**FINANCIAL MANAGEMENT**
UNIVERSITY *of* WASHINGTON
Finance & Facilities

# Operational Performance Dashboard
# June 2009
# FY 2009 Quarter 4 (April - June 2009)
Final (November 9, 2009)

**Financial management Mission:**

**We help people who change the world through collaboration, consultation and financial stewardship.**

**Key processes include:**

Bill & Collect Tuition
Collect and Distribute Mail
Design and Print Communication Pieces
Develop and Maintain Websites
Develop & Negotiate Indirect Cost Rates
Develop FM Staff
Disburse Financial Aid to Students
Manage Financial Recording
Manage Grants
Manage records retention and compliance
Information Reporting
Pay Bills
Pay People
Protect and promote the University Image
Purchase Goods & Services

# FINANCIAL MANAGEMENT

## (A unit of Finance & Facilities)
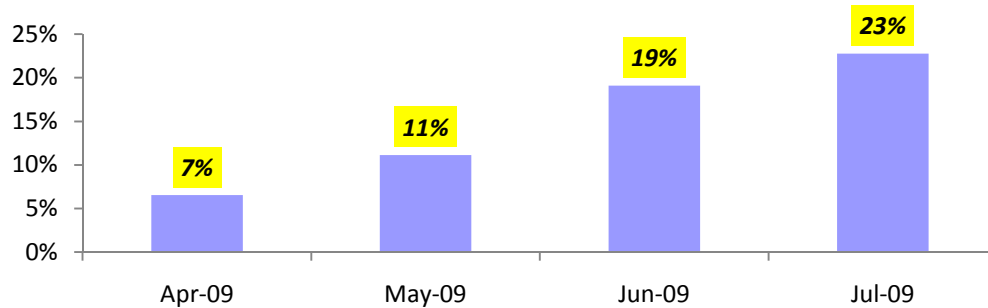## Operational Performance Dashboard - FY 2009 Quarter 4 (April - June 2009)

| Process | Measure | Current Output Measure | Target | | Gap (Target-Output) | Process | Measure | Current Output Measure | Target | | Gap (Target-Output) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **CUSTOMER** | | | | | | **FINANCIAL** | | | | | |
| Pay Bills | Percent of travel expenses reimbursed within 5 days of receipt of TEV | 98% | 95% | ↑ | No Gap | Pay Bills | Percent of online invoices paid within 30 days of receipt in PA | 96% | 95% | ↑ | No Gap |
| Manage Grants | Twelve month average of number of days to setup a new award (from receipt of award in OSP to notification to PI of budget number ) | 17 days | 12 days | ↓ | 5.3 | Pay Bills | Reduction in Small Dollar PAS Transactions which should be going through eCommerce. | 10,935 | 6,000 | ↓ | 4,935 |
| Disburse Financial Aid | Percent of Student Fiscal Services transactions done via direct deposit. | 90% | 85% | ↑ | No Gap | Manage Grants | Total uncollected cash for unbilled invoices & aged receivables (cumulative) – JDE | $45 million$ | $23 million$ | ↓ | $22.1 |
| | Percent of students satisfied with SFS services. | 80% 2009 | 64% Benchmark | ↑ | No Gap | Bill & Collect Tuition | Percent of students in default on all long-term loans. | 6.7% 2007 | 7.8% | ↓ | No Gap |
| Design and Print Comm. Pieces | Percent of clients who are satisfied with Creative + Communications | 90% | 85% | ↑ | No Gap | Indirect Cost Rates | Five year average of percent annual change in F&A Indirect Cost | 3.5% | 5.0% | ↑ | -1.5% |
| **INTERNAL BUSINESS PROCESS** | | | | | | **LEARNING & GROWTH** | | | | | |
| Inc. online Trans. | Process online mailing, printing & copying | 23% | 26% | ↑ | -3% | Develop Staff | Percent of staff highly satisfied with FM (top 2 ratings on scale) | 68% -2009 | 69% Benchmark | ↑ | -1% |
| Manage Fin. Rec. | Percent of total count of inter-departmental billings entered in FAS more than 1 month & 1 day from current month | 4% | 1% | ↓ | 3% | | Percent of staff who agree that "the FM Diversity Initiative has made a positive impact in FM".  (top 2 ratings on scale) | 56% -2009 | 90% | ↑ | -34% |
| Inc. prod. | Productivity – % 3-year rolling average. | 1.0% FY06-08 | 5.0% | ↑ | -4.0% | | Percent of staff who state that "they are developing their skills as a knowledge worker" (top 2 ratings on scale) | 73% -2009 | 90% | ↑ | -17% |
| Pay People | Number of outstanding I-9's | 177 | 50 | ↓ | 127 | | Active Employee Development Plans (EDPs) | 31.7% | 75% | ↑ | -43.3% |

Report Contact:  Jeanne Semura, semurj@u.washington.edu

# Pay Bills - Travel

Customer

**Good** ↑

## Percent of Travel Expense Vouchers (TEVs) done eEectronically via eTravel



DEFINITION
Quantifies the number of working days between when a TEV (Travel Expense Voucher) is received in the Travel Department versus the check date.

ANALYSIS
June 2009 performance was 98%, which exceeded the target of 95%. Except for the drop in March and April, when higher than usual volumes and resources were temporarily reassigned to testing and documenting the new eTravel system, this measure has been consistent over the past few years.  About 50 departments are  trained and are using eTravel.  The Travel Office is training weekly to get more departments on-line. Paper TEV's have decreased.  It is difficult to determine if the decrease is because of eTravel or a combination of eTravel and the travel freeze.

NEXT STEPS
Continue to train departments on eTravel; complete planned rollout by December 2009; and continue to measure the migration of TEV forms from paper to eTravel.

**Good** ↑

## Percent of Travel Expense Vouchers (TEV) Reimbursed Within 5 Days of Receipt in Travel Office*
### (Output Measure #1)



—— Pecent of Total    —— Upper Control Limit = 99%    —— Lower Control Limit = 90%
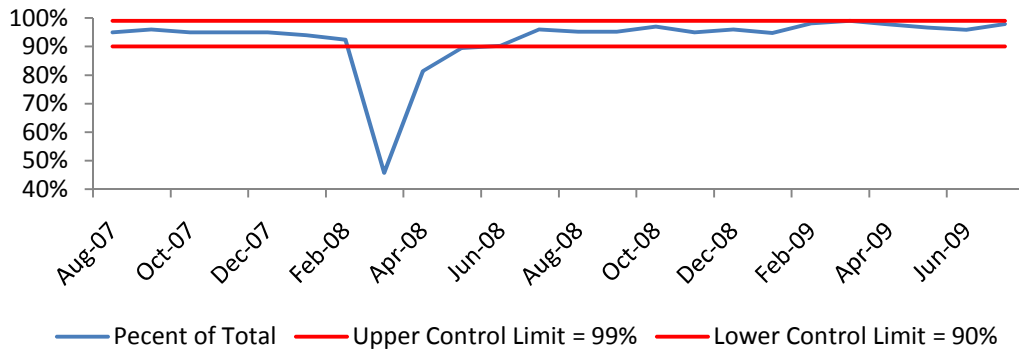
*Based on a statistically valid sample of TEVs is taken on a monthly basis.  The TEV is an
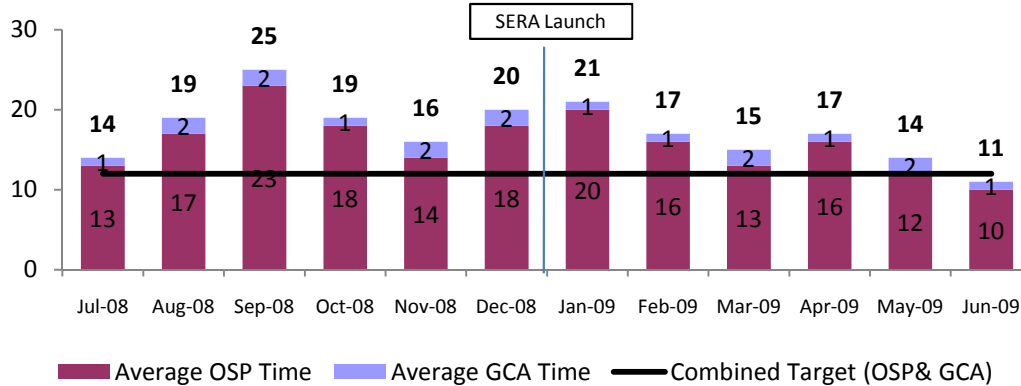
# Manage Grants (New Budget Setup) - GCA

Customer

**Number of Business Days to Setup New Budgets**
**(combined OSP & GCA)**
Receipt of Award at OSP to P.I. Notification by GCA

Good

SERA Launch

| Month | OSP | GCA | Total |
|-------|-----|-----|-------|
| Jul-08 | 13 | 1 | 14 |
| Aug-08 | 17 | 2 | 19 |
| Sep-08 | 23 | 2 | 25 |
| Oct-08 | 18 | 1 | 19 |
| Nov-08 | 14 | 2 | 16 |
| Dec-08 | 18 | 2 | 20 |
| Jan-09 | 20 | 1 | 21 |
| Feb-09 | 16 | 1 | 17 |
| Mar-09 | 13 | 2 | 15 |
| Apr-09 | 16 | 1 | 17 |
| May-09 | 12 | 2 | 14 |
| Jun-09 | 10 | 1 | 11 |

■ Average OSP Time    ■ Average GCA Time    ▬ Combined Target (OSP& GCA)

**Number of Business Days to Setup New Budgets in GCA Only**
Receipt of Award at GCA to P.I. Notification by GCA

Good

SERA Launch

| Month | Average GCA Time |
|-------|-----|
| Jul-08 | 1 |
| Aug-08 | 2 |
| Sep-08 | 2 |
| Oct-08 | 1 |
| Nov-08 | 2 |
| Dec-08 | 2 |
| Jan-09 | 1 |
| Feb-09 | 1 |
| Mar-09 | 2 |
| Apr-09 | 1 |
| May-09 | 2 |
| Jun-09 | 1 |

■ Average GCA Time    ▬ GCA Target = 1 day

## DEFINITION
The measure shows the average number of days to establish a new award in the UW Financial Systems. Twelve month average Jul08-Jun09 = 17 days.
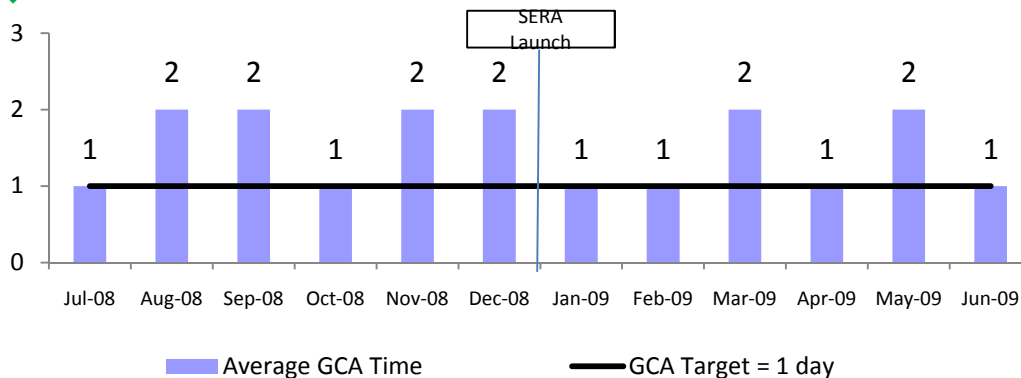
## ANALYSIS
The implementation of SERA (System for Electronic Research Accounting) in January 2009, reflects the coordinating efforts of GCA and OSP to automate sharing of information. Eliminating double manual entry and hardcopy paper trails helped to decrease award setup time from 21 days in January 2009 to 11 days in June 2009. SERA's implementation supporting the account set-up process that includes passage of data, specific award communication between OSP and GCA, and campus notification on account set-up completion.
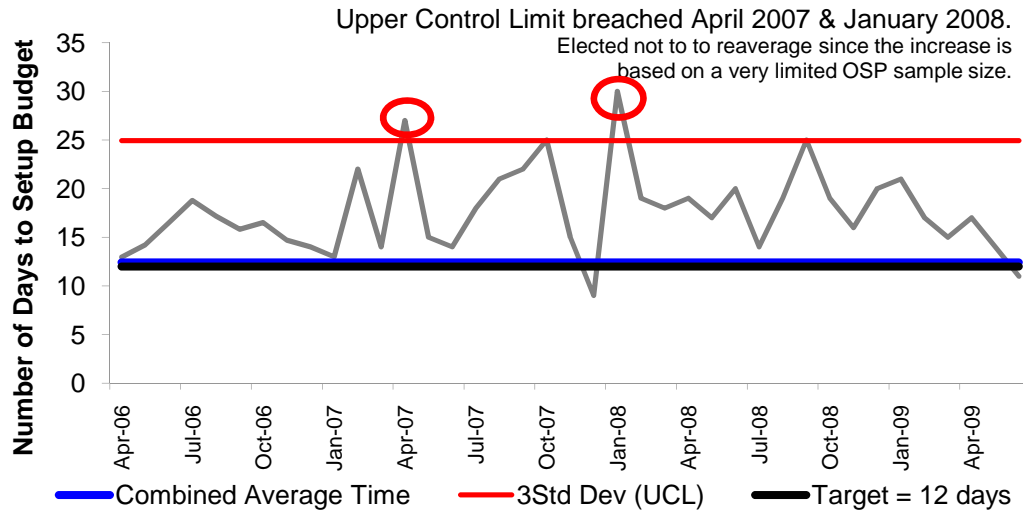
## NEXT STEPS
Continuous improvements to the electronic account set-up process to achieve desired efficiency and transparency between OSP and GCA.

**FINANCIAL MANAGEMENT**
**UNIVERSITY of WASHINGTON**
**Finance & Facilities**

Report Contact: Jeanne Semura, semurj@u.washington.edu

# Manage Grants (New Budget Setup) - GCA

Customer

## Manage Grants (Measure #2) - GCA
### OSP & GCA Combined Budget Setup Time

Upper Control Limit breached April 2007 & January 2008.
Elected not to to reaverage since the increase is based on a very limited OSP sample size.



