



California State University, Stanislaus

**Office of Vice President, Business and Finance
Financial Services**



EXECUTIVE SUMMARY JULY 2008

*Kenton Whitfield, Interim Vice President Business and Finance
Nancy Havens, Associate VP Financial Management*

Table of Contents

SECTION A: SELF STUDY AND EXTERNAL REVIEW

1.0 SELF STUDY REFLECTION 3

2.0 RESPONSE TO EXTERNAL REVIEW TEAM..... 3

3.0 BUDGET REPORTS REFLECTION..... 9

4.0 MISSIONS, VALUES, AND GOALS REFLECTION..... 9

SECTION A: SELF STUDY AND EXTERNAL REVIEW

1.0 Reflect on the unit's annual reports and the self study done within the unit by addressing the evaluation processes used to measure management and efficiency of the unit

The evaluation process began in fall 2007 when the President contracted with a consultant to provide a broad assessment of business processes in Financial Services. That step went hand in hand with our self study to help the unit develop a focused action plan to improve operations, technologies, financial reporting and customer service, all of which will create enhanced stakeholder value.

Financial Services/Vice President Business and Finance (FS/VPBF) recognizes the decisive role management will play in the accomplishment of the unit's action plan and priorities. We will consistently manage staff performance, operational efficiency, and working climate on the basis of four themes: 1) positive interpersonal support 2) efficient and humane work environment 3) performance accountability and 4) clear leadership. Within this framework, FS/VPBF management promotes the following principles to drive us toward continuous improvement:

Core Management Philosophy

- Invest in the individual and ensure full equality of opportunity
- Ensure position descriptions are accurate and current
- Measure performance often and timely
- Promote healthy personal characteristics
- Grant authority with responsibility
- Make decisions and be accountable
- Provide tools and resources for success
- Communicate regularly both formally and informally

Our goals for operational effectiveness are to increase organizational efficiency and effectiveness while maintaining quality. Effectiveness indicators will be measured by periodic customer satisfaction surveys and the judicious use of benchmark metrics.

Financial Services/VPBF is committed to quality improvement. Critical elements in quality improvement are accuracy, timeliness, usability, consistency, and compliance. Administrative processes will be reviewed, revised, and streamlined to create a simplified system where value is continuously added.

2.0 Address divergence between self study and review team findings

Financial Services/VPBF sincerely thanks the external review team members for their time, professionalism and candor, and for talking with the many stakeholders associated with Financial Services. While we are proud of the major strides already taken in the unit, we can benefit from the useful feedback and recommendations of the review team.

Their comments can be used to further improve overall quality as we invite the campus to share in our vision of an even better future.

The external review team complimented Financial Services/VPBF on achievements already made. The team presented thought-provoking suggestions for improvement and clearly articulated appropriate actions that may be taken to achieve effective outcomes. The multitude of unit weaknesses is well known and documented. These challenges create opportunities for innovation, and the review team indicates optimism that the Financial Services/VPBF will address the challenges successfully.

The following sections quote the team's specific recommendations and our responses. Also provided are new perspective or information where reviewer comments suggested a need for more analysis.

2.1 Mission and Organization

The Review Team noted: The existing mission and vision of the unit were not assessed or adjusted as a result of the re-organization. These, as well as the core values were adopted through a collaborative process approximately three to four years ago and remain unchanged at this time. In the years since the inception of the mission, vision and guiding values the unit has experienced a significant level of personnel turnover resulting in a core group of employees who were not part of the development of these documents. This factor in conjunction with the recent reorganization warrants a revisiting of these items.

RESPONSE: Financial Services/VPBF recognizes the value of a guiding mission and vision statement and will actively consider this suggestion. At present we believe our managers, staff, stakeholders and customers will be best served and motivated by the unit focusing time and attention on swiftly accomplishing our essential strategic priorities. High performance and productivity will be compelling evidence of our clear, strong sense of purpose and mission.

2.2 Role within the University and relationship to other units

The Review Team recommendation: Appointment of a small committee of Financial Services managers and staff to review existing policies and practices would support the goals of the reorganization through the critical analysis of existing policies and procedures to inform improvements in this area. One resulting benefit of such a committee would be a deeper level of communication between Financial Services staff and management, particularly important given the newness of the reorganization and its associated impact to staff and workload. As the unit examines the recommendations brought forth in this report the group may also want to consider appointing a number of colleagues from across the campus to provide insight in their perceptions of the unit.

RESPONSE: We appreciate that the review team commends staff for commitment to the unit's success and for taking pride in providing a high level of customer service. We agree and are committed to achieving the team's suggestion that existing policies and procedures be critically analyzed. The Unit has already taken action through regular staff and management meetings to ensure that consistent and frequent high level communication regarding policies and procedures flows back and forth among staff, management and executive management. A number of small *ad hoc* cross-functional committees will be used in developing policies. Membership selection is based on having the right expertise present, along with a decision-making manager who understands how the new processes fit in the current structure and will aid in implementation and communication outside the division. The review team suggestion that colleagues from the campus community be appointed to provide an outside perspective will be implemented whenever it is valuable and useful to do so.

