

McMASTER UNIVERSITY

**FUNCTIONAL REVIEW OF THE FINANCIAL SERVICES PROVIDED BY FACULTY OF HEALTH SCIENCES,
RESEARCH, AND FINANCIAL AFFAIRS**

Terms of Reference

November 2016

Background

McMaster University completes its financial activities drawing upon support from several centralized and decentralized personnel/units. Key larger accounting units include: one central finance office (Financial Services), one central faculty of health sciences unit, one central research finance (non-health) unit. In addition to these larger units, several financial accountants across the university contribute significantly to McMaster's overall financial records, including financial personnel within the faculties, facilities, athletics and recreation, and more.

The Faculty of Health Sciences recognizes that an operational review of the Faculty would be beneficial, and has elected to begin that process with a review of the Faculty's Finance operations. In parallel, Financial Affairs and Central Research Finance operations are interested in this review to aid broader understanding of financial processes across the university with an aim to identify potential efficiencies.

In 2013, McMaster went live with Oracle PeopleSoft (ERP) for finance, and subsequently for Human Resources (2014), and Campus Solutions (2015). With the new ERP in place some restructuring of teams and processes has taken place. However, with budget pressures existing across the University it is important to understand whether units, as currently arranged, are operating as efficiently as possible in supporting all of the Faculty and University's needs.

Terms of Reference

The review is required to do the following:

1. To develop a high-level understanding of the finance units that exist to support the Faculty of Health Sciences, including additional central areas of Financial Affairs and the Research Finance office under the VP Administration and VP Research respectively, now and in the foreseeable future, to deliver its strategic financial and reporting services and to determine the most efficient and effective basis on which to deliver those services. To do this, the review should consider core support elements of financial services at the University both within and outside of the Faculty and how these services are currently delivered with an eye towards understanding:
 - any duplication or redundancy of service provision,
 - opportunities for synergies, and/or
 - gaps in service provision.

Included in the review will be current organizational structures of central finance units (including Health Sciences Operating Finance, Health Sciences Research Finance, Financial Affairs, Central Research Finance), Faculty of Health Sciences departments and existing funding bases and methodology.

2. To review which finance services required by the university and the Faculty (whether currently provided or not) are best met by the current support models and whether there are synergies or efficiencies available to the university through these models in relation to the services required; also, to review whether centralization or outsourcing of certain finance functions would be more effective.
3. To consider the delivery of financial services from the many user perspectives (including faculty, staff and students) and whether any model changes may positively or negatively impact this.
4. To review the adequacy of the Faculty's, and/or university's financial resources and funding methodology as they relate to the provision of services (irrespective of current allocation).
5. To review the current organization structures for the delivery of financial services.
6. To make recommendations in these respects.

Process:

The process will involve a Review Committee composed of external and internal members that will include three externals and two internal subject area leaders and/or users.

Project Launch and Information Collection Period will be overseen by the project sponsors and led by a Project Manager using an information collection package prepared for and with input from the Review Committee. The Project Manager will identify the information needed to be completed by the key leads of the finance units. Services will be organized as follows:

- Strategic alignment to the University's research, educational, and health care goals;
- Current delivery points and users;
- Resourcing, cost and cost recovery provisions;
- Service level standards and performance against those standards

At the same time, key stakeholders (including unit heads) will be interviewed and asked to identify:

- Duplications, potential for synergy and gaps in the current service offering from a strategic perspective
- Strategies/plans for service delivery/expansion
- Possible changes to compliance business processes
- Best practice models and/or improvements for delivering financial services at the university
- Service level expectations and user perspectives on meeting expectations.

Interviewees will include, but will not be limited to:

- The unit leads of finance units (AVPs, Research Executive Director, Directors, Managers)
- Those responsible for financial services in their department or unit of the Faculty or central university.
- Users of the financial services. Preliminary list of interviewees:
 - PVPD and key AVPs
 - Faculty Executive
 - Leaders of departments, centres, and institutes
 - Departmental Directors of Administration and selected Faculty department-level administrators
 - A group of faculty members (selected in consultation with the VP Research) whose research is computationally-intensive
 - MUFA and clinical faculty members (selection TBD)
 - Others as identified throughout the process.

Other mechanisms will be employed to capture the broader community feedback (online forum, online survey, etc.).

Consideration and Deliberation Period the project manager will provide the Review Committee with information packages and summaries of interviews (minutes) for their consideration and deliberation. The Review Committee will decide its own processes and have the project manager available as a support resource. Unit leaders will be available to the Review Committee and the Project Manager for ongoing consultation during the review.

Sponsors AVP/CAO – Faculty of Health Sciences, VP Research, and AVP (Administration) & CFO

Review Committee Membership

- Deanne Babcock, Director of Research Finance, Western University
- Jennifer Mallon, Director of Research Accounting and Financial Systems, Queen's University
- Tim Neff, Chief Administrative Officer, Faculty of Medicine, University of Toronto
- Karen Mossman, Professor and Chair, Biochemistry and Biomedical Sciences
- Rafael Kleiman, Director, Centre for Emerging Device Technologies

Other Key Stakeholders for Information Collection and Interviews

- Director, Financial Services
- Executive Director, Administration and Finance, for the VP Research
- Director of Finance Operations, FHS Finance
- Assistant Comptroller, Health Sciences Research Finance
- Chair, FHS Finance Committee

External members will be reimbursed for expenses.

Budget to be established and shared 1/3 each between the VP Faculty of Health Sciences, VP Research, and VP (Administration)

Project Management will be performed by Kathy Denney and Kim MacDonald as Project Managers. See Scope Document and High Level Project Schedule.

Report Writing will be provided by the Project Manager under the direction of the Review Committee. This will likely involve different formats (e.g. Executive Summary, condensed report, full report) as appropriate to the varied stakeholders.

Timeline to commence upon committee establishment November 2016 and report finalized by April 30, 2017. See High Level Project Schedule.