University of Kentucky

University Financial Services (UFS)

2015-2020 Strategic Plan
Mission

UFS’s mission is to partner with the University community to ensure effective stewardship of resources in support of the University’s mission through value-added guidance and service.
Vision

UFS strives to provide efficient and effective financial support and solutions by partnering with the University community.
Values

• Accountability*
• Customer Service*
• Excellence
• Integrity

• Collaboration
• Diversity & Inclusion*
• Innovation*
• Transparency

*Value selected as fundamental guiding principle for development of the strategic plan.
Guiding Principles/ Strategic Objectives

• **Accountability:** Promote consistent application of laws, regulations and University policies and procedures by the University Community.

• **Customer Service:** Provide excellent support and customer service to the University Community.

• **Diversity and Inclusion:** Provide support to a diverse population of faculty, administrators, staff and students, by incorporating a more inclusive worldview and employing available techniques to enhance services.

• **Innovation:** Stay informed of industry trends and conduct continuous review of standard operations to enhance asset-liability management and improve service and compliance through implementation of new strategies and technological/procedural efficiencies.
Accountability
Strategic Initiative 1

• Ensure policies are current, accurate and comprehensive.
  o Action Steps
    1. Increase benchmarking during policy development.
    2. Assign BPM ownership to EVPFA and develop formal BPM review committee.
    3. Formalize process to obtain input on proposed BPMs.
    4. Explore use of external resources to improve policy structure, content and format.
Accountability
Strategic Initiative 2

• Employ best practices to strengthen compliance and financial reporting.
  o Action Steps
  1. Develop assessment tools to monitor University compliance.
  2. Expand agenda for endowment meetings with campus partners.
  3. Develop policy and questionnaire for campus partners to ensure compliance with IRS UBIT regulations.
  4. Implement project based confirmation of pay relative to employees working on federally sponsored projects.
  5. Partner with University community to implement financial sub-certification to ensure integrity of financial data.
Accountability
Strategic Initiative 3

• Ensure UFS staff understand and can explain policies to University community. Increase staff empowerment to resolve issues.
  
  o Actions Steps:
  
  1. Review/update procedures to audit the compliance to policies.
  2. Identify key processes and develop quality control procedures.
  3. Formally assign all staff to review relevant policies/procedures and provide training when necessary.
# Accountability Metrics

<table>
<thead>
<tr>
<th>Metrics</th>
<th>Definition</th>
<th>Baseline</th>
<th>2020 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Database tracking of policy revision dates</strong></td>
<td>% of policies reviewed within 4 years</td>
<td>52% (12/31/15)</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Database tracking of compliance to policies and accuracy of financial reports</strong></td>
<td># of exceptions received by University community under BPM E-1-2</td>
<td>540 (FY15)</td>
<td>375 (30% decline)</td>
</tr>
<tr>
<td></td>
<td>% of capitalized moveable equipment lost on an annual basis</td>
<td>.24% (FY15)</td>
<td>.15%</td>
</tr>
<tr>
<td></td>
<td># of invoices identified through year-end financial audit with prior year invoice date not processed until after year-end cutoff date</td>
<td>2,275 (FY15)</td>
<td>1,820 (20% decline)</td>
</tr>
<tr>
<td><strong>Staff develop expertise to deliver consistent explanation of policies</strong></td>
<td>% of UFS employees who fully complete their annual training plan</td>
<td>unknown</td>
<td>100%</td>
</tr>
</tbody>
</table>
Customer Service
Strategic Initiative 1

• Rename and rebrand the OT to University Financial Services and define service as primary function of the unit.
  
  o Action Steps:
    1. Develop naming convention for all OT departments.
    2. Develop communication plan to announce the new unit and departmental names.
    3. Rollout new website in conjunction with announcement.
    4. Post new signage on the third floor with new unit/departmental names.
Customer Service
Strategic Initiative 2

• Gather feedback from University community to identify opportunities for enhanced support.
  
  o Actions Steps:
    1. Develop annual and periodic customer surveys. Target areas for improvement.
    2. Conduct specific focus groups with campus representatives.
    3. Add form to website for visitors to submit comments and suggestions.
    4. Explore ability to add brief pop-up surveys to website.
    5. Collaborate with UK Enrollment Management to measure support and customer service provided to students.
Customer Service
Strategic Initiative 3

• Simplify policy and procedure documents and develop related reference materials.
  
  o Action Steps:
    1. Collaborate to develop a series of technical resource manuals.
    2. Develop brief how to videos for UFS webpages.
Collaborate with campus partners to identify/develop training.