Combined Average Time —— 3Std Dev (UCL) —— Target = 12 days

## Manage Grants (Measure #2) - GCA
### GCA Budget Setup Time



Average GCA Time —— 3Std Dev (UCL) —— Target = 1 day

**DEFINITION**
The average number of days to establish a new award in the UW Financial Systems. Twelve month average Jul08-Jun09 = 17 days.
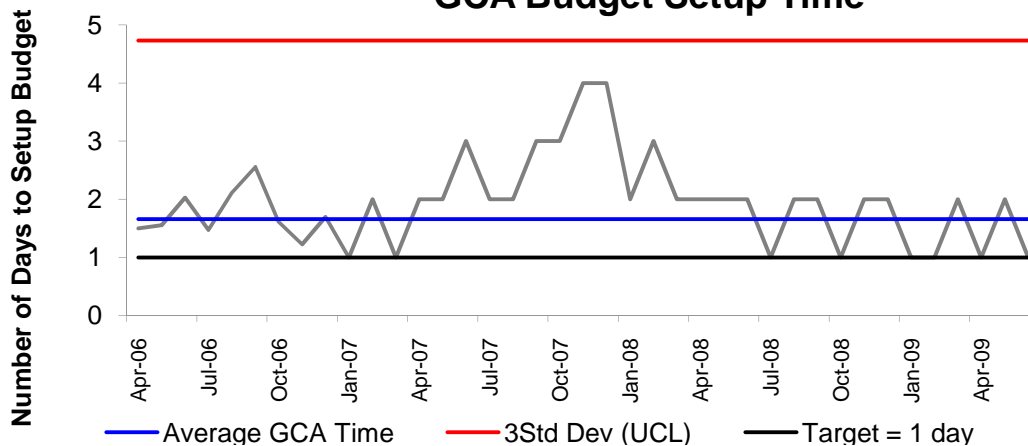
**ANALYSIS**
The implementation of SERA (System for Electronic Research Accounting) in January 2009, reflects the coordinating efforts of GCA and OSP to automate sharing of information. Eliminating double manual entry and hardcopy paper trails help decrease award setup time from 21 days in January 2009 to 11 days in June 2009. SERA's implementation supporting the account set-up process that includes passage of data, specific award communication between OSP and GCA, and campus notification on account set-up completion.

April 2007 & January 2008: Upper control limit was breached with a measure of 27 and 30 (UCL=25). Typically, new control limits would be established, however with a limited OSP sample size, the increase in overall time is likely due to sampling error versus process being out of control.
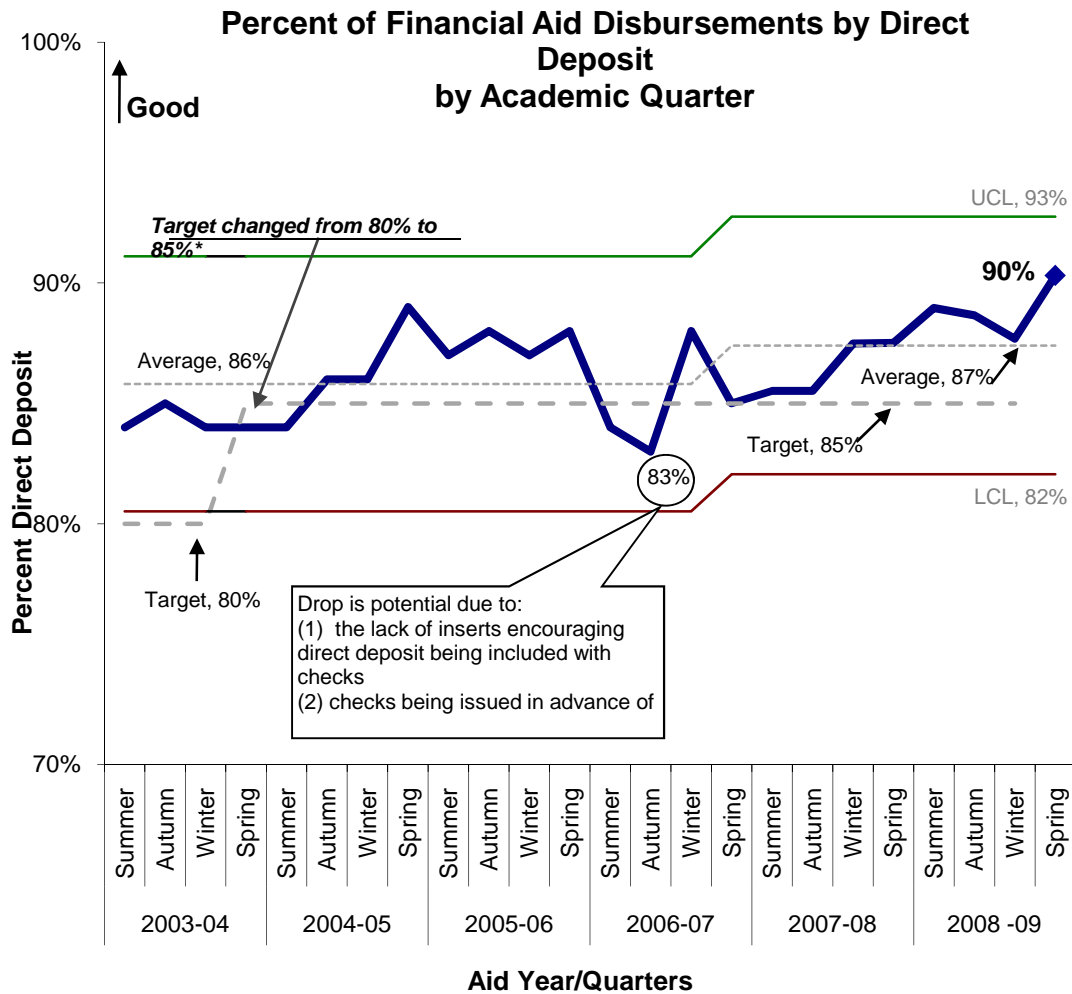
**NEXT STEPS**
-Continuous improvements to the electronic account set-up process to achieve desired efficiency and transparency between OSP and GCA.
-Adjust the control limit lines to reflect the efficiency created by SERA implementation.

Report Contact: Jeanne Semura, semurj@u.washington.edu

# Disburse Financial Aid - SFS

Customer

## Percent of Financial Aid Disbursements by Direct Deposit by Academic Quarter

**Good**

UCL, 93%

*Target changed from 80% to 85%.*

90%

Average, 86%

Average, 87%

Target, 85%

83%

LCL, 82%

Target, 80%

Drop is potential due to:
(1) the lack of inserts encouraging direct deposit being included with checks
(2) checks being issued in advance of

**Percent Direct Deposit** (y-axis: 100%, 90%, 80%, 70%)

Quarters: Summer, Autumn, Winter, Spring

Aid Years: 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008 -09

**Aid Year/Quarters**

## DEFINITION
Quantifies the percent of Student Financial Aid disbursements (i.e., money received in the form of aid in excess of tuition and other charges that are released to students) done via direct deposit. Note that not all students who receive financial aid would necessarily receive any disbursements by direct deposit or check after tuition, fees or other aid-allowable UW expenses had been paid.

## ANALYSIS
Consistent and persistent notification of direct deposit availability by SFS staff has resulted in a steady rise in direct deposit aid disbursement participation.

Control limits were adjusted to account for a consistently higher average. Additional discussion is required before adjusting target.

Out of 44,374 students attending UW in the winter 27,639 received some form of financial aid that was disbursed through SFS for a total of $52,622,690.
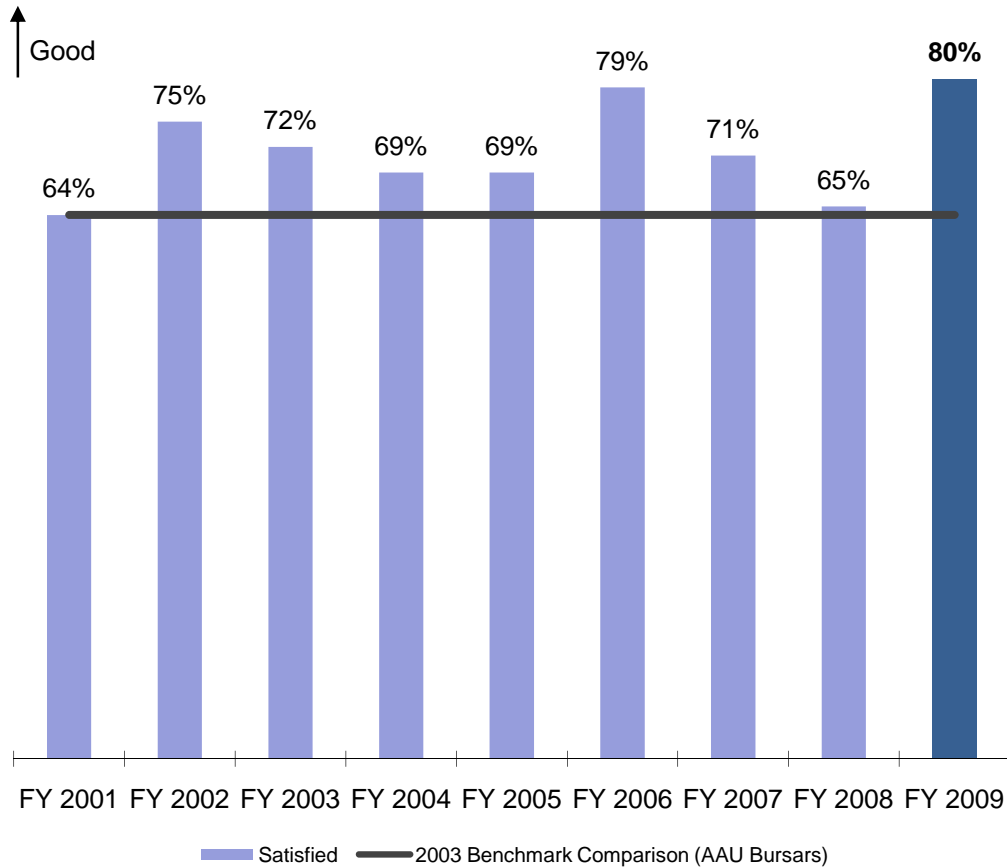
## NEXT STEPS
SFS staff continue to notify students of the benefits of direct deposit -- via enclosure within mailed check or when students ask about disbursements.

This measure is in the process of being redesigned -- but will continue being reported using the current methodology.

# Student Satisfaction - SFS

Customer

## Overall, I am satisfied with the services I receive from Student Fiscal Services



Good

| FY | Value |
|----|-------|
| FY 2001 | 64% |
| FY 2002 | 75% |
| FY 2003 | 72% |
| FY 2004 | 69% |
| FY 2005 | 69% |
| FY 2006 | 79% |
| FY 2007 | 71% |
| FY 2008 | 65% |
| FY 2009 | 80% |

Legend: Satisfied — 2003 Benchmark Comparison (AAU Bursars)

### DEFINITION
The Financial Management Student Fiscal Services (SFS) department conducts an annual survey during the Spring quarter to gauge student satisfaction with SFS services. This is benchmarked against thet most currently available 2003 AAU Bursars "customer satisfaction" rating of 64%.

### ANALYSIS
Strategies deployed and process improvements implemented as a result of the FY 2008 survey results have resulted in a dramatic shift in customer satisfaction ratings.

Out of 1,230 responses, 1,064 in-person responses rated overall satisfaction with SFS services 83% of the time (i.e., 83% rated 6 or 7 on a 7-point scale), while those taking the on-line version (166) responded 62% as satisfied - up from FY 2008's 35%.

As with last year, most in-person surveys were answered during the beginning of the quarter, while most on-line were answered towards the middle, though with a lower on-line response rate than in prior years. These response rates were due to the roll-out of a communication strategy that had counter staff inviting customers to take the in-person survey, and an attempt to reach on-line service customers through multiple communication channels (e.g., LiveChat and RightNow emails, data mailers, etc.) Unfortunately, while we were highly successful in generating responses from in-person customers, our on-line strategy suffered from numerous coordination and roll-out issues.

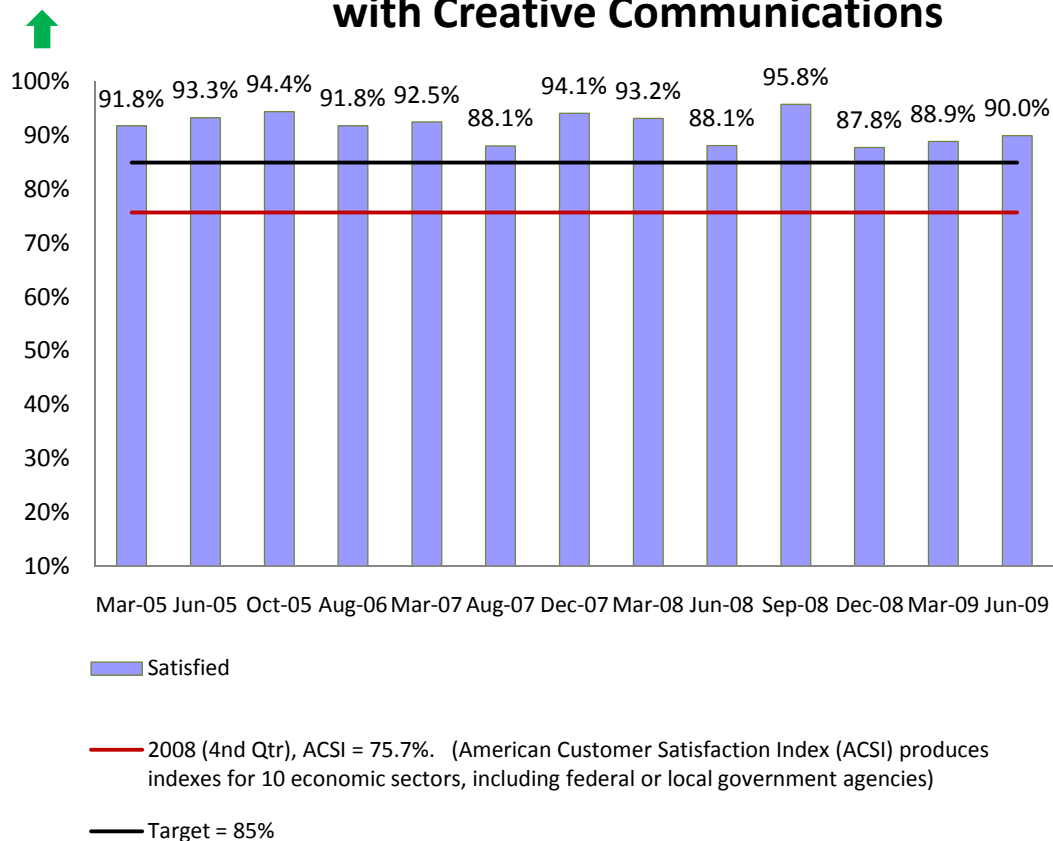### NEXT STEPS
Customer Service will continue employing strategies rolled-out following the FY2008 survey results, targeting areas raised within this survey as required -- and strategies for improving on-line response rates will be further explored and developed.

**FINANCIAL MANAGEMENT**
**UNIVERSITY of WASHINGTON**
**Finance & Facilities**

Report Contact: Jeanne Semura, semurj@u.washington.edu

# Client Satisfaction - Creative Communiications

Customer

## Percent of Clients who are satisfied with Creative Communications



Bar chart values by quarter:
- Mar-05: 91.8%
- Jun-05: 93.3%
- Oct-05: 94.4%
- Aug-06: 91.8%
- Mar-07: 92.5%
- Aug-07: 88.1%
- Dec-07: 94.1%
- Mar-08: 93.2%
- Jun-08: 88.1%
- Sep-08: 95.8%
- Dec-08: 87.8%
- Mar-09: 88.9%
- Jun-09: 90.0%

Legend:
- Satisfied
- 2008 (4nd Qtr), ACSI = 75.7%. (American Customer Satisfaction Index (ACSI) produces indexes for 10 economic sectors, including federal or local government agencies)
- Target = 85%

**DEFINITION**
For 2 weeks each quarter, all clients with delivered products are asked to complete a point of service survey. The web-based survey measures clients' satisfaction with product quality, timeliness, and service.

