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MSU Business Process Review Business Case: Budget Management

Executive Summary

The Budget Team is modifying the Budget Management Process.

The customer survey results from Bozeman participants stated that there was not enough time to review budget information and salary projections. The MSU organizations follow the same prescribed steps in budget management. The work involved in Budget Management required two FTE across the MSU organizations. Budget management is of high importance to our customers and has high cross-functional interaction between HR, Finance, and Financial Aid modules. Results have a visible impact to the University community.

The current budget management process does not have verbiage indicating that position budget changes are necessary. As a result, there are differences between the Finance module and the HR module. This requires extensive additional steps to align HR and Finance.

In October 2006, Bozeman had added verbiage to the personnel transaction form (PTF) that requires a position budget change at the same time as the PTF submission. This PTF change applied only to the Bozeman campus because the other MSU organizations already review the PTF's centrally. Approximately a half an hour of personnel time was required to make the change to the PTF. This form enhancement will keep the position budgets accurate throughout the fiscal year and provide efficiencies during the salary projection process. This form enhancement will also assist in the development of a timely MBARS position reconciliation required by the Governor's Budget Office.

Implementing training sessions on a regular basis will assist constituents with an understanding of the salary projection process and budget adjustments. To-date, five training sessions have been held and more sessions have been scheduled. Session evaluations have been collected, and feedback is positive.

CASH FLOW —N/A

Associated expenses are a sunk cost as this task is complete.

The Oversight Committee recommended combining the PTF and Budget Adjustment form into a 1-page document. Several individuals met to discuss this and determined that this is not feasible with the amount of information that is needed to complete both forms. However, the group did agree that this could be a

2-page form. Page 1 would be the PTF and page 2 would be the Position Budget Adjustment form. If the PTF indicates that a position budget adjustment is required, then both pages will need to be completed. Once received in PPS, page 2 would be routed to the Budget Office. Like data on page 2 will be linked to page 1 to eliminate duplication of effort, i.e. name, department, position #.

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A. Introduction

1. MSU Business Process Review

Monitor budget balances and revenue collections to ensure spending is within limits and to analyze variances. This involves processing base operations budget adjustments, base position budgets and one-time budget adjustments.

a. Summary of Processes to be Redesigned or Modified.

Process Title	June 28 th 2006 Recommendations
Budget Management	Modify

The Budget Team is recommending adding verbiage to the personnel transaction form (PTF) that would require a position budget change at the same time as the PTF submission. The Budget Team is also recommending that an MBARS position reconciliation be implemented at the same time to assist with the biennial personal services request by the Office of Budget and Program Planning (OBPP).

b. Business Process Review Objectives

Implementing Salary Planner and Finance Self Service will:

- Improved institutional and systems efficiencies and effectiveness;
 - Single process across MSU organizations,
 - Data consistency,
 - Quality process,
 - High level of customer service, and
 - Timeliness of product or service delivery.
- Improved technical functionality.

This form enhancement would improve accuracy of position budgets and reduce departmental review time during the salary projection process. This form enhancement will also assist in the development of a timely MBARS position reconciliation required by the Governor's Budget Office.

c. Scope of This Case

Monitor budget balances and revenue collections to ensure spending is within limits and to analyze variances.

2. Business Process Review Business Case Purpose

The purpose will to be monitor budget balances and revenue collections to ensure spending is within limits and to analyze variances. It will be used across all MSU organizations.

3. Background

Budget management is of high importance to our customers and has high cross-functional interaction between HR, Finance, and Financial Aid Modules. Results will have a visible impact to the University community.