2.3 Plans and Planning Processes

The Review Team recommendation: Financial Services management takes a deliberative approach to creating and maintaining an open communication process. On the same note it is recommended that staff clearly communicate with their direct supervisors in regards to questions or suggestions they might have.

Financial Services management and staff collaboratively review existing strategic planning documents. Although there is an awareness of the need, both management and staff have been unable to fully engage in such a process due to work demands within the unit.

RESPONSE: As stated in the previous section, the Unit is engaging staff regularly through consistent staff meetings. We concur that strong value is gained from interactive, participatory leadership where staff is engaged in dialogue with management. The newly open lines of communication allow staff participation in important decisions that they have a stake.

Work has begun on our strategic plan and is thoroughly discussed in Section B.

2.4 Assessment Process for Measurement of Outcomes

The Review Team recommendation: Financial Services should continue to benchmark the following measurements as a means to track some key factors for improvement:

- *Turnaround time and accuracy/correctness on various types of transactions:*
 - *Purchase orders*
 - *Direct Payments*
 - *Travel Reimbursements*
 - *Corrections to accounts*
 - *Billings on Grants*

- *Posting of Budgets*
- *Posting of Expenses*
- *Clarity of Expenses on Brio reports*
- *Length of lines at Cashiers on peak days*
- *Measures of satisfaction of faculty, staff and students*
- *Measurements of effectiveness (Are the right things getting done as efficiently as possible. Not just the improved efficiencies in the things that are done.)*

The Review Team also recommends: Survey staffing levels at comparable institutions to determine how other campuses have dealt with or adjusted staffing needs in response to the implementation of PeopleSoft/CMS, as well as the increase in demand from the Chancellor's Office for various reporting requirements. While each campus will be unique there are commonalities.

RESPONSE: The lack of meaningful performance indicators, standards, and benchmark data are among the Unit's weaknesses; therefore, establishing baseline standards for timeliness, accuracy, and achievement of performance targets are among our highest priorities. New standards and measures will be verifiable, understandable, timely, and limited to a number and degree of complexity that can provide meaningful data without creating undue burden for collection. The long-term planning and goal setting process, when linked to the University's mission/ goals/objectives/ performance measurements, will assist management in: 1) identifying financial and program results, 2) evaluating past resource decisions, and 3) facilitating decisions regarding resource allocation and service delivery. Negative variances are unacceptable due to the cascading impact to financial systems and will be promptly identified and addressed. Measurements and standards will be designed in a such a way that staff will know their team standards and will be motivated to contribute toward unit improvement.

Given the regular interaction among financial management cohorts across the system (e.g., CABO, FOA, PSSOA), we agree ample opportunity exists to glean ideas and an understanding of other campus processes. If there is value and relevance, we encourage managers and staff to contact colleagues for identified best practices that would provide practical application given our unique campus structure, resources and environment.

2.5 Resource Allocation

The Review Team recommendation: Financial Services should assess the number of transactions processed by the various entities under the umbrella of Financial Services to do the comparative evaluation of workflow by area. This data will provide the unit with information through which it can strategically grow financial and personnel resources in the years to come. It will also enable the unit to determine departments in which reductions in workflow would merit a reallocation of personnel across units.

The use of a collaborative process between Financial Services and the general campus community on such a project would foster long-term success, secure stakeholder interest in Financial Services and ensure that the campus community is an active partner in this endeavor.

RESPONSE: The team correctly notes that Financial Services staffing has not kept pace with campus growth resulting in more workload assigned to fewer employees. The increased demand for our services caused by a growing enrollment is further strained by California's economic condition and the State's ability to provide sufficient funding. Management's use of easy to gather proper metrics can aid in personnel allocation decision-making (i.e. the floater position is aptly placed to provide resources to any team struggling to meet workflow demands). A positive track record in timeliness and accuracy established by Financial Services will ensure that the campus is an active partner benefiting from the effect of optimal service delivery.

2.6 Evaluation of Operations of Financial Services

The Review Team recommendation: Gradual shift from a decentralized budget office to a more centralized office. This will provide a valuable resource for the campus especially in regards to budget reporting, posting of transactions, training on budget tools, and questions pertaining to salaries and benefits.

RESPONSE: Financial Services recognizes the desires expressed by the team. Prompted by their comments, we reviewed the current structure again and have elected to remain decentralized in our budget processing approach. Our belief is that this model better responds to campus needs by placing budget decisions closer to the department level. This methodology provides more flexibility, offers clear expenditure responsibility, transparency, autonomy, and is compatible with shared governance values. The Campus community's understanding of the model and its implications is critical; therefore, more training must and will be provided to department budget analysts. It is imperative to provide meaningful and accessible financial reporting and resource assistance to the campus. Presently, we are setting up processes to address this very important issue.

The Review Team also recommends: Financial Services should examine their internal and external communication practices to promote a transparent communication process. Ensure that communication is a guiding value of the unit.

