

University of Oregon

Overhead Assessment Policy Evaluation

Committee Charge and Objectives

Guiding Principles

In keeping with its responsibilities as a steward of public resources, the University of Oregon wishes to promote sound financial and operating practices that:

- Promote operational efficiency and effectiveness;
- Promote accurate and meaningful financial reporting;
- Provide useful tools for managerial decision-making;
- Ensure compliance with all applicable laws and regulations and accountability to stakeholders;
- Recognize the University as a whole organism and promote its overall financial health and ability to thrive;
- Ensure transparency in the financial relationships between the operating units of the University;
- Enable the University to adapt and respond to change;
- Promote best business practices;
- Promote and are consistent with the highest ethical principles and standards.

Further, the UO supports the OUS guiding principles for developing indirect cost allocations methods that are:

- Reasonable
- Properly allocable
- Simple and easy to understand
- Auditable
- Objective
- Applied consistently within the campus

Background and Purpose

The State Board of Education believes it is critical that management has accurate information regarding the revenue and costs associated with major operating units within OUS institutions in order to make sound fiscal management decisions. OUS requires each institution within the Oregon University System to develop and implement an indirect cost allocation policy for allocating the applicable portion of the institution's indirect costs to auxiliary enterprises.

In keeping with the Guiding Principles stated above, the University of Oregon wishes to undertake a comprehensive evaluation of all current overhead assessments and to develop a set of consistent assessment policies that appropriately articulate and integrate with each other.

Scope, Objectives, and Timeline of Evaluation

Specific objectives of the Overhead Assessment Evaluation include:

- Assembling an inventory of all overhead assessments currently applied and the method of allocating them to specific operating units;
- Performing analyses of actual overhead costs related to various University operations;
- Reviewing existing OUS, state, federal, and other policies and regulations governing the assessment of overhead costs;
- Researching industry best practices related to identifying and assessing overhead costs;
- Proactively communicating and working with managers in University operating units to discuss impacts of overhead cost assessments on operations;
- Analyzing methodologies for implementing overhead assessments and evaluating their feasibility and impacts;
- Synthesizing information, reporting findings, and making recommendations to senior management regarding overhead assessment policies;
- Preparing a detailed implementation and communication plan for approved actions.

The evaluation team is expected to complete its work by March 2006, with implementation of new policies to be effective July 1, 2007. It is anticipated that recommendations will be forwarded in phases, with the team first forwarding a conceptual proposal for approval by the President's Small Executive Staff (PSES) followed by a more detailed implementation plan.