TRANSFORMING FINANCIAL OPERATIONS IN EDUCATION – A NEW APPROACH

Five steps for implementing a self-funding Accounts Payable risk management program.

FISCAL TECHNOLOGIES®

THE NEED FOR A NEW APPROACH

Student enrollment numbers have been on a downward trajectory in recent years[1]. The demand for a university degree is softening – clearly connected to the widely reported $1.5tn of outstanding student debt[2]. Combined with shrinking budgets, university and public school districts need to increase their focus on cost saving.

The increased commercial pressure results in university finance departments experiencing unprecedented levels of scrutiny and heightened impact of the risks in their expenditure, and there's no expectation that these will reduce.

1 Miami joins other area colleges facing heightened financial pressure, Dayton Daily News

2 Time to change the student funding model in the US, Financial Times

THE DRIVERS OF CHANGE

Many of the risks finance departments face emanate from the following areas;

1. Increased competition for a shrinking pool of students
2. New sources of finance
3. The need to generate new revenue streams
4. The increasing cost of providing student value
5. The drive to leaner operations
6. Adopting new technologies to be more cost efficient

The challenge faced by universities is that risk reduction and increasing compliance require more controls, but there's an expectation that finance departments will need to invest in these, whilst in reality, finance budgets are reducing and headcounts are shrinking.

However, there is a new approach to this challenge. It starts by changing your risk management strategy from reactive to proactive. By adopting a preventative approach, universities experience cost and time savings in financial operations that fund their risk management projects.

5 STEPS FOR
EFFECTIVE RISK MANAGEMENT

Leading universities are adopting these five priorities to change their approach to Accounts Payable risk management from reactive to proactive. Doing so allows them to introduce effective, long-term risk management while also reducing costs.

By implementing these five strategies, university finance departments will mitigate risks, reduce costs and be seen as value generators.

1

FORTIFY YOUR CONTROLS

Traditionally, internal and external auditors have been tasked with finding risk by carrying out historical spot-checks and are supported by simple reporting from the accounting system.

The fast-changing landscape of university finance, automated invoice processing, multiple payment methods and new suppliers in different countries means that the existing control methods and reporting used by auditors are no longer effective protection from risks.

A key step is to empower your frontline teams such as Accounts Payable and Procurement to self-audit, daily. This is achieved by providing these teams with easy to use artificial intelligence (AI) powered forensic tools. This allows them to identify risks in near real-time and put controls in place to mitigate these, reducing material impact.

2

GENERATE ACTIONABLE INSIGHT

Most systems deployed within a university finance function generate their own set of reports and dashboards. Business Intelligence (BI) tools are churning out more information to more people than ever before. The paradox is that all this information and data being generated is actually obscuring the view of what matters most when it comes to identifying and acting upon risks.

Finance departments need to be able to find, understand and then solve irregularities in supplier transactions. They can do this by using continuous monitoring, deep forensic analysis and pattern matching capabilities accessed via meaningful dashboards. This approach provides the finance-specific insight needed to drive process improvements in a team seeking to manage strategic risk and cost reduction imperatives.

3

ADD OVERSIGHT TO AUTOMATION

Many universities are rushing to automate repetitive financial processes to reduce costs. By doing so, they are losing much of the knowledge and monitoring that previously came from long-standing staff having visibility of transactions and suppliers. Further, automating a process does not remove risks, they simply occur faster – risk management needs to precede automation projects.

It is estimated that in 75% of cases, a large university's spend is now protected mainly by automated 3-way matching, a forty-year-old ERP control that can be bypassed in a number of ways and is now a wholly inadequate control method for a modern finance organization.

Giving finance teams the ability to more effectively analyze transactions, and proactively interrupt and act on risks before they have any impact (payments made) is the most powerful control you can implement and will radically reduce payment errors and associated costs.

Automation is essential, but end-to-end purchase-to-pay (P2P) oversight, exception handling and the insight to improve processes will provide the efficiency gains and working capital protection that automation alone cannot.

4

STEP-UP FRAUD PREVENTION

The risk of fraud is growing rapidly in universities due to the perfect storm of dealing with new suppliers, more joint ventures, continued investment in construction projects and reducing finance team headcount. It is growing in tandem with the facts that fraudsters are able to carry out ever more sophisticated scams, and automation has removed countless human checks. Against this backdrop of increasing fraud risk, the absence of a coordinated fraud strategy leaves a university dangerously exposed.

Ensuring a university's Finance, Accounts Payable and Procurement teams can work collaboratively with internal and external auditors will become the cornerstone of a strong fraud risk reduction strategy.

Collaboration using a shared risk management platform - using insight found by analyzing the entire P2P cycle to find high-risk suppliers, will identify potential fraud all the way up the supply chain.

5

UPSKILL YOUR FINANCE TEAM

As the operating budgets of universities contract and commercial pressures intensify, the spotlight inevitably turns to internal "overhead" functions to play a more proactive role in a university's success.

Long seen as a cost center, back-office functions like Accounts Payable, Procurement and Audit now have to generate increasing value through savings, efficiencies and deeper analysis and interpretation of data – not the traditional skills found in transaction processing teams.

Senior finance executives have the opportunity, perhaps the obligation, to develop the skills in their teams to adapt to evolving requirements, to use new technologies, and to contribute more towards their organization's strategic objectives.

When invested with a level of authority to match their full potential, finance teams can fulfill their expanded mandate and offer real strategic insight into university spending and its impact on working capital. With access to finance-specific analysis, Accounts Payable and Procurement teams can generate the evidence and actionable insights needed to raise financial performance which benefits the university and its students as a whole.