Through communication the unit will be able to:

- *Reduce the number of calls received by Financial Services staff*
- *Reduce frustration on the parts of Financial Services and University staff*
- *Improve productivity*
- *Ensure that Financial Services employees are knowledgeable about unit practices*
- *Empower Financial Services to make decisions*

- *Articulate service level expectations for the campus*
- *Meet deadlines*
- *Improve customer satisfaction*

RESPONSE: Financial Services/VPBF confirms its commitment to promoting a transparent communication process as a guiding value of the unit. It is important to clearly articulate service level expectations to the campus. Employees through the use of Standard Operating Procedures (addressed in Section B) will be knowledgeable about practices. On the other hand, though conscious of the need to communicate, we strongly believe that concrete timely and accurate delivery of services will be the primary vehicle to reduce staff calls and frustration, and for improving customer satisfaction. The Unit supports the concept of actualization over theory, and implementation according to plan. As steady improvement becomes reality, we are assured that productivity and customer satisfaction will naturally increase.

2.7 Evaluation of Quality and Effectiveness of the Unit

The review team correctly notes that: The quality and effectiveness of the new reporting structure is still to be determined as it has only been two months since the implementation. There is a great potential for improvement with the consolidation of the Human Resource and Payroll functions as well as the consolidation of the Grants and Programs with the Grant Accounting.

RESPONSE: We are pleased that the review team confirms the great potential for our unit and realizes that it will take time to demonstrate the effectiveness of the new structure.

2.8 Recommendation for Improvement and Conclusion

The review team concludes by repeating the key recommendations found earlier in the report and ends on a positive note by recognizing that: The current Business and Finance leadership came to the university and were immediately faced with serious issues and concerns. The administration has appropriately identified some of the concerns the campus has with the unit, and are attempting to address them with the changes they are incorporating.

RESPONSE: Financial Services is indeed vigorously pursuing many of the issues raised by the team and actively engaging in dialogue and reflection on others. The Interim VP appointed in January 2008 has rapidly implemented changes in structural organization and fiscal management to strategically position the unit for its new direction. This self study and the external team observations will continue to stimulate discussion, consultation and appropriate action in the future as we progress towards achieving the vision and mission of the University.

3.0 Reflect on the unit's mid-year and annual budget reports

Despite the threat of significant state funding reduction, the University is committed to maintaining current staffing levels. Financial Services/VPBF is working to achieve proficiencies through reorganization and change initiatives that focus on cutting waste and redundancy rather than people and services. Since Payroll and Grant Accounting have been physically relocated out of the VPBF area, space is now sufficient for the remaining teams to be grouped together according to function and need which fosters interaction with customers. Budget, personnel, and equipment appear adequate to meet productivity needs; however, funding uncertainty remains until the State of California's budget for 2008/09 is passed.

In addition to the anticipated decline in state funding, FS/VPBF is faced with numerous challenges straining university resources. Such challenges include:

- Increase in regulatory and compliance burden and complexity
- Loss of experienced staff leadership institutional memory through retirement and attrition
- Inflationary cost increases in required commodities and services
- Information systems security
- Identity theft
- Vulnerability to adverse legal action

Resources for higher education will be constrained for the foreseeable future. This reinforces the importance of delivering exceptionally efficient business and financial services to the campus. Financial Services/VPBF takes seriously its responsibility to carefully manage its resources and ensure they are aligned with the University mission and priorities of the Strategic Plan.

4.0 Reflect on how the unit's missions, values and goals support the mission of the university

Financial Services/VPBF recently engaged in a major reorganization. Unit leadership turnover presented an opportunity to press toward the goal of optimal alignment to the University's mission and vision by adding one new employee and reassigning work to other staffing resources. In order for new leadership to implement creative solutions to existing problems and strengthen business practices, we worked together with overall coordination by the Vice President to develop a new structure to carry us forward in these priorities.

Since the full benefits of the changes have not yet been realized, the self-study was forward-looking, as prior performance measurements, focus groups, and customer surveys were no longer relevant to our current structure.

At some point in the next year as the new financial structure is utilized by all University employees, we plan to assess the effects of these goals and innovations and determine

whether we accomplished what we set out to do. There will be continuous gap assessment to identify holes to fill and prioritize resources commitments.

Although the FS/VPBF mission and vision statements were not revisited as part of the reorganization, the overriding principles for the unit are:

- We will conduct our business in a professional and polite manner.
- We will recognize that we are a service organization to our customers who are the departments and individuals that we serve within the University campus and important external agencies (i.e. vendors, CSU system, others).
- Our work will be both timely and accurate.
- We will work in an organized fashion and will be truthful with all of our communications.
- We will be a source for reliable, factual information that will be reported according to the needs of our customers, so that they can make informed business decisions.
- We will abide by all laws and regulations and maintain necessary confidentiality.
- We will design and promote process change that will lead to greater effectiveness for all stakeholders.
- We will constantly innovate in response to the needs of the organization and our customers.