FINANCIAL MANAGEMENT

UNIVERSITY *of* WASHINGTON

Finance & Facilities

Operational Performance Dashboard
March 2011
FY 2011 Quarter 3 (Jan - Mar 2011)

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

Key processes include:

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

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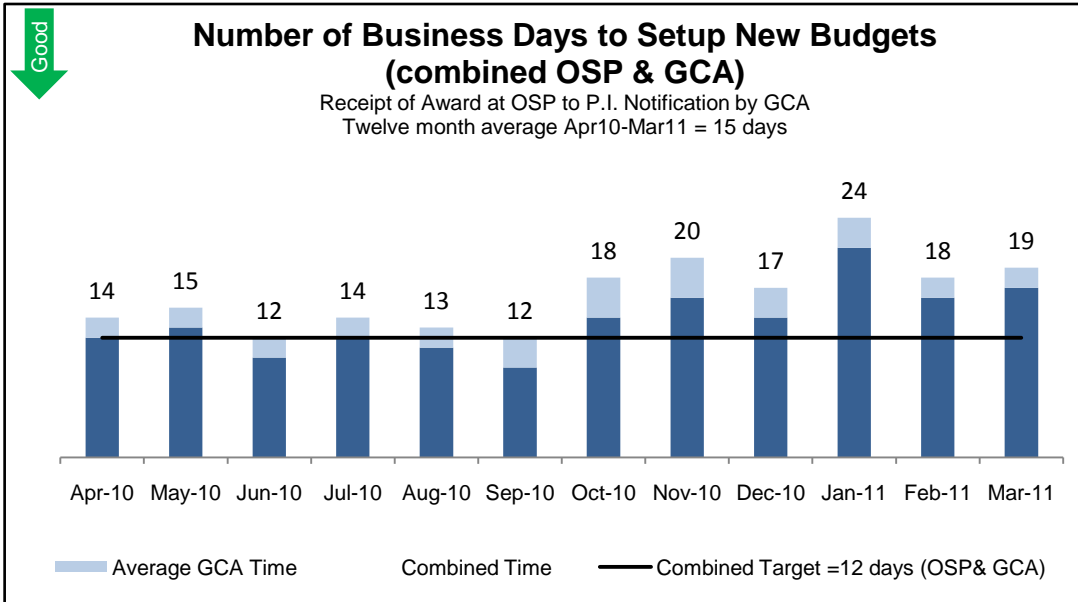
FINANCIAL MANAGEMENT

(A unit of Finance & Facilities)
Operational Performance Dashboard - FY 2011 Quarter 3 (Jan - Mar 2011)

Process	Measure	Current Output Measure	Target		Gap (Target-Output)	Process	Measure	Current Output Measure	Target		Gap (Target-Output)
CUSTOMER						**FINANCIAL**					
						Pay Bills	Percent of online invoices paid within 30 days of receipt in PA	92%	95%	↑	-3%
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)	15 days	12 days	↓	3.4	Pay Bills	Reduction in Small Dollar PAS Transactions which should be going through eCommerce.	3,893	4,000	↓	No Gap
Disburse Financial Aid	Percentage of Aid disbursed during the 1st week of a quarter.	83% 2011	85% Benchmark	↑	-2%	Manage Grants	Total uncollected cash for unbilled invoices & aged receivables (cumulative) – JDE	$48 million	$23 million	↓	$24.9
	Percent of students satisfied with SFS services.	79% 2010	64% Benchmark	↑	No Gap	Bill & Collect Tuition	Percent of students in default on all long-term loans.	6.1% 2010	0.0%	↓	6.1%
Provide Services	Student Educational Tax Credit Reporting: e1098T Utilization ("Opt In") Rate	22.72%	85.00%	↑	**-62.28%**	Indirect Cost Rates	Five year average of percent annual change in F&A Indirect Cost	5.2%	5.0%	↑	No Gap
						Avoid Postage Cost	Maximize Postage Discounts Through Automation	10.8%	8.5%	↑	No Gap
INTERNAL BUSINESS PROCESS						**LEARNING & GROWTH**					
Inc. online Trans.	Process online mailing, printing & copying	44%	32%	↑	No Gap	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	2%	1%	↓	1%		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%
Produc-tivity	Productivity – Annual % change from previous year, using a 2008 base year (benchmark).	-5% FY10	5%	↑	-10%		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	209	50	↓	127		Active Employee Development Plans (EDPs)	33%	75%	↑	-42%

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

Manage Grants (New Budget Setup) - GCA

Customer

Good

Number of Business Days to Setup New Budgets
(combined OSP & GCA)
Receipt of Award at OSP to P.I. Notification by GCA
Twelve month average Apr10-Mar11 = 15 days

Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11
14	15	12	14	13	12	18	20	17	24	18	19

■ Average GCA Time   ■ Combined Time   — Combined Target =12 days (OSP& GCA)

Good

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

| Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11
2	2	2	2	2	3	4	4	3	3	2	2

■ Average GCA Time   — GCA Target = 24 hours

DEFINITION
The measure shows the average number of days to establish a new award in the UW Financial Systems. Twelve month average Apr10-Mar11 = 15 days.

ANALYSIS
The top chart tracks the average number of days to setup a new budget. The time is measured from when OSP (Office of Sponsored Programs) enters new award information into SERA (System for Electronic Research Accounting) until GCA (Grant and Contract Accounting) establishes a new budget in the UW Financial System and notifies the Principal Investigator.

The bottom chart tracks the average time to setup a new budget in GCA only. The GCA Restructure LEAN project began in September 2010 with a goal of reorganizing the workflow into streams of work. Daily processing slowed as a result. In February, work began to stablize with process steps better defined.
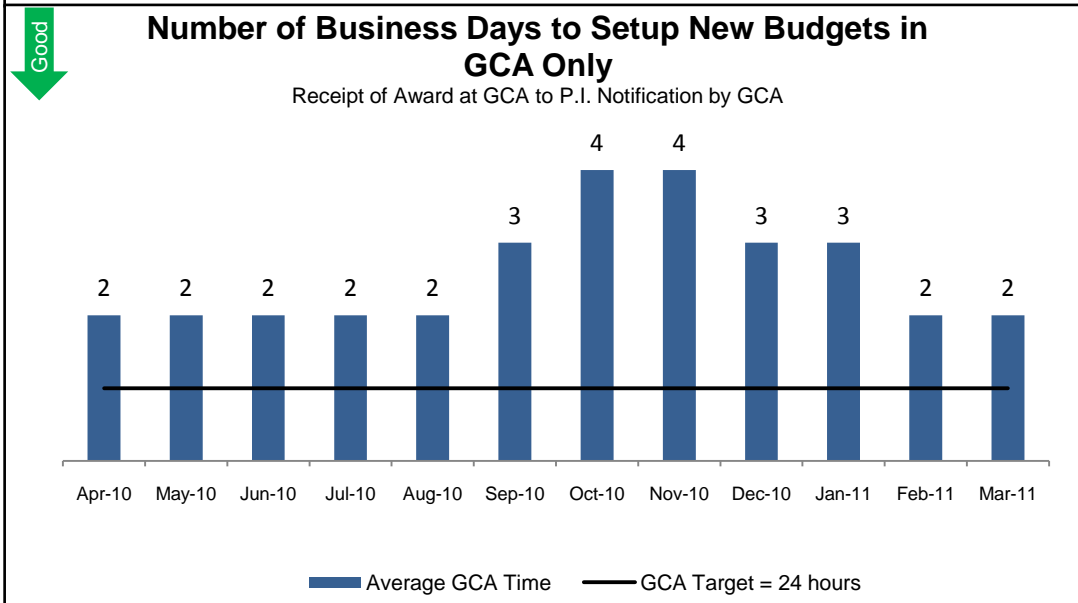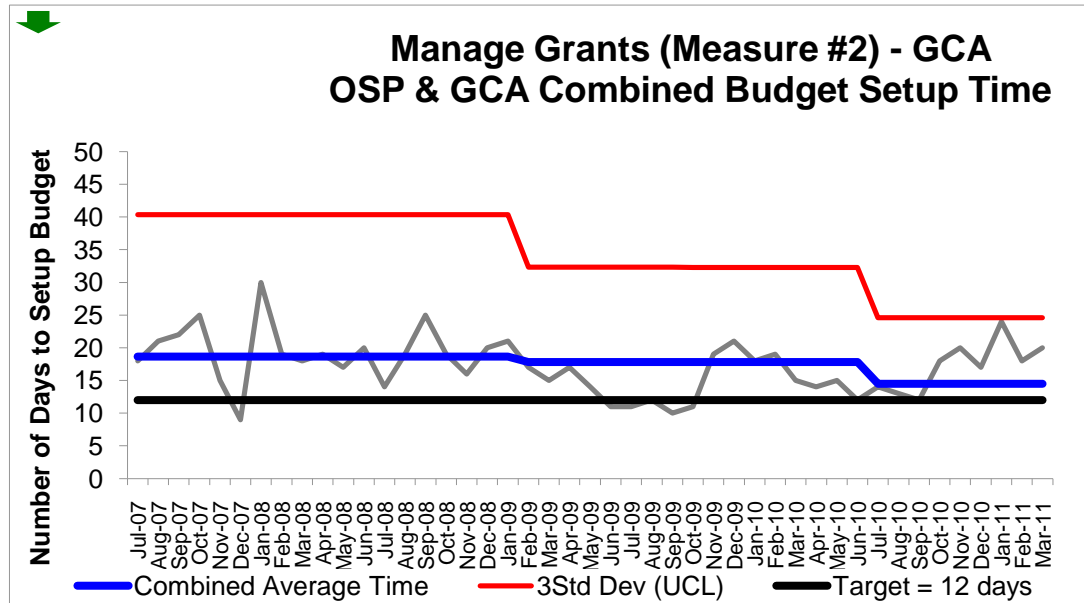
NEXT STEPS
The Launch Pad team will focus on setting up new budgets within 24 hours. The goal is to streamline the process and leverage the expertise that comes from specialization. GCA will continue to collaborate closely with its process partners and OSP to maintain a stable output in the new budget setup process.

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

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

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

Legend: 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 Apr10-Mar11 = 15 days.

ANALYSIS
The implementation of SERA (System for Electronic Research Accounting) reflects the coordinating efforts of GCA (Grant and Contract Accounting) and OSP (Office of Sponsored Programs) to automate sharing of information. Eliminating double manual entry and hardcopy paper trails helped decrease award setup time. SERA's implementation supporting the account set-up process that includes passage of data, specific award communication between OSP and GCA, and campus notification of 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.

