University of Alaska

Many Traditions One Alaska

Finance Report

April 11, 2017

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Team Charge, Scope and Goal, Members and Stakeholders

Charge

Develop and review options for organizational restructuring including but not limited to further decentralization, consolidation at one campus, or consolidation at Statewide of functions that support improvements in service and cost effectiveness through outsourcing, automation, intercampus collaboration, process standardization, and other means TBD by the team.

Scope

All Finance functions, including:

- Accounts Receivable (A/R)
- Accounts Payable (A/P)
- Cashiering
- Collections
- Grants and Contracts
- Reporting
- Payroll
- Banking/Treasury
- Budget/Planning
- Taxes/Tax Issues
- Cost Analysis
- Student Disbursement
- Internal and External Audit
- Financial Transactions
- Debt Management
- Travel (Auditing and Processing)
- Procurement Card
- ERP System (Banner Finance)
- Chart of Accounts
- Fixed Assets
- Financial Interface with UA Foundation
- Internal Controls/Compliance

Goal

Optimize resources and align with UA priorities.

Team Members

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Key Stakeholders

- Students and Prospective Students
- Faculty
- Staff
- Executive Leadership and Board of Regents
- Community
- Employers
- Parents

- Alumni
- Legislators
- External Auditors
- Regulators
- External Funding Agencies
- Vendors
- Researchers

Process Overview

The Finance Team is one of seven teams in Phase 3 of Strategic Pathways. Phase 3 began in January when the teams met for the first time. During that first meeting, Session 1, there was a thorough orientation to the overall effort, and the charge, scope, and goal were refined. The Finance Team defined the first iteration of the four options to meet the scope and goals.

In the weeks between Session 1 and the second meeting, Session 2, the Finance Team continued to define the options with weekly teleconferences and virtual collaboration. The pros and cons for each option were developed in Session 2 in February. Since then, the Finance Team has been continually refining the options, opportunities, pros and cons and writing them into this report. The report served as the main source of information for the presentations that will be presented to the Summit Team on April 11th.

The Finance Team, as part of Phase 3, had the opportunity to review other work/proposed options from both of the previous two phases, as well as a recent State of Alaska Legislative Audit on UA travel. As a result, the Finance Team was able to incorporate initial feedback in its review and Options where there appears to be overlap into other areas. Awareness of the other options and leadership feedback, as part of Phase 3, may lead to an increased ability to collaborate and implement effective solutions where groups are interrelated. Additionally, where other Strategic Pathways review teams have covered certain UA administrative processes in depth in prior Phases (e.g. Research Administration, Procurement, and some student related process that are a part of Student Services), these were not readdressed by the Finance Team.

Team Introduction

The Finance Team is made up of twelve members from across the UA System, including faculty and staff members from each university and Statewide, as well as UA governance representatives, student representation and community members with key interest in evaluating and improving Finance functions within UA.

Option 1 – Fully Decentralized Finance

Narrative Description

This option considers all accounting and finance functions performed at each campus independently. Some coordination, standardization or outsourcing may be desirable but each campus would control and support its own accounting and finance function(s). For example, payroll, banking, financial reporting, procard management, budgeting, etc., would be performed at each of the three universities independently. Statewide (SW) could retain consolidated financial reporting, internal audit, and cost analysis functions where no duplication of services exists, or these functions could be fully decentralized to each campus.

