**Financial Accounting**

**University of Washington**

**Operational Performance Dashboard**

**As of December 2010**

**FY 2011 Quarter 2 (Oct-Dec 2010)**

**Financial Accounting’s Mission**

*To provide financial reporting, consulting, trouble-shooting and education to the University community as well as maintain the integrity and credibility of the University’s financial accounting system.*

**Our key processes include:**

*Customer Service to Campus and Central Offices Manage Financial Information*

*Annual Financial Reporting Process Journal Vouchers*

*Manage Field Advances Manage Revolving Funds*

*Manage UW Operating Bank Account Process Non PO Related Wire and ACH Payments*

*Perform and Review Significant UW GL Reconciliations Use Resources Efficiently*

*Develop Staff*

*Prepared: January, 2011*

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| FINANCIAL ACCOUNTINGUniversity of Washington - Operational Performance DashboardFY 2011 Quarter 2 (Oct-Dec 2010): Prepared: Jan, 2011 | | | | | | | | | |
| **CUSTOMER** | | | | | FINANCIAL | | | | |
|  | **Measure** | **Current**  **Output**  **Measure** | **Target** | **Gap**  **(Target-**  **Output)** |  | **Measure** | **Current**  **Output**  **Measure** | **Target** | **Gap**  **(Target-**  **Output)** |
|  | 1. Annual Report completion – processes completed earlier (later) than target timetable |  |  |  |  | 1. Dollar amount of miscellaneous agency accounts in deficit | $126K | $100K | **$(26K)** |
| 1. Closing university records | (1) | 0 | (1) | 1. Dollar amount of overdue field advances | $380K | In Process |  |
| 1. Recasting records to GASB format | (11) | 0 | **(11)** | 1. Dollar amount of BOA ePayables Spend | $37.9M | To Be Discussed |  |
|  | 1. Writeup, analysis & audit | (1) | 0 | **(1)** |  |  |  |  |
| 1. Banking & Accounting Operations Productivity | 62 | TBD |  |  |  |  |  |  |
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| **INTERNAL BUSINESS PROCESS** | | | | | **LEARNING & GROWTH** | | | | |
|  | **Measure** | **Current**  **Output**  **Measure** | **Target** | **Gap**  **(Target-**  **Output)** |  | **Measure** | **Current**  **Output**  **Measure** | **Target** | **Gap**  **(Target-**  **Output)** |
|  | 1. Number of manual data entry transactions | 5,919 | 20,000 | No Gap |  |  |  |  |  |
| 1. CTI’s & ISD’s processed later than one month following the date of service | 4% | 1.0% | **(3%)** |  |  |  |  |
|  | 1. General ledger accounts reconciled | 90% | 100% | **(10)%** |  |  |  |  |  |
|  | 1. Financial Accounting effectiveness (process improvement) | 4.1 | 0 | No Gap |  |  |  |  |  |
|  | 1. Dollar amount of unmatched receipts | $34.6M | In Process |  |  |  |  |  |  |

**Item # 1: Annual Report Completion Time**

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|  | **DEFINITION:**  Represents the average number of days ahead of (behind) planned completion dates for each fiscal year’s Annual Report preparation process.  **ANALYSIS:**  Financial accounting has spent considerable time streamlining internal processes, however in recasting our records we rely heavily on process partners.  We had meetings with our partners prior to year-end and negotiated delivery dates that several process partners were unable to achieve.  We also had added complexity reformatting of our financial reports for the discrete presentation of a new component unit.  **NEXT STEPS:**  Financial Accounting is in the process of reevaluating all of the components of the financial reporting process and is aggressively pursuing opportunities for improvement. |

**Item # 2: Banking & Accounting Operations Productivity**

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|  | **DEFINITION**  This is an index of the cost per unit of service provided by B&AO, setting Jan 2008 at 100. The cost is determined by allocating payroll to one of four “units”. The units are the number of advances, lines of accounting entries, matched lines in a reconciliation, and “other” which represents unallocated payroll. The cost/unit is standardized to start at 100, then averaged.  **ANALYSIS**  At the end of 2010, the index was at 62, meaning that services provided are 38% cheaper now than they were at the beginning of 2008.  The index breakdown is: Accounting entries (99), Advances (86), reconciliations (34), other (31)  **NEXT STEPS**  B&AO has embraced continuous improvement and continues to streamline our processes. |

**Item # 3: Number of Manual Entry Transactions**

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|  | **DEFINITION**  This graph represents the number of lines of transactions being manually entered into VDE by the data entry group.  **ANALYSIS**  Since 2008, B&AO has transitioned a significant amount of manual data entry transactions to electronic input forms.  Check requests are almost entirely composed of reimbursements. JVs are from GCA.  **NEXT STEPS**  An electronic reimbursement process platform in Ariba should remove most of the check requests. B&AO continues to move departments over to direct deposit, reducing the number of CTs. |

**Item # 4: Number of Delinquent ISDs/CTIs:**

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|  | **DEFINITION**  Percent of total count or dollars 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**  Most of the late-presented CTI/ISD’s are from RV Thompson. For the past five quarters, the percent of total dollars have steadily declined from 5.3% to 1.2%. Communication with departments submitting late CTI/ISD’s is ongoing.  **NEXT STEPS**  Continue direct communication with recurring late billing departments. |