- **Action Steps:**
  1. Develop a method to reach the international campus population to ensure understanding of US regulations.
  2. Partner with other areas to develop joint training initiatives.
  3. Implement “day in the life” exchange program with campus research partners.
  4. Evaluate and develop annual offering of UFS focused training.
  5. Identify/develop opportunities for increased collaboration between UFS staff and campus personnel.
Customer Service
Strategic Initiative 5

• Expand usefulness of UFS web pages and customer information.

  o Action Steps:
    1. Design, update and maintain an integrated UFS website to ensure customers understanding.
    2. Improve display of balance due information on student statements.
    3. Expand content of webpage to include guidance for bond-funded properties.
Customer Service
Strategic Initiative 6

• **Enhance UFS staff development to support excellence in support, customer service and collaboration.**

  o **Action Steps:**
    1. Review staff training and identify gaps in formal HR and customer service training.
    2. Conduct annual customer service training for UFS management team.
    3. Explore option of creating specific training/outreach coordinator within OT.
    4. Explore a customer service training initiative by the Disney Institute.
# Customer Service Metrics

<table>
<thead>
<tr>
<th>Metrics</th>
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<th>2020 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Campus-Wide customer survey results</td>
<td>Specific elements of yet to be designed survey tool</td>
<td>TBD from 1st survey in 2017</td>
<td>90% on meet expectations and 75% on exceeds expectations on customer service initiatives (e.g. training, website, policy/procedures, customer service focus)</td>
</tr>
<tr>
<td>Improved Effectiveness and Importance Results on EAB survey</td>
<td>Education Advisory Board administered tool</td>
<td>October 2014 baseline scores</td>
<td>Target score of 5.4 out of 6.0 rating scale (or top decile) in all categories. See baseline scores below.</td>
</tr>
</tbody>
</table>
2014 EAB Survey Results

<table>
<thead>
<tr>
<th>EAB Survey Results - October 2014</th>
<th>Effectiveness</th>
<th>Importance</th>
</tr>
</thead>
<tbody>
<tr>
<td>UFS - Response</td>
<td>4.8</td>
<td>5.4</td>
</tr>
<tr>
<td>UFS - Process Transactions</td>
<td>4.7</td>
<td>5.5</td>
</tr>
<tr>
<td>UFS - Provides Reports</td>
<td>4.5</td>
<td>5.3</td>
</tr>
<tr>
<td>UFS - Advises</td>
<td>4.4</td>
<td>5.0</td>
</tr>
<tr>
<td>UFS - Communicates</td>
<td>4.2</td>
<td>5.3</td>
</tr>
<tr>
<td>UFS(Payroll) - Response</td>
<td>4.9</td>
<td>5.6</td>
</tr>
<tr>
<td>UFS(Payroll) - Communicates</td>
<td>4.6</td>
<td>5.3</td>
</tr>
</tbody>
</table>
Diversity and Inclusion

Strategic Initiative 1

• Support University’s diversity and inclusion efforts.
  o Action Steps:
    1. Develop training plans to ensure all UFS staff have completed key HR offerings.
    2. Expand scope of UFS Work-Life Committee to enhance awareness of support services available.
    3. Work with HR to identify publication options for advertising vacant positions.
    4. Require all staff to complete unconscious bias training.
    5. Work with Purchasing to expand consideration of diversity elements associated with responses to RFPs.
Diversity and Inclusion
Strategic Initiative 2

• Increase accessibility of UFS services including policy and procedures documents.