Key Change Elements

- ▶ Program/Offering Changes
  - o Minimal impact is expected in this area.
- ▶ Staffing Changes
  - o This may lead to reduced staffing at SW and increased staffing at the universities, resulting in a potential need for more staffing overall.
- ▶ Use of Facilities/Technology
  - o Separate provision of services allows for more flexibility and increased choice of technology tools to meet campus business needs, but could create data disparity. Technology/facilities would need to be upgraded/modernized to accommodate more staff at the campus level, where needed.
- ▶ Access for Students
  - o Minimal impact is expected in this area.
- ▶ Administration
  - o This may lead to an increased administrative workload at the universities and a potential for loss of economies of scale. Custom administrative solutions at each campus however, might bring efficiency to existing business processes. Decisions will be made closer to the work performed. May result in increased auditors reporting to the BOR or duplication of similar services within the UA System.
- ▶ Front-End Investment
  - o Significant costs could be incurred particularly if there is decoupling of processes needed.
- ▶ Community (External) Engagement
  - o Minimal impact is expected in this area. Higher scrutiny from external auditors may result. Advocacy may be locally focused, rather than UA focused. Vendors may work differently with three separate organizations.

Option 1 continued – Fully Decentralized Finance

Pros and Cons

Pros	Cons
▶ Most responsive to campus needs	▶ Expensive, each campus fully autonomous financially
▶ Increases opportunities to find efficiencies within each campus	▶ Multiple instances of IT systems
▶ More timely decision making	▶ Potential for inconsistent practices or internal controls at each campus
▶ Less bureaucratic	▶ Increased external audit scrutiny or cost; perception of diminished accountability (by legislative audit)
▶ Ability to experiment at campus level with new processes and opportunities	▶ Difficult to pull data across the system
▶ More direct local service and responsiveness	▶ Results in multiple student processes for registration and payment of accounts
▶ Independent financials	▶ Long timeline for decoupling and implementation
▶ Empowers regional and greater community support	▶ Public perception of high cost and lack of efficiency/triplication of services
	▶ Potentially complicates vendor relationships/lack of economies of scale

Further Analysis Needed

▶ Other institutions have gone through decentralization (e.g. Oregon) - how was this done and what are results? Does exploring this option have value? This type of decentralization may be much larger in scope that solely in the Finance area.

▶ What is the cost and capability needed to reconfigure ERP (i.e. Banner/other) systems for use in a fully decentralized structure?

Option 2 – Consolidate Finance at One (Lead) Campus

Narrative Description

This option considers all accounting and finance functions performed at one lead university, rather than at the UA System level, or distributed to each university. This would still require transactional service and support staff at each university for those functions that require a customer-facing presence. Selected "back-office" finance functions, such as accounting/finance transactions (e.g. journal vouchers, budget revisions, procard administration) may be processed through a single lead university, allowing for process automation or standardization to occur. Statewide and the universities requiring service would utilize the lead university for financial processing, based on the function. Distinct or customized services that are not duplicated between universities or Statewide would remain in place.

Key Change Elements

- ► Program/Offering Changes
  - o Minimal impact is expected in this area.
- ► Staffing Changes
  - o This may lead to a reallocation of staff from SW and other campuses to the lead campus. There is a possibility for a net reduction in staffing, and therefore savings. This would increase the ability to build staff with more depth and breadth at the lead university.
- ► Use of Facilities/Technology
  - o More space may be needed at the lead university; however, less space may be needed at non-lead universities and Statewide. All would need improved access to online tools for collaboration across the System.
- ► Access for Students
  - o Minimal impact is expected in this area.
- ► Administration
  - o Less staff would be needed for back-office processes, in hopes of economies of scale. Service level agreements (SLAs) would need to be developed between universities and Statewide for transitioned services, with clear expectations for service and priority.
- ► Front-End Investment
  - o Costs could be incurred as part of moving operations and training new or relocated staff.
- ► Community (External) Engagement
  - o There is the potential for political/other outcry in the communities that lose positions or services. This could result in frustration that services are no longer available at a local level (in all areas).