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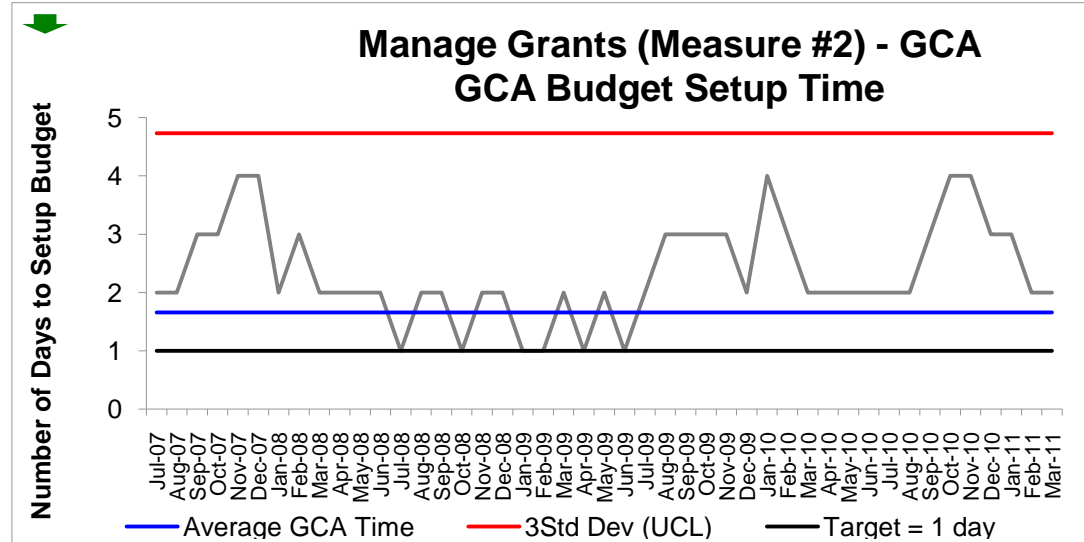
Disburse Financial Aid - SFS
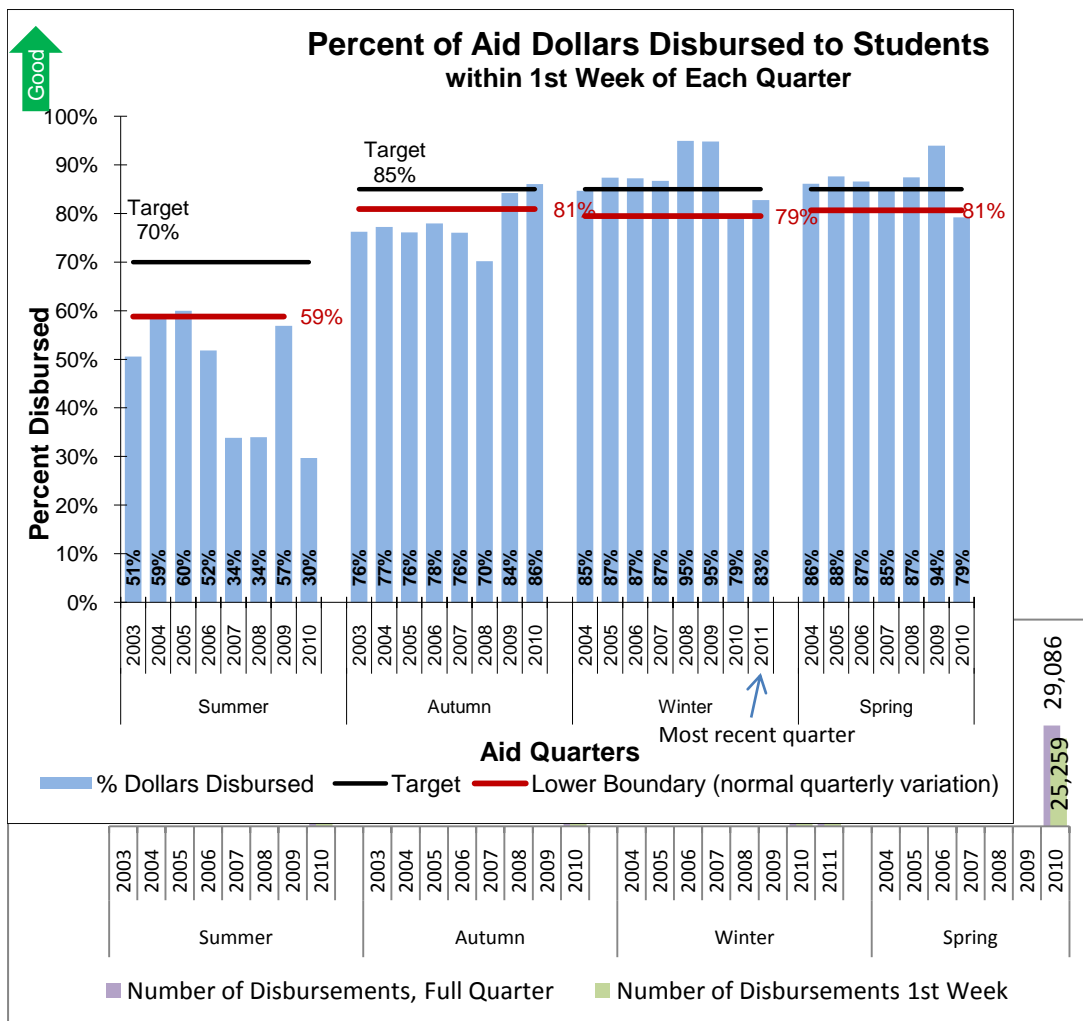
Customer

DEFINITION
Student Fiscal Services (SFS) disburses aid to students that originates both through UW sources (e.g., departmental scholarships, aid packages that are awarded through the Office of Student Financial Aid (OSFA), as well as external sources (e.g., private scholarships, VA awards, etc.) The sooner the funds are processed and released to students, the sooner they can pay their educational expenses. SFS seeks to disburse as much aid as possible during the first ten days of each quarter. While we disburse aid, SFS does not award nor authorized any aid. This function is primarily handled by OSFA.

ANALYSIS
A slight drop in the percentage of aid disbursed is noted for Winter quarter. While this drop is well withing normal variation, the drop is attributable less aggressive marketing of direct deposit services by SFS as well as processing backlogs as a result of backlog within OSFA coupled with staff attrition within SFS.
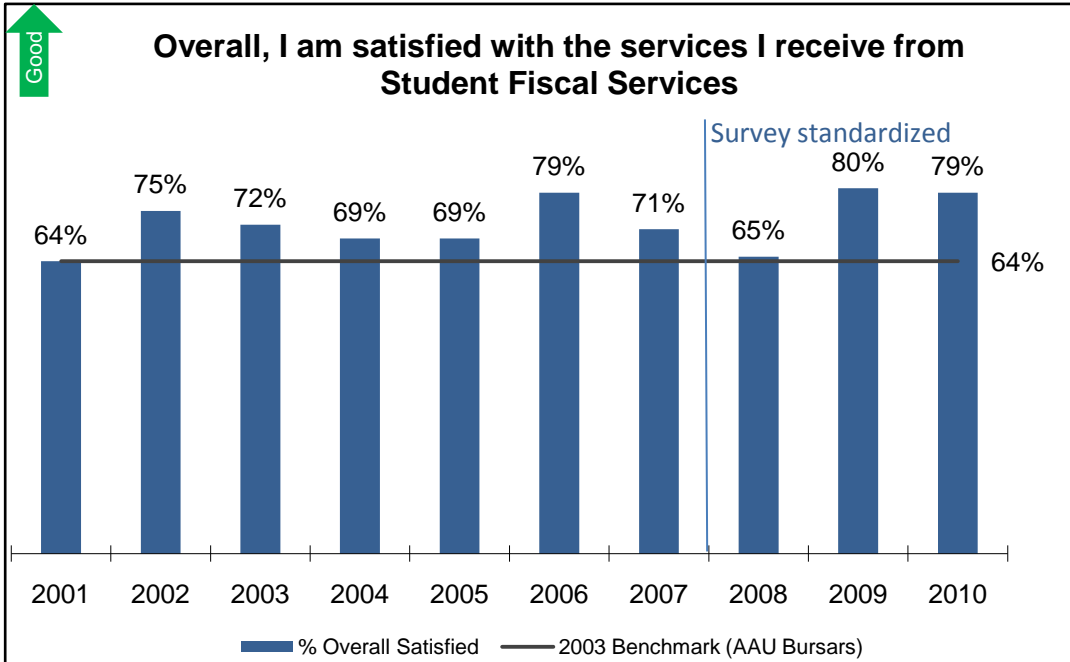
NEXT STEPS
Student Fiscal Services will continue working with OSFA to ensure a timely release of awards to students.

Percent of Aid Dollars Disbursed to Students within 1st Week of Each Quarter

Good

Target 70%

Target 85%

59%

81%

79%

81%

Summer:
2003	2004	2005	2006	2007	2008	2009	2010
51%	59%	60%	52%	34%	34%	57%	30%

Autumn:
2003	2004	2005	2006	2007	2008	2009	2010
76%	77%	76%	78%	76%	70%	84%	86%

Winter:
2004	2005	2006	2007	2008	2009	2010	2011
85%	87%	87%	87%	95%	95%	79%	83%

Spring:
2004	2005	2006	2007	2008	2009	2010
86%	88%	87%	85%	87%	94%	79%

Most recent quarter

Percent Disbursed / **Aid Quarters**

% Dollars Disbursed — Target — Lower Boundary (normal quarterly variation)

29,086
25,259

■ Number of Disbursements, Full Quarter ■ Number of Disbursements 1st Week

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

Student Satisfaction - SFS

Customer

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

Good ↑

Survey standardized

64% | 75% | 72% | 69% | 69% | 79% | 71% | 65% | 80% | 79%

64%

2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010

■ % Overall Satisfied ── 2003 Benchmark (AAU Bursars)

Student Satisfaction with Online/Remote Service Delivery

Good ↑

100%

54% | 64% | 78%

50%

0%

2008 | 2009 | 2010
Academic Year

Student Satisfaction with In-Person/Counter Service Delivery

Good ↑

100%

79% | 91% | 95%

50%

0%

2008 | 2009 | 2010
Academic Year

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 the most currently available (2003) AAU Bursars "customer satisfaction" rating of 64%. In addition, SFS now tracks an aggregated response rating of students satisfaction with service delivery channels (online/remote vs. in-person/counter) -- benchmarks to be determined.

ANALYSIS
This year, 1,076 students took our survey, with 66% (729) having taken the survey on paper in our cashier lobby, and 34% (378) via Catalyst on the web. In addition, another 31 (3%) individuals took the survey which were excluded as they were either unidentifiable as students, or the ratings were clearly identified as not pertaining to SFS's services. As predicted, the responses to the Catalyst survey delivery lowered the overall satisfaction rate dropped from our preliminary/early reporting of 88% down to 79%

The top three areas that students expressed dissatisfaction with (as determined by an analysis of 168 comments received), were:
 1. Fees (credit card fees) - 16.4%
  2. Process Efficiency (Web Check, Get) - 11.4% and
  3. Other Departments (Misattribution of services to SFS) - 8.6%
For both 1 and 2, many of the comments expressed and investigated are actually outside of SFS's control (e.g., legislated by State, process owned by others, etc.) - for 3, the issue turns out to be one of communication requiring SFS to be more proactive in informing the student's to the distinction between SFS and other offices.
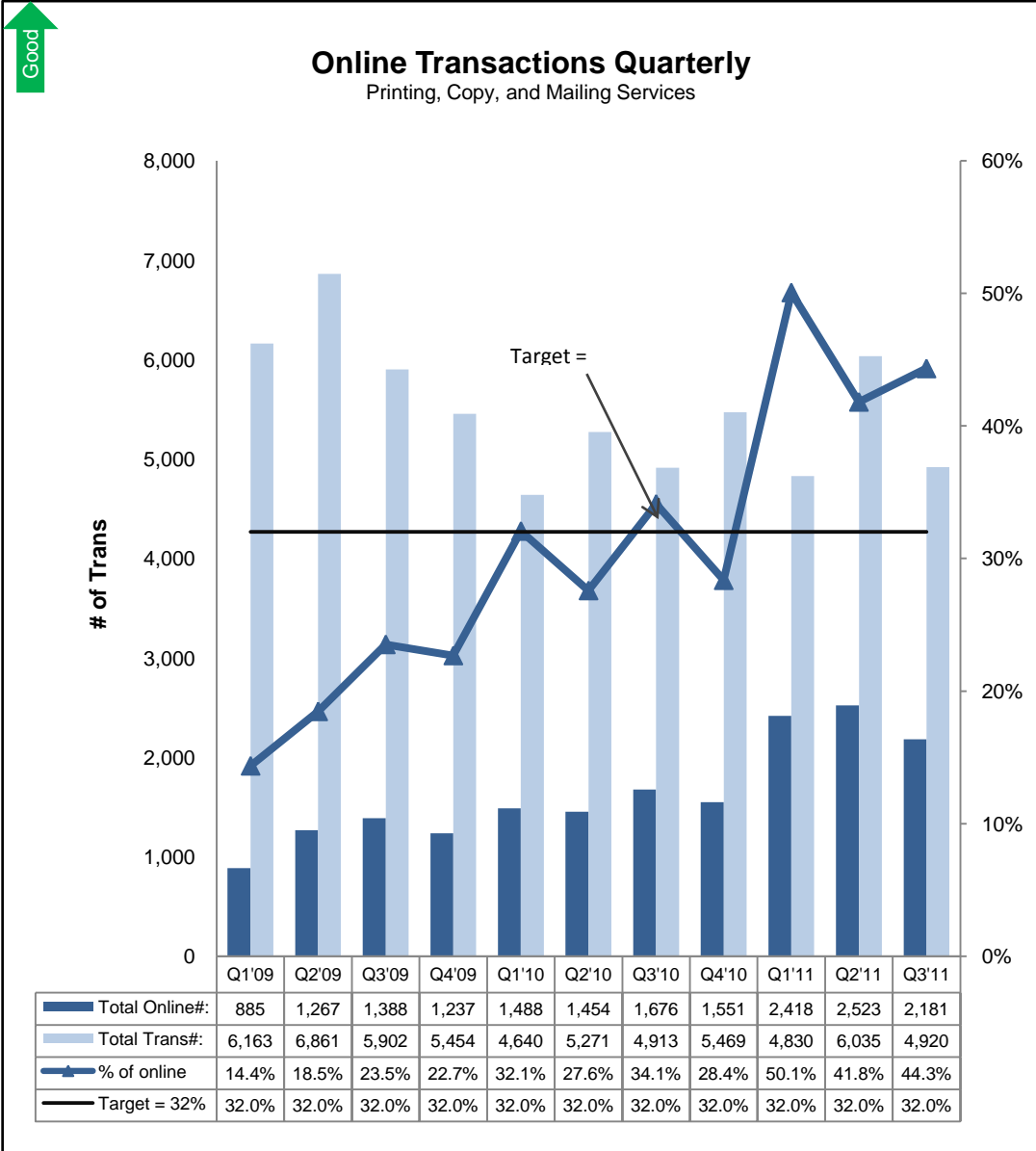
NEXT STEPS
- Customer Service continues seeks to improve customer communications by reviewing current web site content, and increased monitoring of phone, email, live chat and in-person communications with customers.

