Establishing System-Wide Best Practices for Financial and Administrative Operations

Compiled by:

Mr. John Carnaghi, Senior Vice President, Florida State University

Mr. Bill Merck, Vice President, University of Central Florida

Mr. Ed Poppel, Vice President, University of Florida

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"Best Practices" Comprise Several Critical Elements

- **Effectiveness**: To set and achieve realistic and measurable goals.
- **Efficiency**: To achieve set goals with minimal expenditures of resources.
- **Adoptability**: To implement identified best practices at different institutions throughout the State University System.
- **Flexibility:** To adopt best practices with due deference to change (planned and unplanned) and different circumstances within multiple institutions.
- **Harmony**: To minimize the negative effects of internal and systemic strain as best practices are adopted.

Best Practice #1
Strategic Sourcing in Purchasing

<u>Premise:</u>

Achieving bottom-line savings through improvements in an institution's purchasing practices.

- Contract negotiations with vendors.
- Historical analysis of purchasing and consulting patterns.
- Performance measurement in terms of cycle time, overhead, and staff effort.
- Creation, maintenance, and enhancement of long-term vendor relationships.

Best Practice #2
Collection Agency Contracts

Premise:

Institutional contracts with debt collection agencies to recover long-term student debts in areas such as tuition, fees, housing, parking and library.

- Collection agency adds a 25%-35% surcharge to the debt, which equals its fee.
- If total amount collected is less than total amount of debt, then collection agency fee is proportionate.
- Only applicable to non-enrolled/former students after Controller’s Offices have sent notices to debtors.

Best Practices #3
Performance Contracting

Premise:

Pertaining primarily to utility services, an institution contracts with a vendor to:

- Audit buildings to determine methods leading to cost savings;
- Prepare designs to effect potential savings identified;
- Perform construction based on the design.

Resultant savings are required by contract to exceed cost. The savings are used to pay back audit and construction costs, with excess savings accruing to the institution into perpetuity.

Best Practices #4
E-Commerce

<u>Premise:</u>

Business activities via the internet as opposed to traditional face-to-face, location-specific interactions. Institutional practices include:

- Academic interactions, e.g. tuition and fees, registration, course catalogues, etc.
- Retail trade and auxiliaries, e.g. parking, textbook purchases, etc,
- Departmental activities, e.g. large-volume printing and mailings.
- Purchasing transactions with vendors.

Best Practices #5
Purchasing Card (P-Card)

Premise:

The devolution of the purchasing function through issuance of P-Cards to departments, primarily for travel expenses and small commodity purchases.

Best Practices #6
Maintenance Service Agreements

Premise:

Service contracts with private organizations for a multitude of items, ranging from out-of-warranty to new items.

Best Practices #7
Vehicle Purchasing

Premise:

As with consortia purchasing, there is "strength in numbers," particularly regarding the purchase of motor vehicles.

Best Practices #8
FICA Alternative Plan

Premise:

For eligible part-time/seasonal/temporary employees, the institution contracts with a financial services organization to administer a pre-tax, tax-deferred contribution plan. Through the FICA alternative plan, employees contribute 7.5% of their paycheck to a retirement plan that can be cashed out upon termination or retained for retirement. The institution avoids paying its 6.2% for retirement; it still contributes to Medicare.