Option 2 continued – Consolidate Finance at One (Lead) Campus

Pros and Cons

Pros	Cons
Pros	**Cons**

Pros

- ▶ Higher degree of political support for the campus chosen
- ▶ Standardized practices, encourages automation/transparency
- ▶ System wide cost savings is possible
- ▶ Could make compliance easier
- ▶ More depth of staff expertise in chosen location
- ▶ Opportunities for staff advancement
- ▶ Perception of better service closer to education mission
- ▶ Opportunity for faster innovation and adaptation
- ▶ Potential for increased collaboration

Cons

- ▶ Lack of political support for the campuses not chosen
- ▶ Potential bottlenecks
- ▶ Time is needed to build capacity to take on selected functions at one location
- ▶ Staff would be displaced at non-selected campuses
- ▶ Potential loss of talent
- ▶ Needs of lead campus are prioritized over collective needs
- ▶ Favoritism toward a specific campus
- ▶ Potential for lack of quick response to needed changes
- ▶ Potential for lack of connection to the customer
- ▶ Could appear bureaucratic/less flexible
- ▶ Could be slow to change
- ▶ Shadow functions are likely to emerge

Further Analysis Needed

- ▶ Does UA have the ability to automate and leverage current technology systems?
- ▶ A functioning governance structure and reporting line clarification may be needed.
- ▶ Does UA have the infrastructure to handle this shift of back-office Finance to one lead campus location?
- ▶ Does UA have the staffing/talent/expertise to do this in one location?

Option 3 – Consolidate Finance at Statewide (SW)

Narrative Description

This option considers placement of all accounting and finance functions at Statewide rather than the current distribution whereby the functions are performed by a combination of Statewide and the three universities. The current arrangement causes a duplication of functions that are performed at the universities. It also creates a duplication of a few functions at Statewide that are transactional in nature, e.g. journal vouchers and labor redistributions. This option would still require transactional service and support staff at each university for the functions that require a customer-facing presence. Finance functions such as accounts payable, accounts receivable, journal vouchers, budget revisions, labor redistributions, and procurement card administration may be processed through Statewide, allowing for process automation or standardization to occur. These types of functions are often referred to as "back-office" functions, for which a modification in where the functions are performed is not expected to have an adverse impact to students or other stakeholders of the UA System. The universities requiring service would utilize Statewide for financial transactions processing. Distinct or customized services that are not duplicated between the universities or Statewide would remain in place.

Key Change Elements

- ▶ Program/Offering Changes
  - o Minimal impact is expected in this area.
- ▶ Staffing Changes
  - o This may lead to increased staffing at SW and decreased staffing at the three universities. There is a possibility for a net reduction in staffing, and therefore savings, although there will still be a need for customer-facing services and staffing at the universities. This would increase the ability to build staff with more depth and breadth at Statewide.
- ▶ Use of Facilities/Technology
  - o More space may be needed at Statewide and less space may be needed at the universities for back-office functions only. All would need improved access to online tools for collaboration across the System.
- ▶ Access for Students
  - o Minimal impact is expected in this area.

Option 3 continued – Consolidate Finance at Statewide (SW)

Key Change Elements, continued

- Administration
  - o Less staff would be needed for back-office processes, in hopes of economies of scale. Service level agreements (SLAs) would need to be developed between universities and Statewide for transitioned services, with clear expectations for service and priority. This additionally migrates transactional processes to Statewide, which is not necessarily the role of Statewide Administration, currently.
- Front-End Investment
  - o Costs could be incurred as part of moving operations and training new or relocated staff.
- Community (External) Engagement
  - o There is the potential for political/other outcry in the communities that lose positions or services. This could result in frustration that services are no longer available at a local level (in all areas).