Total number of jobs processed Spring Quarter 2009 = 5,305. Total number of Point of Service Surveys sent to clients = 248. (4.7% of total jobs). Responses to survey = 50. Response rate = 20.2%. A response rating of 6 or 7 on a 7 point scale is considered a satisfied response.

**ANALYSIS**
Percentages have remained well above target level which may indicated a steady progress with the current Digital StoreFront (DSF) development.

Digital StoreFront (DSF) web interface update: Products reported last quarter as in development stage are now available for order- Campus products (formerly UStore products), standard W style, and the unique style for Foster School of Business . The current work includes logo styles for UW Seal & traditional and unique styles for School of Public Health. Time allocated to the project remains a challenge as previously reported.
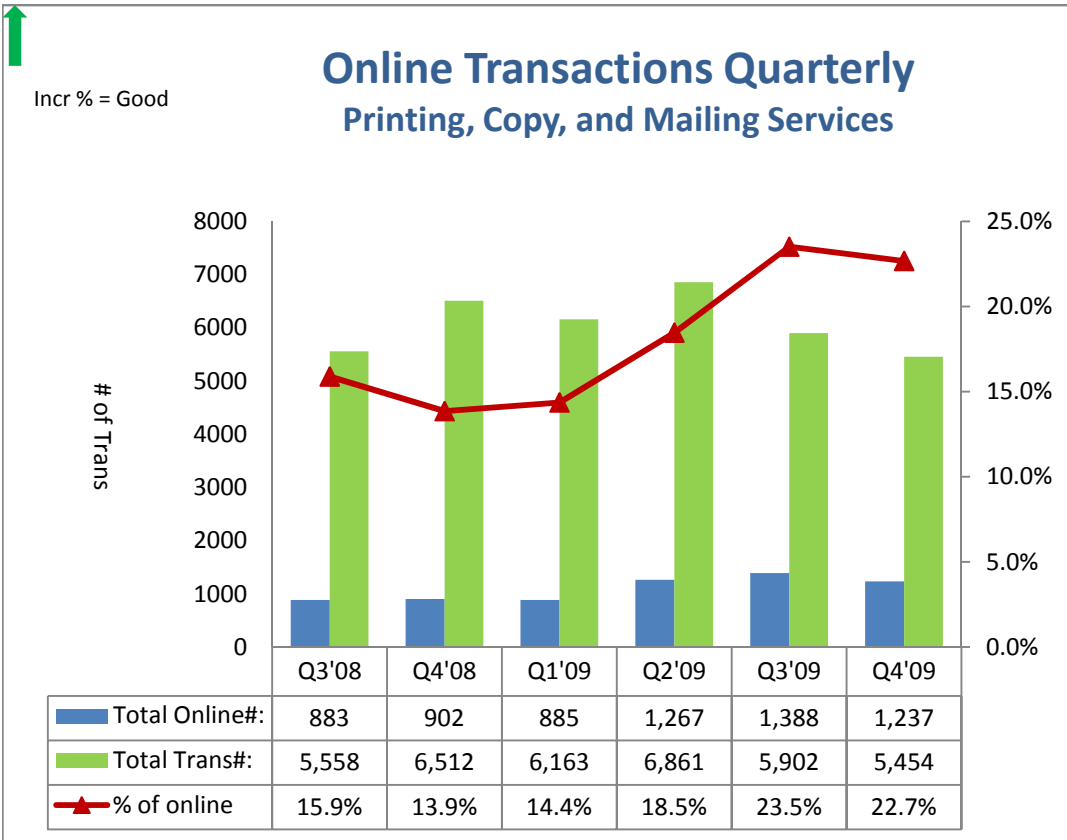
**NEXT STEPS**
These actions are extracted from the comments provided by clients.
 - Improve online ordering system
 - Provide more frequent status updates
 - Communicate delivery timeline, particularly when job is printed on specialty paper
 - Streamline process between print production and mailing

# Increase Online Transactions

Internal Business Process

Incr % = Good

## Online Transactions Quarterly
### Printing, Copy, and Mailing Services

| | Q3'08 | Q4'08 | Q1'09 | Q2'09 | Q3'09 | Q4'09 |
|---|---|---|---|---|---|---|
| Total Online#: | 883 | 902 | 885 | 1,267 | 1,388 | 1,237 |
| Total Trans#: | 5,558 | 6,512 | 6,163 | 6,861 | 5,902 | 5,454 |
| % of online | 15.9% | 13.9% | 14.4% | 18.5% | 23.5% | 22.7% |

**DEFINITION**
Shows the number of orders submitted to Creative Communications (C2) via web based online ordering, excludes orders placed via email or digital files sent via web file transfer or ftp. Currently orders are placed through three different web interfaces: Digital StoreFront (DSF), Print and Copy request, and Mail request.

**ANALYSIS**
In response to our client services survey in 2008, the DSF initiative was launched to increase the number of online orders to C2. DSF allows the integration of the three interfaces into a single order interface. This integration will improve our workflow by channeling all online order information into a common production and billing system.

Current DSF products include: business cards, campus products (formerly UStore products), letterhead and envelopes.
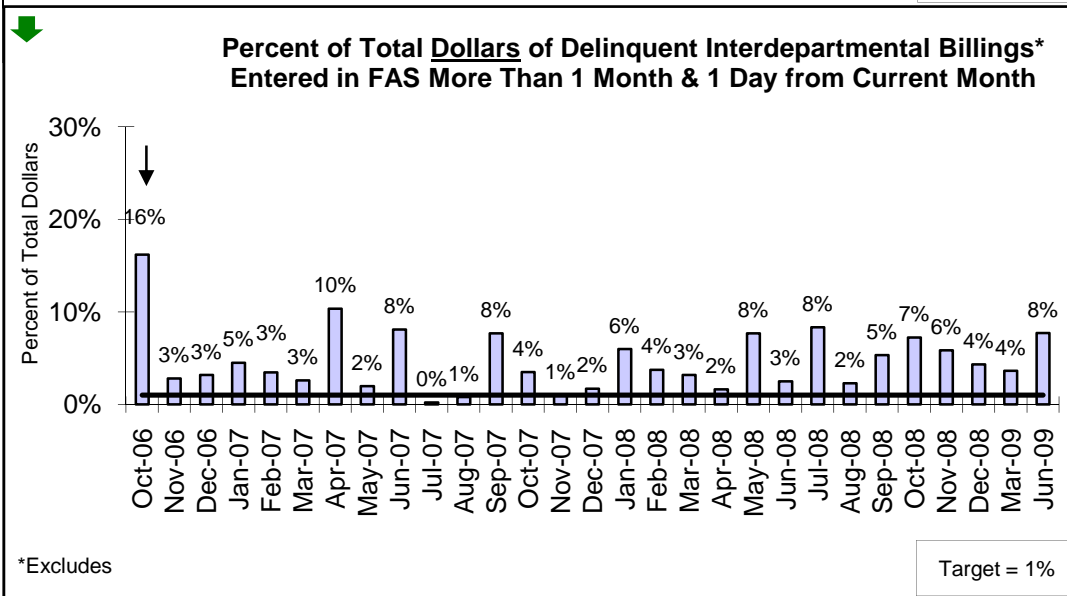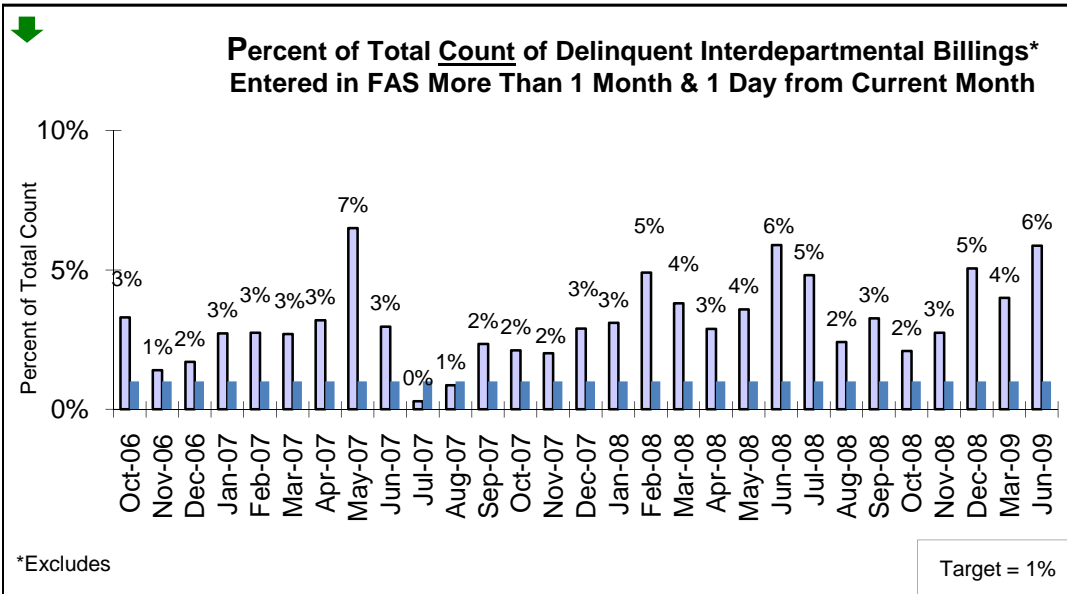
Since Q2'09, DSF implementation, we have seen an average of 21.3% of online orders. Our goal for the current target is to achieve a 26% online orders by the close of Q2'10.

**NEXT STEPS**
Additional styles and interfaces for UW Seal & traditional, and unique styles for School of Public Health are being developed.

# Manage Financial Reporting - Financial Accounting

Internal Business Process



**Percent of Total <u>Count</u> of Delinquent Interdepartmental Billings\***
**Entered in FAS More Than 1 Month & 1 Day from Current Month**

*Excludes

Target = 1%



**Percent of Total <u>Dollars</u> of Delinquent Interdepartmental Billings\***
**Entered in FAS More Than 1 Month & 1 Day from Current Month**

*Excludes

Target = 1%

## DEFINITION
Number or percentage of Cost Transfer Invoices (CTIs) and Internal Sales Documents (ISDs) that are processed later than the month following the date of service. Late billings lead to untimely budget status as well as the possibility of lost funds (in the case of grants that have closed prior to receiving a bill).

## ANALYSIS
Monthly Average Totals during the April - June period: CTI/ISD Count = 41,770, Dollars = $25 Million

79% of this quarter's late dollars represents five users:

1) School of Oceanography ($3,458,359).
2) Infrastructure Support (UW Tech) ($534,272).
3) Non-operating (UWMC Pharmacy Drug Svc) ($189,177).
4) Finance (School of Medicine) ($182,500).
5) Radiology ($179,972)

50% of this Quarter's late transaction (count) is represented by three users:

1) Material Science & Engineering (1,440).
2) Non-operating (UWMC Pharmacy Drug Svc) (1,150).
3) Transportation Division (Facilities Services) (1,105).
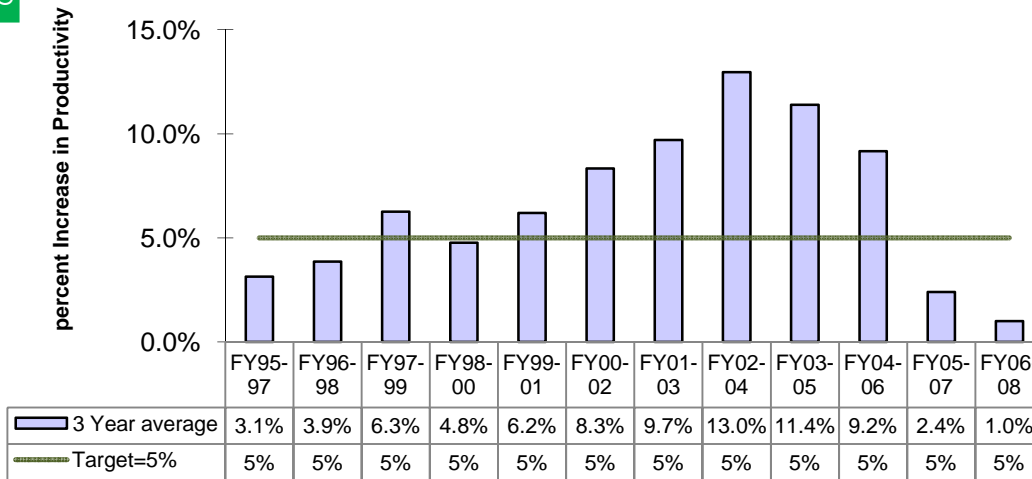
## NEXT STEPS
Continue direct communication with recurring late billing departments.

**FINANCIAL MANAGEMENT**
**UNIVERSITY of WASHINGTON**
**Finance & Facilities**

Report Contact: Jeanne Semura, semurj@u.washington.edu

# Productivity - FM

Internal Business Process

Good ↑

### Increase in FM Productivity - 3 Year Rolling Average



percent Increase in Productivity

| | FY95-97 | FY96-98 | FY97-99 | FY98-00 | FY99-01 | FY00-02 | FY01-03 | FY02-04 | FY03-05 | FY04-06 | FY05-07 | FY06-08 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ▫ 3 Year average | 3.1% | 3.9% | 6.3% | 4.8% | 6.2% | 8.3% | 9.7% | 13.0% | 11.4% | 9.2% | 2.4% | 1.0% |
| ⸺ Target=5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% |

Good ↑

### Annual Increase FM Productivity

Note: The U.S Department of Labor productivity rate for business sector.
(rates revised for 2005 and 2006.)