- Improvements to SFS's survey "marketing" efforts continue to be discussed to raise participation.

Report Contact: Jeanne Semura, semurj@u.washington.edu
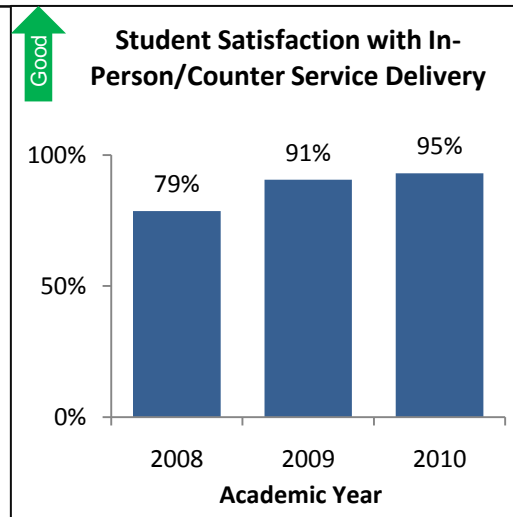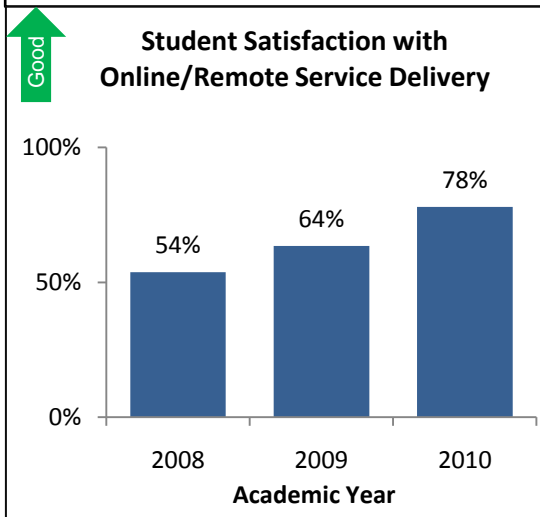
Increase Online Transactions - Creative Communications (C2)

Internal Business Process

Good

Online Transactions Quarterly
Printing, Copy, and Mailing Services

Target =

# of Trans

	Q1'09	Q2'09	Q3'09	Q4'09	Q1'10	Q2'10	Q3'10	Q4'10	Q1'11	Q2'11	Q3'11
Total Online#:	885	1,267	1,388	1,237	1,488	1,454	1,676	1,551	2,418	2,523	2,181
Total Trans#:	6,163	6,861	5,902	5,454	4,640	5,271	4,913	5,469	4,830	6,035	4,920
% of online	14.4%	18.5%	23.5%	22.7%	32.1%	27.6%	34.1%	28.4%	50.1%	41.8%	44.3%
Target = 32%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%

DEFINITION
The number of orders submitted to C2 via web based online ordering, excluding 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.

Advantages of our online system include ease of client access to services and products, job processing efficiency, integration of services, and improved accuracy and product quality. Target is 32% of all transaction submitted online, with a stretch target of 50% by the end of spring quarter 2011.

ANALYSIS
The percentage of online transactions grew by 2.5% to 44.3% from the previous quarter, and the quarter-to-quarter comparisons of Q3'10 vs. Q3'11 showed a 10.4% increase. The quarter percentage result surpassed our 32% target, but was below our stretch target of 50%. Further, the upgrade to the Mail Preparation portal from last quarter seems to have affected the small increase.

Current DSF products include: business cards, campus products (formerly UStore products), letterhead and envelopes, unique styles for School of Public Health and UW Seal & traditional business cards. Products added for the quarter include the Medical School business cards, two versions of envelopes, and note cards. Medical School stationary and letterhead will be added once UWMC finalizes their new logo.
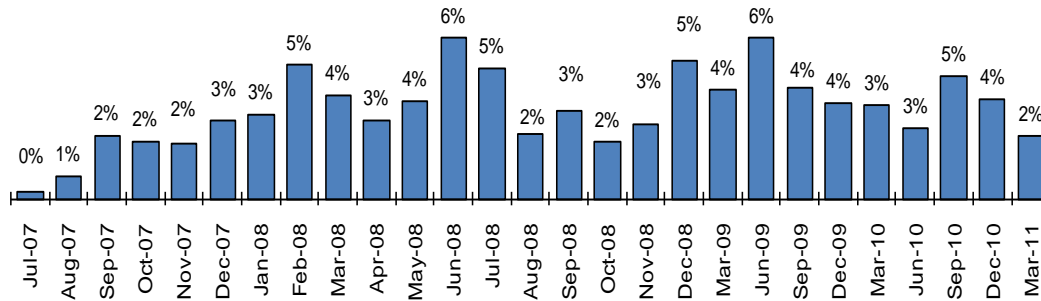
NEXT STEPS
As part of the Copy Services LEAN initiative, all copy services products are being added to DSF and will soon be available to the UW community. This will substantially increase the number of online orders submitted to C2. Historically, Copy Services orders have been primarily transmitted by hard copy order form or by informal email.

Progress of copy services products being added to DSF are at a standstill. The feedback from the customers during the testing phase required that additional features be added to the portal before final implementation. Currently the Copy Services team is in contact with the vendor (EFI) to add these features.

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

Manage Financial Reporting - Financial Accounting

Internal Business Process

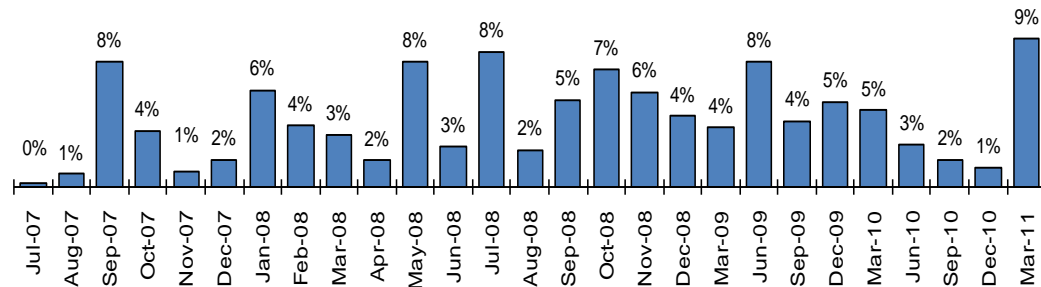**Percent of Total <u>Count</u> of Delinquent Billings to # of Total Billings**
Recorded in FAS During the Period

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 Oceanography (86%). This group has to wait for Fed approval before allocating charges. Communication with departments submitting late CTI/ISD's is ongoing.

NEXT STEPS
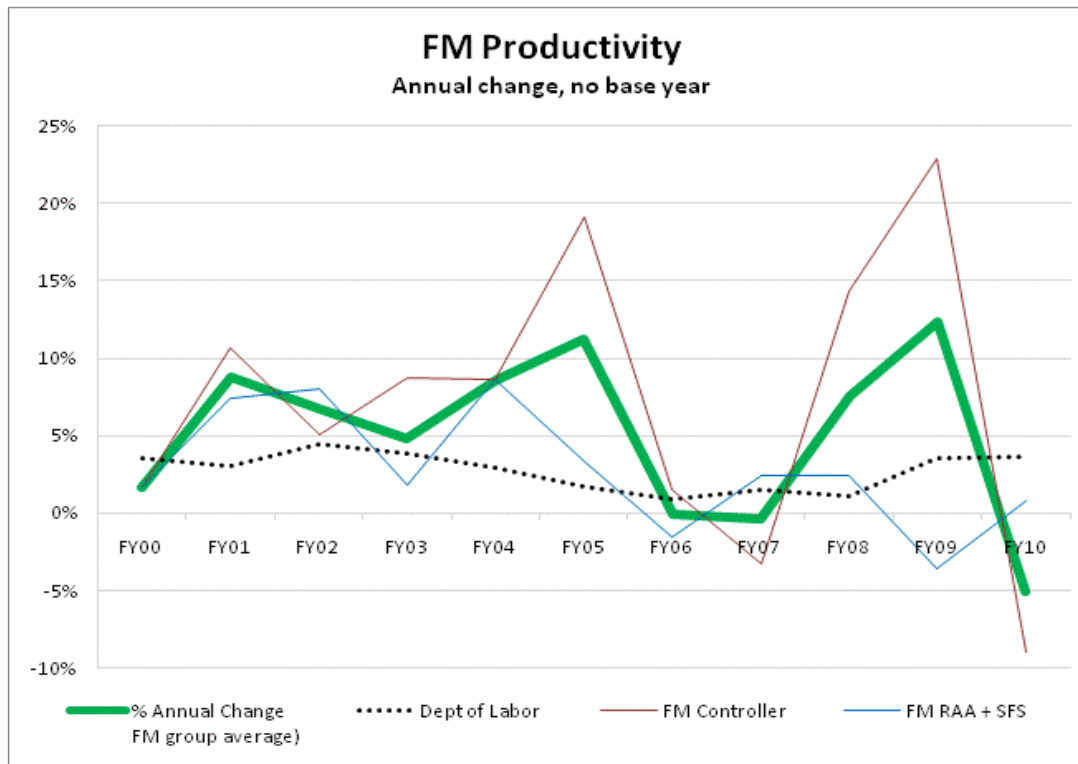Continue direct communication with recurring late billing departments.

Percent of Total <u>Dollars</u> of Delinquent Billings to $ of Total Billings
Recorded in FAS During the Period

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

Productivity - FM

Internal Business Process

FM Productivity
Annual change, no base year

Legend:
- **% Annual Change** FM group average)
- Dept of Labor
- FM Controller
- FM RAA + SFS

DEFINITION
Productivity measures the annual change in ratio of "unit of work" to FTE. Unit of work is defined by each department as the best proxy indicator of output for the workload of the group (e.g., # of research budgets, # of pieces of equipment tracked, # of transactions). FTE represents the people doing the work. FTE 2008-2010 data came from Planning & Budgeting database. FTE 2007 and prior, were based on historical records. This measure does not account for quality, value, complexity, backlog, customer satisfaction, and other factors. U.S. Department of Labor data represent outputs per employee work-hour across all non-farm and non-manufacturing sectors

ANALYSIS
   The drop in FY10 productivity does not accurately reflect the many process improvements implemented. While most units were stable, two groups (Grant & Contract Accounting and Financial Accounting [FA]) increased their FTE count, which averaged down the overall result. FA has a low FTE base (6.4 in FY09), and is more sensitive to FTE change (12.5 in FY10) when Banking & Accounting Operations (B&AO). was merged into FA. if B&AO were excluded and returned to Procurement Services, FM's overall productivity would be -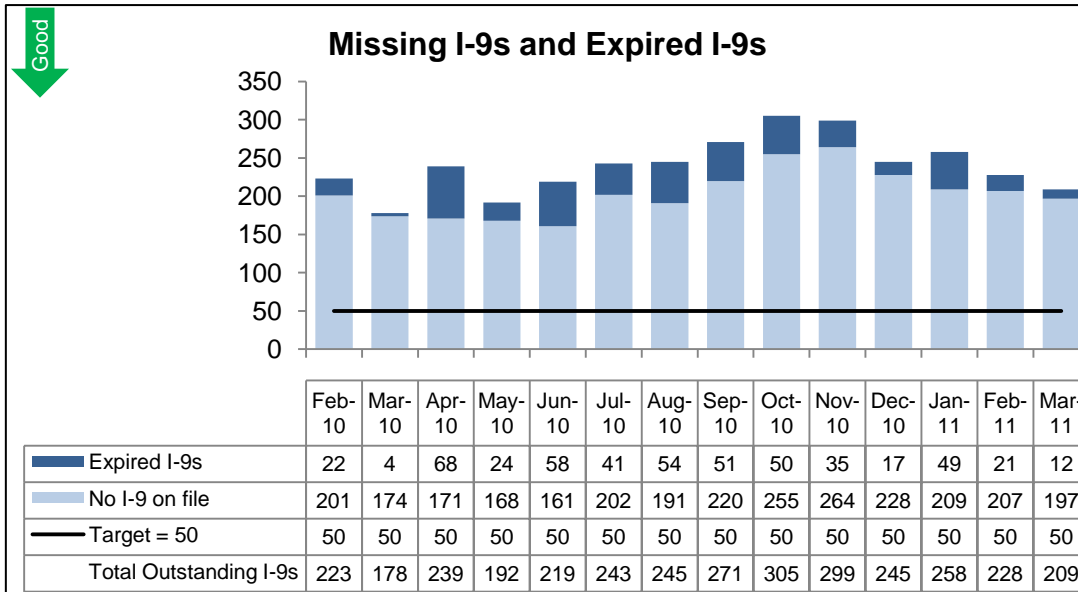1.6% for FY10.   Large fluctuations in the F2 productivity compared to DOL are likely due to the granularity of UW's small sample size vs. the dampening effect of the much-larger averages - millions of labor hours - in the DOL data. The DOL trend-line is much smoother.