Option 3 continued – Consolidate Finance at Statewide (SW)

Pros and Cons

Pros

- High degree of legislative audit support for efficiency
- Public perception of greater efficiency
- Standardized practices, encourages automation/transparency
- System wide cost savings is possible
- Would make compliance easier
- Opportunities for staff advancement and mobility across UA system
- Opportunity for faster innovation and adaptation
- Faster decision making is possible
- Allows campuses to focus on core competency
- Facilitates collaboration among campuses

Cons

- Represents a departure from the stated function of Statewide as an administrative and policy office to becoming an operational service provider; increased risk of mission drift
- Lack of political support from faculty/staff
- May require new offices for some operational work - bad publicity to "staff up" Statewide
- Potential bottlenecks
- Time is needed to build capacity to take on selected functions
- Staff would be displaced at campuses
- Potential loss of talent
- Potential favoritism by Statewide toward a specific campus
- Potential for lack of quick response to needed changes
- Lack of connection to students, faculty, and research partners
- Could appear bureaucratic/less flexible
- Could be slow to change
- Compliance may be prioritized over service to campuses/customers
- Needs of campuses could be overlooked
- Work is performed farther from the front lines; Statewide has less direct experience with some front-line functions than universities
- Shadow functions are likely to emerge

Further Analysis Needed

- How sustainable is this model in the long run?

Option 4 – Strategic Finance for UA:
Reorganize, Automate, Outsource & Implement Shared Services

Narrative Description

The first three Options were each an all-or-nothing approach, e.g. "full decentralization". It was decided that looking at the Finance functions distinctly, at a more granular level, would allow for greater efficiency and effectiveness when completing the finance tasks (as part of Implementation in the future) compared to looking at the Finance function as one single area. The Team identified the major Finance functions and then evaluated each of them separately, considering which method or approach might work best to create a desired result. This Option also allows for UA to develop service-oriented mechanisms to aid in taking advantage of strategic opportunities that require Finance related analysis, oversight or compliance.

This Option will consider whether certain identified Finance functions may be more efficient and/or effective if reorganized, streamlined, may be candidates for outsource, or may be suited for a shared service model. Additionally, the Finance team is heavily interested in automation of common processes, where it is possible to reduce manual or duplicative work, as well as errors. Automation of several key processes may free up capacity in other critical areas, enabling more strategic use of limited resources.

The Team also took the Strategic Finance Option a step further, and identified areas within the Finance functions that are ripe for change. Considering both Effort and Impact related to proposed changes in each functional area, the Team was able to highlight a few high priority areas that, if selected, may provide opportunity for greater Finance collaboration and efficiency.

See Chart 1 and Table 1 for the inventory of Finance areas, considering Effort and Impact to make change, by function.

Chart 1. Finance Functions, Considering Effort and Impact to Implement Change

As use of the term "Finance" has broad meaning and can be applied to many functions, the Team worked to streamline the larger list of "all finance functions" (see Scope). Focusing first on functional areas that might benefit from change, the team categorized each of these areas in the quadrants below. Each quadrant generally categorizes the functions by Effort (high/medium/low) to implement a change, and Impact (high/medium/low) on the university or its' customers. Some areas appeared to be lower impact or had minimal benefit/value to change, therefore this methodology was not applied to all functions (i.e. not all functions will appear in this graphic). As noted above, items covered in other Strategic Pathways reviews, were also excluded.

Option 4 continued – Strategic Finance for UA: Reorganize, Automate, Outsource, Implement Shared Services & Put Ideas into Action

Impact / Effort Analysis

Impact		(LOW) Effort	(MEDIUM) Effort	(HIGH) Effort
(HIGH)		● Fixed Asset Management ● Internal Controls/Compliance	● Financial Transactions (JVs, BRs, etc.)	● Financial Reporting & Budget Planning ● Student Account Processing & Disbursements ● Travel Auditing & Processing ● Banner Finance (ERP) ● Underlying Financial Structure/Chart of Accounts
(MEDIUM)		● Banking, Treasury & Cash Management ● UA Foundation Interface		● Accounts Payable (A/P) & Use of Procurement Cards ● Payroll
(LOW)		● Taxes & Tax Issues ● Cost Analysis ● Internal & External Audit ● Debt Management		

	(LOW)	**(MEDIUM)**	**(HIGH)**
		Effort	

The Team recognizes not all Finance functions in the High Impact quadrants will be "easy" to accomplish. There may be potential in some areas for "early wins" that would produce a meaningful result if selected for implementation. For this reason, the Team chose to provide additional detail clarifying desired outcomes for each function that might undergo change.