  o Action Steps:
    1. Identify top 3 languages spoken and/or international populations represented.
    2. Identify and prioritize key documents, policies or FAQs to be translated.
    3. Identify translation services available and develop plan to implement.
    4. Investigate options for meeting informational needs of the hearing and visually impaired.
## Diversity and Inclusion Metrics

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<th>2020 Target</th>
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</thead>
<tbody>
<tr>
<td>Training plans related to diversity and inclusion</td>
<td>Confirmation of course completion</td>
<td>NA</td>
<td>100% Complete</td>
</tr>
<tr>
<td># of offerings by UFS Work Life Committee</td>
<td>Listing of offering per fiscal year</td>
<td>0</td>
<td>4 per fiscal year</td>
</tr>
<tr>
<td># of jobs advertised using targeted publications</td>
<td>Listing of available job-seeking sites created</td>
<td>NA</td>
<td>List complete by FY 17</td>
</tr>
<tr>
<td></td>
<td>Track number of times used</td>
<td>NA</td>
<td>100% utilized for professional position openings</td>
</tr>
<tr>
<td># of documents available in other languages</td>
<td>Identification of top populations; documents and project timeline</td>
<td>NA</td>
<td>Completion of plan FY17</td>
</tr>
<tr>
<td></td>
<td>Track number of documents available</td>
<td>NA</td>
<td>Existence of top 3 languages for key documents identified in plan</td>
</tr>
</tbody>
</table>
Innovation
Strategic Initiative 1

• Enhance asset-liability management through implementation of new or innovative investment and debt strategies and initiatives.
  o Action Steps:
    1. Pursue authorization for the University to retain and invest all operating cash.
    2. Establish quasi endowment with long-term operating reserves.
    3. Pursue authorization to select endowment investment managers without formal RFP.
    4. Implement strategies to increase net endowment returns.
    5. Complete debt capacity study and update debt policy.
    6. Implement new policies and procedures to ensure post-issuance debt compliance.
    7. Develop long-term financial forecasting model.
    8. Develop an investor disclosure website.
Innovation
Strategic Initiative 2

• **Improve workflow capabilities and/or electronic data storage.**
  
  **Actions Steps:**
  1. Implement automated travel approval and reimbursement process.
  2. Implement workflow approval for HR actions such as change in base pay.
  3. Develop workflow approval and automatic posting of JVs.
  4. Improve cash transmittal process and an automatic matching/posting process.
  5. Utilize E-crt software to support online payroll confirmation report of individuals working on federally funded grants.
  6. Implement workflow approval for additional HR actions.
  7. Image student account statements as PDFs.
  8. Develop workflow approval and document storage for procard transactions.
  9. Implement workflow approval for remaining HR actions.
Innovation
Strategic Initiative 3

• Identify additional software needs, obtain funding and implement.
  o Action Steps:
    1. Explore options for tracing software to assist with collections.
    2. Explore options to ensure tax compliance on payments to international students, employees and visitors.
Innovation
Strategic Initiative 4

• Develop process improvements/quality control procedures.
  
  o Action Steps
    1. Implement online sub-award invoice review and approval process.
    2. Implement partnership with ADP for wage garnishment processing.
    3. Implement student installment payment plans.
    5. Evaluate external collection agencies to improve efficiency including automation.
    6. Identify, evaluate and implement strategies to improve recovery rate of student receivables.
    7. Improve current identification process for ACH and wire transfers.
    8. Implement partnership with ADP for tax filings.
    9. Evaluate campus needs and possibly expand number of deposit kiosks.
   10. Increase volume of invoices received in electronic format.
   11. Improve campus deposit process.
   12. Participate in EVPFA Efficiency and Effectiveness group.
Innovation
Strategic Initiative 5

• Ensure UFS staff have the needed technical skills to identify and implement process improvements.
  
  o **Action Steps:**
   1. Review staff job standards to identify gaps in knowledge and develop training plans.
Innovation
Strategic Initiative 6