Percent Increase in Productivity

| | FY95 | FY96 | FY97 | FY98 | FY99 | FY00 | FY01 | FY02 | FY03 | FY04 | FY05 | FY06 | FY07 | FY08 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ▪ FM Productivity | 2.8% | 4.0% | 7.2% | 5.0% | 6.5% | 2.2% | 9.9% | 13.0% | 7.0% | 19.0% | 8.3% | 0.2% | -1.3% | 4.1% |
| ▪ US Business | 0.1% | 3.0% | 1.9% | 2.8% | 3.1% | 2.9% | 2.5% | 4.1% | 3.8% | 2.9% | 1.8% | 0.9% | 1.5% | 0.4% |
| ⸺ Series3 | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% |

## DEFINITION
This measure is a composite statistic using labor productivity--output per hour of labor--to measure progress over time of process improvements and other initiatives. FM adapted the methodology used by the federal government to compute productivity within an administrative unit in a large organization. The last published rate was in 2005-2006. This approach enabled FM to use US Business for benchmarking. FM also simplified the calculation, focusing on one or two output indicators (transactions, etc.) and using FTE positions for labor input. A rolling three year average adjusts for one year fluctuations.
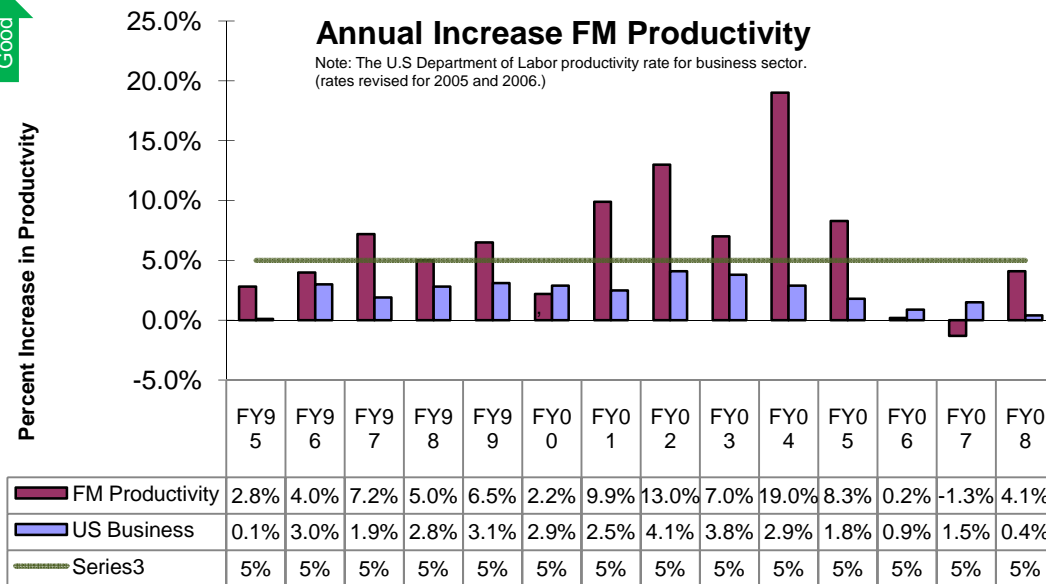
## ANALYSIS
Prior to FY 05, FM's productivity was comparable to, or greater than, the business sector as measured by the US Dept of Labor.
In FY06, Purchasing was included in the data because it joined FM in the last 3 months of the year. Treasury was also included in the data. In FY07, Purchasing was included in the new Procurement Services area as are Financial Services, and other areas. Treasury is excluded from the data in FY07 due to reorganization. Overall, productivity increased 4.1% in FY 08 reversing the 1.3% drop in FY 07.
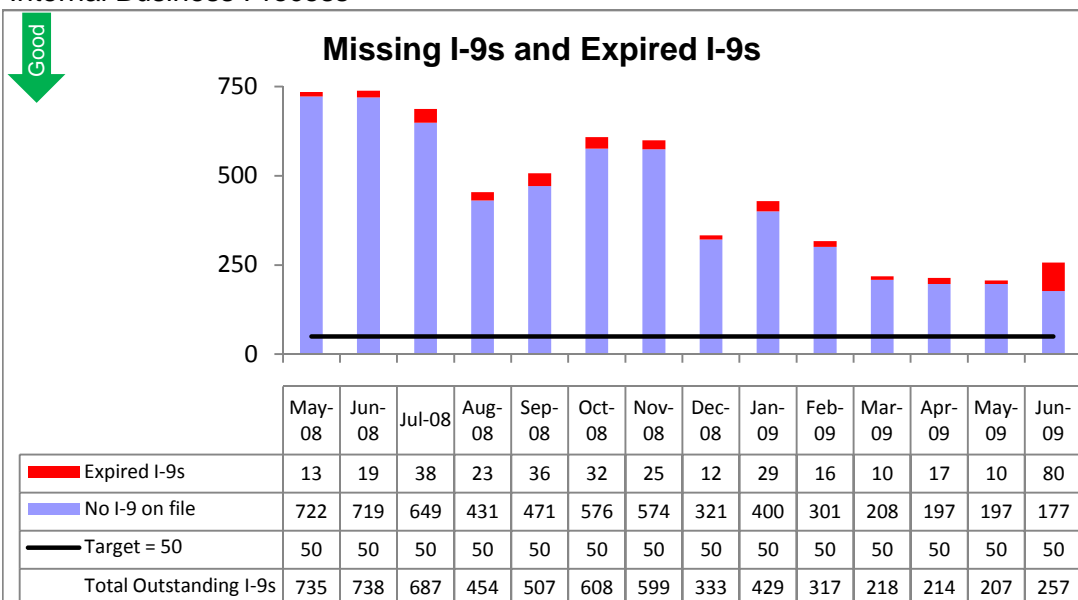
## NEXT STEPS
Our efforts are to continue to eliminate transaction-related positions through increased automation and to re-establish knowledge worker positions, which has the effect of reducing productivity (particularly where there's been no significant increase in transaction volume).

The Metrics and Reporting unit in Finance and Facilities is conducting an analysis of productivity and FTE's to identify improvements to this measure.

Report Contact: Jeanne Semura, semurj@u.washington.edu

# Pay People - Payroll

Internal Business Process

## Missing I-9s and Expired I-9s

Good ↓

| | May-08 | Jun-08 | Jul-08 | Aug-08 | Sep-08 | Oct-08 | Nov-08 | Dec-08 | Jan-09 | Feb-09 | Mar-09 | Apr-09 | May-09 | Jun-09 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Expired I-9s | 13 | 19 | 38 | 23 | 36 | 32 | 25 | 12 | 29 | 16 | 10 | 17 | 10 | 80 |
| No I-9 on file | 722 | 719 | 649 | 431 | 471 | 576 | 574 | 321 | 400 | 301 | 208 | 197 | 197 | 177 |
| Target = 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 |
| Total Outstanding I-9s | 735 | 738 | 687 | 454 | 507 | 608 | 599 | 333 | 429 | 317 | 218 | 214 | 207 | 257 |

## Outstanding I-9s for Hospitals & Non-Hospital

Good ↓

| | May-08 | Jun-08 | Jul-08 | Aug-08 | Sep-08 | Oct-08 | Nov-08 | Dec-08 | Jan-09 | Feb-09 | Mar-09 | Apr-09 | May-09 | Jun-09 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Non-Hospital | 626 | 636 | 593 | 360 | 409 | 512 | 495 | 222 | 322 | 206 | 122 | 121 | 122 | 174 |
| Hospitals | 109 | 102 | 94 | 94 | 98 | 96 | 104 | 111 | 107 | 111 | 96 | 93 | 85 | 83 |
| Target = 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 |

## DEFINITION
This measure shows the total number of undocumented I9s and expired I9s for all university employees.

The top graph compares the total number of undocumented I9s to the number of expired I9s.

The bottom graph compares the number outstanding from the hospitals to all other departments.

## ANALYSIS
The number of expired I-9s increases with the end of the academic year. Many of the employees are on leave for the summer and will be updated after the school years starts again. The number of missing I-9s decreased in June. Potential Risk: Up to $40,000 per I-9 missing or expired = 257 * $40,000= $10,280,000. Number of UW Employees = 34,0000. The number of missing and expired I-9s represents less than 1% of the total number of UW employees. In June, of a total of 257 cases, 218 were active and 39 inactive (15.2%)
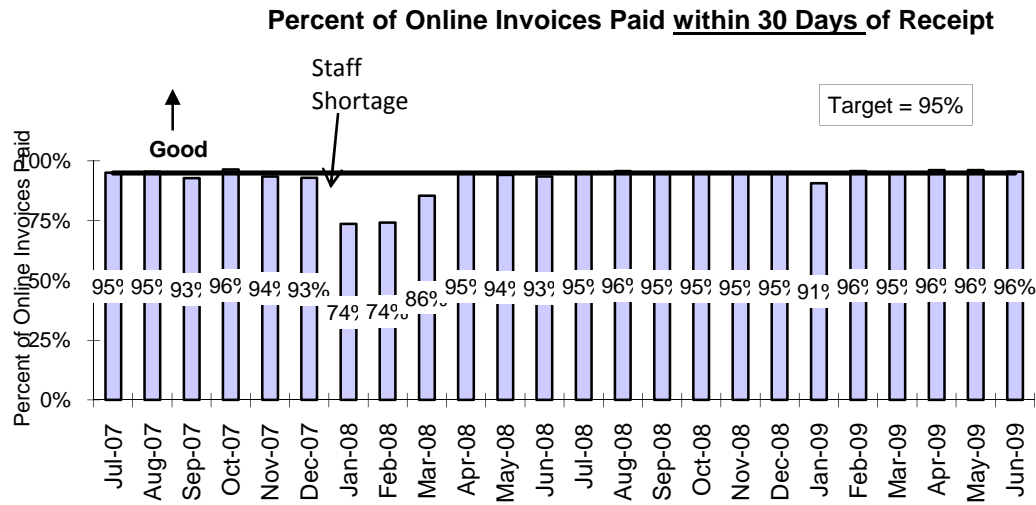
## NEXT STEPS
The Assistant Director is calling and emailing departments with high numbers of undocumented I-9s to determine the issues involved and work with them to get their numbers down. Detailed spreadsheets are being sent to the Medical Center Human Resources office to help them reduce the number of employees on their list. Departments with expired I-9s are contacted every month for resolution.

Report Contact: Jeanne Semura, semurj@u.washington.edu
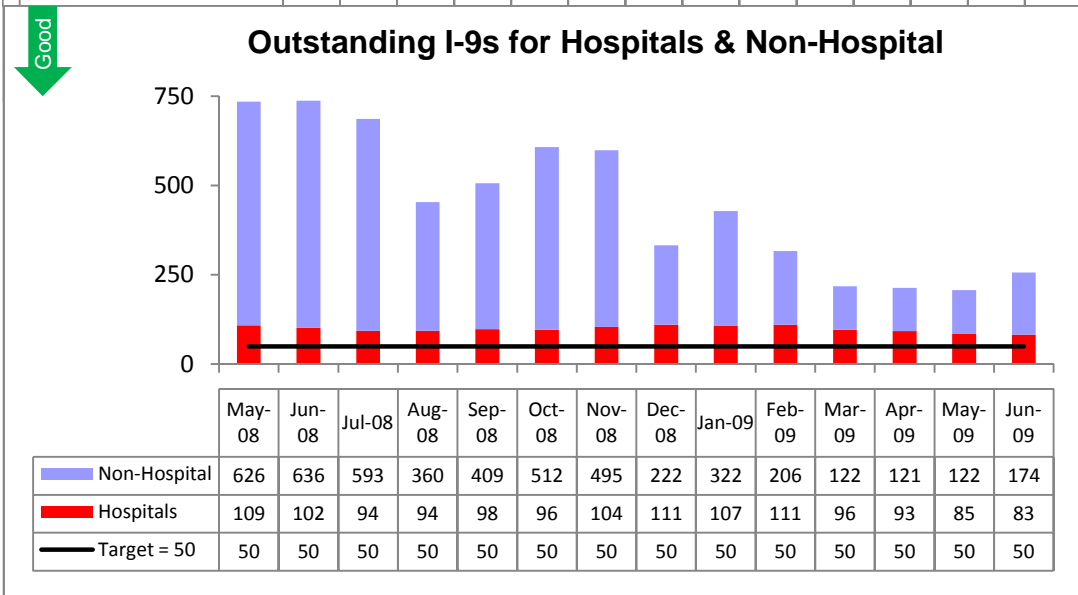
# Pay Bills Online Invoices Paid Within 30 Days of Invoice Date - Payables

Financial

**Percent of Online Invoices Paid <u>within 30 Days</u> of Receipt**

Staff
Shortage

Target = 95%

Good



Percent of Online Invoices Paid <u>within 30 Days</u> of Receipt

Upper Control Limit =

Avg = 94%

Lower Control Limit = 90%

*FS experienced staff shortages during this time.*



**DEFINITION:**
Identifies the number of days between receipt of vendor invoice in Accounts Payable and the check date. WA State requirement is 30 days.

**ANALYSIS:**
This measure is in control at current volumes of invoices processed. A change, impacting the measure, will be the roll-out of the $3300 guideline, which should significantly reduce the volume of small dollar invoices after July 2009. Invoices for larger dollar requisitions, which will continue to flow through PAS unless the vendor is in eProcurement, will potentially increase due to the expenditures made with expected stimulus funding through the American Rehabilitation and Recovery Act (ARRA) grants.
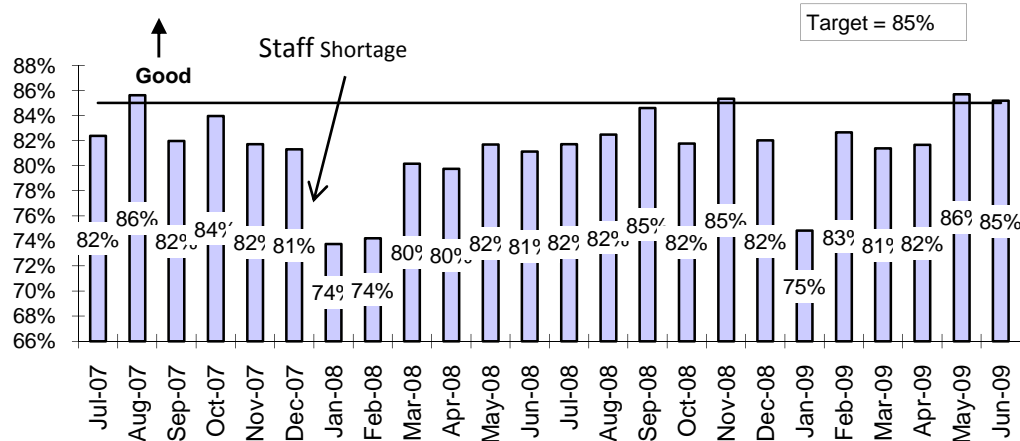
**NEXT STEPS:**
Reporting to identify ARRA requisitions and invoices is in development. We will develop processes to ensure that ARRA invoices will be prioritized to support federal reporting requirements. Additional work is in process to assist departments in setting up standing orders or Procard accounts to manage monthly small dollar repetitive orders from contract vendors, which should improve billing and payment outcomes with these vendors.
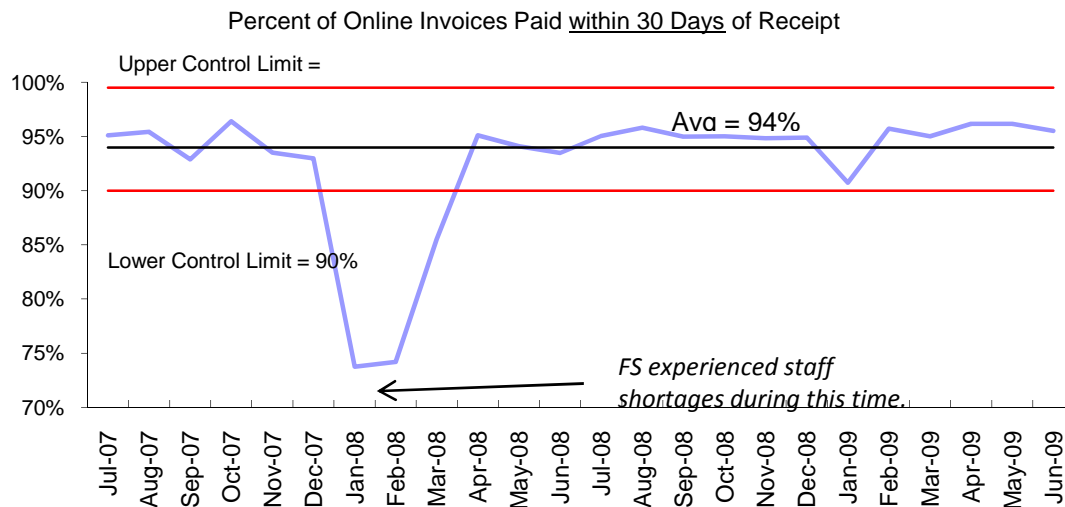
Report Contact: Jeanne Semura, semurj@u.washington.edu