Option 4 continued – Strategic Finance for UA: Reorganize, Automate, Outsource, Implement Shared Services & Put Ideas into Action

Table 1. All Finance Functions, Considering Effort and Impact to Implement Change and Desired Outcome, if Selected - *RED* items align with areas most ripe for change

Finance Function	Potential Change	Effort	Impact	Desired Outcome
Banking/Treasury & Cash Management	Distribute Select Functionality to Campuses & Streamline	Low	Medium	Allow campus designated authority to contact bank(s) in order to identify funding/cash when received. Delegate ability to initiate stop payments at campus level. Increase efficiency related to cash management procedures by streamlining, adopt use of electronic workflows, eliminating wet signatures where possible to do so, and minimizing use of facsimile routing or manual processes.
Financial Transactions, e.g. JVs, BRs	Automate Streamline	Medium	High	Maintain current decentralized structure for financial transactions at campus level, maintain policy focus at the UA System. Automate critical, high-volume, and standard processes to reduce duplication of work. Implement electronic workflows, improved technology systems/tools, and electronic document storage.
Fixed Asset Management	Shared Services	Low	High	Standardized practices with consistency across UA; potential for centralized management.
Internal Controls/Compliance	Streamline	Low	High	Consider how UA System evaluates risk to allow for optimal finance functionality at the university level and at the Statewide level - clarify roles where needed. Strive for a customer service emphasis, rather than solely compliance, when performing finance responsibilities.
Accounts Payable (A/P) & Use of Procurement Cards (ProCard)	Automate Streamline & Shared Services	High	Medium	Optimize use of automated payments, (ACH/direct deposit/other) for vendor payment, centralize ProCard administration and streamline. Reduce administrative duplication.
Financial Reporting/Budget Planning, e.g. Management Reports, Campus Level Financial Reports	Automate Streamline	High	High	Invest in new or optimize current technology tools for increased access to information/ERP at all levels. Enable any owned reporting capability not already in use. Enable entry of expenditure projections in Banner for management reporting. Invest in improved reports and dashboarding/analytics tools. Campus-based financial information/reports should be readily available. Reduce manual processing and duplication of work. Allow for greater access to information and submission of financial reports or budget plans in automated ways.

Finance Function	Potential Change	Effort	Impact	Desired Outcome
Payroll	Outsource	High	Medium	Reduces transactional work internal to UA, allowing capacity for other finance/HR work.
Student Account Processing & Disbursements	Decentralize to Campuses & Automate Streamline	High	High	Establish common student processing timelines and procedures, automated reports, and higher customer service for student-facing needs (e.g., clear student bills, efficient refunds).
Travel: Auditing & Processing	Outsource Automate Shared Services & Reorganize	High	High	Improve/outsource tool for travel booking and management of expenditures. Automate reports. Simplify approval routing. Increase available UA discounts for travel related purchasing. This function is a candidate for shared service - centralize travel audit/expense reimbursement at UA System, maintain travel booking/approval routing at campus level. Enable mobile options.
Banner Finance (ERP)	Streamline Automate & Reorganize	High	High	UA is currently not using Banner/ERP to full benefit. Improved access to data is needed (UA, campus and department). Allow for process improvement (necessary modifications) and automation of finance transactions/reports in order to get information out of Banner in more efficient ways. Increase capability for analytics.
Underlying Financial Structure/Chart of Accounts	Streamline & Reorganize	High	High	Requires common data definitions and standardized finance hierarchy (Dlevels/other) as foundation for improved use of financial, HR, and other integrated tools/systems, automated reports and increased access at all levels - consider reorganized chart of accounts to align with current GAAP standards and enable improved financial reporting at campus and unit levels.
UA Foundation Interface	Streamline Automate	Low	Medium	More expedient and automated processing of Foundation awards and reports, streamlined transaction processing for internal awards.
Taxes	Status Quo Centralize at SW	Low	Low	Maintain current structure for efficient tax management and reporting.
Cost Analysis	Status Quo Centralize at SW	Low	Low	Maintain current structure for efficient F&A/fringe rate calculation and reporting.
Internal/External Audit	Status Quo Centralize at SW	Low	Low	Maintain current structure for efficient audit review/reporting.
Debt Management	Status Quo Centralize at SW	Low	Low	Maintain current structure for efficient financial monitoring & reporting debt obligations; debt payments managed at campus level.
Grants & Contracts	Addressed in separate Strategic Pathways Review (Phase 1)			

