University at Albany, State University of New York

Finance and Administrative Division Operations Assessment

February 9, 2017

Introduction

Campus Strategies, LLC was engaged to conduct an assessment of the Finance and Administrative Division (F&A) at the University at Albany, State University of New York (UA or university). This was a comprehensive assessment examining organizational structure, service effectiveness, staffing, and unit interactions with other UA units/operations. This report presents the results of the assessment.

By its nature, the focus of a report such as this one is on those things requiring improvement or enhancement. What it is not intended to highlight are the many things that are being done well by the staff in the units under review. There are numerous examples of excellent service being provided throughout UA’s finance and administrative operations and these should not be ignored in a rush to take advantage of the opportunities identified in this report. The staff in these units are doing good work and providing significant services to the university. Implementing the recommendations in the report will build on their existing successes and result in even better service.

Process

The review was conducted by Campus Strategies, LLC president Larry Goldstein. As part of the process, various background materials were provided by UA. These materials were reviewed in conjunction with a visit which took place December 6-9, 2016. Four days were spent on campus conducting interviews with various members of the UA community. Nearly 100 individuals participated in on-campus or telephone interviews. Individuals interviewed include UA’s senior executives, staff working within F&A, and selected individuals throughout UA who rely on the units for services. In addition, a telephone interview was conducted with selected staff from the SUNY System Administration. In some cases, the on-campus interviews were conducted as one-on-one meetings, although there were many instances of interviews with larger groups. Finally, some additional information was collected during follow-up phone meetings and email exchanges.

Findings and Observations

The information in this section responds to feedback obtained during the interview process, as well as conclusions drawn from the examination of background materials and email exchanges. It is not possible in such a short visit to review every aspect of an
operation, but it is believed that the report provides a useful summary of the key factors that lead to the recommendations appearing below.

The findings and observations are presented first by unit and then by major topic. Before discussing the F&A units, there are some overarching observations that warrant mention. During the interviews with individuals relying on F&A services, participants were asked to (1) assign a letter grade to the division’s overall performance and (2) identify units, individuals, or functions that work exceptionally well and others that are not performing adequately. Taking the division as a whole, the average grade from participants is a solid B to B+. Moreover, although some performance or service challenges surfaced (as presented below), each major unit listed in bold below was identified by numerous participants as one that performs exceptionally well.

A. **Controller (including Institutional Services—Purchasing/Contract Services, Equipment Management—Internal Controls, and Parking & Mass Transit; neither Mail Services nor Rapid Copy & Central Stores were mentioned during the interviews)**

The most notable findings in this area are presented below.

- Purchasing/Contract Services received praise from many different individuals but also was frequently highlighted as a unit that imposes challenges. Many instances were shared in which it appears that their interpretation of regulatory requirements is stricter than other SUNY campuses, especially the other three SUNY research institutions.
- The requirement that the controller personally approve most contractual agreements results in him being perceived as a major process bottleneck with respect to contracts. In fact, the perception does not match reality. There are a handful of instances annually when a contract’s approval might be delayed because of the controller’s schedule but this is very atypical. Most delayed contracts take extended time because of process considerations and/or their unique terms.
- Unrelated to the preceding bullet about inconsistencies between UA and other research institutions, one of the more troubling procurement issues that surfaced is compliance with the Minority and Women-Owned Business Enterprise rules. Numerous instances of significantly inflated procurement costs attributable to MWBE compliance were cited during the interviews. Although this issue is presented in the report, it is believed that UA’s procurement unit has no flexibility in this area. The requirements represent state law and, absent a unique circumstance that might qualify for a waiver, Purchasing/Contract Services is required to ensure that UA complies with the law.
- Multiple concerns were expressed about the surplus property processing backlog in Equipment Management. Whether this is caused by Equipment Management (which is responsible for maintaining equipment records) or Facilities Management (which is responsible for equipment removal) is unclear. The failure
to remove surplus property in a timely manner has impeded installation of
replacement equipment on several occasions.

- Invariably during these types of reviews, one unit receives more criticism than
others. At UA, that unit is Parking & Mass Transit Services (PMT). The most
significant complaints focused on parking issues—particularly those related to
visitors. It’s not always clear whether the problems stem from service
deficiencies within PMT or if they are victims of not being properly notified of
needed special parking accommodations for visitors. Irrespective of the cause,
there is a negative impact on the visitors who receive tickets. This represents a
widespread criticism of the unit’s performance.