**Item # 5: General Ledger Account Reconciliations**

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|  | **DEFINITION**  Represents the percentage of general ledger accounts which have been reconciled, as confirmed by the departments which are responsible for reconciliation.  **ANALYSIS**  The total number of accounts being monitored for reconciliation at 6/10 is 744. Total dollars being reconciled (absolute value) is $31.7 billion.  The number of accounts which are not being reconciled increased from 6/09 primarily due to GCA, which accounts for half of the unreconciled count and 72% of the unreconciled dollars. GCA performed most of their reconciliations as of Month 12, instead of the month 12A cutoff which is the basis for the UW Annual Report. Accordingly, though all of their accounts **are being reconciled**, they have not been reconciled as of Month 12A.    **NEXT STEPS**  Continued attention and follow-up, as well as more direct communication of the UW’s GL reconciliations policy, should help to ensure that the number of accounts not being reconciled decreases even further in future periods. This year Financial Accounting will sample reconciliations done in other departments to test for reasonability and that the reconciliations provide appropriate support for the balances. |

**Item # 6: Financial Reporting Process Improvement**

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|  | **DEFINITION**  Represents Financial Accounting (excl. BAO) process improvements as measured by the number of FTE’s required to support the Annual Report process. Specifically, the complexity of the Annual Report process (as quantified by the number of figures in the audited financial statements and footnotes for which Financial Accounting gathers or develops auditable evidence) is compared against the number of FTE’s supporting the process. The 2010 measure represents work performed on the 2009 Annual Report.  **ANALYSIS**  In the last four fiscal years the University has implemented seven new accounting pronouncements.  In that same period Financial Accounting has reduced FTE’s by 21%.  As accounting has become more complex Financial Accounting has streamlined processes.  **NEXT STEPS**  Financial Accounting is in the process of reevaluating all of the components of the financial reporting process and is aggressively pursuing opportunities for improvement. |

**Item # 7: Dollar Amount of Un-Matched Receipts**

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|  | **DEFINITION**  Represents the dollar amounts received by UW’s main operating bank account which have not been recorded in the accounting system. The graph shows unmatched dollars at the end of each month, with the current months aged by how long funds have been unidentified.  **ANALYSIS**  As a percentage of actual dollars received in the operating account for a month, the unmatched funds represents a very small percentage.  **NEXT STEPS**  B&AO continues ongoing communication with our significant fund recipient so that we can continue to properly record incoming funds. We have also recently implemented an aggressive reconciliation benchmark mandating that all funds of $50K or greater need to have documentation of attempts to locate the proper accounting of the funds. All amounts less than $50K are not allowed to age more than six months before documentation is made regarding the efforts to find the proper recording. |

**Item # 8: Agency Accounts in Deficit**

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|  | **DEFINITION**  Represents agency deficit amounts (i.e., dollar amounts owed by agencies to the University). Agencies are supposed to have enough money on deposit with the UW to ensure that the UW is not in a position of “loaning” money.  **ANALYSIS**  Harborview Medical Ctr (HMC) and Washington Technology Ctr. (WTC) were responsible for over 90% of the deficit balances. During the quarter ended December 31, 2010, the average monthly deficit balance for HMC was $1.97M compared to $925K for the quarter ended September 30, 2010. This balance is a function of the timing and volume of transactions, since HMC reimburses the University only twice per month. During the quarter ended December 31, 2010, the average monthly deficit balance for WTC $430K compared to $320K for the prior quarter.  **NEXT STEPS**  We will continue to remind organizations with ongoing deficit balances that they are obligated to maintain credit balances in their agency accounts.  Effective March 8, 2010 the University has implemented a deficit resolution policy.  *Budgets in deficit for >2 consecutive months*  Budget will be assessed an interest charge at the current internal lending program rate. That rate is currently 5.5%.  *Inactive agency budgets w/deficit balances*  Dept. responsible for covering deficit. If dept. fails to cover deficit in a timely manner Fin. Acctg. will charge the department’s operating budget. |

**Item # 9: Dollar Amount of Overdue Field Advances**

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|  | **DEFINITION**  A field advance is an advance of funds to a UW employee for research or educational projects. An accounting of how those funds were spent, and appropriate backup documentation, is due to our office within 30 days of the end of the project.  **ANALYSIS**  Field Advances are held for a six month period of time. The reporting for spent funds is expected within 30 days of the end of the six month period. Although a perfect scenario would be that there is no overdue reporting, as a percentage of loaned funds we see that most of the overdue reporting is from Office of Int’l Programs & Exchanges (IPE). IPE has a close working relationship with its Field Advance custodians and most of the IPE past due reporting is due to procedural slowdowns at the IPE central admin office.  **NEXT STEPS**  B&AO has begun an analysis of past due as a percentage of recent loaned amounts. Also, we continue to communicate with IPE and other Field Advance custodians to ensure that the Overdue Field Advance dollars are not at risk. |

**Item # 10: BOA ePayables**

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|  | **DEFINITION:**  EPayables payments are a method of payment whereby the bank pays the supplier on the due date. At that point our obligation for payment is transferred to BoA. The UW pays BoA in full for the prior month’s card activity on the 5th of each month. Paymode payments are ACH payments issued to suppliers’ bank accounts on the date that the payments are due.  **ANALYSIS:**  A calculation of the potential earnings on funds retained by the UW from the actual bill payment date to the 5th of the subsequent month, using the UW’s IF rate (3.9%) for the period 1/1/10 through 12/31/10, shows an estimated savings of $82K.  **NEXT STEPS:**  Continue to aggressively convert UW suppliers to either ePayables or Paymode payment alternatives. |