MANAGING FINANCIAL RISK IS NO LONGER OPTIONAL

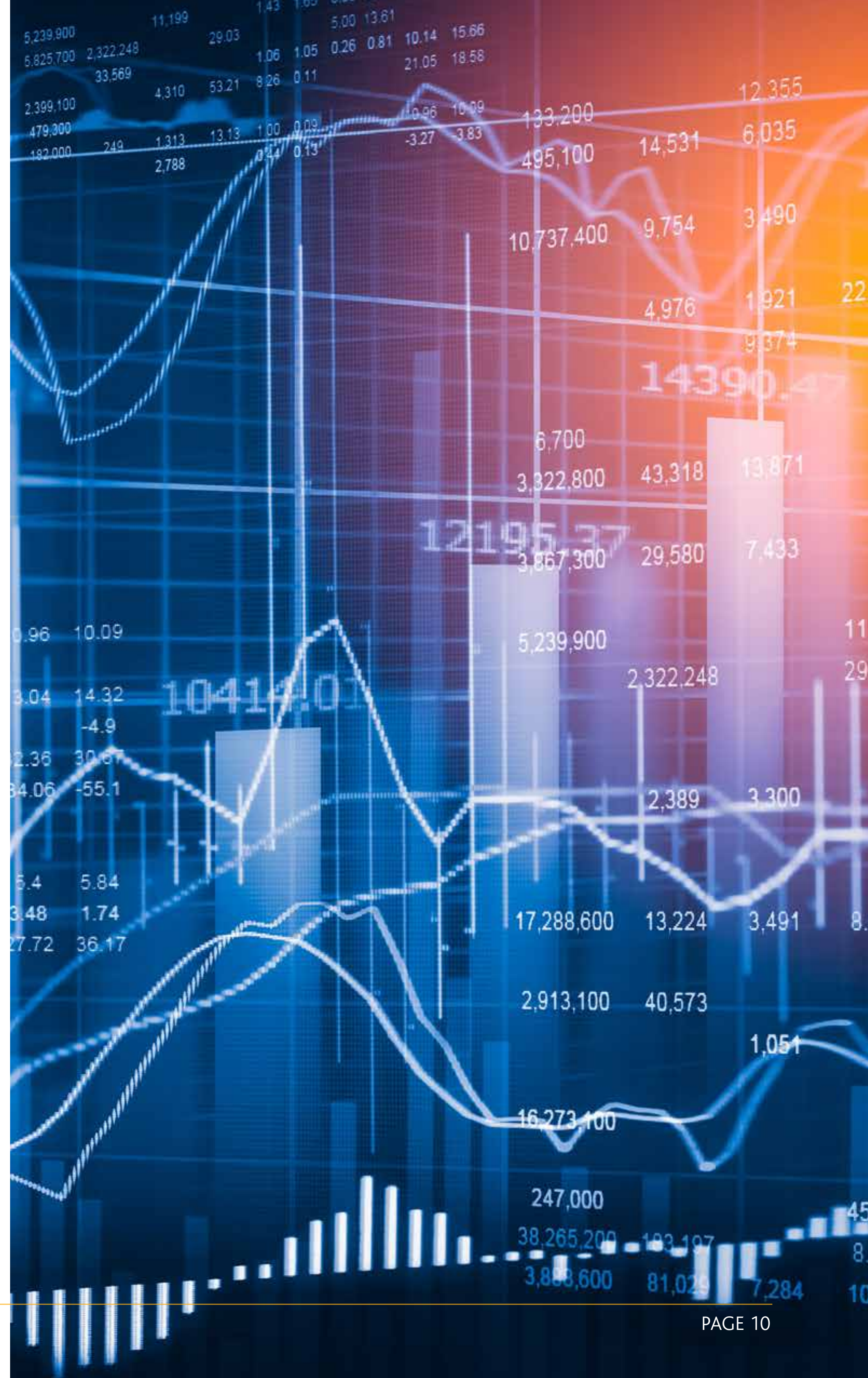
As the financial landscape for universities continues to evolve, it is not viable to operate without a preventative risk management strategy in place. Not only would this expose a university financially, but also risks damage to the university's reputation.

By embracing P2P risk management, universities can empower their Accounts Payable and Procurement teams to control risk, deliver increasing cost efficiencies and collaborate to comprehensively protect their university from unnecessary financial loss.

STARTING YOUR RISK MANAGEMENT JOURNEY

The first step of your risk management project is to evaluate your current risk profile, identifying current and future risks, and to benchmark yourself against the protection of best-in-class finance teams.

Actionable insight will be generated from a review of your current invoice-to-payment process, identifying shortfalls, pinpointing improvement opportunities and determining your priorities.



YOUR NEXT STEP

ANALYZE YOUR AP SPENDING TO DISCOVER AND QUANTIFY YOUR RISKS

FISCAL Technologies offer a no-cost, no-obligation 'Forensic Finance Risk Review' to provide an independent analysis of your institution's P2P spending, providing a clear assessment of the long-term benefits of our solution.

The risk review includes historical overpayments that have not been previously identified, which can be recovered to fund the project.

We typically achieve project payback within 3-6 months of a Risk Review.

ACT NOW

To find out how a Risk Review has helped 100s of organizations, including universities and public school districts, improve their P2P effectiveness, implement proactive risk management and achieve project payback within 3 months.

visit www.fiscaltec.com/usreview
call 1 888 999 6505
email: smarter@fiscaltec.com

FISCAL Technologies is a world leading provider of forensic solutions and services that empower purchase-to-pay teams across the globe to protect organisational spend.

Incorporating unique technology to reduce risk in the supply chain, FISCAL Technologies' award-winning, cloud-based risk management platform is used on a continuous, preventative basis to protect supplier spend, defend against fraud, increase profitability and drive process improvement.

Since 2003, FISCAL has safeguarded hundreds of millions of transactions and is now relied on by over 250 leading private and public sector organisations.

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