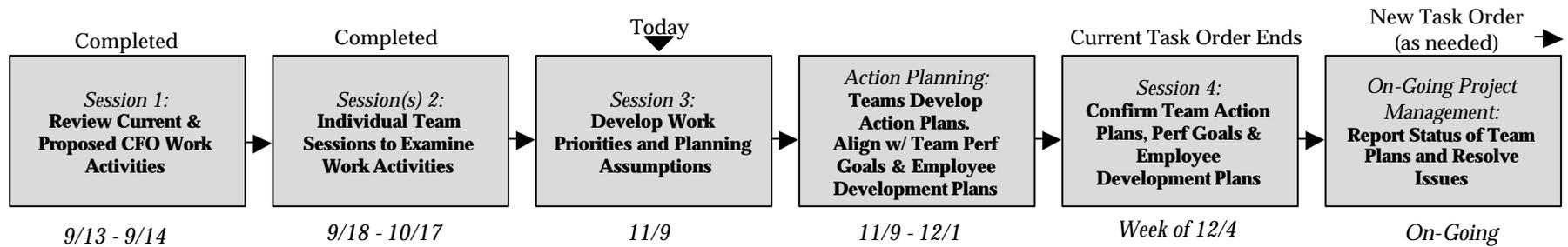


SFA CFO Work Prioritization Meeting

November 9, 2000



CFO work prioritization & planning



CFO offsite objectives

- Create a shared understanding of issues and opportunities
- Identify key decisions affecting current or proposed activities
- Discuss and agree on priorities
- Reach agreement on next steps
- Other?



Meeting agenda

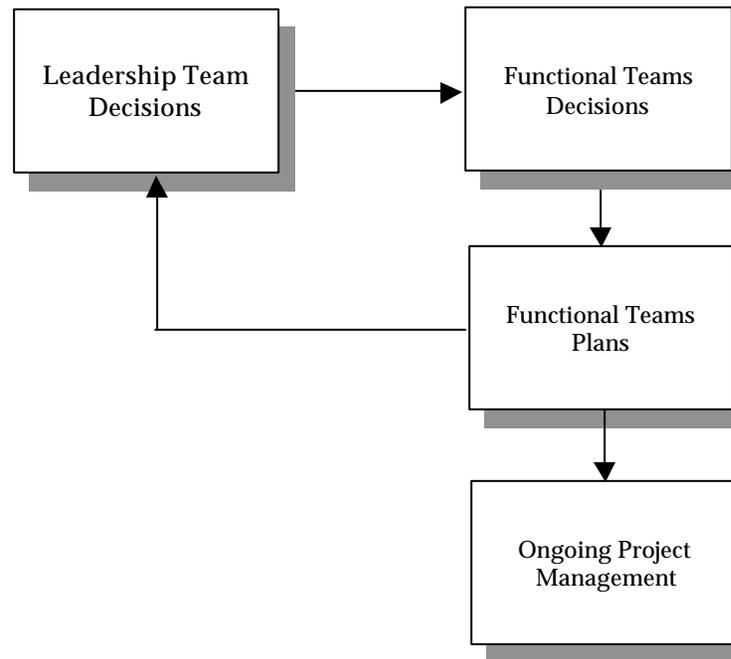
| Section | Minutes |
|---|---------|
| Introduction and Meeting Approach | 30 |
| Critical Organizational Decisions | 60 |
| Prioritization of New or Enhanced Functions | 60 |
| Team Planning and Next Steps | 30 |



CFO work prioritization - decision making approach

Driving Decisions

- Confirm CFO Strategy & Scope
- Specify CFO Functional Responsibilities
- Specify Resource Availability Assumption
- Define Priorities



Implementation Decisions

- Define Team Approach
- Define Team Level Priorities
- Identify Required Actions