- Additional concerns were expressed about the transit schedules and the process
for disclosing schedule changes. Although it is important to post schedule
changes at bus stops (as currently happens), additional communication directly to
affected academic units apparently does not routinely occur.

**B. Environmental Sustainability, Internal Audit, and University Police Department**

These units were mentioned only infrequently during the interviews—especially
compared with the other F&A units—but, when they were mentioned, it generally
was in a very positive light.

**C. Facilities Management**

The most notable findings in this area are presented below.

- Several different individuals reported instances of generally poor communication
of intended actions by Campus Planning. Additionally, many individuals also
reported that they either were not consulted before decisions were made or that
their input was ignored without subsequent explanation.

- Multiple individuals located on the Downtown Campus expressed concern that
various maintenance/repair actions result in user department charges despite the
fact that similar actions on the Uptown Campus are charged to Facilities
Management budgets.

- Numerous individuals expressed concern that prices charged for renovation or
discretionary maintenance projects requested by user departments include
overtime rates even when the work is not time sensitive or performed outside of
normal working hours.

**D. Financial Management and Budget**

The most notable findings in this area are presented below. The first two items listed,
though appearing in this section of the report, are beyond the control of the unit.

- There is a widely held view that UA’s planning and resource allocation processes
are not aligned.
There was significant, though not universal, praise for the Budget Compact process. Many individuals reported that there is a lack of transparency about budget and financial decision making.

The All Funds reporting tool was mentioned in several interviews and most of the feedback focused on the fact that the information available is too summarized to be useful to departmental personnel. A new tool, Business Intelligence, is being expanded to incorporate financial information and this may better meet the needs of decentralized users.

E. Human Resources Management

The most notable findings in this area are presented below. It should be noted that multiple individuals suggested that many of the challenges confronting Human Resources Management (HRM) are directly related to insufficient staffing. As discussed elsewhere in this report, F&A operates with relatively few staff to address its responsibilities, but insufficient staffing was mentioned much more frequently for HRM than any other unit.

- The most frequently expressed complaint regarding HRM is the issue of manual processes requiring the routing of paper forms, many of which require physical signatures. This represents a pervasive problem throughout F&A, but it may be worst in HRM.
- Potentially related to the frustration with the lack of automation are the various components of the hiring process. Numerous individuals mentioned this as an ongoing problem. For those units with large work forces, the multiple layers of approval, and the repeated approvals required throughout the process, represent a significant workload burden.
- Finally, the shift to reliance on SUNY HR for operational processing has not produced the desired results up to this point. The system continues to lack desired functionality—particularly as it relates to automating manual processes.

F. University Auxiliary Services

The University Auxiliary Services (UAS) references were even more limited than Environmental Sustainability and University Police Department, but the assessment feedback was more mixed than for those units. And there was unanimity about one aspect of the UAS operation.

- Sodexho Catering received major and consistent criticism. Numerous individuals—primarily, but not exclusively, in academic units—expressed concerns about pricing. Drawing extreme criticism are the fees for service personnel during social events involving wine. In fact, it was reported that academic department social events are being moved off campus to private homes resulting in reduced student participation. This is particularly troublesome because many of the events (e.g., receptions following guest lectures by visiting faculty) are specifically designed for student participation.
The issues addressed in this section are more topical in nature and apply across the division in most cases.

**G. Customer Service**

- The strong expressed (and demonstrated) bias among A&F senior leaders is toward service rather than compliance and control. During discussions with staff deeper in the division, however, this was not always the case. The initial responses to a question on the subject was an emphasis on compliance and control. After some dialogue, however, nearly all staff indicated their recognition that they represent a service unit that exists to support the university’s primary missions of instruction, research, and service. Understandably, many of the F&A units have specific responsibilities to ensure that appropriate processes are followed. However, the perception within the community is that service is secondary to compliance/control in the way individuals approach their jobs.

**H. Organizational Structure**

- For the most part, the senior leaders of the major F&A units have appropriate and reasonable portfolios. The one exception is the associate vice president and controller. In the current structure he bears excessive management responsibility. Additionally, compared to AVP/controllers at similar institutions, he is responsible for an unusual combination of units with widely varying service missions.
- A noticeable deviation from best practices at other research universities is the failure to designate a chief contact for various operational issues. For instance, a directory search discloses a vice president for planning, policy, and compliance but no chief risk officer. Similarly, unlike most other higher education institutions, UA has not identified an individual responsible for coordinating emergency response and overseeing emergency preparedness.