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

- Opportunities presented by BPR to address problems identified through the Pappas Review process include:
 - Single process across all MSU organizations to promote efficiency, succession planning, training, and improved ability to meet peak demands.
 - Data consistency to improve the reliability of management reports both from an individual campus perspective and a comparative cross campus perspective.
 - Process to improve quality, reduce error rates and improve the targeting of training and reference materials,
 - Improved timeliness of product or service delivery thus improving ongoing process efficiency.
- Improved technical functionality by implementing Banner functionality that MSU already owns, but has not implemented, as well as potential to purchase and implement other IT enhancements subject to budgetary constraints.
- Implementation of Front Office/Back Office concept. This concept was proposed by the Pappas consultants where the client interface still occurs on a face to face basis with the client dealing with “their” own campus. Any transactions that do not include a face-to-face client interaction, a “moment of truth”, can be processed at any campus where there are available resources. This will improve overall efficiency and effectiveness and smooth out resource demands across the MSU organizations.

b. Connections to other Projects/Products or Programs

The BPR project has ongoing links with:

- Business Continuity Planning
- Disaster Recovery Planning
- Pre-Disaster Mitigation Planning
- National Industry Benchmarking
- BPR Student Administration (future)

c. Other, Alternative Actions

None

d. Current Problems or Limitations

Current problems or limitations include:

- Different cultures across the MSU organizations

e. Other Important Historical or Situational Information

None

B. Methods and Assumptions

During investigation, initial analysis reflected consistency across MSU organizations. Flowcharting provided information that was inconclusive. Generally, the work required two FTE across the MSU organizations and is a medium cost activity. The customer survey results from Bozeman participants stated that there was not enough time to review budget information and salary projections.

1. Financial Metrics

N/A

2. Business Case Scope and Boundaries

All MSU organizations will be responsible for adding the recommended verbiage on the PTF. This change will be implemented for FY08 in the Cost/Benefit Analysis.

a. The Analysis Period

This modification will occur during the spring of FY07 and implemented for online budgeting for FY08.

b. Geography or Location

Implementation will occur on all MSU organizations.

c. Organizations

The organizations covered by this business case for budget management will include the following:

Montana State University

- Billings campus
- Bozeman campus
- Agricultural Experiment Station
- Extension Service/Fire Services Training School
- Great Falls campus
- Northern campus

d. Functions and Positions

The recommendation made in this business case will affect all departments across all MSU organizations.

e. Technology

Existing functionality in Banner Software is being utilized.

3. Scenario Design

When making changes to positions, the required verbiage on the PTF will ensure that base or one-time budget changes are processed.

4. The Cost Model

N/A

5. The Benefits Rationale

The benefits of Salary Planner and Budget Development:

This form enhancement would improve accuracy of position budgets and reduce departmental review time during the salary projection process. This form enhancement will also assist in the development of a timely MBARS position reconciliation required by the Governor’s Budget Office.

6. Data Structure

N/A

7. Data Sources and Methods

N/A

a. Data Sources

b. Methods for Estimating Costs and Benefits

8. Assumptions

N/A

C. Business Impacts

N/A

1. Financial Model and Cash Flow Statements

a. Benefits and Gains

b. Expenses (or “Operating Expenses”)

c. Assets Purchased

d. Cash Flow Summary

2. Analysis of Results

3. Non-financial and Non-quantified results

D. Sensitivity, Security and Risk Analysis

1. Sensitivity Analysis

N/A

2. Security

At the present time, the recommendation is to make the PTF a two-page form. Page 1 would include a line under the Position # that asks, “Does this PTF require a Position Budget Adjustment? If yes, please complete page 2.” Page 2 would be the Position Budget Adjustment form and contain all the information required to process a Position Budget Adjustment. Payroll would receive the PTF and pass along the Position Budget Adjustment page to the Budget Office. Thus, the issues of confidentiality, integrity, and availability are not applicable.

3. Risk Analysis

N/A

E. Conclusions and Recommendations

1. Conclusions

The MSU organizations follow the same prescribed steps in budget management. Budget management is of high importance to our customers and has high level of cross-functional interaction between HR, Finance, and Financial Aid modules. Results have a visible impact to the University community.

2. Recommendations

This recommendation applies only to the Bozeman campus because the other MSU organizations already review the PTF's centrally. For the Bozeman campus, the team recommended adding verbiage to the personnel transaction form (PTF) that would require a position budget change at the same time as the PTF submission. It was also recommended that an MBARS position reconciliation be implemented at the same time to assist with the biennial personal services request by the Office of Budget and Program Planning (OBPP).