NEXT STEPS
Efforts to continue to eliminate transaction-related positions through increased automation and to re-establish knowledge worker positions inversely effects productivity based on unit of work transactions. The adoption of LEAN philosophy coupled with increasing staff and customer engagement in daily continuous improvement is causing FM to rethink its measurement needs.

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

Pay People - Payroll

Internal Business Process

Missing I-9s and Expired I-9s

Good

	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11
Expired I-9s	22	4	68	24	58	41	54	51	50	35	17	49	21	12
No I-9 on file	201	174	171	168	161	202	191	220	255	264	228	209	207	197
Target = 50	50	50	50	50	50	50	50	50	50	50	50	50	50	50
Total Outstanding I-9s	223	178	239	192	219	243	245	271	305	299	245	258	228	209

Outstanding I-9s for Hospitals & Non-Hospital

Good

	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11
Non-Hospital	143	103	170	113	137	158	162	182	227	214	165	180	152	133
Hospitals	80	75	69	79	82	85	83	89	78	85	80	78	76	76
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 I-9s and expired I-9s for all university employees.
The top graph compares the total number of undocumented I-9s to the number of expired I-9s.
The bottom graph compares the number outstanding from the hospitals to all other departments.
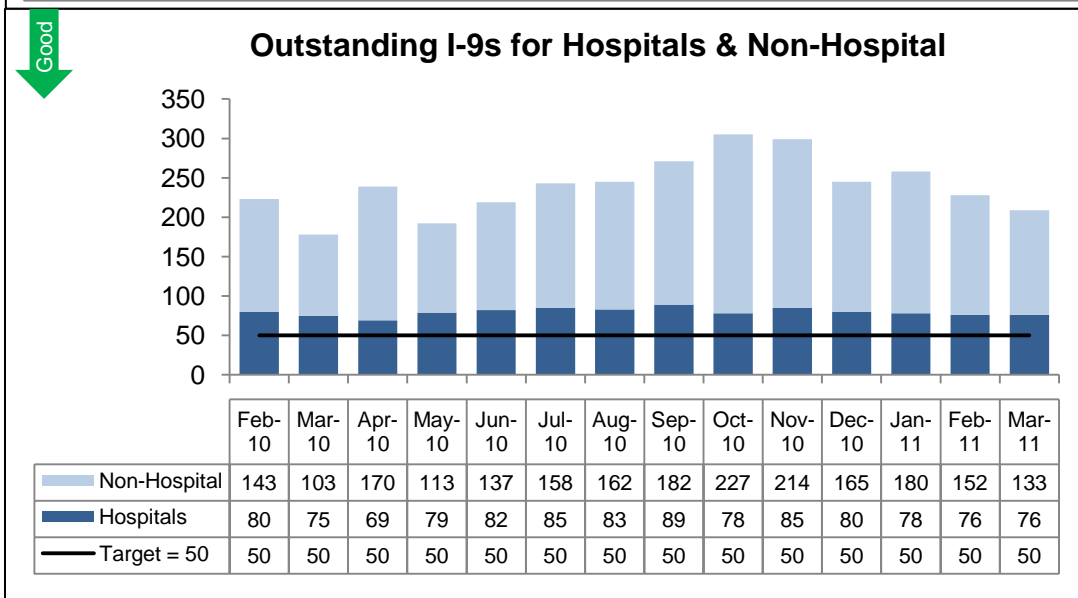
ANALYSIS

The number of expired I-9s has decreased since the beginning of fall quarter. The number of missing I-9s has also decreased. Potential Risk: Up to $40,000 per I-9 missing or expired = 209 * $40,000= $8,360,000. Number of UW Employees = 38,000. The number of missing and expired I-9s represents less than 1% of the total number of UW employees. In March, of a total of 209 cases, 190 were active and 19 inactive (9%).
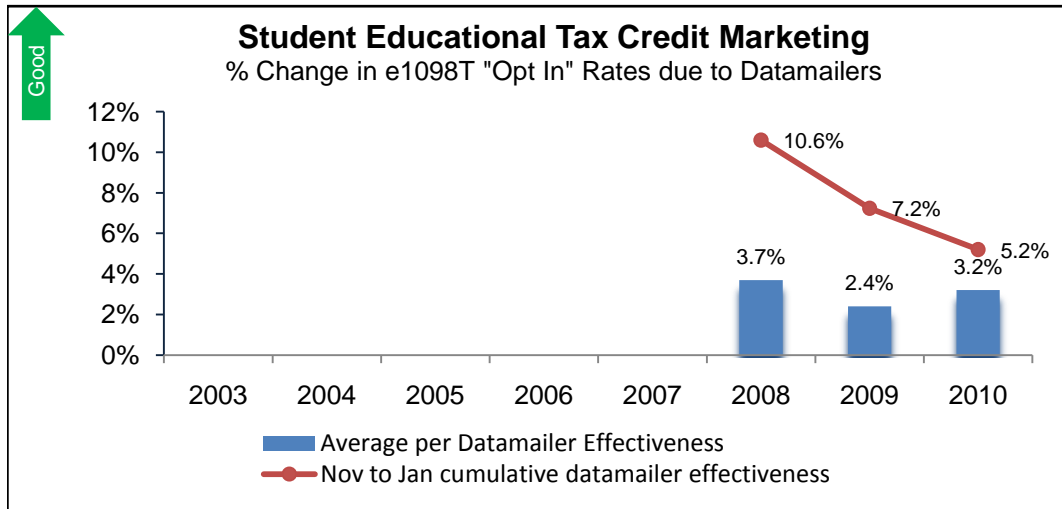
NEXT STEPS

Payroll sends notifications to departments and in some cases; the employee will be notified by mail and/or e-mail for their current status. 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.

Based on the trend of the graph, the target may be to low. In the past year, the lowest # achieved was 178. The Leader's team will review the measure and develop a plan for reducing the number and set a new target.

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

Provide Services - SFS

Customer

Student Educational Tax Credit Marketing
% Change in e1098T "Opt In" Rates due to Datamailers

Good

	2008	2009	2010

- 10.6%
- 7.2%
- 5.2%
- 3.7%
- 2.4%
- 3.2%

Legend:
- ■ Average per Datamailer Effectiveness
- ●— Nov to Jan cumulative datamailer effectiveness

Student Educational Tax Credit Reporting
Cumulative % e1098T "Opt In" Rates

Good

Target 85%

- 0.00% (2007)
- 11.97% (2008)
- 21.89% (2009)
- 22.72% (2010)

Years: 2003 2004 2005 2006 2007 2008 2009 2010

DEFINITION
The University of Washington, through Student Fiscal Services in conjunction with other UW offices, compiles information on qualified expenses charged, and aid received, for all "students" (tuition and fee-based) who may be eligible for an IRS educational tax credit. By law, UW provides this information to students for preparation of their tax returns, and reports it the IRS.

Starting with tax year 2008, students can "opt in" to receive this form electronically through MyUW (i.e., an e1098T). Student Fiscal Services (SFS) notifies students of this option through a variety of channels during autumn quarter of each year. This measure tracks both the per year effectiveness of our data mailing marketing efforts, and the on-going transition from paper-based 1098T mailing of forms to electronic 1098T customer self-access to reduce printing and mailing costs.
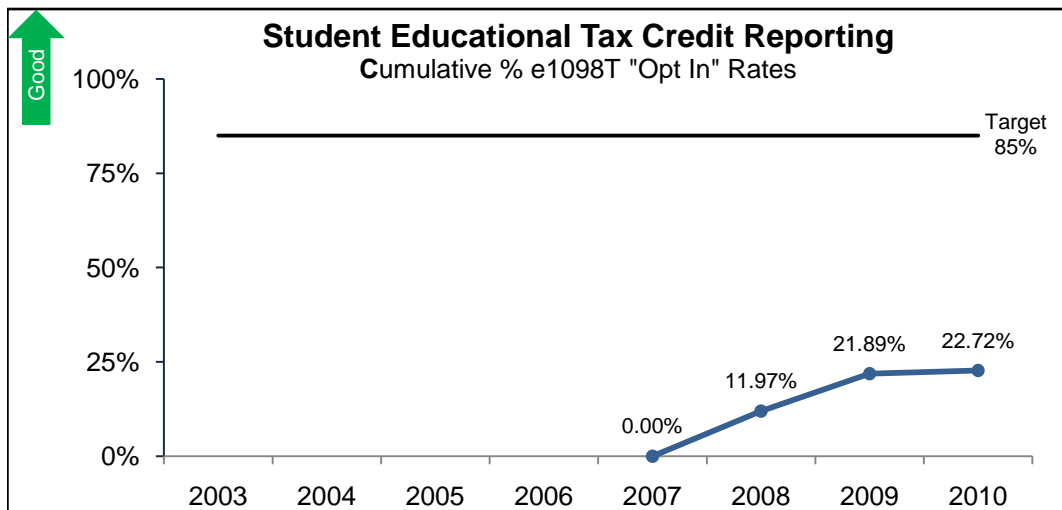
ANALYSIS
The effectivness of our data mailer promotional campaign to get students to sign up for e1098Ts was not as effective this year as last -- as a result of timing (months of notifications sent) and frequency (number of notifications sent)

SFS curtailed data mailers over concerns of costs related to any extraneous paper-based mailers going out. As such, for 2010, SFS sent a single data mailers to students, relying instead on more passive means for promoting e1098T sign-up via the web and signage in the Cashier area. This resulted in an overall flattening of e1098T opt-in rates.
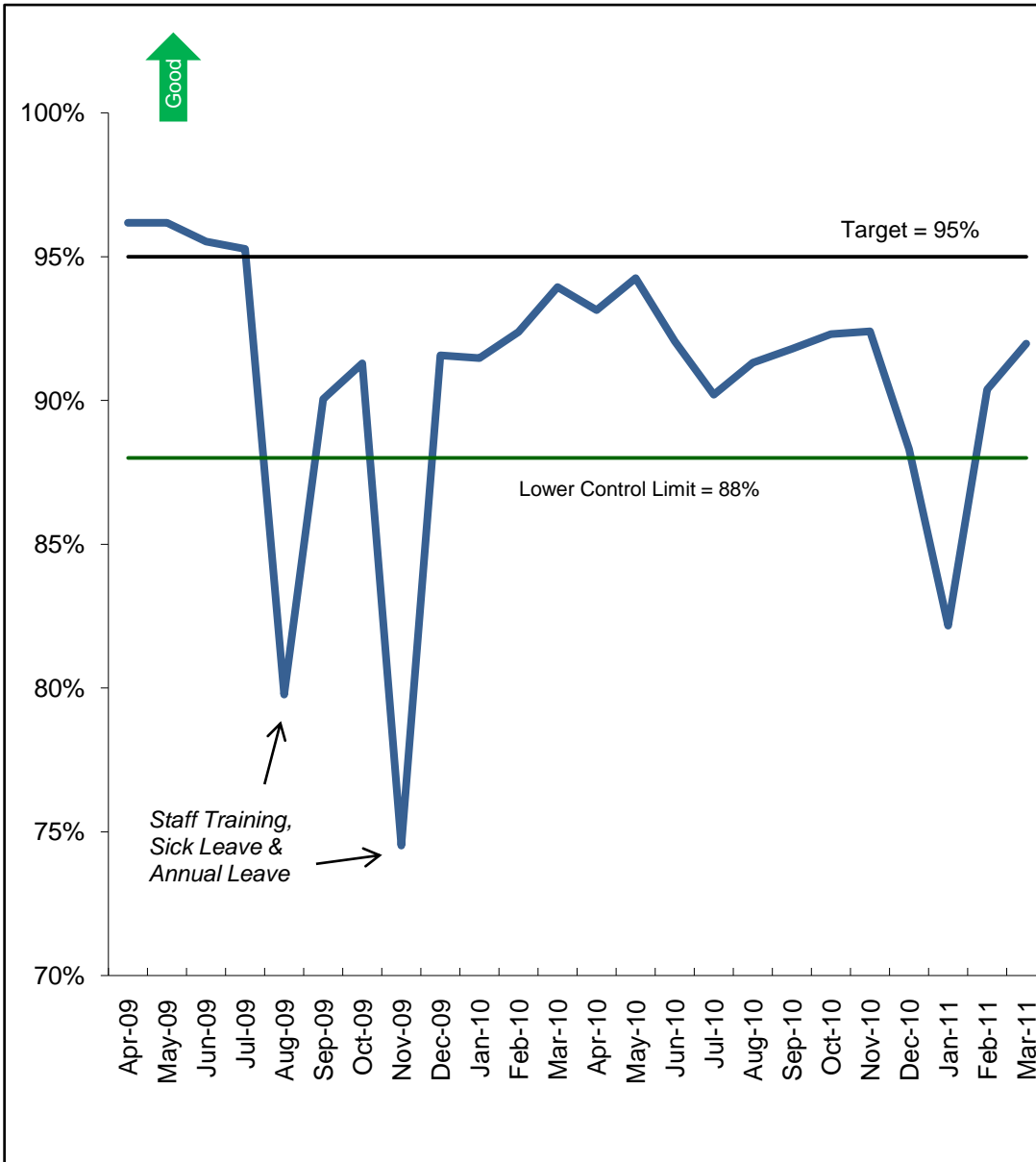
NEXT STEPS
SFS will continue to notify students of e1098T availability, through targeted data mailers, the SFS website and information within our Cashier area -- with the intent to standardize both the timing and frequency of the e1098T service availability notification efforts.