**I. Staffing**

- Overall, F&A is inadequately staffed. The university’s past financial challenges have resulted in most units lacking the staff needed to address their responsibilities beyond the bare minimums. Units like HRM, State Accounting, and Purchasing/Contract Services are able to accomplish all of their critical operational tasks, but many things take significantly longer than they should. Additionally, there is no time to devote to analysis or process improvement because the flow of transactions does not cease.
- Only two operational units within F&A appear to be reasonably staffed—Financial Management & Budget and UAS (and the latter is self-supporting and generally less affected by the university’s budgetary challenges).
- In some cases, the staffing challenges lead to essential operational activities being addressed while “nice to do” efforts simply are not even considered. For instance,
Facilities Management maintains the university’s space inventory but is unable to routinely update building records when renovations occur. Similarly, HRM catalogs the receipt of employee performance appraisals, but is unable to analyze the individual results to anticipate or address employee performance issues.

**J. Systems and Automation**

- One of the most universal complaints about the operating environment in F&A is the lack of effective operating systems. This has resulted in excessive reliance on antiquated paper transaction processing with manual input to systems. This situation significantly increases the number of errors that end up in official records. These errors either go completely unnoticed or require rework when they are discovered.
- As mentioned elsewhere in the report, F&A relies on numerous processes that require the movement of paper across campus as well as the application of physical signatures to indicate approvals. Apart from the inefficiency of such processes, they lead to lost and misrouted paperwork.
- Beyond the antiquated systems environment, there is a general lack of reliance on analytical tools. Numerous units—Financial Management & Budget, Facilities Management, PMT, and HRM to name several—are unable to provide routine information to university leadership to help better manage the university’s resources and/or anticipate problems in a proactive manner. In fact, most F&A units operate in a reactive manner. This contributes to the view on the part of some that they are not effective in carrying out their responsibilities. Others, however, recognize that the lack of resources—especially staff—and systems prevent them from meeting all of the demands placed on them.

**K. Policies and Procedures**

- Without question, UA is among the most regulated institutions in the country. In addition to the relatively few local UA policies and procedures, units are subject to those of the SUNY System Administration, SUNY RF, New York State, and the federal government. The various departments not directly involved in overseeing compliance with the regulations frequently do not know the ultimate source of specific regulations. Additionally, it is nearly impossible to accurately quantify the financial implications of complying with the various regulations, but it is a significant economic burden for the entire university. Effectively managing the regulatory environment has huge potential benefits for the university.
- Adding to the frustration of many who identified policies and procedures as a major impediment to their efforts in carrying out their university responsibilities, is the way in which some policies and procedures are managed. Several individuals referred to “policy ambushes,” referring to situations when units first became aware of policies when they were informed that they had violated the policy. Moreover, many individuals indicated that it’s not uncommon to learn that a longstanding practice routinely employed throughout the university actually is not consistent with relevant policies. The final expressed concern is the
difficulty of locating policies that might apply to a given situation due to the lack of a central repository for policies.

L. Resources

- The final issue is placed at the end of the list not because it is less important than the others, but because it is a factor in each of the other issues listed above and affects nearly everything F&A is trying to accomplish for the university. For some units, the major issue is staffing while, for others, it’s technology. And for still others, it’s inadequate “other than personal services” budgets needed to address ongoing expenses and physical resources such as public safety equipment and vehicles needed by Facilities Management, University Police, and Parking & Mass Transit.
- Beyond the budgets for operational considerations, Facilities Management is monitoring and attempting to address a growing deferred maintenance backlog. This represents a major financial burden for the university—one that rarely is subject to systematic reporting as a financial obligation.

Recommendations

The following recommendations are offered in response to the findings and observations. Many of the recommendations have resource implications and, therefore, will need to be prioritized against other resource demands. Still, it’s important for the community to recognize that the issues exist and will require attention at some point. The order in which recommendations are presented is reversed from the findings and observations because many of the issue recommendations will address unit findings.

Customer Service

1. The first priority within the division should be for the senior leaders to reinforce the importance of providing appropriate customer service without abandoning attention to compliance and control issues. One key approach is to encourage all F&A staff to identify a solution to achieve an objective rather than pointing out why an action proposed by a requesting department isn’t allowable. This already occurs throughout the division but not consistently.
2. Each unit within F&A should establish service/performance metrics relevant to the services provided.
3. The units should periodically conduct performance assessments (e.g., customer satisfaction surveys) against the identified metrics to determine whether performance is improving, staying the same, or deteriorating. Once the results are available, analysis should be conducted to identify any needed corrective actions.