Planning Decisions

- Team Goals
- Key Milestones
- Staffing Plan
- Key Actions

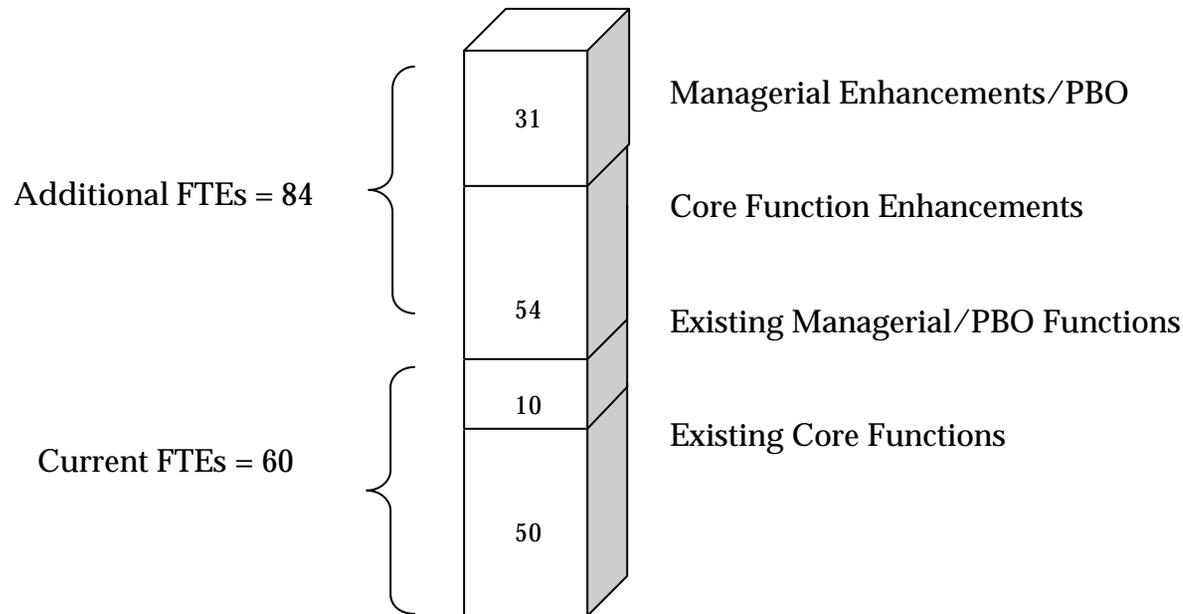
Tracking and Monitoring

- Monthly Reviews
- Issue Identification
- Corrective Action
- Status Reporting



The current thinking from team leads calls for about 144 FTEs to support existing activities, enhance core/baseline activities and improve the CFO organization's managerial effectiveness in helping SFA become a performance based organization. The FTEs can be divided into 2 main functional categories:

- *Core Functions: Functions that are essential to basic ongoing business operations*
- *Managerial/ PBO: Functions that improve managerial effectiveness or are directly related to the PBO transformation*



What is the assumption for FTE availability?