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

Pay Bills Online Invoices Paid Within 30 Days of Inv Rec'd Date - Proc. Svs.

Financial

Chart labels:
- Good (green arrow)
- Target = 95%
- Lower Control Limit = 88%
- Staff Training, Sick Leave & Annual Leave

Y-axis: 70%, 75%, 80%, 85%, 90%, 95%, 100%

X-axis: Apr-09, May-09, Jun-09, Jul-09, Aug-09, Sep-09, Oct-09, Nov-09, Dec-09, Jan-10, Feb-10, Mar-10, Apr-10, May-10, Jun-10, Jul-10, Aug-10, Sep-10, Oct-10, Nov-10, Dec-10, Jan-11, Feb-11, Mar-11

DEFINITION:
Identifies the number of days between receipt of vendor invoice in Accounts Payable and the check date. WA State requirement is 30 days.
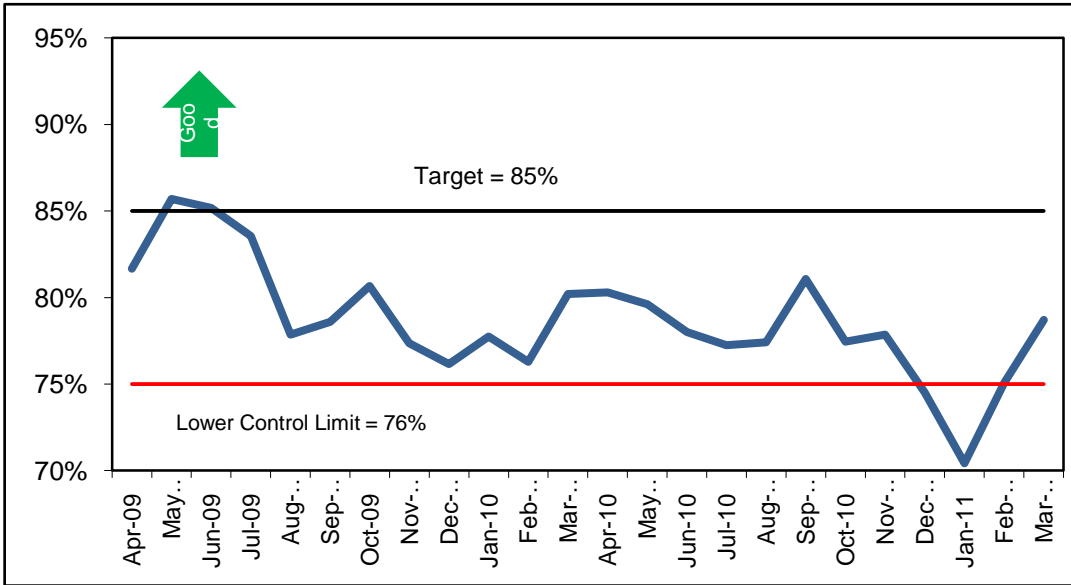
ANALYSIS:
In March 2011, 8% of the total invoices were not paid within 30 days of receipt in AP. Further investigation revealed that 24% of these "late" invoices were over $10,000. The number of invoices over $10,000 has been increasing over the past three years. Specifically, in calendar year 2008, only 8% of all late invoices paid during the year were over $10,000. By 2009, this same figure increased to 14%. By 2010, this same number had increased to 21%. This trend is significant as invoices over $10,000 generally take longer to process as they require explicit departmental approval before payment can be made. The reason for this trend is clear – for the past several years we've been making concerted efforts to migrate transactions from PAS to eCommerce. Please note, however, that as a result of this migration, the relative proportion of larger dollar, more complex invoices has increased relative to the smaller dollar, more simple invoices. This change is "invoice-mix" is creating a negative effect on our cycle time metrics. To illustrate this change in our invoice mix, consider the following. For the year 2008, only 6% of all total invoices received in AP were over $10,000. In 2009, this same figure increased to 8%. In 2010, this figure increased again to 12%. As always, for large dollar invoices we will continue to pro-actively follow up with departments in an effort to expedite the departmental approval process.

NEXT STEPS:
Procurement Services' employees engaged in a 3 day LEAN workshop in early January. The purpose this LEAN workshop was to help streamline the bill paying process by reducing and/or eliminating any non-value added tasks currently being performed. Several suggestions arose from this workshop which have been implemented already. Specific examples include reducing the number of baskets throughout our building where people can drop off an invoice and instead have one central basket near the front desk, and reducing the number of holding bins by utilizing our scanning system instead. Other suggestions, however, will require more time and discussion - especially those revolving around basic IT infrastructure issues. The LEAN project also established a stretch goal of processing all invoices within 2 days of receipt and resolving all invoice discrepancies within 5 days. The LEAN goal of processing invoices quicker not only lends itself to paying more invoices within our 30 day goal but also to provide more visibility to campus on the status of their invoice. They will be able to see it scheduled to pay on their PO in PAS.

Pay Bills Online Invoices Paid Within 45 Days of Invoice Date - Proc. Svs.
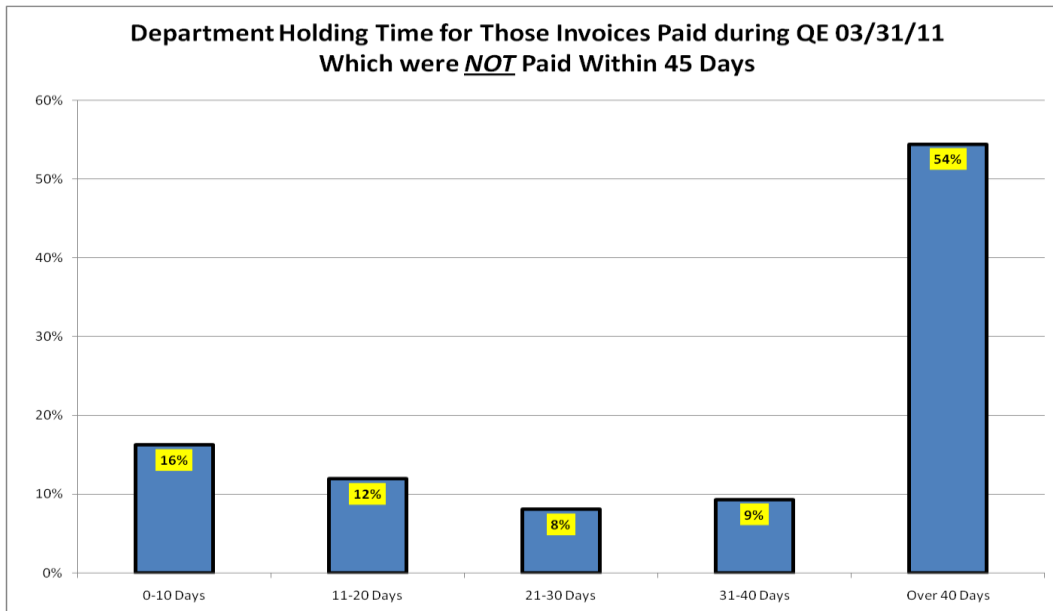
Financial

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

ANALYSIS:
Many invoices continue to be held in departments for extended periods of time before being sent to Accounts Payable. This occurrence is having a downward effect on our 45 day measure. To illustrate, consider the supplemental graph below which examines the population invoices not paid within 45 days of the invoice date for the quarter ending March 2011. As can be seen, 54% of these invoices were not submitted to Accounts Payable until 40+ days after the invoice date. We also observe that many of these same PAS invoices could have gone through either ProCard or eProcurement.

NEXT STEPS:
The most important aspect of this metric is for Accounts Payable to receive invoices in a timely manner. If this does not occur it is difficult for AP to achieve their ultimate goal of paying 100% of all invoices within 45 days of the invoice date. David Wright, Communication Director of Procurement Services, is currently conducting outreach engagements to select campus departments. While the purpose of this outreach will be to encourage departments to use either ProCard or eProcurement wherever possible, it's also to encourage departments to submit their invoices to AP on a more timely basis when no eCommerce option exists.

We have learned from our outreach efforts that many of the departments that submit late invoices are experiencing process roadblocks internally within their department which prevents invoices from being sent for payment more timely.

Department Holding Time for Those Invoices Paid during QE 03/31/11 Which were _NOT_ Paid Within 45 Days

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

Pay Bills - Invoices with Discrepancies - Proc. Svs.

Financial

Good

20%
18%
16%
14%
12%
10%
8%
6%
4%
2%
0%

Upper Control

Phase 1 of $3,300 Limit Goes into Effect 07/01/09

Phase 2 of $3,300 Limit Goes into Effect 07/01/10

Target = 5%

A M J J A S O N D J F M A M J J A S O N D J F M
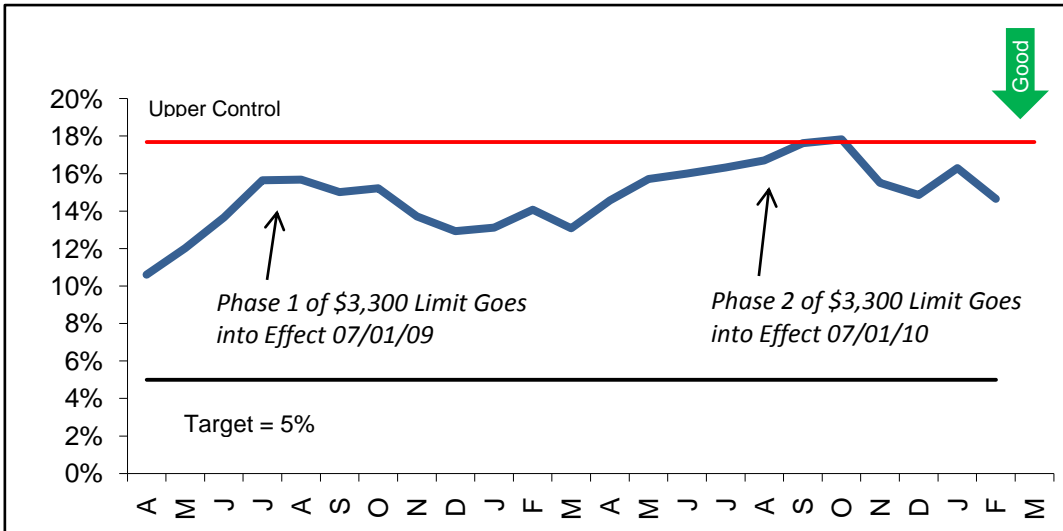
Definition
Quantifies the percentage of vendor invoices in which a discrepancy exists between the original PO and the actual invoice. Such inconsistencies need to be researched and rectified before payment can occur. Discrepancies are a function of department input, purchasing order set-up, payables processing, and supplier billing.

ANALYSIS:
The absolute number of discrepancies – which represents the numerator of this metric - has remained fairly constant for the past year. However, the total number of online invoices processed – which represents the denominator of this metric – has fallen considerably as a result of our efforts to migrate smaller dollar, less complex invoices from PAS to eCommerce. Accordingly, this migration of small dollar purchases from PAS to eCommerce has (inadvertently) caused our discrepancy percentages to increase. Examination of the root cause of these discrepancies is shown on the supplemental chart below. As can be seen, approximately 50% of these discrepancies – for both large and small dollar purchases - relate to encumbrance issues which ultimately trace back to how the requisition was initially set up and communication between the campus departments, purchasing, and payables staff.

NEXT STEPS:
As purchases done through eCommerce do not experience invoice discrepancies, our first step has always been – and will continue to be - to migrate transactions from PAS into eCommerce. Efforts by the Print Management Lean project, have improved the copier purchase and invoicing process. Copier related purchases historically accounted for nearly 20% of discrepancies. The copier related discrepancies declined over the last quarter. Additionally, David Wright is currently leading outreach efforts to select campus departments to encourage them to use eCommerce wherever possible. However when no eCommerce option exists, these outreach events are also intended to encourage departments to set up their requisitions properly so that the underlying invoices are less prone to receive a discrepancy error. We hope that by reminding departments of the inherent advantages of eCommerce (contract pricing, no discrepancies, etc.) compared with the inherent disadvantages of PAS (slower payment, invoice discrepancies, etc) that more and more transactions will migrate to eCommerce.

