reconciliation reporting.

## **D. Sensitivity, Risk, and Security Analysis**

### **1. Sensitivity Analysis**

Time and costs may deviate from our assumptions. However, the time involved for the Banner/SABHRS reconciliation process will decrease due to the automation of the report. The sensitivity analysis of this process is low.

### **2. Risk Analysis**

Our proposal does not require a high implementation cost. We will still be using the same reporting platform that we are currently using. We will also be using the same report, only making enhancements to it. The initial costs will include the development, testing, and set-up of the report. There may also be minimal training costs. The risk analysis of this process is low.

### **3. Security Analysis**

The report will continue to run on the SAIS server that it currently runs from. We will also continue to store the reports how we are currently storing them, they are saved to a desktop and a hard copy is filed. The information in the reports also does not contain any confidential information.

## **E. Conclusions and Recommendations**

### **1. Conclusions**

The Accounting Functions Team has reviewed the Banner/SABHRS reconciliation process that used by the financial offices on all four campuses. The reconciliation is done in a consistent manner across all campuses. There is no need to change the steps that are currently used. We have found that by enhancing the report that we currently use we will be able to decrease the amount of time that it takes to complete the process.

### **2. Recommendations**

The Accounting Functions Team recommends that we develop an enhancement to our existing BAN/SABHRS report that will reconcile month-end timing differences automatically within the report. By implementing this enhancement, it will eliminate the time that it takes to research these timing issues each month. We also recommend changing the output format of the report. This will allow us to work directly with the report instead of having to duplicate it elsewhere.

## **F. Appendixes and References**

Please See Attachments





Accounting Functions-Reconciliations Business Case  
Appendix B

Group 2 Total assets:	0.0	0.0	0.0	0.0	0.0	0.0
Total asset costs:	0.0	0.0	0.0	0.0	0.0	0.0
<b>CASH FLOW SUMMARY</b>						
Cash inflows (outflows)						
Benefit impacts	0	0	0	0	0	0
Expense Item Impacts	(16)	(17)	(17)	(18)	(19)	(88)
Net operating inflow (outflow)	(16)	(17)	(17)	(18)	(19)	(88)
Asset purchase (from above)	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>(16)</b>	<b>(17)</b>	<b>(17)</b>	<b>(18)</b>	<b>(19)</b>	<b>(88)</b>
Cumulative Net CF	(16)	(33)	(51)	(69)	(88)	(88)
Discounted Cash Flow						
At 5.0%	(16)	(16)	(16)	(16)	(15)	(79)
At 7.0%	(16)	(16)	(15)	(15)	(14)	(76)



Accounting Functions-Reconciliations Business Case  
Appendix C

Total asset costs:	0.0	0.0	0.0	0.0	0.0	0.0
<b>CASH FLOW SUMMARY</b>						
Cash inflows (outflows)						
Benefit impacts	0.0	0.0	0.0	0.0	0.0	0.0
Expense Item Impacts	(3.4)	(3.5)	(3.6)	(3.8)	(3.9)	(18.1)
Net operating inflow (outflow)	(3.4)	(3.5)	(3.6)	(3.8)	(3.9)	(18.1)
Asset purchase (from above)	0.0	0.0	0.0	0.0	0.0	0.0
<b>NET CASH FLOW</b>	<b>(3.4)</b>	<b>(3.5)</b>	<b>(3.6)</b>	<b>(3.8)</b>	<b>(3.9)</b>	<b>(18.1)</b>
Cumulative Net CF	(3.4)	(6.9)	(10.5)	(14.3)	(18.1)	(18.1)
Discounted Cash Flow						
At 5.0%	(3.4)	(3.3)	(3.3)	(3.2)	(3.2)	(16.4)
At 7.0%	(3.4)	(3.3)	(3.2)	(3.1)	(3.0)	(15.8)