Option 4 continued – Strategic Finance for UA: Reorganize, Automate, Outsource, Implement Shared Services & Put Ideas into Action

Top Three Areas Poised for Change

Considering both Effort and Impact related to proposed changes in each functional area, the Team was able to highlight a few high priority areas that, if selected, may provide opportunity for greater Finance collaboration and efficiency.

- ▶ Automated Workflows
- ▶ Simplified and Self Service Financial Reporting/Accounting Structure
- ▶ Travel System Outsource and Shared Services for Travel Auditing and Processing

Automated Workflows

Many of the back-office Finance functions are transactional in nature and often require submission of forms (online or in hard copy) from a university department/unit to a central office, from university central offices to Statewide (and vice-versa), or between students/staff and the universities for keying/processing. Duplication of work to initially transcribe information and then validate/key it into the enterprise systems (e.g. Banner) creates manual workflows at all levels. Automation of several high-volume processes would allow for reduction in the effort required to manage them, increasing capacity in other higher value areas. Several examples of high-volume and manual workflows are listed below; each of these would benefit from process automation:

- ▶ Journal vouchers (JVs)
- ▶ Budget revisions (BRs)
- ▶ Job forms
- ▶ Labor redistributions (LRs)
- ▶ Single Use Accounts (SUA) or ACH processing
- ▶ Grant burn rates
- ▶ Management reports/dashboards
- ▶ Vendor portal for vendor setup and payment information
- ▶ Use of OnBase for electronic storage and maintenance of finance documents, e.g. POs, grants/contracts, change orders, W9s
- ▶ Student disbursements/refunds

Option 4 continued – Strategic Finance for UA: Reorganize, Automate, Outsource, Implement Shared Services & Put Ideas into Action

Simplified and Self Service Financial Reporting/Accounting Structure

The current UA financial structure is based on the recommended standards for colleges and universities from the American Institute of Certified Public Accountants (AICPA), created in 1973, which recommended ten fund types for all activities (i.e. fund accounting). Over time, guidance from the Financial Accounting Standards Board (FASB) emerged, and applies now to independent institutions, and Governmental Accounting Standards Board (GASB) standards, apply to public institutions. Under GASB standards, UA has the ability to operate under a greatly simplified single fund concept and simplify the chart of accounts. UA has not elected to simplify the complex way it manages its finances; rather the structure has only grown over time along with the institution. If UA were to simplify its chart of accounts, or at a minimum, standardize its financial definitions and hierarchy (D-Level/org hierarchy) as a foundation for improvement, this would enable process improvement, automated reporting at many levels, and have benefits in other cross-functional areas through integration of systems.