Organizational Structure
4. Although there is tremendous pressure in higher education to avoid increasing administrative costs, the current portfolio for the associate vice president and controller is untenable. Consideration should be given to establishing a new unit within F&A responsible for PMT, Mail Services, and Rapid Copy & Central Stores. The latter services have much more in common with each other and PMT than with Purchasing/Contract Services and Equipment Management. Consolidating these units in a new organization will relieve the controller’s workload and should result in improved oversight of these areas. (If feasible and consistent with its charter and bylaws, consideration should be given to assigning these services to UAS.)

5. Identify the individuals to fulfill the following roles for the university: chief risk officer and chief emergency preparedness/response officer. This recommendation should not result in the establishment of new positions at the university. Instead, these are responsibilities that can be assumed by individuals already employed at the university.

Staffing

6. It is impractical to include a recommendation to increase F&A staffing to appropriate levels given the university’s challenged resource situation. A more appropriate recommendation is for each unit to undertake an examination of its responsibilities to determine which efforts are no longer adding value. The nature of higher education administration is that tasks and responsibilities get added incrementally—frequently due to external mandates. When this happens, the focus is on accommodating the new tasks without a concurrent examination of tasks that no longer add value. Given the severe staffing challenges in units like HRM and Facilities Management, it makes sense to re-examine the operational load to determine whether there are activities that can be abandoned. One successful approach used at other institutions is to ask the staff within a given unit for recommendations of functions or activities that can be eliminated without adverse impact. Typically, the staff have many ideas along these lines but they are rarely asked.

Systems and Automation

7. A corollary effort to recommendation 6 is to undertake an examination of manual effort that lends itself to automation. One prime opportunity in this regard is employee timekeeping, which remains a manual system involving time clocks. Another current example is travel expense processing. State Accounting has initiated efforts to find an automated solution for this time-consuming, manual process. Successfully automating these and similar processes should relieve workload which can be shifted to higher priority activities.

8. Even in those situations in which a process cannot be automated, consideration should be given to reducing the number of approvals required for various transactions and activities. It is typical that, when more than two signatures are required to approve something, the third and any subsequent approvals represent
endorsement based solely on the fact that the previous person approved it. Another factor to consider as part of this recommendation is the frequency with which approval is withheld. If nearly all situations are approved, one should ask whether it’s necessary to require prior approval.

9. Beyond the effort to modernize operational processes, UA needs to invest in support tools that would enhance operations and lead to improved university effectiveness. For instance, the university needs an automated budget/planning tool. Similarly, the facilities management systems are outdated. These and other needs should be catalogued and communicated to senior leadership to establish a sense of priority of needs when resources become available.

10. Although F&A does not have control of the Business Intelligence system, efforts should be accelerated to incorporate financial information in the system.

Policies and Procedures

11. A working group including staff from end user departments throughout the university should be convened by F&A leadership to solicit their input on the most troublesome policies and procedures. The working group’s objective should be to determine whether there are opportunities for revising and/or eliminating policies and procedures that have outlived their usefulness.
   ➢ For the troublesome policies that are not within the university’s control—for instance, those of SUNY System Administration or SUNY RF—the other research universities should be contacted to determine whether they struggle with the same issues. If they have found solutions, UA should implement those solutions. If not, the four institutions should approach the responsible entity to work collaboratively to find a solution.

12. Independent of the effort in recommendation 11, a project to catalog all existing policies and procedures should be initiated for the purpose of establishing a policies and procedures consolidated website. Within this resource, each policy should indicate the authoritative body responsible for it and the mechanism for addressing policy exceptions. Such websites are common at research universities and UA’s community is clamoring for it. (See examples at George Mason University, which uses a consolidated approach for all policies (https://universitypolicy.gmu.edu/all-policies/), and the University of Virginia, which relies on two separate websites—one for finance and administration (http://www.virginia.edu/finance/polproc/Pol_toc.html) and another for academic policies (http://provost.virginia.edu/faculty-resources/policies).

13. When new policies are being considered, it should be a routine practice to (1) solicit the community’s input to ensure that the design of the policy does not have unintended consequences and (2) inform the community prior to implementation.

14. Once recommendations 12 and 13 have been completed, it should become an annual practice to review policies and procedures to assess their currency and utility. A good time for such a review is fiscal year end.