• **Identify opportunities within UFS for student internships.**
  
  o **Actions Steps:**
    1. Identify and obtain funding source to pay for internships.
    2. Develop method to obtain SAP access for student interns.
    3. Identify UFS resource for internship course credit and monitoring.
## Innovation Metrics

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<tbody>
<tr>
<td><strong>Days to post workflow transactions</strong></td>
<td>Documents and attachments meet established University business procedures</td>
<td>Varies</td>
<td>UFS posting of compliant transactions within 4 business days</td>
</tr>
<tr>
<td><strong>Improved compliance</strong></td>
<td>For sub-award invoices, the percentage of accurate and complete invoices paid within 30 days of receipt</td>
<td>62% paid within 30 days from invoice date for FY15</td>
<td>100% of compliant invoices paid within 30 days of receipt, excluding invoices held for documented valid reasons such as inappropriate billing</td>
</tr>
<tr>
<td></td>
<td>For payroll confirmations, the percentage of employees confirming accuracy of posted charges within internally established deadlines</td>
<td>75% returned by deadlines for FY15</td>
<td>90% returned by deadlines</td>
</tr>
<tr>
<td></td>
<td>For payments to international employees, guests and students, increased review of visas to ensure appropriate tax treaty application</td>
<td>unknown</td>
<td>100% review of international employee and student documentation</td>
</tr>
<tr>
<td></td>
<td>For post-issuance debt compliance, documentation of steps taken to ensure compliance</td>
<td>No written policies or campus training</td>
<td>Formal policies published, campus business officers training provided and database of all debt financed buildings accessible by campus</td>
</tr>
<tr>
<td>Metrics</td>
<td>Definition</td>
<td>Baseline</td>
<td>2020 Target</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>---------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Collection rate on student receivables</td>
<td>Revenue collected by major segment to measure how much revenue lost due to uncollectible bad debt and slow collections.</td>
<td>2015 overall rate of 97.5%. Tuition/fees @ 98.1%, EdR Housing @ 97.0%, UK Housing @ 95.4% Dining @96.6%</td>
<td>Completion of plan FY17 to improve collection rates with targets to be determined.</td>
</tr>
<tr>
<td>Relative ranking of Endowment investment rate of return for 1, 3, 5 and 10 years.</td>
<td>NACUBO-Commonfund study of endowments average reported rates for different benchmarking groups.</td>
<td>Varies- see table below</td>
<td>Achieve &gt; 75% average/above average on the 16 separate return comparisons. Achieve &gt; 50% above average on the 16 separate return comparisons.</td>
</tr>
</tbody>
</table>
### Innovation Metrics continued...

**2015 Endowment Benchmarking Baseline Results**  
*(based on performance results reported in the NACUBO Commonfund Study of Endowments)*

Investment Pool Nominal Returns for periods ending June 30, 2015:

<table>
<thead>
<tr>
<th></th>
<th>1-year %</th>
<th>3-year %</th>
<th>5-year %</th>
<th>10-year %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015 NCSE Average</td>
<td>2.4</td>
<td>9.9</td>
<td>9.8</td>
<td>6.3</td>
</tr>
<tr>
<td>2015 $1-2B Public Institution Average</td>
<td>2.0</td>
<td>9.7</td>
<td>9.3</td>
<td>5.6</td>
</tr>
<tr>
<td>2015 URC Benchmark Institution Average</td>
<td>3.8</td>
<td>10.5</td>
<td>10.0</td>
<td>6.7</td>
</tr>
<tr>
<td>2015 SEC Institution Average</td>
<td>2.2</td>
<td>9.9</td>
<td>9.4</td>
<td>5.6</td>
</tr>
</tbody>
</table>

| University of Kentucky | 2.2 | 9.9 | 9.4 | 5.2 |

<table>
<thead>
<tr>
<th></th>
<th>Total #</th>
<th>Total %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Above Average</td>
<td>3</td>
<td>19%</td>
</tr>
<tr>
<td>Average</td>
<td>4</td>
<td>25%</td>
</tr>
<tr>
<td>Below Average</td>
<td>9</td>
<td>56%</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>16</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