UNIVERSITY of WASHINGTON

Monthly Discrepancies by Code

4/13/11 10:21 AM
Page 1 of 2

Reasons for Online Discrepancies for All Requisitions (Small Dollar Threshold = $3,500.00)

Mar-2011

Code	Definition	All Reqs	Small Dollar
		1074	313
270	ITEM PRICE EXCEEDS ORDER-ITEM N.T.E	280	61
110	INVOICE TOTAL EXCEEDS ORDER N.T.E.	245	84
115	INVOICE FLAGGED BY AP AS BEING FOR A CLOSED ORDER	128	70
260	QUANTITY MISMATCH	87	10
120	INVOICE IS BEYOND THE DATE RANGE ON ORDER	85	34
160	UNIDENTIFIED ITEMS ON INVOICE	77	22
210	ITEM IS OVER QUOTED PRICE	74	9
220	ITEM IS UNDER QUOTED PRICE	45	13
150	FREIGHT CHARGED - NOT AUTHORIZED BY ORDER	20	2
400	NON-SPECIFIC ADJUSTMENT DISCREPANCY	17	4
105	INVOICE TOTAL EXCEEDS CONFIRMING REQ LIMIT	11	4
230	DISCOUNTED BELOW QUOTE	4	0
140	INVOICE FREIGHT EXCEEDS ORDER FREIGHT	1	0

From Mar-2011 to Mar-2011, for the MR5, MRO, T , MR4, PH2, CAP, AB , SC3, C , CP , RAD, SC2, CH , ANI, SC1, CC , DL , ADM, SB1, SUB, CC2, DP , HFS, GNS, DI2, DIS, JSW, TAC, DI3, RES, MR3, KLE, MR2, KH , PR1, LL3, H3 , MC , 90S, MS , NC , CC1, CNF, CON, CON, PR , PB , DP2, P , RKH, SVM, LAB, SG , MR1, SKB, SC4, TBH, PHY Buyer(s).

Item # 6B ver. 1.00   Month determined from discrepancy date.

FINDB updated 4/11/2011; PASDB updated 4/13/2011

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

Pay Bills - Invoices with Discrepancies Over 30 Days Old - Proc. Svs.

Financial

Good (↓)

Chart values (y-axis): 0, 50, 100, 150, 200, 250, 300, 350, 400

Upper Control Limit = 284

Target = 50

X-axis (months): Apr-09, May-09, Jun-09, Jul-09, Aug-09, Sep-09, Oct-09, Nov-09, Dec-09, Jan-10, Feb-10, Mar-10, Apr-10, May-10, Jun-10, Jul-10, Aug-10, Sep-10, Oct-10, Nov-10, Dec-10, Jan-11, Feb-11, Mar-11
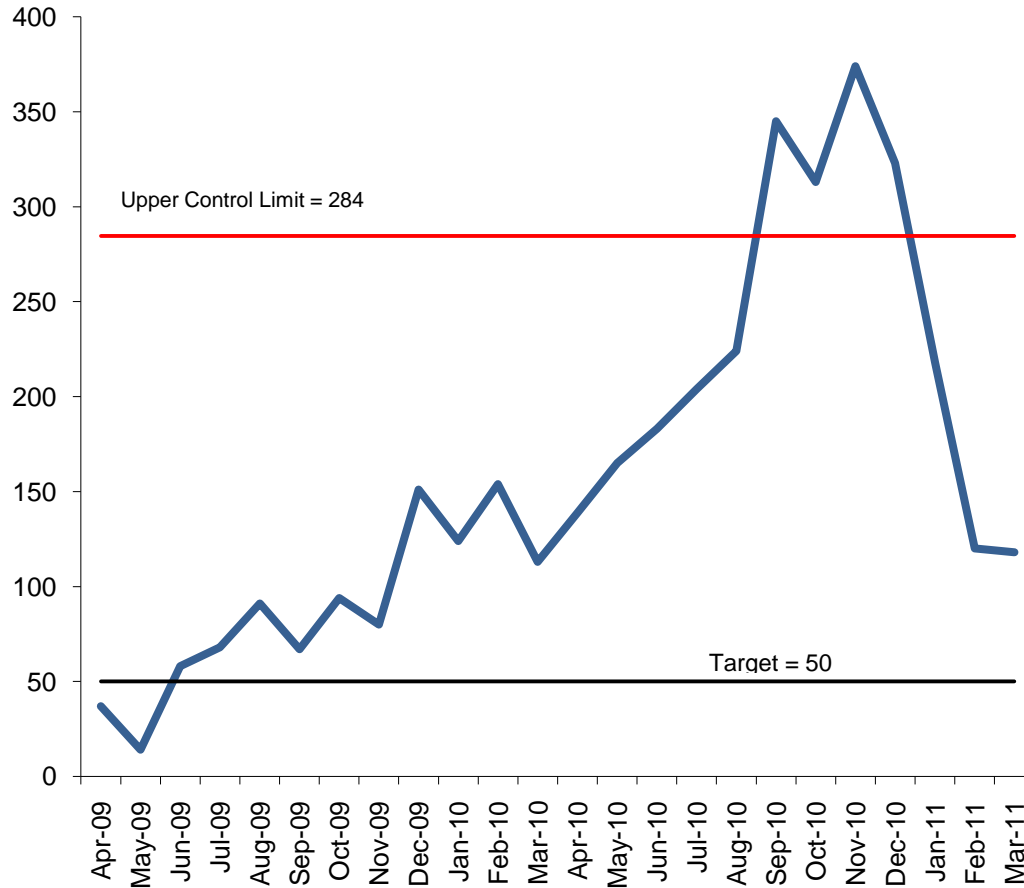
DEFINITION:
Quantifies the number vendor invoices in discrepancy status for more than 30 days.

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 Services the UW department which placed the order, the supplier, and Accounts Payable. The number of these aging discrepancies spiked in the previous reporting period due mainly to personnel changes, but normalized for this period.

NEXT STEPS:
Procurement Services staff are currently engaged in Purchasing and Payables LEAN projects that will address the core issues of discrepancies. The STAR kaizen from AP LEAN is focusing on how to improve the ATA process/workflow within AP and Purchasing and looking at ways ATA's can be avoided throughout the process. Additionally, the Copier Lean project kaizen looking into copier related discrepancies which are the main cause of the spike in the over 30 day metric will continue to focus on improving. The kaizen team is actively engaged in resolving current discrepancies and developing guidance for departments, purchasing, payables, and suppliers to follow to significantly reduce the likelihood of copier related discrepancies occurring in the first place.

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

Migration of Small Dollar Purchases from PAS to eCommerce - Proc. Svs.

Financial

Migration of Small Dollar Transactions from PAS to eCommerce

Phase 1 of Small Dollar migration project goes into effect 07/01/09.

Phase 2 of Small Dollar Migration project goes into effect 07/01/10.

Legend: ■ Pro Card ■ eProcur. ■ Small PAS Invoices ■ Small Reqs
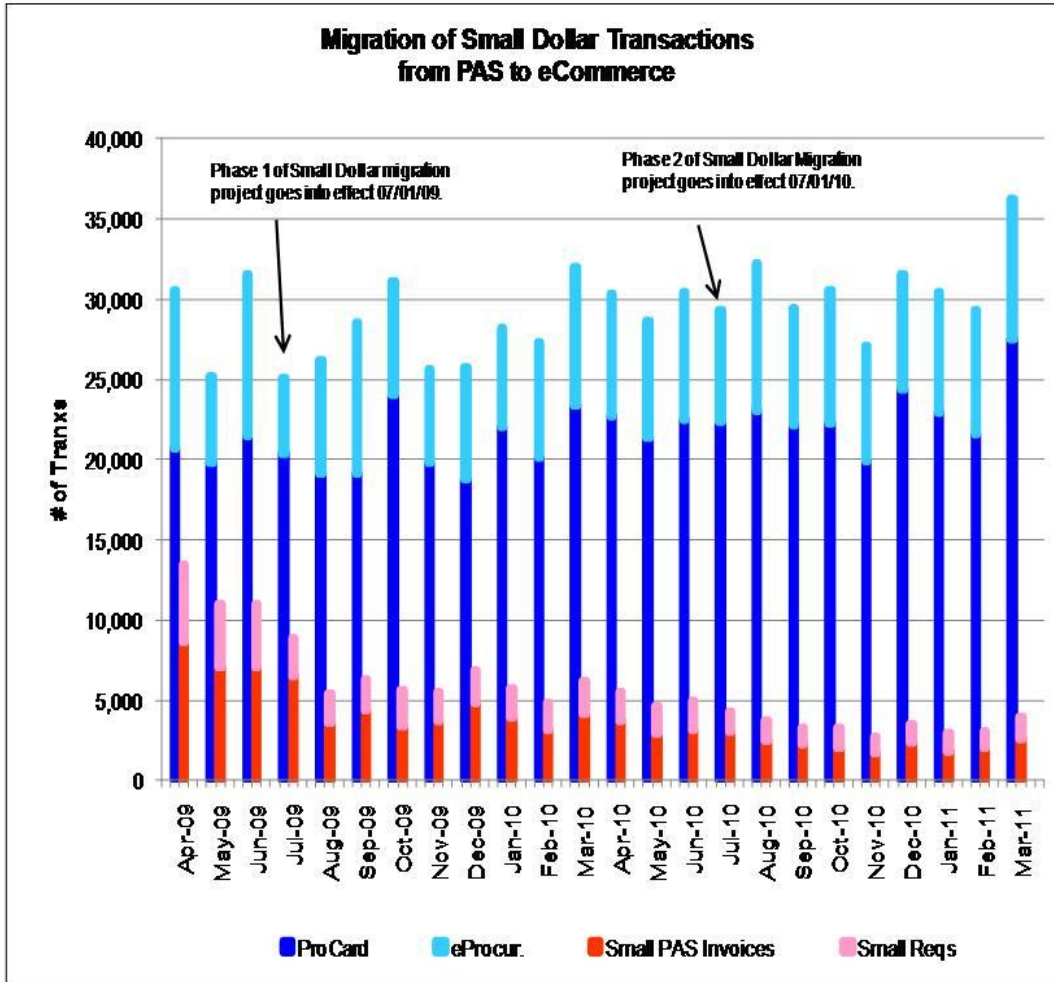
DEFINITION
This chart tracks the migration of small dollar purchases from PAS to eCommerce. The blue bar shows the number of eCommerce transactions (ProCard + EProcurement) while the red bar shows the number of PAS transactions (Purchase Orders + Vendor Invoices). To the extent possible, the goal is to shift purchases out of PAS as eCommerce transactions are processed more cost effectively ($40 less per transaction), increase the amount of UW spend under contract, and gets vendors paid more quickly.

ANALYSIS
We continue to successfully migrate transactions from PAS to eCommerce. Additionally, on July 1, 2010, we intensified our efforts by declining to process small dollar PAS requisitions under the direct buy limit unless no other eCommerce option existed. Additionally, on 10/18/10, we increased the direct buy limit from $3,300 to $3,500 thus making more PAS transactions ProCard eligible. Our efforts have yielded extremely positive results. To illustrate, back in July 2008 only 60% of our overall transactional volume was done through eCommerce. As of December 2010, that same figure now stands at 75%.

NEXT STEPS
Today, approximately 90% of all small dollar transactions are going through eCommerce. Despite these favorable percentages, we are continuing our efforts to push these numbers even higher. We continue to grow our eProcurement catalog options. Our long term goal is to reduce ProCard spend and have that spend go through our contracts established in eProcurement. In addition to catalog growth, we are expanding the functionality of eProcurement so that one-off transactions can also be initiated and processed in an efficient manner. We expect that the roll-out of the "Pay vs. Buy" kaizan recommendations will almost completely reduce the small dollar spend still going through PAS (roughly 1,000 reqs/month).
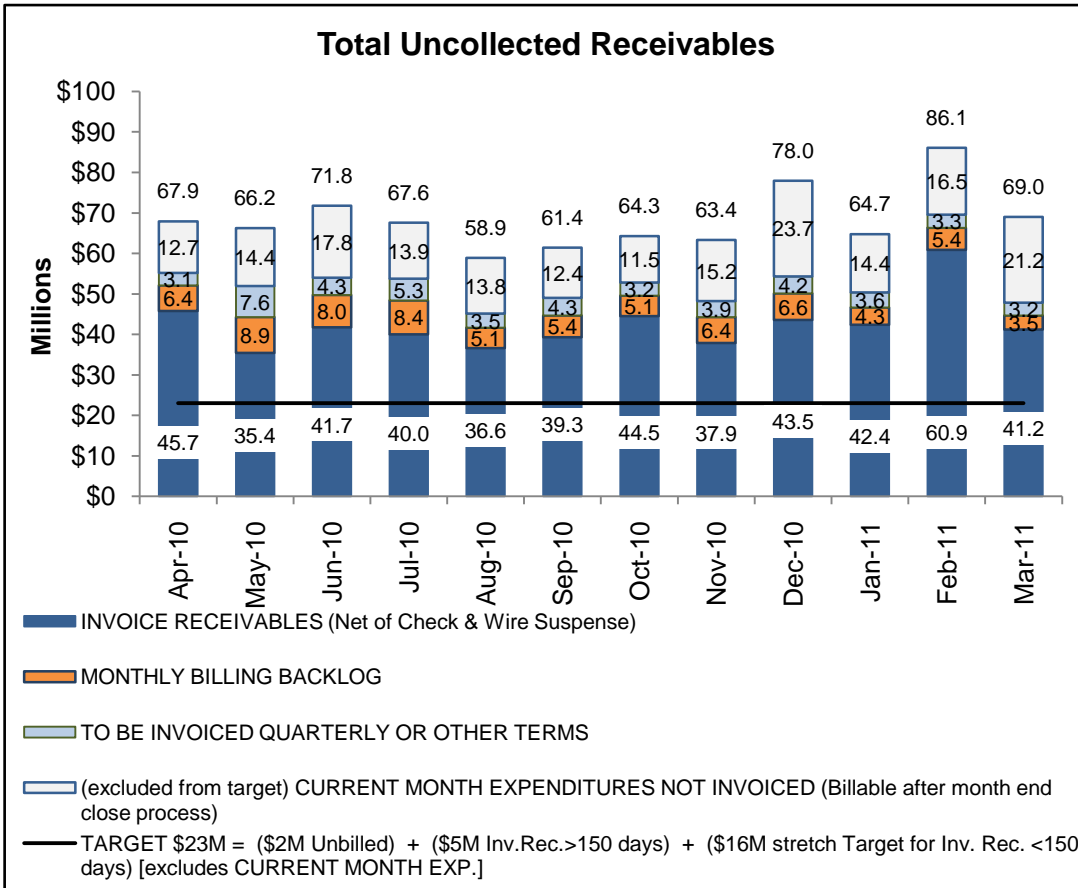
GOAL:
The eCommerce transactions (in blue) should be increasing . ↑ Good
The small dollar PAS transactions (in red) should be decreasing. ↓ Good

