

W
UNIVERSITY of WASHINGTON
FY2021 Annual Review Narrative Survey

Unit Name: Finance

Programmatic & Academic Vitality Narratives

- 1) Have you made any changes to your unit's annual budget development process from the response provided last year? If yes, please briefly describe the changes you've made to your unit's annual internal budget development process. If no, please answer with a simple, "no changes." *Word Limit: 500***

No changes.

<OPB Inserts Prior Year Response, Below>

Finance utilizes its annual planning strategic process to support fiscal vitality, future planning and staff engagement. The process is a roadmap towards building a cohesive and stable organizational path forward – a needed strategy given recent substantial changes for the Finance organization, including:

- Multi-changes in organizational structure in past four years;
- Startup of Financial Transformation* (FT) project;
- Moving Integrated Service Center (ISC) from UWIT to Finance in July 2018 and changes within Finance in the payroll and HR functions.

** FT is referenced in this document, however the full project scope will be reviewed independently given the different key success factors relative to Finance operations.*

ABOUT US

Finance (org code: 20502) is a diverse organization that supports a broad range of UW services. Annual funding of approximately \$50M primarily consists of GOF, DOF, and self-sustaining. There are approximately 425 staff members (~350 salaried staff, ~ 75 hourly students), distributed among four AVPs with eighteen unique service lines and Finance Transformation project.

AVP Unit	Eighteen service lines
Controller's Office Sue Camber, AVP	Equipment Inventory Financial Accounting Grant & Contract Accounting Management Accounting & Analysis Research Compliance & Operations Cost Accounting & Analysis Student Fiscal Services
Enterprise Services Ann Anderson, AVP	Creative Communications – Mail, Design and Print Services Procurement Services (including Travel) Tax Office Integrated Service Center Office of Public Records Records Management Data Group Global Operations Support
Treasury Chris Malins, AVP	Asset Liability Management Treasury Operations Financial Forecasting and Analysis
Finance Modernization Ed Loftus, AVP	Finance Transformation of UW Financial Accounting System <i>FT budget and programmatic vitality will be reviewed independently</i>

METHODOLOGY

UNIVERSITY of WASHINGTON
FY2021 Annual Review Narrative Survey

Unit Name: Finance

Finance utilized a “top down” and a “bottoms up” strategic planning and budgeting process. Finance VP & AVP leaders held a strategic planning retreat in September 2018 to establish organization direction and strategic objectives. These priorities were reviewed by a new director level management team (Finance Action Leadership Group – FLAG). Risks and opportunities were identified based on performance gaps and assessment of future landscape. These reviews were supported by unit/employee level input on risks, challenges and opportunities facing the department. Senior leaders also completed a maturity assessment of all central finance processes, scoring maturity on people, processes and systems. Resources were aligned towards highest overall Finance priorities and balanced with unit business goals to ensure a cohesive 2020 plan. Finally, a separate strategic plan for the ISC has been developed.

ENGAGING STAFF & LEADERS

Finance is engaging employees at every level by establishing goals, setting expectations, and fostering team work:

- Creation of Finance Leadership Action Group
- Continue application of LEAN to eliminate waste, increase efficiency and improve service to campus:
 - Translation and alignment of Finance goals to the front-line business processes;
 - Managers working at grassroots level to identify operational road blocks, actionable trends, and resource shortfalls; and
 - All staff adopting a process improvement mindset.
- Multi-prong approach to building a culture of excellence
 - Updating Departmental values and norms
 - Revisiting recognition program that reinforces operational excellence
 - Developing coaching and mentoring programs that enhance organization bench-strength and future preparedness.

2) Have you made any changes to your unit’s strategic plan in the past year? If yes, what are 3-5 key elements of your unit’s new/revised strategic plan? If no, please comment on the progress you’ve made in 3-5 key areas of your strategic plan. *Word Limit: 500*

UW Finance has maintained its five part strategic planning and performance management system, which is embedded in our LEAN organization structure (see below). However, we have added two organizing principles that will inform our work and initiatives in FY 2021.

- a) **Embrace Financial Transformation:** UW Finance will lead the implementation of the UWFT program.
- b) **Maintain Operational Excellence:** Ensure UW stakeholders/customers continue to receive critical services during UWFT Implementation.