# Pay Bills Online Invoices Paid Within 45 Days of Invoice Date - Payables

Financial

### Percent of Online Invoices Paid within 45 Days of Invoice Date



Target = 85%

Good
Staff Shortage

### Percent of Online Invoices Paid within 45 Days of Invoice Date



Upper Control Limit =

Avg = 84%

Lower Control Limit =

Staff Shortage

## DEFINITION
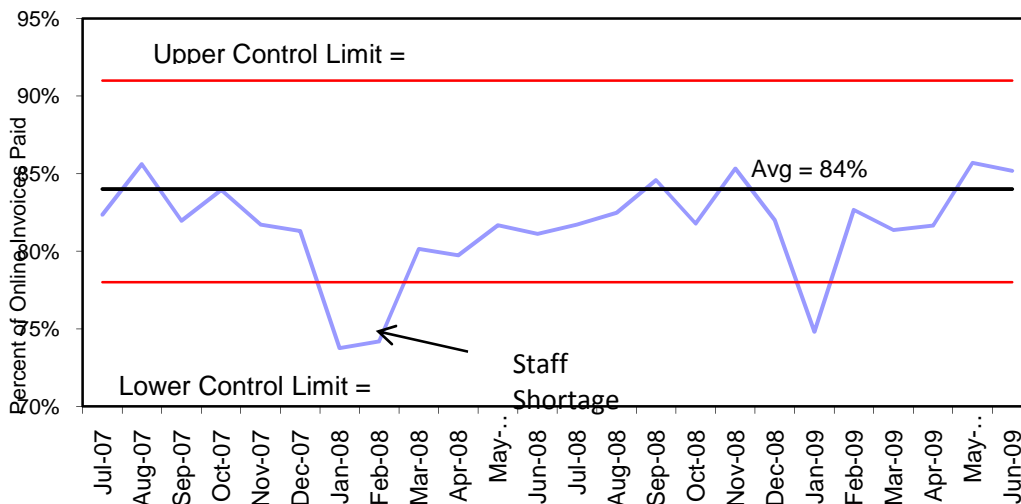Identifies the number of days between the invoice date and the payment date.

## ANALYSIS
Research and analysis by the AP Customer Service Project and the Seamless UTG#1 shows that over 60% of invoices are mailed by vendors to the ordering department rather than to AP. The delay of delivery to AP increases the likelihood of payment in more than 30 days from date of the invoice. This measure is also impacted by the time required to resolve invoice discrepancies.

## NEXT STEPS
The Seamless Team has determined that movement of small dollar purchases from PAS payment to eCommerce methods can reduce the number of vendor invoices paid by AP by up to 70%. This will reduce the number of AP invoices mailed to departments and provide more resources to effectively resolve invoice discrepancies when they occur.

**FINANCIAL MANAGEMENT**
**UNIVERSITY of WASHINGTON**
**Finance & Facilities**

14 of 26

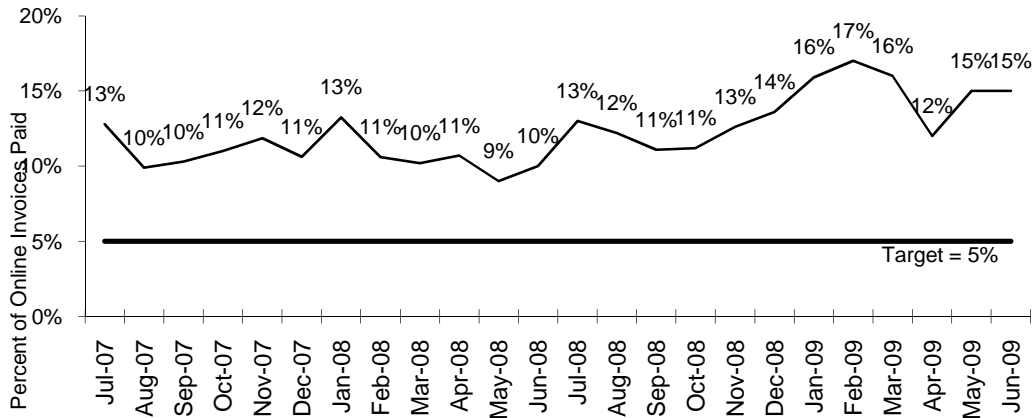Report Contact: Jeanne Semura, semurj@u.washington.edu

# Pay Bills - Invoices with Discrepancies - Payables

Financial

## % of Invoices In Discrepancy



**DEFINITION**
Quantifies the percentage of vendor invoices in which a discrepancy exists between the original Purchase Order and the actual invoice. Such inconsistencies need to be researched and rectified before payment can occur.
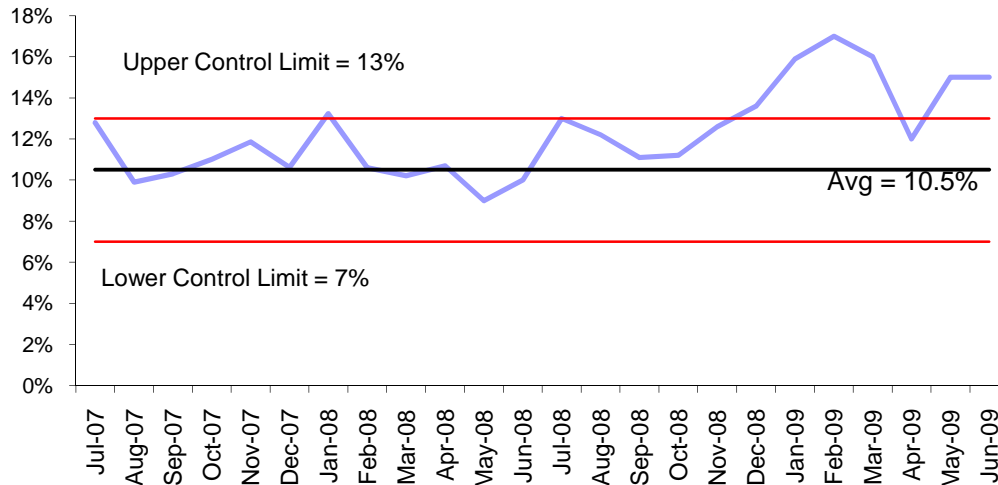
**ANALYSIS**
The increase in number of invoices with discrepancies is the outcome of more accurate counting – previously the measure was a manual count; currently the measure has been automated in Lamont and so represents a more realistic count.

**NEXT STEPS**
The $3300 guidelines should impact this measure significantly, resulting in a reduction of invoices due to the migration of small dollar purchases to eCommerce systems. The process improvement of setting NTE limit to $3300 on PAS small dollar purchase orders will also reduce the number of invoices in discrepancies.
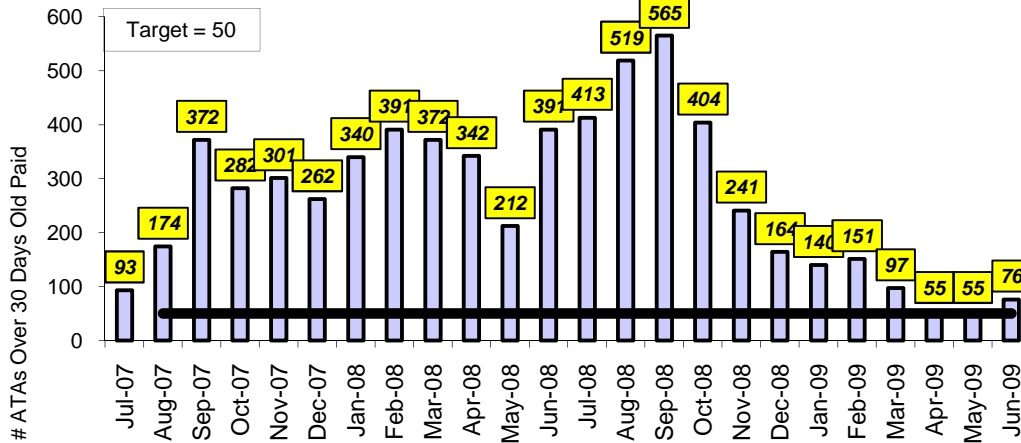
## % of Invoices in Discrepancy

**FINANCIAL MANAGEMENT**
**UNIVERSITY of WASHINGTON**
**Finance & Facilities**

Report Contact: Jeanne Semura, semurj@u.washington.edu

# Pay Bills - Invoices with Discrepancies Over 30 Days Old - Payables

Financial

## # Discrepancies Over 30 Days Old

Target = 50

Values: 93, 174, 372, 282, 301, 262, 340, 391, 372, 342, 212, 391, 413, 519, 565, 404, 241, 164, 140, 151, 97, 55, 55, 76

(Y-axis: # ATAs Over 30 Days Old Paid, 0–600; X-axis: Jul-07 through Jun-09)

## # Discrepancies Over 30 Days Old

Upper Control Limit =

Avg = 206

Lower Control Limit = 40

(Y-axis: Invoices with Discrepancies Over 30 Days Old, 0–600; X-axis: Jul-07 through Jun-09)

DEFINITION
Quantifies the number vendor invoices in discrepancy status for more than 30 days.

ANALYSIS
To resolve these outstanding discrepancies, the original Purchase Order or the actual invoice must be modified (or the invoice itself must be approved) before payment can occur. This process can take time as it requires a coordinated effort between the Purchasing Department, the UW department which placed the order, and Financial Services.

NEXT STEPS
This measure shows excellent results in reduction of discrepancies that are not resolved within 30 days, due to changes in prioritization of this resolution process. Also, many of these transactions could have been made through eCommerce methods. As we continue to migrate small dollar transactions to eCommerce, this measure could reach target.
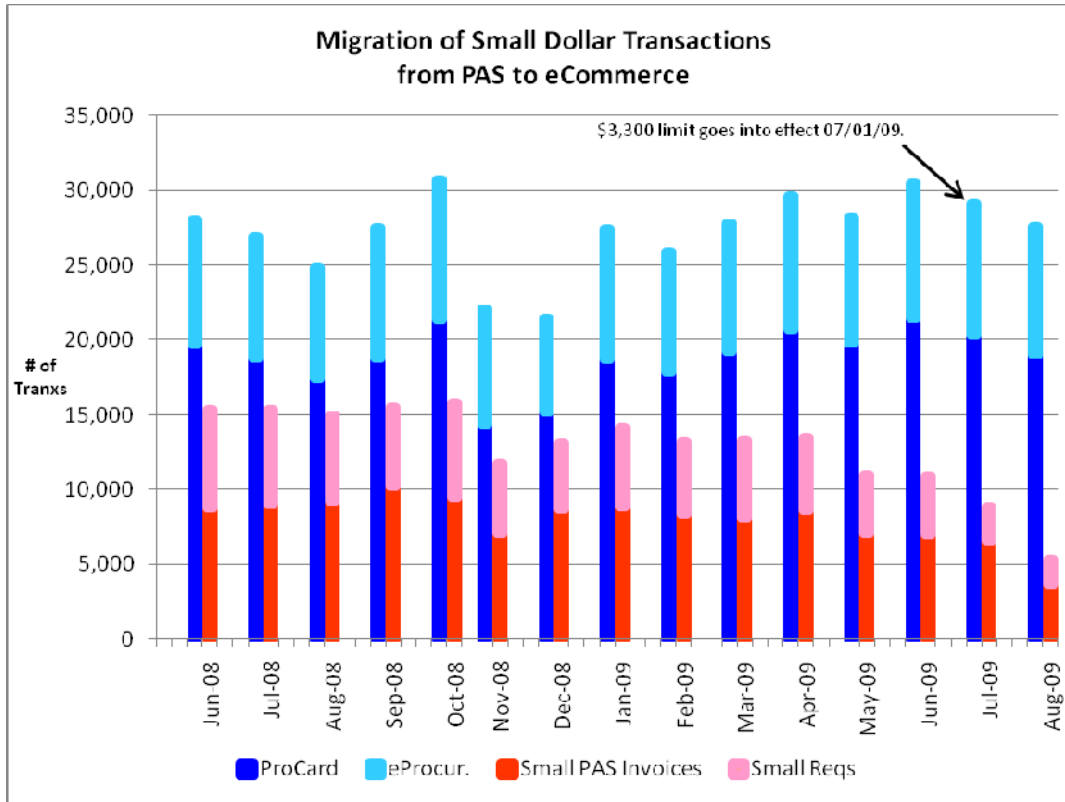
Report Contact: Jeanne Semura, semurj@u.washington.edu
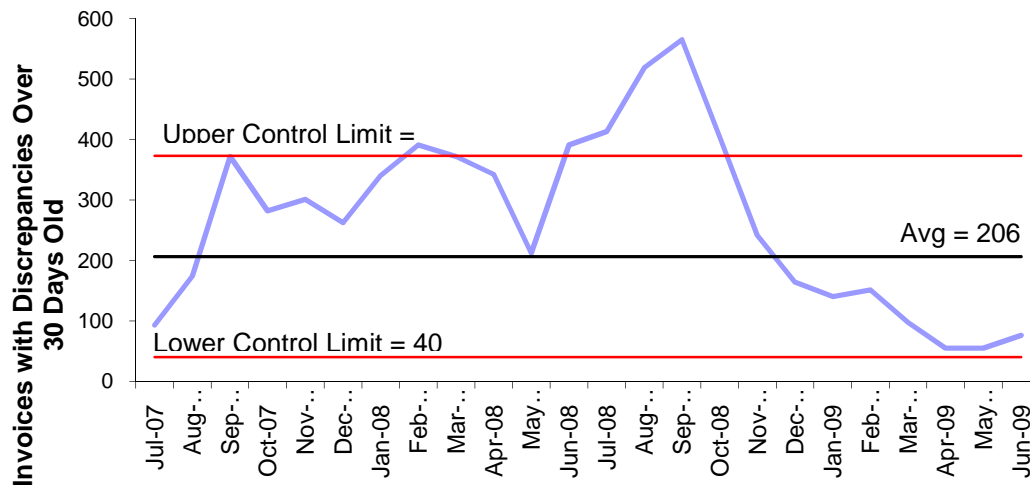
# Migration of Small Dollar Purchases from PAS to eCommerce

Financial



**Migration of Small Dollar Transactions from PAS to eCommerce**

$3,300 limit goes into effect 07/01/09.

