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ĀĪM | TEXAS A&M UNIVERSITY

August 30, 2022

MEMORANDUM

TO: M. Katherine Banks, Ph.D.
              President

FROM: John Crawford, Vice President for Finance and CFO
              Working Group Chair

SUBJECT: Implementation Memo – Working Group # 27, Identify Inefficiencies Within Internal Workflow Processes

Recommendation to be Implemented: To oversee a methodical, intentional mechanism to continually improve campus financial work processes

Strategic Considerations:
The overarching focus of this working group was to create a methodical, intentional mechanism to continually review and improve campus financial work processes. Any improvement process undertaken as a result of this working group will focus on several key areas. Improving the customer experience is at the forefront of this, focusing on reducing bureaucracy and eliminating duplication of effort and non-value-added steps or reports that are required to "check a box." Additionally, increasing efficiency and effectiveness is paramount to this initiative. Lessening the administrative burden on faculty, staff, and students is essential. As a result of the centralization of finance functions across campus, we are now positioned to eliminate duplication of effort on certain financial processes.

In order to address the key impact areas, the working group recommended the creation of a Continuous Service Improvement Governance Group (CSIGG). The CSIGG will have 12-14 members and will oversee the mechanism to continuously improve campus financial workflows. The membership group will include financial representatives from across campus along with faculty and student representatives. CSIGG will develop a process to solicit ideas from the campus community (faculty, staff and students) as to which financial processes should be reviewed. They will develop a scoring mechanism to prioritize which improvement projects have the highest impact to customers. From there, they will put together a team of subject matter experts, impacted customers, and other related parties to serve on the specific process improvement teams.

Another strategic focal point regarding this framework is accountability. At the end of each fiscal year, a report summarizing the work of the continuous service improvement teams will be provided to the President of the university. Additionally, the CSIGG will report on their work to the campus community.

Logistical Issues Addressed:
The CSIGG will ensure that the process improvement steps outlined in the Education Advisory Board white paper, *Process Improvement Primer* are followed, including being able to articulate what success looks like. The primer details the process, including how to:

- Assemble the right people
- Map the current state
- Collect current-state data
- Design the future state
- Develop an implementation plan

The *Process Improvement Primer* explains the above steps and contains other resources such as various templates and examples. Click here for the link to *Primer.*

Currently, there are several groups around campus that have informal process improvement projects on going. Some have better results than others. The CSIGG will not discourage those efforts, but rather will stay attuned to those efforts. and have an awareness of them. Those highly impactful informal projects may become CSIGG projects at the discretion of the CSIGG.

Communication about continuous service improvement efforts to the campus community will be critical to the success of this process. All avenues of communication should be used, including Controller Connection emails, Financial Management Operations emails, and communication with the Council of Senior Business Administrators and the Academic Business Officers Council. In addition, communications with Faculty Senate, Council of Deans, Staff Council, and various student groups will be provided for those improvement projects that may affect their constituents. Communication will help build confidence in the process and will be important when reaching out to the campus community for feedback and ideas for future process improvements. The rationale for process changes will be clearly communicated to campus stakeholders.

Finally, budget impacts resulting from recommendations from CSIGG or specific continuous service improvement teams will be included in future budget discussions and reviewed with university leadership.

Major Challenges Encountered and Resolutions:
Over the course of several working sessions, the Working Group brainstormed about what financial work processes or particular segments of work processes should be considered for the work process review. There was copious discussion about which financial processes were widely considered to be inefficient, ineffective, or duplicative in nature and should be among the initial group of financial process reviews.

Lively discussions were also held about which criteria should be used to prioritize the initial financial work processes to be reviewed under the CSIGG framework. In addition to the criteria themselves, there was considerable discussion about the weighting of those criteria. Ultimately, the Work Group felt that a net benefit calculation should be used to determine the ranking of financial processes to be reviewed.

These discussions culminated in the prioritization of financial work processes and the ultimate selection of the first two process improvement projects: (1) Review the current delegated purchasing authority of $10K to see if it should be increased; and (2) a thorough analysis of the university's contracts review and approval process. In addition, two additional work processes reviews have been initiated at the request of the president: (1) Quarterly financial reviews; and (2) the development of a performance-based budget model.

<u>Key Logistical Issues to be Completed and Timeline:</u>
This new, formalized process will be somewhat time-consuming initially, but its benefits will far outweigh its costs over time. This will truly be an **innovative, continuous,** and **campus-wide** initiative that has the potential to have a long-lasting impact on our financial processes throughout campus.