With a standardized or simplified structure in place, self-service options and tools would allow department level fiscal staff to produce operational reports (closer to real time), enter projections, run reports with less manual manipulation required to make information useful, etc. Integration with HR systems (e.g. PageUp) and analysis of student or academic program information within a finance context is more easily accomplished. Transitioning operational activities/report capability to departments would increase capacity in the central offices for more strategic/forward looking planning or system upgrades. This also reduces a large amount of duplicate work and may reduce shadow systems. Improvement in the following areas are suggested for highest impact:

▶ Financial management reporting automation, i.e. the ability to enter projections in Banner and run automated reports
▶ Common finance data structure/hierarchy and definitions allows for application of tools and integration of systems/cross-functional analysis
▶ Dashboarding tools for improved decision making
▶ Ability to access information and drill down into financial data at multiple levels (e.g. grant burn rates)
▶ Automated trend analysis
▶ Examination of chart of accounts and/or optimization of UA's accounting structure
▶ Encumbering labor for efficient tracking of employee costs

Option 4 continued – Strategic Finance for UA: Reorganize, Automate, Outsource, Implement Shared Services & Put Ideas into Action

Travel Shared Services for Auditing and Processing

In recent years, UA travel has been extensively evaluated, audited (internally and externally via Legislative Audit), and downsized in the administrative travel area as a result of budgetary reductions and specific Legislative directive. The process by which UA approves travel, purchases travel related items, and reimburses travelers for business-related expenses requires a significant amount of manual processing and entry of trip information into the Travel Expense Management (TEM) system. Transactions are then reviewed after travel is complete by campus travel auditors, as part of the reimbursement process. The TEM system does not aid in booking travel, administering group travel (for Athletic teams or student groups), changing existing travel arrangements, or in utilizing discounts available to UA travelers. The TEM system has limited capability for flexible electronic editing of documents and routing, and will soon be unsupported by the vendor, Ellucian. UA is currently conducting a formal solicitation to evaluate replacement products, including a booking and expense management tool, with mobile capability.

Upon selection of the new travel tools, UA will have an opportunity to streamline its processing prior to implementation. UA also anticipates an increased ability to negotiate large-scale discounts/contracts with travel related service providers, since travel volume will be known. UA Travel Regulations must be reviewed and simplified, maintaining adequate internal controls where necessary, and aligning with other Federal or State standards (where they are more flexible or efficient than UA's current practice).

Travel booking and travel auditing/review prior to reimbursement of expenses is a process maintained at each university and Statewide. The Team suggests a shared services approach to travel to capitalize on the existing change and increase efficiency. It may also be possible to outsource support for travel booking. Shared services and automation options are described below:

Travel Shared Services for Auditing and Processing, continued

▶ Maintain travel booking, approval routing, and other coordinating processing at campus level, closest to travelers

▶ Encourage shared services hubs for processing travel at campus level to increase efficiency and level of expertise

▶ Centralize travel auditing and reimbursement processing at Statewide (via travel auditor), reducing duplication of work and encouraging direct deposit (where possible)

▶ Automate and update as part of transition to new system(s):

  o A booking tool for increased efficiency/reduced errors and greater discounts for travel related purchases

  o Flexible approval routing to minimize delays (delegate access is necessary to edit/route/approve) from email, reducing separate system access requirements

  o An expense management tool (replacing TEM) to best meet traveler and administrative needs

  o Update UA Travel Regulations to reduce administrative burden or adopt standards that are more in alignment with other Federal/State standards (where more flexible or efficient)

  o Improved travel reporting capability/at-a-glance traveler location(s)

  o Mobile capability including, but not limited to: ease of ability to make changes to travel plans, electronic document/receipt upload, and routing (approval, etc.)

  o Greater use of UA credit cards for direct charging expenses/less reimbursement processing, and increased direct deposit payments when reimbursement applies

Option 4 continued – Strategic Finance for UA: Reorganize, Automate, Outsource, Implement Shared Services & Put Ideas into Action