We are retaining our five strategic themes that organize each major unit and team’s work. The themes are also reflected in each individual’s performance management goals and objectives.

Finance Strategic Themes	FY 2020 Accomplishments	FY 2021 Goals
--------------------------	-------------------------	---------------

W
UNIVERSITY of WASHINGTON
 FY2021 Annual Review Narrative Survey

Unit Name: Finance

Maintain and enhance an administrative culture where each individual is empowered, service-oriented, ethical, and accountable	- Enhanced annual campus “checklist” for financial reporting and compliance - Updated and improved Audit Advisory Committee charter and scope, including UWM - Expanded use of LEAN to ISC	- Maintain existing process and systems at current levels - Continued expansion of LEAN in ISC - Continued improvement in Audit Advisory Committee meetings
Establish robust financial management based on people, processes, and systems	- Improved and updated UW enterprise financial forecasting and reporting - Created first enterprise cash forecast and monthly report - Met grant compliance requirements “Clean” 2019 Audit - Completed 2020 UW \$100m finance (Jan) - Implemented UW’s first enterprise credit card compliance framework	- Complete FY20 Financial Statement cycle - Complete FY2021 Financing - Complete FY2021 Financial forecast cycle - Continued buildout of PCI credit card compliance environment
Implement enterprise systems that are cost effective, as one of the enabling foundations for UW’s success	- Completed UWFT readiness and design phase under budget. Gained Regent approval of project baseline - Enhanced Workday reporting, completed optimization work, established governance structure, and achieved ISC operating metrics.	- Lead UWFT - Complete Plan and Architect Phases - Lead Process Transformation teams - Begin work on readiness for UW Finance IT systems
Develop a high-performing organization that will attract and retain the best faculty, staff, and students	- Continued development of FLAG leadership team - Completed first employee engagement survey in over 5 years (March) - Completed creation of shared services (HR, Finance and IT)	- Complete follow up action list from employee engagement survey - Complete UWFT readiness plan for department
Advance innovative, high-impact strategic initiatives across the University	- Completed adoption and launch of faculty housing down payment program - Developed financing/modelling for UDSB - Complete, with Facilities, UW’s first long range capital plan - Strengthen understanding and oversight of UWM finances - Complete evaluation of UW real estate foundation concept	- Complete linkage of 15yr capital plan to 5 year plan and project financing - Complete financial analysis of major capital projects and execute any approved by Regents.

3) What major obstacles or institutional barriers currently do, or will, hinder execution of your strategic plan? What are you doing to address these challenges? If no changes from your response to either component of this question from last year, please answer “no changes”: *Word Limit: 250*

UWFT Implementation phase will deeply draw on UW Finance resource and significantly impact our ongoing operational work. As mentioned about, we are applying two principles to our traditional five part strategic plan:

UNIVERSITY of WASHINGTON
 FY2021 Annual Review Narrative Survey

Unit Name: Finance

- a) **Embrace Financial Transformation:** In addition to standing up the core project team, UW Finance staff will lead approximately five of the eight business process transformation teams and have multiple members on each team. We are orienting our management team meetings around UWFT deliverables and are working to closely integrate the two parts of the organization.
- b) **Maintain Operational Excellence:** We are hiring (with our own resources) two positions dedicated to making sure UW Finance people, systems and process are ready for go live on July 2022. These positions will develop work plans for each unit for department's work through implementation.

Other obstacles identified last year that remain relevant today are

Major obstacles or institutional barriers	What are you doing to address these challenges?
FT project will draw deeply on Finance expertise, impacting daily operations and service levels to campus	• DONE - Limiting new initiatives outside of FT • ONGOING – Developing “readiness” plan for the Finance organization, to ensure staff are engaged, prepared and supported (e.g., with backfill resources in key areas) • ONGOING - Restructuring operational business units to support success of FT • ONGOING - Reevaluating service levels and focusing on highest priorities Continuing to improve processes to create efficiencies
Increasing federal/state compliance complexity without additional permanent resources/funding	• ONGOING – Continued use of LEAN to maximize efficiency of existing processes. • ONGOING - Seek Provost funding in response to new Paid Family Medical Leave program. • RISK: Continued complexity of compliance environment for grants and ISC, coupled with rising volume (in grants) will required additional future staff resources.
Increasing public records requests	• IN PROGRESS - Updating technology and identifying policy and process improvement opportunities, including near term replacement of existing technology platform (in process); advance outreach efforts to campus units to reduce/eliminate redundant, obsolete and transient records; establishment of campus points-of-contacts to achieve more targeted responses to public records requests.