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

Manage Grants Total Uncollected - GCA

Financial

Total Uncollected Receivables

Millions (y-axis: $0 to $100)

Bar values by month:

Month	Invoice Receivables	Monthly Billing Backlog	To Be Invoiced Quarterly/Other	Current Month Expenditures	Total
Apr-10	45.7	6.4	3.1	12.7	67.9
May-10	35.4	8.9	7.6	14.4	66.2
Jun-10	41.7	8.0	4.3	17.8	71.8
Jul-10	40.0	8.4	5.3	13.9	67.6
Aug-10	36.6	5.1	3.5	13.8	58.9
Sep-10	39.3	5.4	4.3	12.4	61.4
Oct-10	44.5	5.1	3.2	11.5	64.3
Nov-10	37.9	6.4	3.9	15.2	63.4
Dec-10	43.5	6.6	4.2	23.7	78.0
Jan-11	42.4	4.3	3.6	14.4	64.7
Feb-11	60.9	5.4	3.3	16.5	86.1
Mar-11	41.2	3.5	3.2	21.2	69.0

Legend:
- ■ INVOICE RECEIVABLES (Net of Check & Wire Suspense)
- ■ MONTHLY BILLING BACKLOG
- ■ TO BE INVOICED QUARTERLY OR OTHER TERMS
- □ (excluded from target) CURRENT MONTH EXPENDITURES NOT INVOICED (Billable after month end close process)
- — TARGET $23M = ($2M Unbilled) + ($5M Inv.Rec.>150 days) + ($16M stretch Target for Inv. Rec. <150 days) [excludes CURRENT MONTH EXP.]

2010 UW Annual Report shows $151MM for Accounts Receivables Grants & Contracts

http://f2.washington.edu/fm/uw-annual-reports/sites/default/files/file/2010_Annual_Report.pdf

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 Price)

*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
1. 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.
2. Billing backlogs are cumulative prior month expenditures not invoiced, comprised of two parts:
   a. The quarterly invoice backlog (the light blue portion) includes quarter, semi-annual, and annual billing frequencies that are not billable until the billing terms are due.
   b. The monthly invoice backlog (the orange portion) contains about 53% of the total backlog (~$6.7M) that should have been billed.
3. Invoice Receivables (the dark blue portion) reflects receivables 30 days or greater.

The monthly billing backlog was reduced significantly to under $10 million for the last several months. This was a direct result of collaborative work between GCA, its process partners and sponsors. The Invoicing LEAN Team focused on issues that created the bottleneck in billing and implemented changes to achieve billing efficiency.

NEXT STEPS
GCA's currently applying the LEAN concept to reduce the billing backlog to the target of $2 million.

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

Collect Loans Students in Default on Loans - SFS

Financial

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

Good ↓

- 13.0%
- 10.0%
- 7.8%
- 6.7%
- 3.4%

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%	6.1%
1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010

- UW Cohort Rate
- PAC 10 Average Default Cohort Rate
- National Average Default Cohort Rate

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. Student Fiscal Services (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 prior year''s 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 no 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
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 reporting of this (and updates to the Cohort Rate) will be on the Spring 2011 dashbord report.

NEXT STEPS
SFS will continue with outreach, advising and other intervention activities as appropriate, while monitoring the performance of our 3rd party collection agencies.

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

Collect Loans Students in Default on Loans - SFS

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%
1.35%
1.25%
1.28%
1.21%

Target
0.024309091

3196022	3079704	2954943	2687241	2863957	3185348	2883208	2457195	2154464	2055357	2018980	2340784	2455103	2188470
1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010

▬ 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). Student Fiscal Services (SFS) 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
SFS continues to monitor this trend in relation to ongoing external economic conditions and continue to track 3rd party collection agencies' performance.

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

Develop and Negotiate Indirect Cost Rates - RAA

Financial

MTDC and F&A: All Sponsors
Federal, and Non Federal Research

Legend:
- FEDERAL MTDC
- FEDERAL F&A
- NON FEDERAL MTDC
- NON FEDERAL F&A
- TOTAL MTDC
- TOTAL F&A

% Change in F&A Indirect Cost Revenues
5 yr Average FY06Q4-FY11Q3 = 5.2%
(Comparing current quarter recovery to the same quarter in last fiscal year)

Values by quarter:
- FY05-Q4: 6.4%
- FY06-Q1: 4.0%
- FY06-Q2: 1.9%
- FY06-Q3: 0.9%
- FY06-Q4: -0.2%
- FY07-Q1: 0.8%
- FY07-Q2: 2.3%
- FY07-Q3: 1.6%
- FY07-Q4: 2.5%
- FY08-Q1: 1.9%
- FY08-Q2: 1.3%
- FY08-Q3: 3.7%
- FY08-Q4: 4.7%
- FY09-Q1: 4.3%
- FY09-Q2: 3.4%
- FY09-Q3: 1.3%
- FY09-Q4: 1.4%
- FY10-Q1: 3.5%
- FY10-Q2: 7.7%
- FY10-Q3: 12.1%
- FY10-Q4: 13.8%
- FY11-Q1: 15.0%
- FY11-Q2: 13.3%
- FY11-Q3: 10.4%

Legend:
- NON ARRA IDC %
- ARRA IDC %
- Target = 5% Increase from previous year

Good

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.
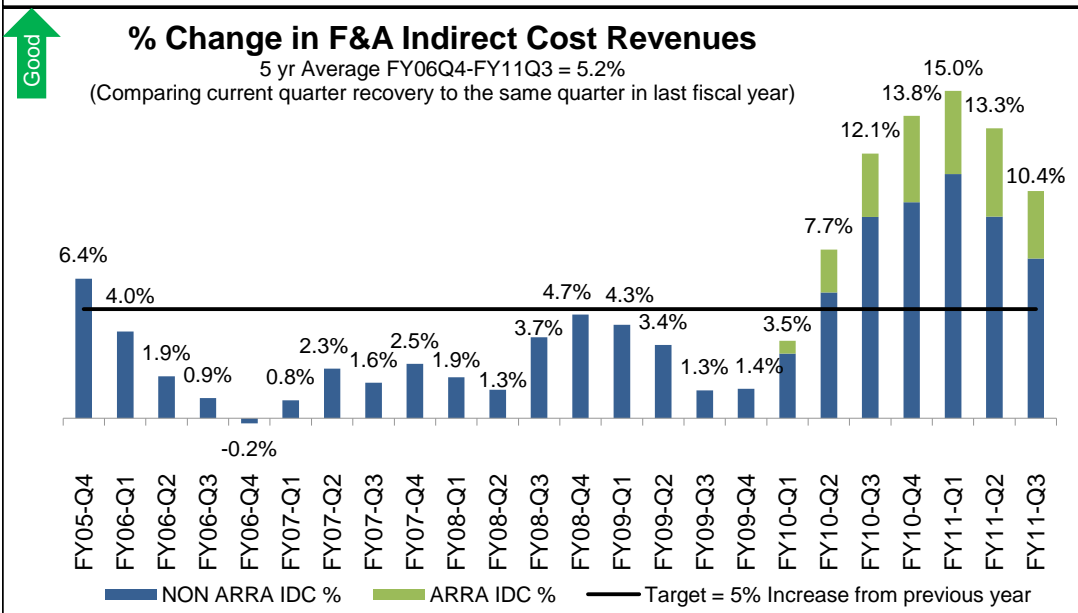
ANALYSIS
Decline in the growth rate of F&A recovery is reflective of a continuing change in the research expenditure portfolio. That is, the distribution for sponsored research funding is changing as follows. Federal research funding has flattened in the last few years while non-Federal research awards have increased at 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.

With the American Recovery and Reinvestment Act (ARRA) funding, the total F&A recovery increases significantly starting from the first quarter of FY2010.

NEXT STEPS
None presently.

Note: MTDC (Modified Total Direct Costs) represents the 'base' which we use to calculate and apply the F&A rate. Each base (instruction, research, service and other direct institutional activities) includes all direct costs except: capital equipment, sub grant and contract in excess of $25,000, rental of facilities, patient care, tuition, capital expenditures (e.g., buildings), scholarship and stipends.

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

Postage Avoidance

Financial

Good ↑

Postage Avoidance Processed Through Automation
(First Class, Automation Presorted, IPA, Letters and Flats Mail)

Target = 8.5%

in Thousands of dollar

	Q1'08	Q2'08	Q3'08	Q4'08	Q1'09	Q2'09	Q3'09	Q4'09	Q1'10	Q2'10	Q3'10	Q4'10	Q1'11	Q2'11	Q3'11
Avoid.	71	77	83	76	82	83	80	88	59	73	77	79	60	48	58
Applied	741	814	818	786	692	732	731	769	597	667	672	634	568	538	543
% Avoid.	9.6%	9.4%	10.2%	9.7%	11.8%	11.4%	10.9%	11.5%	9.9%	11.0%	11.3%	12.4%	10.6%	8.9%	10.8%

DEFINITION
Mailing Services generates daily savings through compliance with the United States Postal Service (USPS) "Workshare" discount mail programs.

The chart displays the savings (avoidance) on a quarterly basis.

ANALYSIS
The decline in mail volume and resulting reduction in postage avoidance is due to a combination of different factors: increased use of electronic communications, changing communication methods, budgetary limitations, and a decrease in postage discount rates by USPS.

The percentage of postage avoidance grew 1.9% from the previous quarter to 10.8%. The quarter-to-quarter comparison, Q3'10 – 11.5% vs. Q3'11 – 10.8%, showed a 0.7% decrease. These changes seem to indicate that we may be approaching the bottom of the declining trend in mail volume. The next few quarters should help determine the direction of this trend.

NEXT STEPS
Enhance employee training to help identify mail that could be automated and further improve mail design through increased communication with clients and graphic designers. Also, during July, seven members of Mailing Services team took part in LEAN training. The team is currently working to extend LEAN practices to all divisions of Mailing Services.

