**Financial Health Committee - Shared Services Team**

**Draft Recommendations**

Like many large public research universities, administrative services and processes at the University of Louisville in the areas of human resources, financial management, accounting, budgeting, and procurement are delivered across the campus in a highly decentralized structure. The result is that service quality and efficiency are varied at the department level – in some cases with high levels of proficiency, but in other cases lacking critical competencies and skills. The current decentralized delivery model is preventing the campus from gaining economies of scale. The model fosters duplicated and redundant processes, systems and labor, and reduces the ability for the campus to achieve operational standards which promote consistency, equity and adherence to campus policies. The inability to deliver services in a consistent manner across the campus leads to increased institutional risk. The model also limits the ability of the campus to build deep skills and competencies in the people who are delivering these services. Unit Business Managers and other administrative staff often provide services across multiple disciplines (i.e., finance, HR, miscellaneous administrative duties, etc.) and as a result they may develop the necessary skills in one of the areas but likely lack expertise in all of the critical service areas.

To address these issues and to improve the quality and efficiency of routine HR and finance services, the Financial Health Committee developed a Shared Services approach. A draft model was created using the concept that Service Centers would be organized within each academic unit and major administrative unit. Service Centers would be organized to include a broad range of transactional HR and Finance tasks and functions. At its core, the Service Center strategy is designed to reduce the number of points of delivery of HR and Finance services which in turn allows the University to gain economies of scale, better leverage and deploy technology, develop deep skills and expertise in HR and finance, reduce financial risk and liability, and gain consistency in the application and administration of University policy.

The following principles were developed by the Committee to guide the development of a shared service model.

1. Key university business functions (primarily transactional HR and financial functions) should no longer be performed at the department level. Each division vice president and dean should be charged with the responsibility for centralizing business functions into a division / college / school level business center, subject to these guidelines.

1. A service center should be staffed by a minimum of four unit business managers (or equivalent) and one unit business administrator. From an organizational design perspective, the Committee determined that five positions represent sufficient “critical mass” to permit the anticipated synergies to occur.
2. Where the number of current UBMs (or equivalents) staffed among the division, college, or school do not meet the minimum threshold of five staff members, vice presidents and deans should align their units with other units to pool business resources. This aggregation of business centers based on a minimum staffing level will yield approximately 16-20 business centers across the University.
3. Department chairs or directors will retain control over the allocation and expenditure of all departmental funds. In addition, the following functions will to continue to be discharged at the department level, such as (but not necessarily limited to):
   1. Processing and reconciling cash receipts.
   2. Procurement card holder and reconciliation of procurement card transactions.
   3. Authorize initiation of purchases, recruitment, position management, and budget transactions through designated Business Center representative.
   4. Budget development – planning and approval.
   5. Time management – timesheet and leave request approval. such as (but not necessarily limited to):
4. Shared service centers would be responsible for delivering the following key university business functions, such as (but not necessarily limited to):
   1. Approval of weekly or monthly cash receipt reconciliation process.
   2. Approval of monthly procurement card reconciliation.
   3. Preparation and approval of disbursement requests.
   4. Preparation and approval of purchase order requisitions.
   5. Processing budget revisions and budget transfers.
   6. Monthly reconciliation of university owned programs/speed types.
   7. Processing and approval of Position Authorization Requests (PAR’s)
   8. Processing and approval of Job Data Change forms (JDC’s)
   9. Manage recruitment process in consultation with department.
   10. Timesheet entry and reconciliation.

In the spring of 2014, a sub-section of the Committee was asked to review the draft model with each Dean, Vice President, Vice Provost and other institutional leaders. As part of the review institutional leaders were asked to consider opportunities that may exist to consolidate business service functions across units and assess the benefits and risks associated with such opportunities. The chart below highlights the potential consolidation opportunities that were identified. These opportunities should be explored further as the initiative evolves into the implementation phase.

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| **Area** | **Potential Consolidation Opportunities** |
| Advancement | Opportunity and willingness to partner where appropriate |
| Arts & Sciences | Opportunity - Dean will convene a committee to assess |
| Athletics | Centralized model currently exists |
| College of Business | Opportunity and willingness to partner, possibly with Music |
| College of Education | Centralized model currently exists - highly controlled |
| Dental School | Centralized model currently exists, willing to partner with Nursing |
| EVP Health Affairs | Centralized - CFO to oversee HA/ULP operational opportunities |
| EVP Research | Centralized model currently exists |
| Human Resources | Centralized - Pilot program - working with IT |
| IT | Centralized model |
| Kent School | Opportunity to partner, possibly with SPHIS and/or Law |
| Law School | Opportunity to partner, possibly with Kent and Library |
| Med School | Opportunity - Dean will convene a committee to begin effort |
| Music | Opportunity to partner, possibly with Business |
| President's Office | Centralized model currently exists |
| Provost | Opportunity to reorganize internally |
| School of Nursing | Centralized model currently exists willing to partner with Dental |
| School of Public Health | Opportunity to partner, possibly with Kent |
| SIGS | Opportunity to partner, possibly with Provost |
| Speed School | Centralized - Pilot program |
| Student Affairs | Centralized model specialist |
| University Libraries | Centralized model working on refinements, potential partner with Law |
| VP Business Affairs | Centralized - Specialists / Liaison model |
| VP Community Engagement | Opportunity to partner, possibly with Provost |
| VP Finance | Opportunity to partner with Business Affairs |

In the spring of 2014 the University launched two pilot initiatives designed to support the Shared Services model and guiding principles. The Speed School of Engineering successfully designed a shared services model consistent with the guidelines highlighted herein and consistent with their local demands and needs. The pilot has been extraordinarily successful and can serve as a model for other schools and units to follow. Likewise the Human Resources unit merged its business operations with the Information Technology unit consistent with the aims cited herein and with little disruption or interruption of services.

The Committee recommends that the Shared Services model and approach as outlined above be adopted by the University and that a small implementation team be assembled to work with each school and unit to assist in their transition to the Shared Services model and to ensure that the fundamental guidelines and principles are consistently applied in each unit.