- By the end of this calendar year:
    - Determine if any Rules/SAPs/procedures need to be revised as a result of the process improvements
    - Creation of a work group team to review the $10K delegated purchasing authority
    - Creation of a work group team to review the university contracts review and approval process
    - Creation of the inaugural continuous financial process improvement governance group (CSIGG)
    - Develop and implement the quarterly financial review process
    - Development of the new performance-based budget allocation model is well under way
    - Develop a mechanism for campus communication about process improvement changes
- By March 31, 2023:
    - Develop a mechanism for campus input into future projects
    - Finalize the review and recommendations of the delegated purchasing authority
    - CSIGG will have identified and prioritized additional financial processes for review
- By August 31, 2023:
    - The second round of financial process reviews are underway
    - Finalize and vet the new budget allocation model

Attachment

Approved:

M. K. Banks _____

_____   September 10, 2022
M. Katherine Banks, Ph.D.   Date
President

ADDRESSING INEFFICIENCIES IN INTERNAL WORKFLOW PROCESSES
WORK GROUP TEAM #27

<u>**Continuous Service Improvement Governance Group (CSIGG)**</u>
- Sponsor: The Vice President and CFO serves as the Sponsor of the financial work process improvement initiative.
- Charge: To oversee a methodical, intentional process to continually improve campus financial work processes.
- This workflow improvement process will be referred to as continuous service improvement.
- Membership
  - Chair, Vice Chair, and 12-14 members, generally from the following campus groups:
    - 2 faculty members
    - 1-2 Assistant Deans
    - 1-2 Associate/Assistant Vice Presidents (AVPs)
    - 2 SABAs/ABAs
    - 1 Financial Management Operations (FMO) member
    - 1 Business Services member
    - 1-2 Administrative finance (non-academic) members
    - 1 Sponsored Research Services member
    - 1 Student Government representative
    - 1 Graduate & Professional Student Government representative
    - 1 remote campus representative
  - All members are appointed by the Sponsor. Individuals who are Working Group #27 members will have a one-year initial term on CSIGG. All other CSIGG members will serve two-year initial terms. The intent is to stagger terms so there is always continuity in the group.
  - The Chair will serve a one-year term and the following year the Vice Chair will serve as Chair. The Vice Chair will serve as Chair in the absence of the Chair.
- Meetings
  - The Chair will call a CSIGG meeting at least every other month.
  - Notes of these meetings will be kept and reported out to the Sponsor.
  - The Chair will meet periodically with the Sponsor.
- Accountability
  - At the end of each fiscal year, the Chair and the Sponsor will prepare a report summarizing the work of the CSIGG and continuous service improvement teams for the year.
  - The report will be provided by the Sponsor to the President of the university.

- Process
  - The initial prioritized list of processes will be developed by Work Group Team #27.
  - The CSIGG will develop a set of criteria and a process to maintain a current list of prioritized financial processes to be evaluated. A cost/benefit analysis should be a key component of the prioritization process. Additionally, CSIGG will establish and implement a methodology for measuring progress for each work process improvement review. Communication will be essential to campus input (see Communication below) and it is important that students, faculty, and staff have the opportunity to provide suggestions during the intake process. This process for maintaining a current prioritized list will be approved by the Sponsor.
  - It is understood that there may be times when, for various reasons (such as efficiency), the prioritized financial processes are evaluated out of order. This decision is made by the CSIGG Chair.
  - It will be up to CSIGG to determine how many projects will be active at a given time.
  - For each process being reviewed, the CSIGG will put together a team of campus stakeholders, to include both CSIGG members and non-CSIGG members. The CSIGG will develop a process to oversee each of these continuous service improvement teams to ensure progress is made in a timely manner.
  - The CSIGG will ensure that the process improvement steps outlined in the Education Advisory Board white paper, *Process Improvement Primer* are followed, including being able to articulate what success looks like. Go to the link here, log in or register for an account, and click on "Explore the Primer."
    - Assemble the right people
    - Map the current state
    - Collect current-state data
    - Design the future state
    - Develop an implementation plan
  - The *Process Improvement Primer* explains the above steps and contains other resources such as various templates and examples.
- The recommendations coming out of the individual continuous service improvement teams will route through the CSIGG Chair to the Sponsor for acceptance. The Sponsor may accept the recommendations in whole or in part.
- It is recognized that there may be financial workflow improvement processes occurring outside of the processes overseen by CSIGG. It is the responsibility of the appropriate AVP or Assistant Dean to ensure the CSIGG Chair is aware of these external processes.
- Training
  - It is recognized that CSIGG members as well as continuous service improvement team members may benefit from training about their roles. The EAB offers various types of training around process improvement such as:
    - Information about process improvement opportunities
    - Kickoff meetings for process improvement teams
    - Workshops

- Leadership brainstorming sessions
- Advisory sessions
    - o Training needs should be communicated to the Sponsor by the CSIGG Chair.
- Communication
    - o Communication about continuous service improvement efforts to the campus community will be critical to the success of this process. All avenues of communication should be used, including Controller Connection emails, Financial Management Operations emails, and communication with CSBA and ABOC. In addition, communications with Faculty Senate and student groups will be provided for those improvement projects that may impact their constituents. Communication will help build confidence in the process.
    - o Communication will be important when reaching out to the campus community for feedback and ideas for process improvement as well as communicating process changes.
    - o The rationale for process changes must be clearly communicated to campus stakeholders.
    - o The Division's Communications Director will be a valuable resource available to the CSIGG and continuous service improvement teams
- Budget Impacts
    - o Budget impacts resulting from CSIGG recommendations or specific continuous service improvement teams recommendations should be communicated to the Sponsor.
        - o Fiscal resources requested for training or other logistical items that arise while executing this initiative should be submitted to the Sponsor by the Chair of the CSIGG.