Resources
15. The university must recognize that its academic quality is influenced by the effectiveness of its support environment. If it hasn’t already, continual budget cuts on support units eventually will affect the quality of efforts in classrooms, labs, studios, etc. The university must examine its planning and resource allocation processes to ensure that (1) established plans and priorities guide the distribution of resources and (2) all sectors of the university are adequately resourced. If resources are insufficient to pursue plans and priorities or to adequately fund the university’s operations, the university should contract operations by phasing out low-priority activities to free up resources which can then be diverted to essential areas of the university.

The following recommendations are organized by unit and address findings and observations that are not addressed in recommendations 1 through 15.

**Controller**

16. The associate vice president and controller should take steps to better educate the community about the process required for gaining approval of contracts. (This would be a good topic for discussion during the meetings recommend in item 31 below.)

17. The associate vice president and controller should establish as a top priority the filling of any vacancies within the unit.

18. As mentioned above, Purchasing/Contract Services has little to no flexibility in terms of applying the requirements of the MWBE laws. One step that can be taken is to publicize the circumstances that qualify for waivers.

19. Both Financial Management & Budget and HRM have received very positive feedback from establishing a liaison approach for servicing the needs of their constituents. Purchasing/Contract Services assigns unique procurements to staff with special skills/experience in the relevant area, but has not instituted a liaison approach. It is recommended that this be explored to help build familiarity between the procurement staff and their constituents.

20. Equipment Management should be examined to determine whether it is adequately staffed. The unit should coordinate its efforts with Facilities Management to ensure that surplus equipment is removed in a timely manner.

21. Similar to most F&A units, PMT has staffing challenges. One solution that has not been pursued is employment of student workers. This is a common approach in both parking and transportation services at many universities and should be pursued by PMT.

22. PMT must examine its operations to determine whether improvements are possible in how visitor parking is handled. One option to pursue is a waiver of the first parking ticket received each academic year. This is a common practice at large universities. (Excluded from this waiver practice would be violations involving handicap spaces and fire lanes.)

23. If it is not already a routine practice, PMT should establish a mechanism to ensure that affected academic units are informed of bus schedule changes.
Facilities Management

24. Campus Planning should examine its internal communication processes to ensure that decisions are communicated to affected parties prior to action taking place. Additionally, they should ensure that, when feedback is sought from affected parties, it is followed or explanations are provided back to those parties before action occurs.

25. The practices for charging end users on the Downtown Campus should be examined to ensure that they are consistent with those utilized on the Uptown Campus.

26. The process for determining charges for renovations or discretionary maintenance should ensure that overtime rates are applied only when essential to meeting the end user unit’s needs and have been approved in advance.

Financial Management and Budget

27. Although it’s not solely within their control, the unit should undertake efforts to better inform the community about budget and financial decision making. With appropriate authorization, the associate vice president can provide regular updates about plans and financial information using various campus forums.

Human Resources Management

28. The hiring process needs to be examined to determine whether it can be streamlined to reduce the manual effort and multiple approvals required to recruit and hire new employees.

29. HRM should work with their counterparts at SUNY to influence future development directions for SUNY HR. New timesheet functionality has been added very recently and implementing this at UA will provide significant benefit to departments relying on wage employees. Additionally, it is understood that SUNY has begun efforts to automate various HR processes that are critical to higher education. Full participation on the part of HRM will enhance the likelihood that the resulting functionality will meet UA’s needs.

University Auxiliary Services

30. UAS should consult with Sodexho to determine whether reduced pricing can be established for small-scale events.

Other

The following recommendations do not relate to specific units or issues but are offered as best practices for consideration by UA.

31. F&A should initiate regularly scheduled (e.g., quarterly) meetings for decentralized business staff. Speakers would include representatives of all F&A
units, as well as other areas (e.g., Office of the Provost, Student Affairs). The agenda for such meetings should focus on important operational information that needs to be disseminated, but they also should include the opportunity for attendees to raise issues about which they would like more information. This forum can be used to seek input from decentralized staff when new policies and procedures are being considered, as well as to highlight processing problems that surface from time to time. Finally, the meeting can be used to conduct training when new policies and procedures are being implemented.

32. Implement an annual survey to highlight the importance of internal controls and provide data to support Internal Control’s efforts. The survey should be distributed annually by Internal Control to each manager of a budget unit. As part of the survey response both the individual manager and the relevant business manager or finance person should certify compliance with established internal control policies and procedures.

Conclusion

It would not have been possible to complete this engagement without the cooperation and candor of numerous individuals throughout the University at Albany, State University of New York. In addition to the many individuals who took time out of their schedules to participate in interviews, Campus Strategies, LLC wishes to thank in particular Nancy Wilson and Jim Van Voorst as well as each of the unit heads in F&A.

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