Legend: ProCard | eProcur. | Small PAS Invoices | Small Reqs

**GOAL:**
The eCommerce transactions (in blue) should be increasing . ↑ Good
The small dollar PAS transactions (in red) should be decreasing. ↓ Good

**DEFINITION**
This chart tracks the migration of small dollar purchases from PAS to eCommerce, displaying the manual one requisition to multiple invoices relationship in PAS that creates 2 sets of documents, the requisition initiated by a campus department and managed by Purchasing (pink bar) and the resulting invoice (red bar) processed by AP for payment to complete the purchase cycle. In comparison, eCommerce produces one set of documents managed by the department that ordered the goods or services.
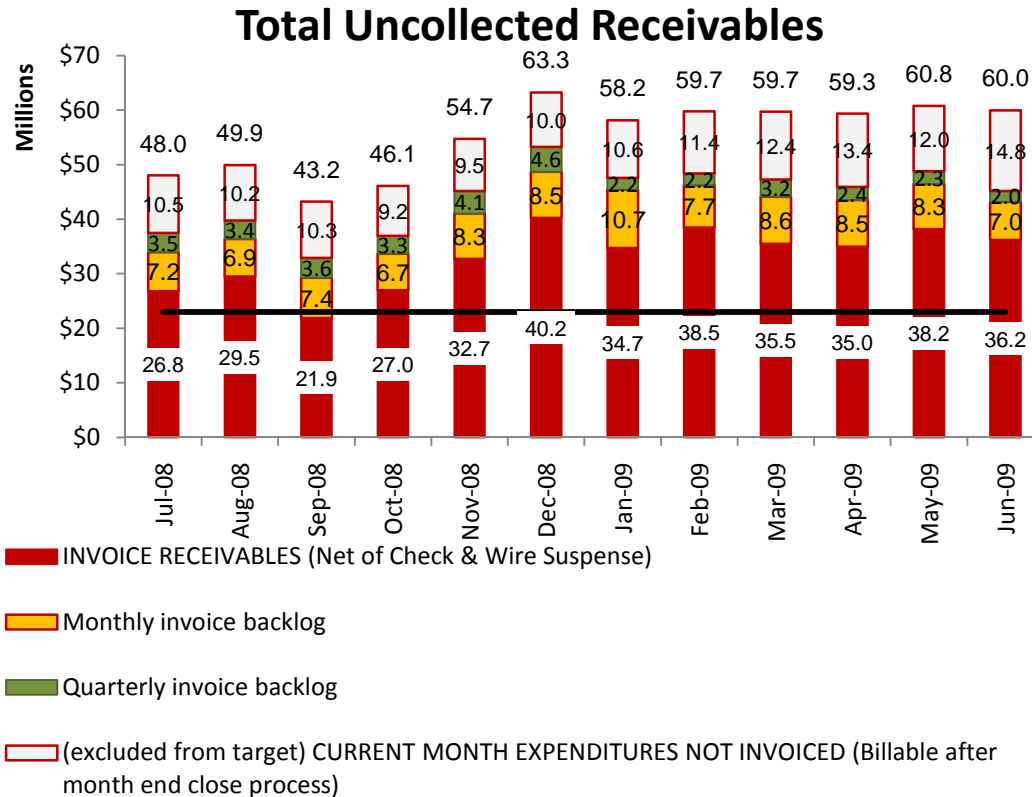
**ANALYSIS**
The goal is to migrate all eligible purchases to either ProCard and/or eProcurement. This will save the University time, money and effort in accordance with Financial Management's strategic objective to streamline the Procure to Pay process.

**NEXT STEPS**
eCommerce conducts outreach based on departmental data analysis. Part of this outreach includes research in how departments utilize all available purchasing methods. With campus wide budget cuts, a goal has been established to move all possible transactions under $3,300 into eCommerce by July 1, 2009, coinciding with the new 09 Biennium. Online and in-person training, marketing and utilizing eCommerce websites more effectively, eCommerce & Procurement Services Forums, using email and newsletter communications to departments, using a new Procurement Guide for best purchasing practices, in addition to internal efforts to communicate the same message from Procurement Services to the campus will have the continued affect of driving purchasing volume out of PAS and into eCommerce.

Report Contact: Jeanne Semura, semurj@u.washington.edu

# Manage Grants Total Uncollected - GCA

Financial

## Total Uncollected Receivables



Chart: Total Uncollected Receivables (Millions), Jul-08 through Jun-09.

| Month | Total | Current Month Expenditures (white) | Quarterly backlog (green) | Monthly backlog (yellow) | Invoice Receivables (red) |
|---|---|---|---|---|---|
| Jul-08 | 48.0 | 10.5 | 3.5 | 7.2 | 26.8 |
| Aug-08 | 49.9 | 10.2 | 3.4 | 6.9 | 29.5 |
| Sep-08 | 43.2 | 10.3 | 3.6 | 7.4 | 21.9 |
| Oct-08 | 46.1 | 9.2 | 3.3 | 6.7 | 27.0 |
| Nov-08 | 54.7 | 9.5 | 4.1 | 8.3 | 32.7 |
| Dec-08 | 63.3 | 10.0 | 4.6 | 8.5 | 40.2 |
| Jan-09 | 58.2 | 10.6 | 2.2 | 10.7 | 34.7 |
| Feb-09 | 59.7 | 11.4 | 2.2 | 7.7 | 38.5 |
| Mar-09 | 59.7 | 12.4 | 3.2 | 8.6 | 35.5 |
| Apr-09 | 59.3 | 13.4 | 2.4 | 8.5 | 35.0 |
| May-09 | 60.8 | 12.0 | 2.3 | 8.3 | 38.2 |
| Jun-09 | 60.0 | 14.8 | 2.0 | 7.0 | 36.2 |

Legend:
- INVOICE RECEIVABLES (Net of Check & Wire Suspense)
- Monthly invoice backlog
- Quarterly invoice backlog
- (excluded from target) CURRENT MONTH EXPENDITURES NOT INVOICED (Billable after month end close process)

2008 UW Annual Report shows $138MM for Accounts Receivables Grants & Contracts
http://www.washington.edu/admin/finmgmt/2008report/financialstatements.pdf (p.29)

Difference between Annual Report and dashboard graph is attributed to:

*Other forms of payment not represented in the graph (e.g. Letter of Credit, Schedule Pay, Fixed Pri

*Delay in posting expenditures (e.g. month 12/25/25A/25B)

*Year end adjustments for deficits, suspense, doubtful accounts, and deferred revenue

*Last payroll in June posted in July, but as June expenditures.

(Cash for that payroll is received in July and posted as July cash)

### DEFINITION
The up-front cost the University has expended that has not been reimbursed by the sponsors.

### ANALYSIS
-Current Month Expenditures (the top white portion) that represent an up-front cost to the University, although not billable until the month-end close process.
-Billing backlogs are cumulative prior month expenditures not invoiced, comprised of two parts:
   a. The quarterly invoice backlog (the green portion) that included quarterly, semi-annually, and annually billing frequency that are not billable until the billing terms are due.
   b. The monthly invoice backlog (the yellow portion) in which about 78% of the total backlog (~$7M) should have been billed but could not due to staff shortage and other various reasons.
-Invoice Receivables (the red portion) are aged receivables.
-Current Month Expenditures are excluded from the Target of $23M.

### NEXT STEPS
The Auto Final Invoice process was implemented in July 2009. This new process would automate the final invoicing process that involved about 9% of the total number of receivable invoices which have been processed manually. In addition to the time saving by generating final invoices automatically, the automated process would help reducing the number of follow-ups between departments and GCA's campus service teams.

# Collect Loans Students in Default on Loans

Financial

## Federal Perkins Loan Cohort Default Rate
### Compared to the National and PAC 10 Schools' Average Default Rates

**Good**

SFS  Corrected
**8.3%**

7.8%

**Reported**
**5.15%**

**4.49%**

| 13.6% | 9.8% | 6.7% | 3.9% | 3.8% | 4.9% | 3.8% | 3.2% | 4.4% | 5.1% | 4.9% | 7.2% | **6.7%** |
|-------|------|------|------|------|------|------|------|------|------|------|------|------|

1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009

■ UW Cohort Rate
— PAC 10 Average Default Cohort Rate
- - - Corrected National Avearge (for 2008)
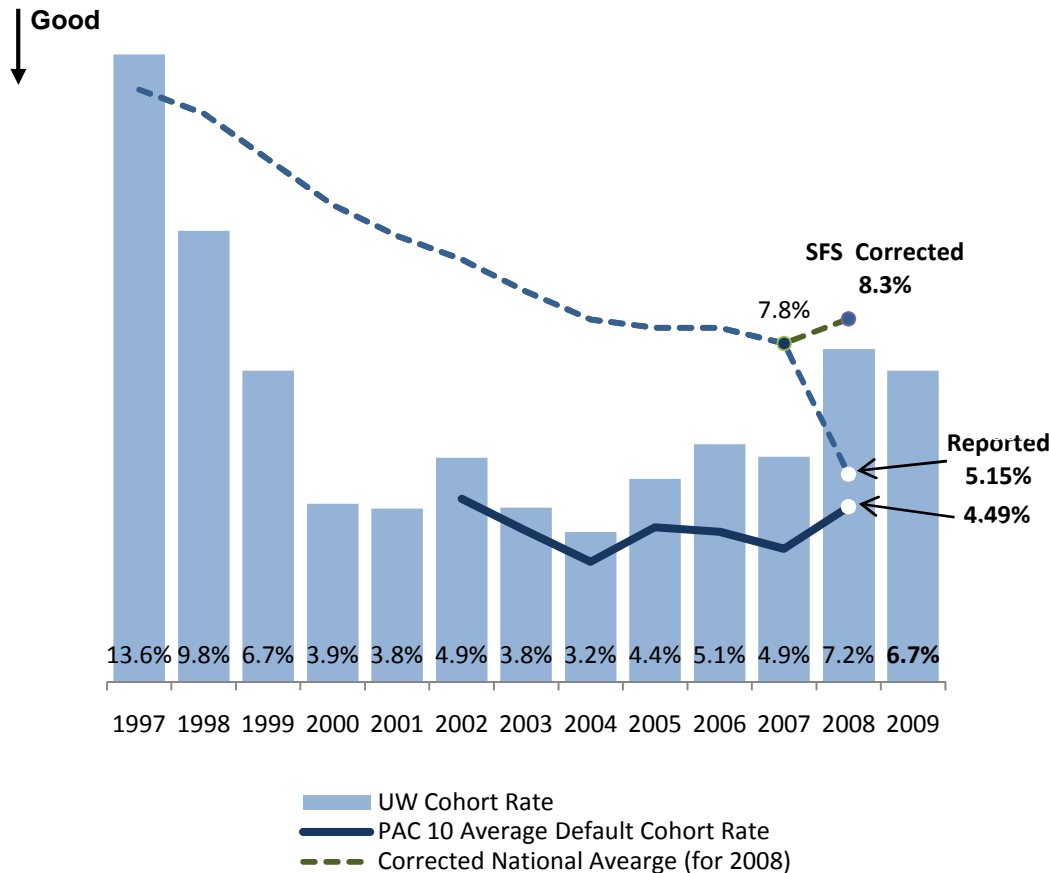
DEFINITION
This measure quantifies the percentage of students with a reporting cohort who are in default on their Perkins Federal loans and compares UW's default rates against the National and PAC 10 Schools' Average Default Rates.  SFS currently reports our default rate annually to the US Department of Education on the Perkins Fiscal Operations Report (FISAP).

Our current target is the National Average Default Cohort Rate, with a streatch goal of achieving the PAC 10 Average Default Cohort Rate. So long as UW maintains a rate less than 15%, there are o issues with respect to Federal requirements.

National Average Default Cohort Rate – defined by the U.S. Dept of Education as a national measure of borrowers who entered repayment during the prior fiscal year who are in default (270 days past due) by the end of the current fiscal year; PAC 10 Average Default Cohort Rate – a subset of the default cohort rates limited to PAC 10 institutions.

ANALYSIS
NOTE: The 2008 National Average Default Cohort Rate contains an error: a school reported 1,000,000+ borrowers entering repayment, thus skewing the calculation.  This error has yet to be corrected by the Federal reporting agency.  Backing out this data results in a rate of 8.3%

Current economic trends would indicate that we can expect an overall increase in defaults -- as students entering the workforce face increased competition for career-track jobs within their fields of study and an overall tighter employment market.
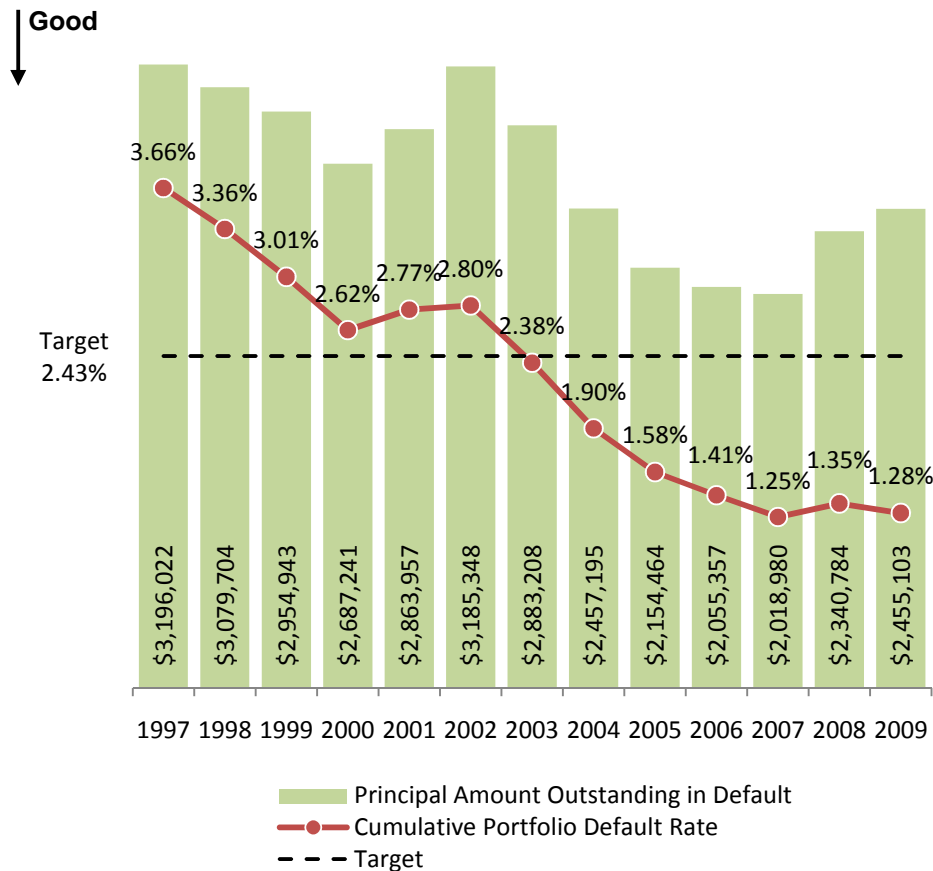
NEXT STEPS
SFS will continue with outreach, advising and other intervention activities as appropriate, while monitoring the performance of our 3rd party collection agencies.