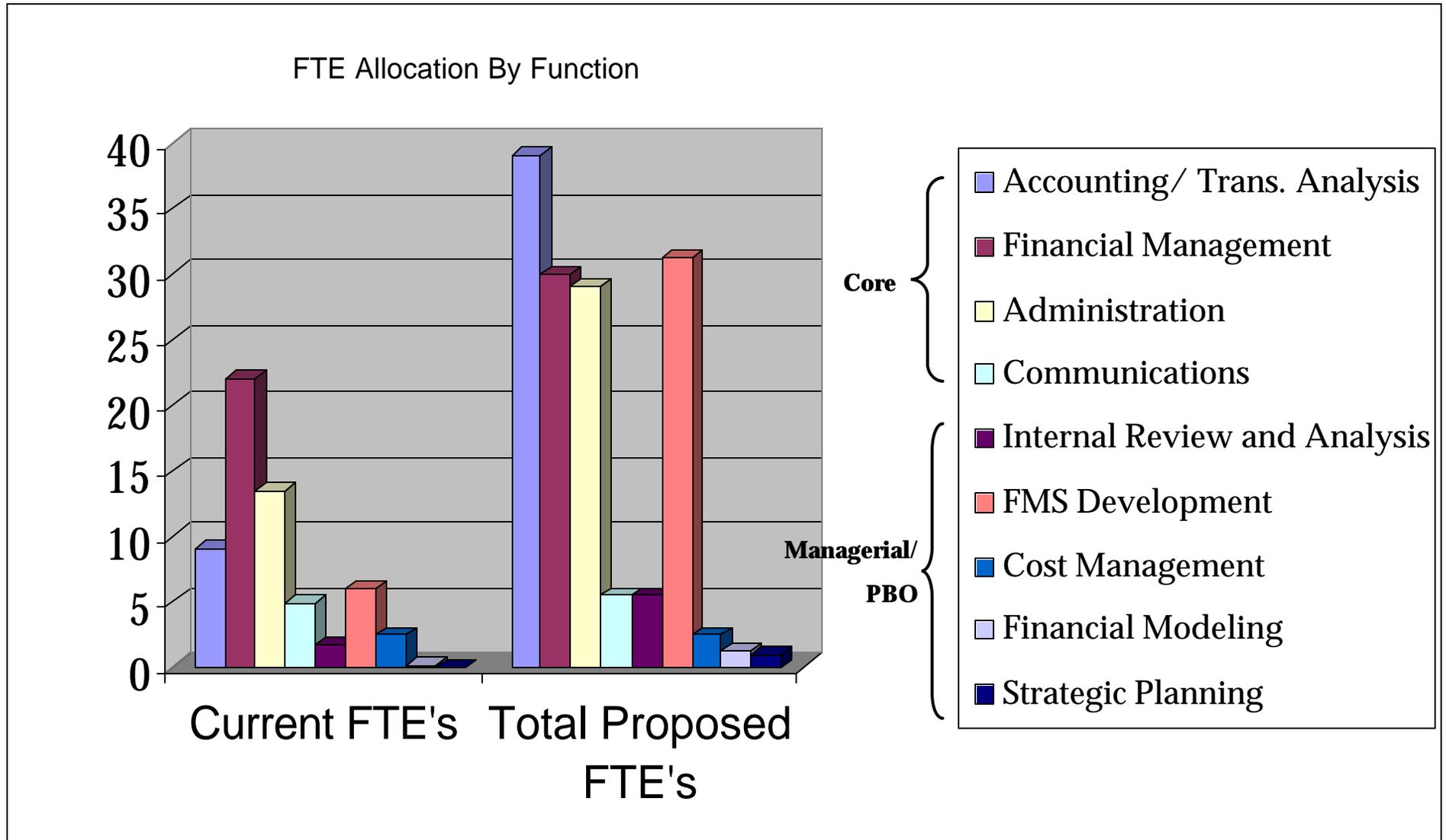
Is the plan consistent with CFO vision and strategy?

Key Points From Current Thinking:

- ✦ Doubling of CFO FTE's dedicated to Core Functions
- ✦ Percentage of CFO FTE's dedicated to Management/PBO functions grow from 17% to 28%
- ✦ FTE resource availability will expedite or constrain the options selected



Current and proposed FTE's by function



Our efforts to examine CFO work activities focused on 8 functional/process areas. Each team's current or proposed work activities and FTEs were mapped to these functional areas.

| | CORE | | | | MANAGERIAL/ PBO | | | |
|---------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | Acctg./Trans Analysis | Fin. Mgt | Admin. | Commun. | Review & Analysis | FMS Development | Cost Mgt./ Fin. Modeling | Strategic Planning |
| Portfolio Mgt. | | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | <input checked="" type="checkbox"/> | |
| Budgeting | | <input checked="" type="checkbox"/> | | | <input checked="" type="checkbox"/> | | | |
| SFA Administration | <input checked="" type="checkbox"/> | | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | | |
| Internal Review | | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | <input checked="" type="checkbox"/> |
| Fin. Reporting | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | |
| FMS | | | <input checked="" type="checkbox"/> | | | <input checked="" type="checkbox"/> | | |
| Accounting | <input checked="" type="checkbox"/> | | | |
| Chief of Staff | | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | | <input checked="" type="checkbox"/> |