Key Change Elements

- ▶ Program/Offering Changes
  - o Minimal impact is expected in this area.
- ▶ Staffing Changes
  - o This may lead to decreased staffing across the UA System. The mix of necessary staff for each function could change with automation, outsourcing or shared services. Greater analysis is needed, by function, to determine full impact.
- ▶ Use of Facilities/Technology
  - o Technology may be leveraged more effectively as systems are examined for automation or streamlining of processes where sharing of resources exists. Consolidation of space may be possible. Maximize proximity where appropriate to do so.
- ▶ Access for Students
  - o Technology improvements can provide increased access and efficiency including more user friendly or consistent student-facing transactions across universities.
- ▶ Administration
  - o Shared service agreements and a functional governance structure could promote efficiency and effectiveness. Quality control and assessment would be needed for outsourcing. Automation may lead to lack of customization in a few areas, where it is possible or low risk to do so, but could increase efficiency.
- ▶ Front-End Investment
  - o Extensive planning, effort and funding may be necessary up-front to select proper tools, establish contracts for outsourced services, or establish shared service centers/models. This option requires long term commitment to see changes fully implemented.
- ▶ Community (External) Engagement
  - o This Option could be seen to increase the accountability of the UA System. Could add credibility as good stewards of UA resources. There could be potential for more public/private partnerships or industry support and a quicker response to community needs.

Option 4 continued – Strategic Finance for UA: Reorganize, Automate, Outsource, Implement Shared Services & Put Ideas into Action

Pros and Cons

Pros	Cons
▶ Provides for customized solutions for each function	▶ Coordination and administration of the new approach may be difficult
▶ Allows for innovative solutions	▶ Employee stress may be increased/high
▶ Creates ownership and support/buy-in	▶ Resistance to change, some decisions may be viewed poorly
▶ Allows campuses and Statewide to lead individual functions with expertise	▶ Higher risk of failure of some components, but may not serve as a deterrent to overall implementation success
▶ Allows consolidation where it makes sense	▶ Bridging the silos between functions or departments is difficult
▶ Helps facilitate collaboration that benefits students and other stakeholders	▶ High initial upfront cost and energy required/commitment from multiple areas
▶ Promotes cost effectiveness, streamlining and other process efficiency in key areas	▶ Cost of needed technology upgrades may be high/require resources
▶ Balances compliance with risk/cost	▶ Highly complex, potentially more complicated to communicate
▶ Leverages and improves use of technology	▶ Needs long-term leadership support
▶ Could employ cost effective outsourcing	▶ Phased implementation may take more time
▶ Long-term sustainability with appropriate leadership support	
▶ Allows prioritization of action steps and most meaningful changes	
▶ Potential for early wins	
▶ Reduction of shadow systems is possible with greater automation/technology tools	
▶ Allows for phased implementation while working with subject matter experts	

Option 4 continued – Strategic Finance for UA: Reorganize, Automate, Outsource, Implement Shared Services & Put Ideas into Action

Further Analysis Needed

▶ Is there enough leadership commitment resulting in a sustainable level of buy-in from the top?

▶ How does the Finance Team reconcile the work from other Pathways groups that may impact Finance areas (e.g. IR, HR, grants and contracts, procurement)?

▶ Is outsourcing for some functions a viable option that will result in cost savings or efficiency?

▶ How would this option dovetail with existing automation/financial improvement projects?

Other Opportunities for Change

▶ Banner/technology optimization including refresh, upgrade, replacement or integration with other third party systems

▶ Dashboarding/reporting tools and capabilities to increase access to information for analysts and decision makers - leveraging owned tools or investing in new tools for greater efficiency across the UA System

▶ Common data/financial structure, e.g. chart of accounts, hierarchy, or fund accounting structure as precursor to overlaying tools/common/automated reports

▶ Standardizing back office processes, developing consistency and opportunities to develop expertise and personal career growth

▶ Reduce duplication of services

▶ Statewide focus on service-oriented compliance and controls, more customer-facing approach and streamlined mechanism to evaluate risk

▶ Exploring shared services models in key areas where expertise is high or can be leveraged

▶ Evaluating the potential for sustainably outsourced services

▶ Economies of scale via leveraging existing or new UA contracts (strategic procurement/sourcing)