# Collect Loans Students in Default on Loans

Financial

## Cumulative Perkins Loan
## Default Rate and Defaulted Dollars by Fiscal Year



Good

3.66%
3.36%
3.01%
2.62%
2.77% 2.80%
2.38%
1.90%
1.58%
1.41%
1.25%
1.35%
1.28%

Target
2.43%

$3,196,022
$3,079,704
$2,954,943
$2,687,241
$2,863,957
$3,185,348
$2,883,208
$2,457,195
$2,154,464
$2,055,357
$2,018,980
$2,340,784
$2,455,103

1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009

☐ Principal Amount Outstanding in Default
●— Cumulative Portfolio Default Rate
- - - Target

DEFINITION
The "Cumulative Perkins Loan Default Rate and Defaulted Dollars by Fiscal Year" measures the overall "historical" default rate since inception of the program in 1959 in relation to the dollar amount in default at the end of the fiscal year. This default rate is derived by comparing the principal outstanding in default to the total dollars that have ever entered repayment. These values are derived from the Campus Partners status summary report for program 04650. The target for cumulative default rate is based on a 10 year average (1997 - 2007). SFS's goal is to minimize the overall default rate.

ANALYSIS
SFS used to report the Cumulative Default Rate on the Perkins Fiscal Operations Report (FISAP) up until the US Department of Education switched to the reporting of the Perkins Cohort Default Rate (which takes into account only the borrowers that have gone into repayment during one reporting period.) Historically, this measure displays UW's total Perkins Loan portfolio default trend and defaulted principal outstanding -- which, until end of FY 2008, was in a steady decline.
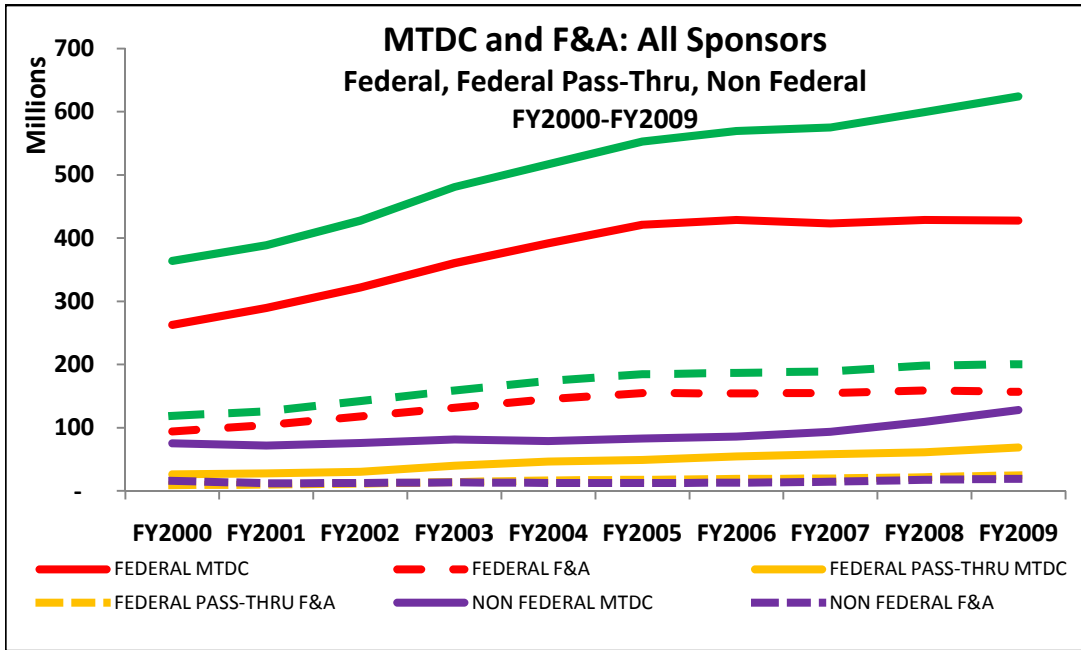
NEXT STEPS
Monitor this trend in relation to ongoing external economic conditions and continue to track 3rd party collection agencies' performance.

Target will be re-assessed if the current cumulative default rate stays below the current targeted average for an additional two years (i.e., by end of 2011).

Report Contact: Jeanne Semura, semurj@u.washington.edu

# Develop and Negotiate Indirect Cost Rates - RAA

Financial

## MTDC and F&A: All Sponsors
### Federal, Federal Pass-Thru, Non Federal
### FY2000-FY2009



Legend:
- FEDERAL MTDC
- FEDERAL F&A
- FEDERAL PASS-THRU MTDC
- FEDERAL PASS-THRU F&A
- NON FEDERAL MTDC
- NON FEDERAL F&A

## % Change in F&A Indirect Cost Revenues
5 yr Average FY05Q1-FY09Q4: 3.5%
(Comparing current quarter recovery to the same quarter in last fiscal year)



Values: 10.2%, 9.9%, 8.4%, 6.4%, 4.0%, 1.9%, 0.9%, -0.2%, 0.8%, 2.3%, 1.6%, 2.5%, 1.9%, 1.3%, 3.7%, 4.7%, 4.3%, 3.4%, 1.3%, 1.4%

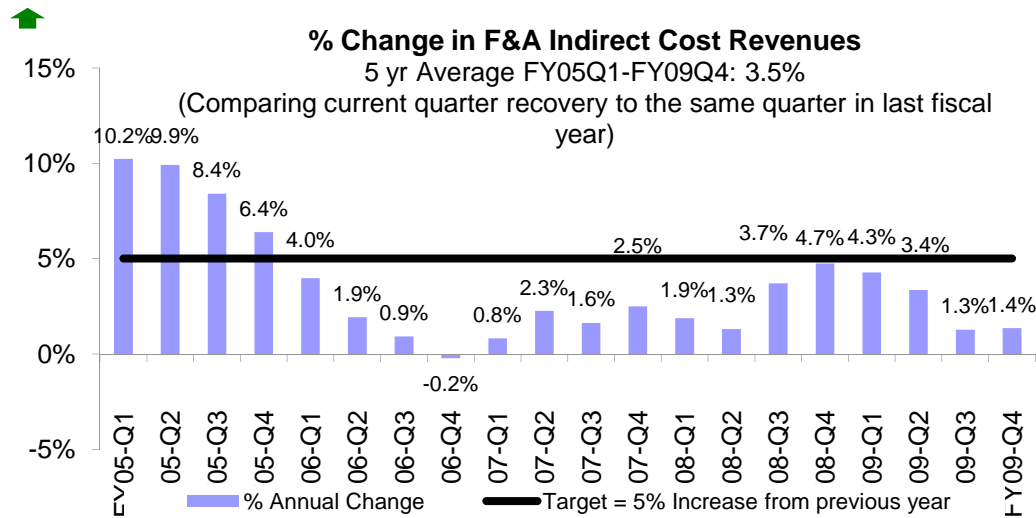Legend: % Annual Change — Target = 5% Increase from previous year

DEFINITION
The Facilities and Administrative Cost Rate, or "F&A Rate", is a mechanism to reimburse the University for expenses incurred in providing facilities and administrative support to sponsored research and other sponsored projects. The F&A rate is essentially an overhead rate.

ANALYSIS
Decline in the growth rate of F&A recovery is reflective of a continuing change in the research expenditure portfolio. That is, the distribution for sponsored research funding is changing as follows. Federal research funding has flattened in the last few years while non-Federal research awards have increased in a steady pace. Since the indirect cost rates for most Federal agencies are typically greater than the rates for non-federal sponsors, the overall growth in F&A recoveries has not kept pace with the overall growth in total research activity.

NEXT STEPS
None presently.

# Develop and Negotiate Indirect Cost Rates - RAA

## Increased F&A Recovery Resulting from Increased F&A Rate
### in Current Fiscal Year for On-Campus Research
**Total Increased Recovery 7/08-6/09 $7,531,118**
**Total F&A Recovery 7/08-6/09 $221,919,164**

FEDERAL PASS-THRU $984,666
STATE AND LOCAL GOVERNMENT $70,071
FOUNDATION $9,288
SCHOOLS/COLLEGES UNIVERSITIES $98,877
OTHER $10,276
ASSOCIATION $15,512
FEDERAL $6,108,059
INDUSTRY $216,552
FOREIGN $17,818

Chart reflects the increase in F&A revenue attributable to the F&A rate increase from the last F&A rate

## Increased F&A Recovery Resulting from Increased F&A Rate
### in Current Fiscal Year for On-Campus Research
**Total Increased Recovery 7/05-6/09 $14,848,954**
**Total F&A Recovery 7/05-6/09 $644,447,984**

FEDERAL PASS-THRU $1,664,650
STATE AND LOCAL GOVERNMENT $217,039
FOUNDATION $15,515
SCHOOLS/COLLEGES UNIVERSITIES $208,904
OTHER $28,987
ASSOCIATION $23,238
FEDERAL $12,178,080
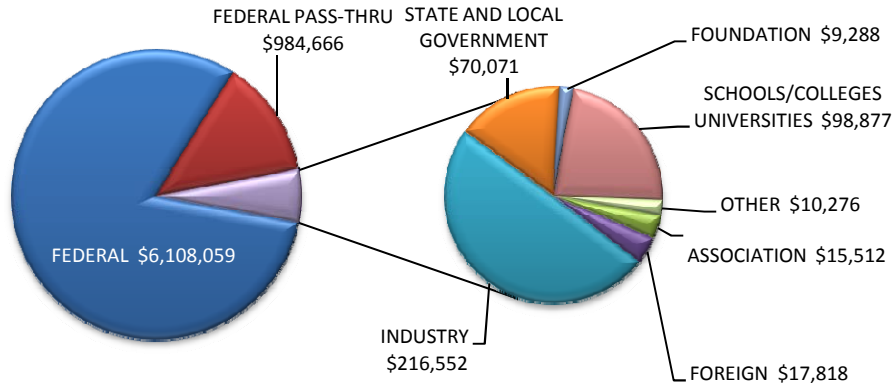INDUSTRY $466,178
FOREIGN $46,364

Chart reflects the increase in F&A revenue attributable to the F&A rate increase from the last F&A rate

DEFINITION:
The Facilities and Administrative Cost Rate, or "F&A Rate", is a mechanism to reimburse the University for expenses incurred in providing facilities and administrative support to sponsored research and other sponsored projects. The F&A rate is essentially an overhead rate.

ANALYSIS:
The increase in the negotiated F&A rate has resulted in significant additional recovery of F&A dollars related to on-campus research activity. For fiscal year ended June 30, 2009 there was over $7.5 million in increased F&A recovery for these awards. Cumulatively, 7/2005-6/30/2009, the increased F&A rates for on-campus research have generated slightly more than $14.8 million.
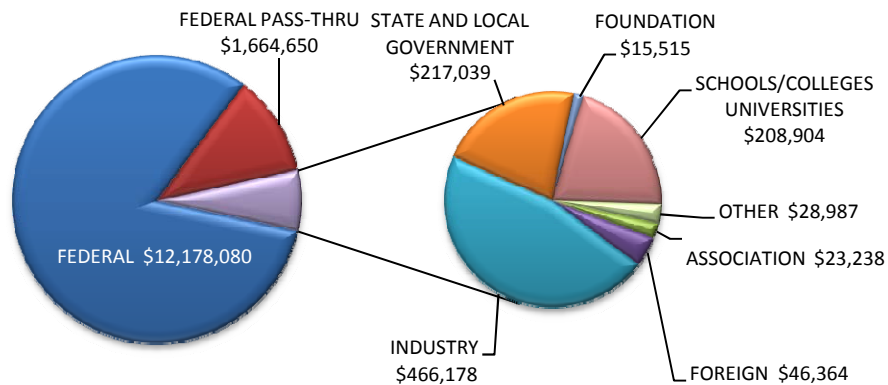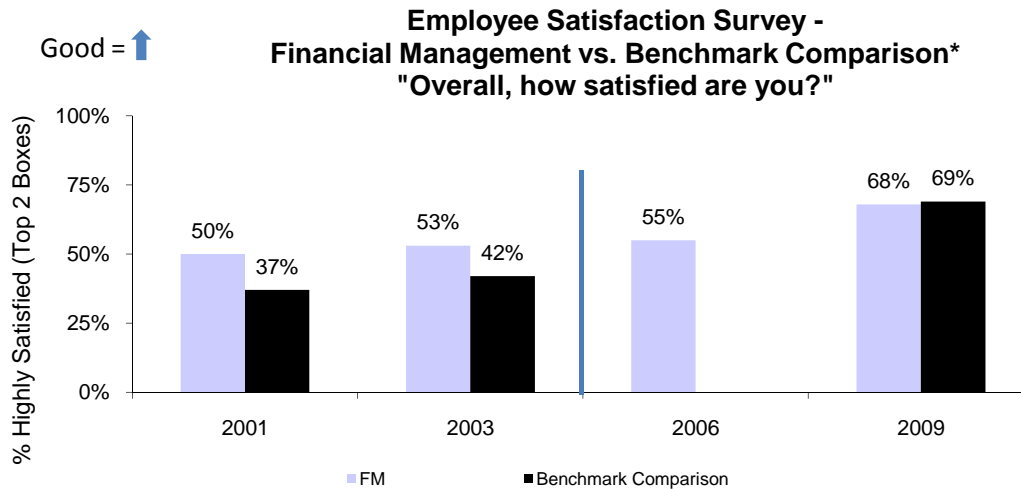
Charts reflects the increase in F&A revenue attributable to the F&A rate increase from the last F&A rate negotiation.

NEXT STEPS:
None presently

# Develop staff - Percent of Staff Highly Satisfied with FM

Learning & Growth

Good = ⬆

### Employee Satisfaction Survey - Financial Management vs. Benchmark Comparison* "Overall, how satisfied are you?"

% Highly Satisfied (Top 2 Boxes)

| Year | FM | Benchmark Comparison |
|------|-----|------|
| 2001 | 50% | 37% |
| 2003 | 53% | 42% |
| 2006 | 55% | |
| 2009 | 68% | 69% |

■ FM   ■ Benchmark Comparison

### 2009 FM Employee Satisfaction Survey
### Overall Satisfaction by Department

% Overall

| Department | 2006 (adjusted) | 2009 |
|-----------|------|------|
| C + C | 64% | 60% |
| Fin Acctg & Tax | 84% | 92% |
| Fin Svcs | 81% | 76% |
| Purchasing | 38% | 49% |
| RAA | 75% | 76% |
| SFS | 68% | 79% |
| Payroll | 72% | 83% |

■ 2006 (adjusted)   ■ 2009

## DEFINITION
Every three years, Financial Management retains an outside firm to conduct an extensive survey of its employees to measure overall job satisfaction. In 2009, the survey used a 5-point scale instead of 7-point scale in prior surveys. . The percentage is for the top two boxes.