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Summary of proposed new or enhanced functions

| Functional Area | Rationale for Increase | Additional/Enhanced Functions (FTEs) | % Increase | % New CFO | Issues for Decision |
|--|--|--|------------|-----------|--|
| Accounting/ Transaction Analysis (30) | <ul style="list-style-type: none"> ■ Improve accounting, processing and control ■ FTE's to support grants | <ul style="list-style-type: none"> - Transaction Mgt. (20) - AR Processing (2) - AP Processing and Control (8) - System Integrity | 424% | 27% | <ul style="list-style-type: none"> ■ Where should these functions be performed ■ Application of technology ■ Policies procedures and controls ■ Impact of FMS: may reduce required FTEs ■ Part of increase in FTE is due to a shift of FTEs from other channels |
| Financial Management (8) | <ul style="list-style-type: none"> ■ Improve planning and budgeting ■ Improve reporting | <ul style="list-style-type: none"> - Budgeting (2) - Planning (1) - Reporting (4) - Tracking & Monitoring (1) | 136% | 21% | <ul style="list-style-type: none"> ■ Process improvement ■ Application of technology ■ Adequacy of resources to support SFA PBO vision |
| Administration (16) | <ul style="list-style-type: none"> ■ Enhance facilities property management ■ Enhance travel management ■ Develop policies and procedures ■ Increase resources devoted to project support and crisis | <ul style="list-style-type: none"> - Facilities and Property Mgt. (5) - Project Support & Crisis (2) - Travel Management (4) - Policies and Procedures (5) | 215% | 20% | <ul style="list-style-type: none"> ■ Need for additional policies and procedures ■ What is the travel management process (education, control and monitoring) |
| Communications (1) | <ul style="list-style-type: none"> ■ Enhance external communication | <ul style="list-style-type: none"> - External Communications (1) | 110% | 4% | <ul style="list-style-type: none"> ■ Formal CFO stakeholders management/outreach program |



Summary of proposed new or enhanced functions

| Functional Area | Rationale for Increase | Additional/Enhanced Functions (FTEs) | % Increase | % New CFO | Issues for Decision |
|---|--|---|------------|-----------|--|
| Review and Analysis (4) | <ul style="list-style-type: none"> ■ Improve existing loan management/strategy ■ Improve contract fund commitment management ■ Implement internal review and consultation | <ul style="list-style-type: none"> - Improve existing loan strategies - Enhance contract fund commitment process - Conduct internal review and risk assessments and review proposals | 314% | 4% | <ul style="list-style-type: none"> ■ CFO role in SFA-wide business process improvement ■ 4 may be too low |
| FMS Development/ Operations (25) | <ul style="list-style-type: none"> ■ CFO has key responsibility for financial management systems (requirements, development, implementation, and operation) | <ul style="list-style-type: none"> - Implement phases III-IV - Coordination of OCFO requirements - Train and retool SFA organizations - Issue resolution | 521% | 22% | <ul style="list-style-type: none"> ■ Roles and responsibilities between CFO/CIO , Department of Education and channels ■ Need to synch with Accounting Area |
| Cost Management (1) /Financial Modeling | <ul style="list-style-type: none"> ■ Enhance activity based cost management ■ Develop subsidy based, non-loan estimate model | <ul style="list-style-type: none"> - Cost analysis, ABM, Cost performance mgt. - Develop subsidy and non-loan estimate model | 136% | 3% | <ul style="list-style-type: none"> ■ Use OMB model or develop own ■ Activity based management consistently with SFA management direction ■ Accuracy of these figures? |
| CFO Strategic (1) Planning | <ul style="list-style-type: none"> ■ Need to develop ongoing CFO process and plan | <ul style="list-style-type: none"> - Develop CFO 5 year plan | 100% | 1% | <ul style="list-style-type: none"> ■ Is this resource level sufficient? |



Today we will focus our decision making primarily on proposed new or enhanced functions. To do this we will assess the relative impact and difficulty of each proposed function.