- c) **Over the next year, could any of your planned strategic activities result in material changes to revenues or expenditures, faculty or staff workload, or the student experience within your unit/campus and/or another unit/campus?** *Word Limit: 500*

Grant Compliance and Reporting: Grant awards have consistently risen throughout the years. This “bow wave” of awards has already resulted in substantially higher compliance and reporting workload with increasing future impacts. Current staff levels are not adequate to meet this pending volume increase and additional staff will be needed. UW indirect expenditures recovered have risen approximately 11% in last 5 years (2014 \$242M

UNIVERSITY of WASHINGTON
FY2021 Annual Review Narrative Survey

Unit Name: Finance

vs 2019 \$270M) while central funding for GCA staffing levels have remained flat. More central support will be required in future years to maintain an adequate grants and contract accounting function.

d) What is your unit doing to effectively use or redeploy resources in a way that benefits your unit/campus and/or other units/campuses? *Word Limit: 500*

Finance continues to do “more-with-less” using the continued application of LEAN in business operations. Efficiencies are achieved through process improvements, standardization, and consolidation. Every employee is expected to contribute and help support this effort. Recent improvement efforts include:

Controller’s Office:

- Student orientation or departmental training, SFS has done well to repurpose gains from Lean improvements to do more with orientation and training.
- Automating MyFD JV expense transfer to eliminate manual processing for campus.
- GCA continues to improve efficiency using LEAN processes and focus saved time on improving timeliness of all processes serving campus (budget set-up, invoicing, reporting and closing).
- SFS is working creatively to connect with students who owe the UW for tuition and fees and has significantly reduced the number of students sent to collection agencies.

Enterprise Services

- Expansion of bike program - reduce overall cost, enhance service, reduce carbon footprint, and enhance staff retention.
- Enhancements and improvements in Workday reporting, including the development of dashboards and other features.
- Assisting campus in eliminating Redundant, Obsolete and Transitory (ROT) records. Conducting outreach with units to effectively and compliantly manage their records and records systems.
- Public Records technology refreshment to streamline and increase efficiency in managing legal compliance.
- Providing value-added solution for publication and printing services for NW Hospital as well as expanded service to UWMC overall.
- LEAN process improvements:
 - Streamlining the supplier onboarding process
 - Redefining the small-dollar purchasing mechanisms to streamline the process, clarify options for campus, and again, prepare for Finance Transformation.
 - Eliminating suppliers not being used so that the system is clutter-free during Finance Transformation conversion
- Support efforts to control brand standard with UW and UW Medicine.

Treasury:

- Leveraging Treasury analytical resources to assist with major projects in key areas:
 - Facilities on long term capital planning modeling
 - Real Estate Office on Real Estate Foundation creation and analysis
 - Controller’s Office on banking relationships and cash forecasting

UNIVERSITY of WASHINGTON
FY2021 Annual Review Narrative Survey

Unit Name: Finance

- Cross training in Treasury to assure that we have proper coverage for high impact functions (paying debt service, account manage with custodian, financial forecasting)

e) For UW student facing units, what are you doing to improve the experience and outcomes of students on your campus or in your unit? What could the University do to support your efforts? *Word Limit: 500, Leave blank if*

SFS continues to improve the experience and outcomes of students by focusing on several areas:

1. SFS plans to enhance our credit card and ACH (webcheck) payment portal in order to improve the student's experience when paying tuition and to remain compliant with future regulation changes.
2. SFS improved our student satisfaction survey to glean timely actionable information. This information will further help us stay responsive to our students' changing needs and their feedback on process gaps.
3. SFS continues to emphasize on our LEAN process improvement to streamline them, eliminate waste, and make it easier for the student to transact with us.
4. SFS continues to foster growth by nurturing our work/team culture to result in a committed and capable workforce to create value for our students.

The University can continue support SFS by continuing to focused on a culture of collaboration and accountability.