## ANALYSIS
Job satisfaction of Financial Management employees in 2006 was adjusted to from a 7 point to a 5 point scale. In 2007, reorganization resulted in FM gaining two new areas: Purchasing and Creative Communications and losing Treasury, Risk Management, and Quality Improvement. More than 50% of the staff in FM today work in these two areas.  In 2009, satisfaction is below the benchmark.  FM is participating on a Finance & Facilities Team to improve communication  division-wide.
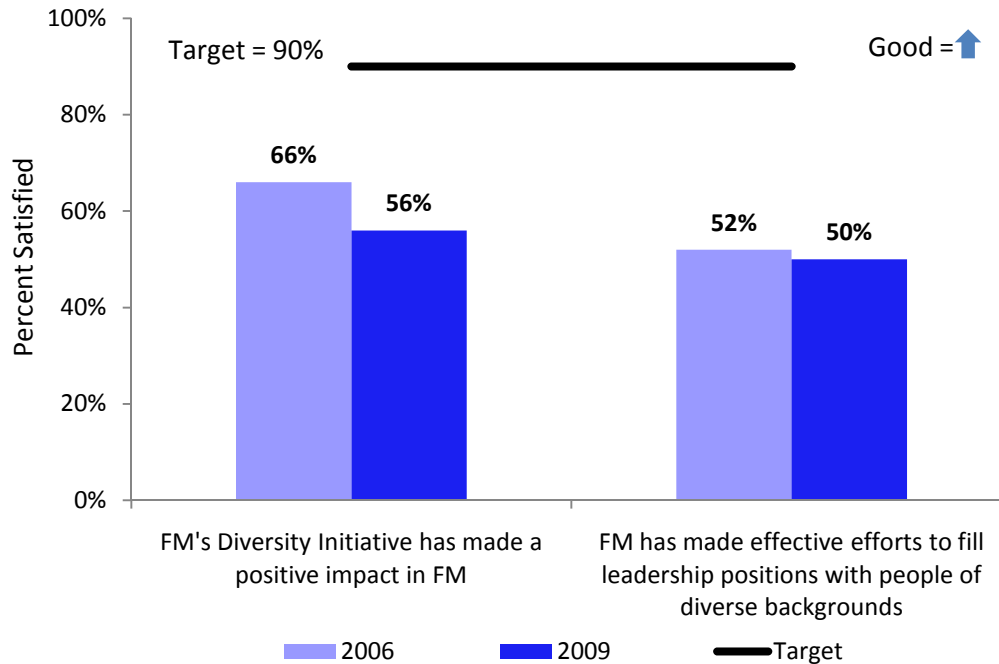
## NEXT STEPS
Each department in the bottom graph are discussing  the results to create action plans for improvement.
The next survey is scheduled for Spring 2012.

Report Contact:  Jeanne Semura, semurj@u.washington.edu
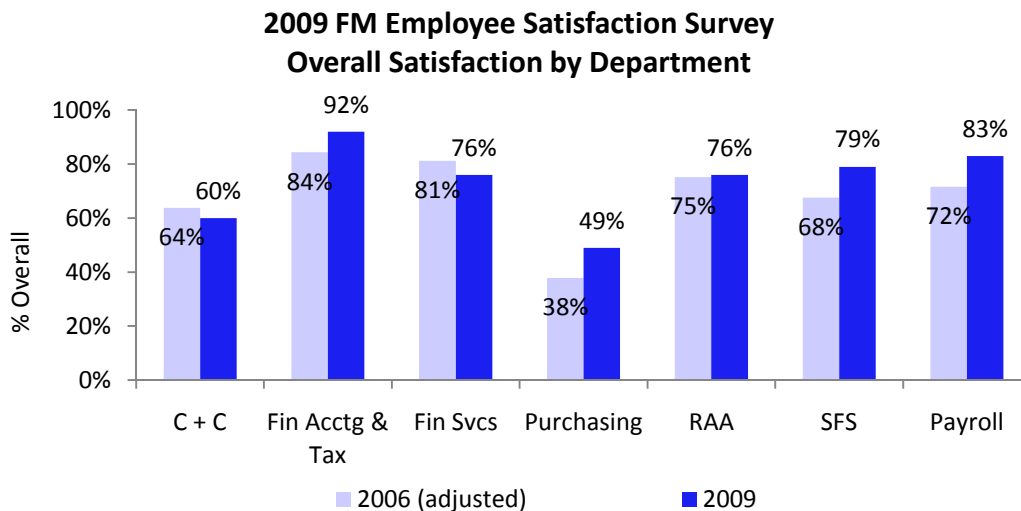
# Develop Staff - Diversity  - FM

Learning & Growth

## Satisfaction Ratings Related to Diversity Initiative
### from FM Employee Satisfaction Surveys



Target = 90%          Good =⬆

Percent Satisfied

100%
80%
66%
56%
52%
50%
60%
40%
20%
0%

FM's Diversity Initiative has made a positive impact in FM

FM has made effective efforts to fill leadership positions with people of diverse backgrounds

2006          2009          Target

DEFINITION
Financial Management retains an outside firm to conduct an extensive survey of its employees  every three years. The percent is the combined score for "agree somewhat" and "agree strongly" on a 5-point scale.

ANALYSIS
The Diversity question was added in 2006. Reorganization in 2007 resulted in more than 50% addition of employees new to FM.  The 2009 results provide a  new baseline for improvement activities.
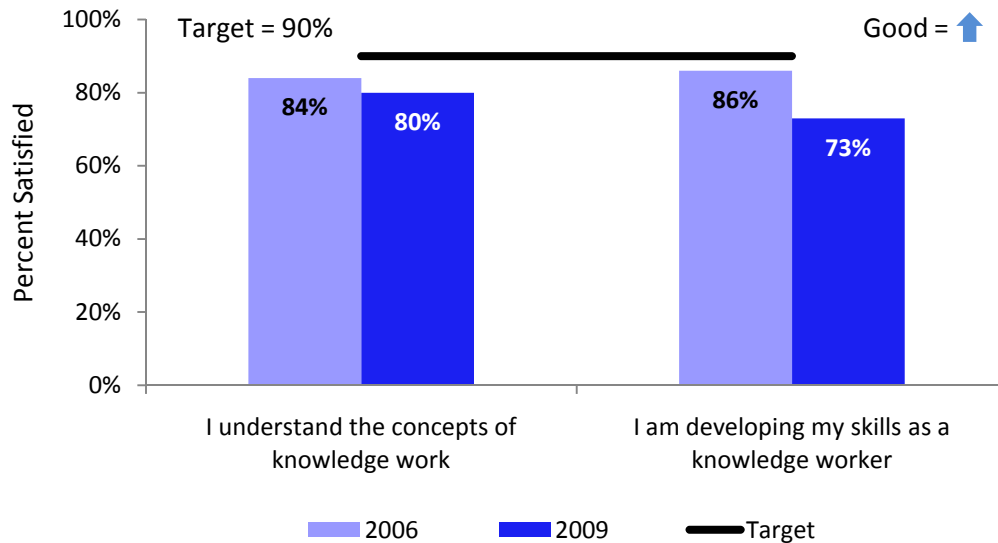
NEXT STEPS
Financial Management actively sponsors The Diversity Team which implements a variety of activities to increase awareness. One activity is the mentor program which solicits and matches managers with employees seeking mentor-mentee experiences.

**FINANCIAL MANAGEMENT**
**UNIVERSITY *of* WASHINGTON**
**Finance & Facilities**

Report Contact:  Jeanne Semura, semurj@u.washington.edu

# Develop Staff - Knowledge Workers - FM

Learning & Growth

## Satisfaction Ratings Related to Knowledge Worker
### Management Initiatives from FM Employee Satisfaction Surveys



Chart: Percent Satisfied (0% - 100%), Target = 90%, Good = ↑

- I understand the concepts of knowledge work: 2006 = 84%, 2009 = 80%
- I am developing my skills as a knowledge worker: 2006 = 86%, 2009 = 73%

Legend: 2006, 2009, Target

DEFINITION
The Knowledge Worker Initiative created a set of needed knowledge worker skills for each department. Employees are encouraged to include these in their Employee Development Plan.
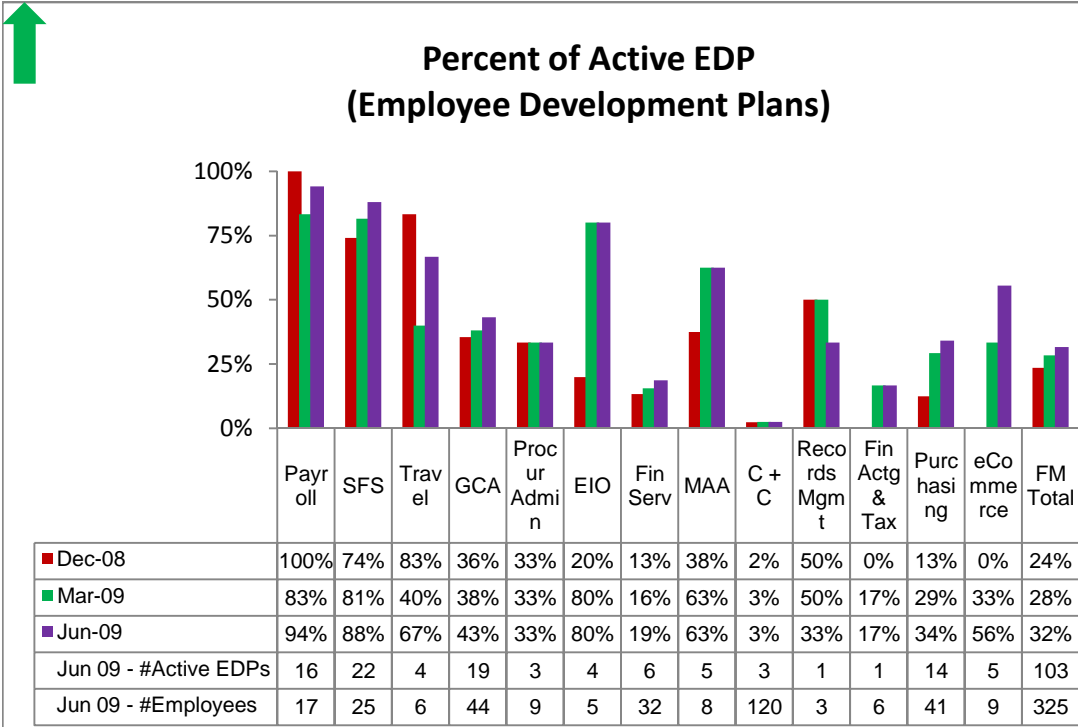
ANALYSIS
In 2007, reorganization resulted in FM gaining two new areas: Purchasing and Creative Communications and losing Treasury, Risk Management, and Quality Improvement. More than 50% of the staff in FM today work in these two areas. In 2009, these scores provide a new baseline.

NEXT STEPS
Continue to encourage development of knowledge worker skills in employee development plans.

**FINANCIAL MANAGEMENT**
**UNIVERSITY of WASHINGTON**
**Finance & Facilities**

Report Contact:  Jeanne Semura, semurj@u.washington.edu

# Develop Staff - Active Employee Development Plans - FM

Learning & Growth

## Percent of Active EDP
## (Employee Development Plans)



| | Payroll | SFS | Travel | GCA | Procur Admin | EIO | Fin Serv | MAA | C + C | Records Mgmt | Fin Actg & Tax | Purchasing | eCommerce | FM Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ■ Dec-08 | 100% | 74% | 83% | 36% | 33% | 20% | 13% | 38% | 2% | 50% | 0% | 13% | 0% | 24% |
| ■ Mar-09 | 83% | 81% | 40% | 38% | 33% | 80% | 16% | 63% | 3% | 50% | 17% | 29% | 33% | 28% |
| ■ Jun-09 | 94% | 88% | 67% | 43% | 33% | 80% | 19% | 63% | 3% | 33% | 17% | 34% | 56% | 32% |
| Jun 09 - #Active EDPs | 16 | 22 | 4 | 19 | 3 | 4 | 6 | 5 | 3 | 1 | 1 | 14 | 5 | 103 |
| Jun 09 - #Employees | 17 | 25 | 6 | 44 | 9 | 5 | 32 | 8 | 120 | 3 | 6 | 41 | 9 | 325 |

## Percent of Active EDP for FM All



**DEFINITION**
Measures the percentage of active Employee Development Plans (EDPs) approved and on-file. Plans must be renewed and approved every two years to remain active.

**ANALYSIS**
Overall, there are 103 employees with active personal development plans. Nearly 1 in 3 FM employees had active plans. Payroll led the way with a 94.1% score with Student Fiscal Services (SFS) close behind at 88%.

Departments still below the 50% mark in active EDPs include: Grants & Contracts Accounting, Procurement Administration, Financial Services, Creative Communications, Financial Accounting & Tax, and Purchasing. Overall 31.7%, now have active development plans. Targeted EDP workshops in the workplace appears to have improved performance in eCommerce and Purchasing.
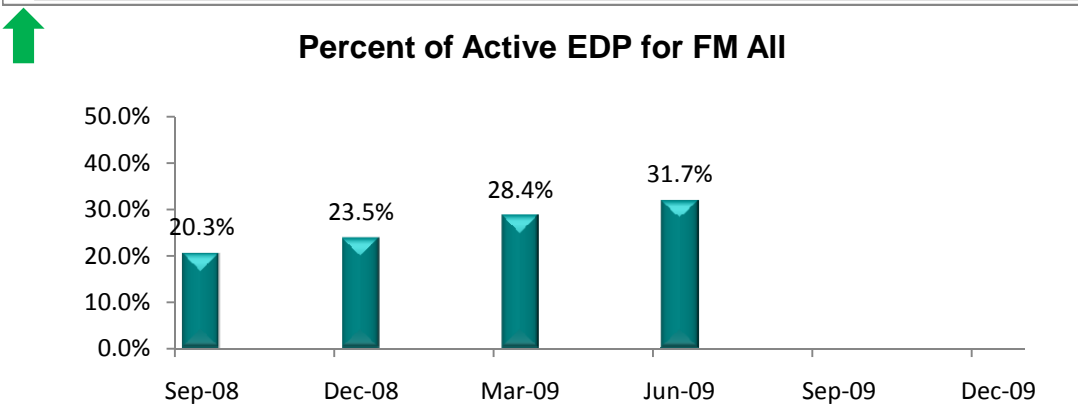
**NEXT STEPS**
Managers will continue to encourage all staff to complete or reactivate their EDPs. More targeted EDP workshops are scheduled in Procurement Services.

Report Contact: Jeanne Semura, semurj@u.washington.edu