■ Impact (High, Medium, Low)

- Essential core CFO function
- Strategic imperative (visible)
- Enabler on future improvement
- Stakeholder impact/ perception
- Cost
- Quality
- Customer service

■ Difficulty

- Cost
- Time
- Number of people/organizations involved
- Buy-in required
- Skills
- Degree of stakeholder involvement



New or enhanced function prioritization

| New or Enhanced Function (FTE's) | Function Description | Impact (H,M,L) | Difficulty (H,M,L) | Comments |
|---|---|--------------------------|--------------------------|----------|
| <u>Accounting/Transaction Processing</u> | | | | |
| Bookkeeping (20) | <ul style="list-style-type: none"> - Lead development of year end subsidy estimates - Budgetary accounting - Enhance proprietary account reconciliation - Payroll accounting - Grants team staff | <input type="checkbox"/> | <input type="checkbox"/> | |
| AR Processing (2) | <ul style="list-style-type: none"> - A/R documents processing - Processing dunning notices | <input type="checkbox"/> | <input type="checkbox"/> | |
| AP Processing and Control (8) | <ul style="list-style-type: none"> - Create separate A/P staff for processing & approval | <input type="checkbox"/> | <input type="checkbox"/> | |
| <u>Financial Management</u> | | | | |
| Budgeting (2) | <ul style="list-style-type: none"> - Operate SFA planning & budget process | <input type="checkbox"/> | <input type="checkbox"/> | |
| Planning (1) | <ul style="list-style-type: none"> - Prepare operating plans | <input type="checkbox"/> | <input type="checkbox"/> | |
| Reporting (4) | <ul style="list-style-type: none"> - Track & forecast portfolio performance - Publish additional reports & analysis - Enhanced preparation of consolidated statement | <input type="checkbox"/> | <input type="checkbox"/> | |
| Tracking & Monitoring (1) | <ul style="list-style-type: none"> - Ad hoc queries to ensure accuracy of data & records | <input type="checkbox"/> | <input type="checkbox"/> | |
| <u>Administration</u> | | | | |
| Facilities and Property Mgt. (5) | <ul style="list-style-type: none"> - Facility & personal property management - Records management and disposal - Security management - Regional facilities management | <input type="checkbox"/> | <input type="checkbox"/> | |
| Project Support & Crisis (2) | <ul style="list-style-type: none"> - Additional staff for special projects & to respond to 3rd party inquiries | <input type="checkbox"/> | <input type="checkbox"/> | |



New or enhanced function prioritization

| New or Enhanced Function (FTE's) | Function Description | Impact (H,M,L) | Difficulty (H,M,L) | Comments |
|--|---|--------------------------|--------------------------|----------|
| <u>Administration (Cont..)</u> | | | | |
| Travel Management (4) | <ul style="list-style-type: none"> - Enhance travel services - New controls for authorization & processing - Policy management - User training - New travel accounting staff | <input type="checkbox"/> | <input type="checkbox"/> | |
| Policies and Procedures (4.5) | <ul style="list-style-type: none"> - Develop SFA administrative guidance - Accounting policy issue management - Desk procedure development & management | <input type="checkbox"/> | <input type="checkbox"/> | |
| <u>Communication</u> | | | | |
| External Communications (.5) | <ul style="list-style-type: none"> - Additional staff to respond to inquiries | <input type="checkbox"/> | <input type="checkbox"/> | |
| <u>Review & Analysis (3.75)</u> | | | | |
| | <ul style="list-style-type: none"> - Improve existing loan strategies - Enhance contract fund commitment process - Conduct internal review and risk assessments - Develop consultation and review proposals | <input type="checkbox"/> | <input type="checkbox"/> | |
| <u>FMS Development (25.25)</u> | | | | |
| | <ul style="list-style-type: none"> - Implement phases III-IV - Coordination of OCFO requirements - Train and retool SFA organizations - Issue resolution | <input type="checkbox"/> | <input type="checkbox"/> | |
| <u>Cost Mgt/ Financial Modeling (1)</u> | | | | |
| | <ul style="list-style-type: none"> - Cost analysis, ABM, cost performance mgt. - Develop subsidy and non-loan estimate model | <input type="checkbox"/> | <input type="checkbox"/> | |
| <u>Strategic Planning (1)</u> | | | | |
| | <ul style="list-style-type: none"> - Develop CFO 5 year plan | <input type="checkbox"/> | <input type="checkbox"/> | |