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)

2006 Data Adjusted (can't compare to prior data)

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 Satisfaction

| 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.
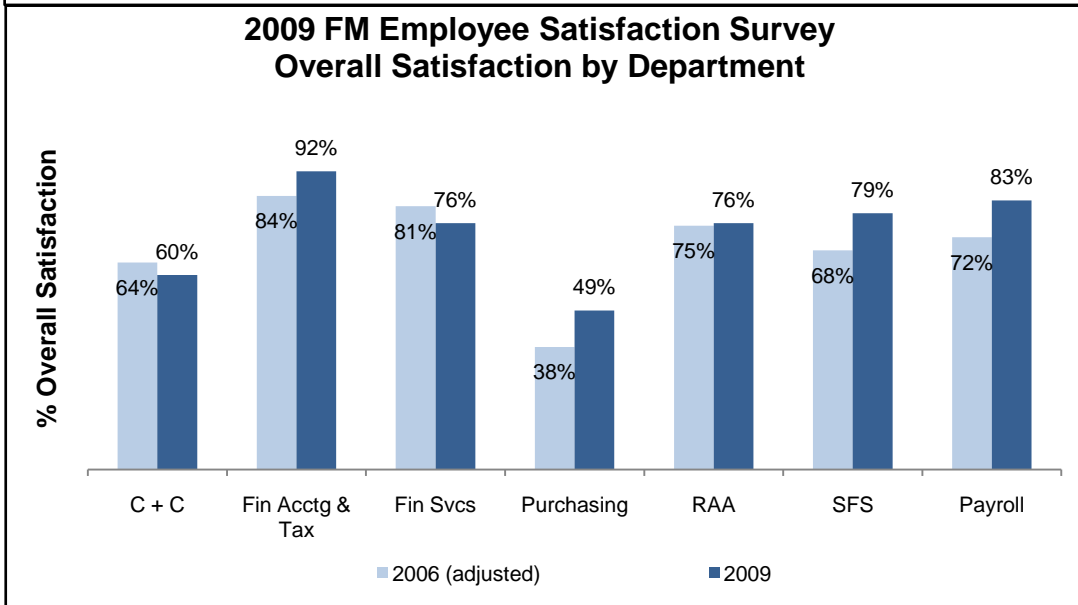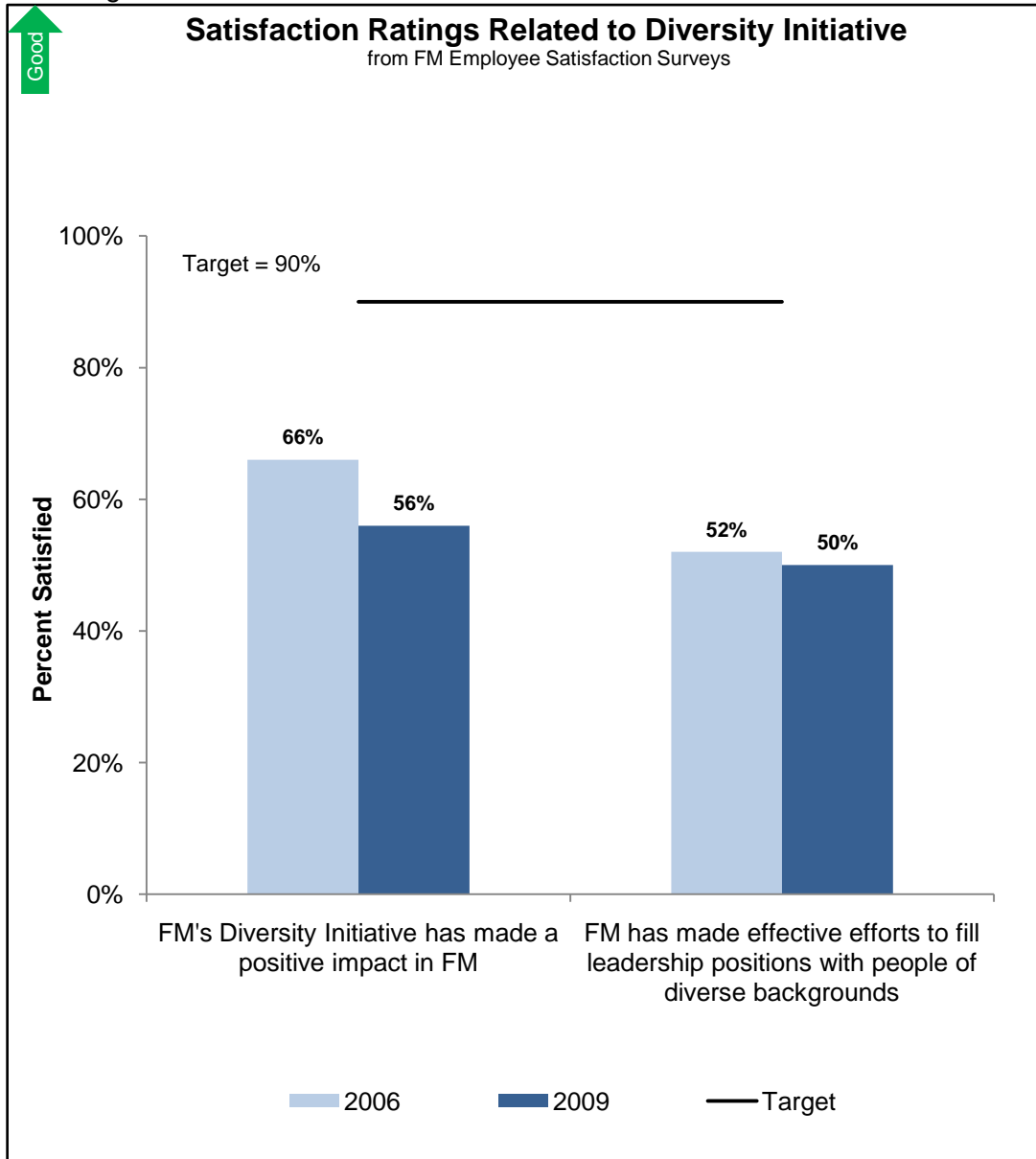
NEXT STEPS
Each department in the bottom graph are discussing the results to create action plans for improvement.
The next survey is scheduled for Spring 2012.

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

Good

Target = 90%

Percent Satisfied

100%

80%

66%

56%

60%

52%

50%

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.

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

Develop Staff - Knowledge Workers - FM

Learning & Growth

Good

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

Target = 90%

Percent Satisfied

- 100%
- 80%
- 60%
- 40%
- 20%
- 0%

I understand the concepts of knowledge work: 84% (2006), 80% (2009)

I am developing my skills as a knowledge worker: 86% (2006), 73% (2009)

Legend: 2006 | 2009 | Target
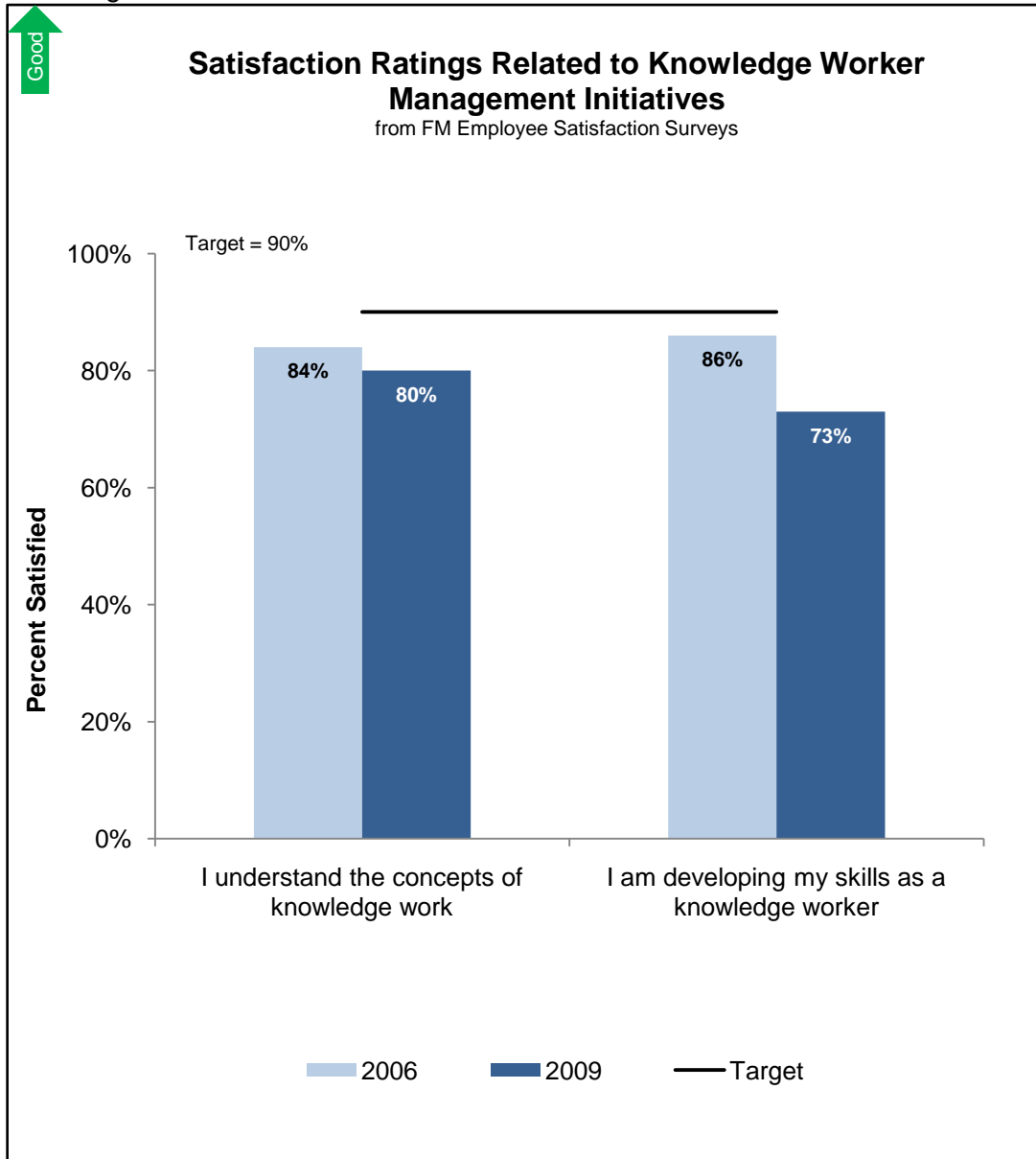
DEFINITION
The Knowledge Worker Initiative created a set of needed knowledge worker skills for each department. Employees are encouraged to include these in their Employee Development Plan.

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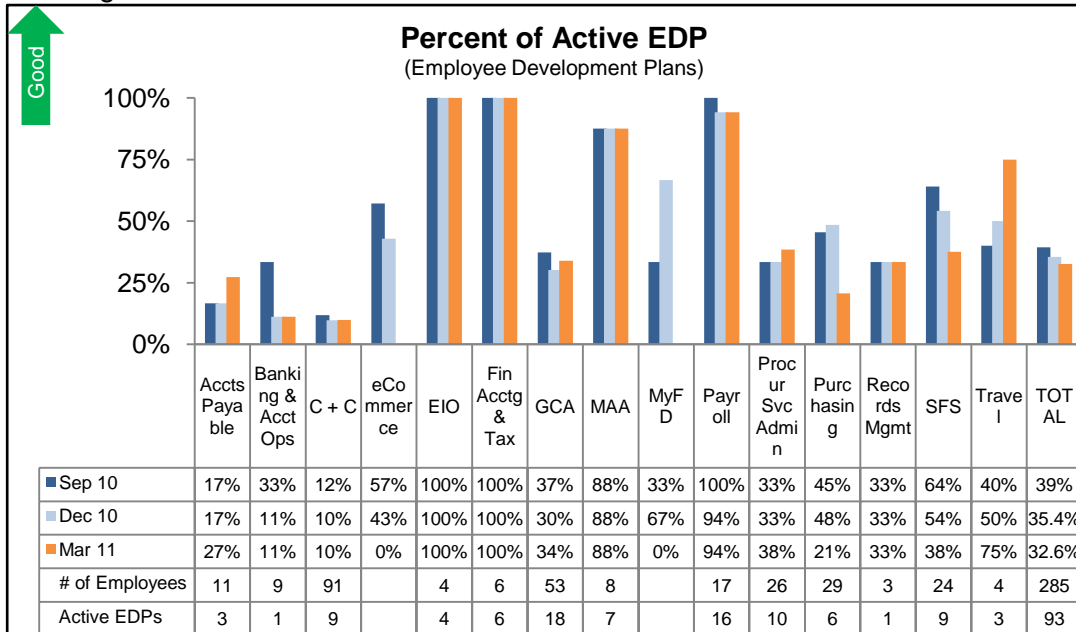
NEXT STEPS
Continue to encourage development of knowledge worker skills in employee development plans.

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

Develop Staff - Active Employee Development Plans - FM

Learning & Growth

Percent of Active EDP
(Employee Development Plans)

	Accts Payable	Banking & Acct Ops	C + C	eCommerce	EIO	Fin Acctg & Tax	GCA	MAA	MyFD	Payroll	Procur Svc Admin	Purchasing	Records Mgmt	SFS	Travel	TOTAL
Sep 10	17%	33%	12%	57%	100%	100%	37%	88%	33%	100%	33%	45%	33%	64%	40%	39%
Dec 10	17%	11%	10%	43%	100%	100%	30%	88%	67%	94%	33%	48%	33%	54%	50%	35.4%
Mar 11	27%	11%	10%	0%	100%	100%	34%	88%	0%	94%	38%	21%	33%	38%	75%	32.6%
# of Employees	11	9	91		4	6	53	8		17	26	29	3	24	4	285
Active EDPs	3	1	9		4	6	18	7		16	10	6	1	9	3	93

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. All permanent (full or part time) employees or those on Fixed Duration Appointment are eligible to participate.

ANALYSIS

Overall, there are 93 employees with active plans (32.6% a drop from 35.4% in the previous quarter). Equipment Inventory Office and Financial Accounting & Tax reached 100% active EDPs.

The drop in March 2011 occurred in Purchasing and SFS.

NEXT STEPS

Managers continue to encourage all staff to complete or reactivate their expired EDPs. Targeted EDP workshops are available.

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