Next steps in the process

Team level action planning (11/9-12/1)

- Prioritize improvement opportunities
- Develop and document action plans
- Identify team goals
- Identify high level staffing plan tied to goal achievement
- Identify key success measures
- Identify key milestones
- Identify plans for employee development
- Initiate development of individual level performance plans

Next meeting (Week of 12/4)

- Present team level action plans to leadership group
- Assure cross team integration
- Assure consistency with CFO Strategy
- Review integration with team and individual performance plans
- Present plans to CFO organization?



Team level improvement opportunity prioritization

Note: Each individual improvement opportunity should be assessed.

| Functional Area Current FTE's/Additional FTE's | Improvement Opportunity | Potential FTE Reduction | Impact (H,M,L) | Difficulty (H,M, L) | Pursue (Y,N) |
|---|---|----------------------------|-------------------|------------------------|-----------------|
| <u>Accounting/Trans Processing</u> | | | | | |
| Bookkeeping 5.75/19.50 | <ul style="list-style-type: none"> ▪ Utilize FMS to eliminate spreadsheets ▪ Automate interest calculation process ▪ Develop controls to eliminate variances ▪ Electronic archiving | | | | |
| Accounts Receivable 0.00/2.00 | <ul style="list-style-type: none"> ▪ Controls/policies to reduce collections | | | | |
| Accounts Payable 3.35/8.00 | <ul style="list-style-type: none"> ▪ Develop new/clearer policies/procedures ▪ Improve credit card user education ▪ Electronic payment process | | | | |
| <u>Financial Management</u> | | | | | |
| Budgeting 4.25/2.00 | <ul style="list-style-type: none"> ▪ Improve/streamline budget collection process ▪ Implement planning/budget software application | | | | |
| Planning .75/.75 | <ul style="list-style-type: none"> ▪ Eliminate manual EDCAP entries ▪ Implement planning/budget software application | | | | |
| Reporting 11.50/4.75 | <ul style="list-style-type: none"> ▪ Create direct user report access ▪ Utilize FMS for reporting ▪ Reduce number/frequency of reports | | | | |
| Tracking & Monitoring 5.50/0.50 | <ul style="list-style-type: none"> ▪ Develop controls to ensure data accuracy ▪ Standardize tracking process | | | | |
| <u>Administration</u> | | | | | |
| Facilities/Property Mgt. | <ul style="list-style-type: none"> ▪ Establish standards to eliminate non compliance ▪ Eliminate/reduce special, non-standard requests | | | | |



Team level improvement opportunity prioritization

Note: Each individual improvement opportunity should be assessed.

| Functional Area Current FTE's/Additional FTE's | Improvement Opportunity | Potential FTE Reduction | Impact (H,M,L) | Difficulty (H,M, L) | Pursue (Y,N) |
|---|--|----------------------------|-------------------|------------------------|-----------------|
| <u>Administration (cont)</u> | | | | | |
| Travel Mgt. 1.50/4.00 | <ul style="list-style-type: none"> ▪ Eliminate/modify pre-authorization requirements ▪ Establish/communicate policy requirements ▪ Improve traveler education | | | | |
| Policies & Procedures 0.50/4.50 | <ul style="list-style-type: none"> ▪ Implement formal FMS change management process | | | | |
| <u>Communication</u> | | | | | |
| External Communication 1.75/.50 | <ul style="list-style-type: none"> ▪ Develop formal CFO communication process | | | | |
| <u>Cost Mgt/ Fin'l Modeling</u> 2.75/1.00 | <ul style="list-style-type: none"> ▪ Use ED OMD model | | | | |
| <u>Strategic Planning</u> 0.00/1.00 | <ul style="list-style-type: none"> ▪ Integrate with other planning responsibilities | | | | |

