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# GUIDE FOR THE FINANCIAL MANAGEMENT OF PUBLIC HIGHER EDUCATION INSTITUTIONS IN KOSOVO

Key resource for financial administrators, staff and faculty



“Increasing the Financial Autonomy and Accountability  
at public higher education institutions in Kosovo”

544142-TEMPUS-1-2013-1-AT-TEMPUS-SMGR



**FAITH**

**“Increasing the Financial Autonomy and  
Accountability at public higher education institutions in  
Kosova”**

544142-TEMPUS-1-2013-1-AT-TEMPUS-SMGR

**Report D 3.3**

**GUIDE FOR THE FINANCIAL MANAGEMENT OF PUBLIC  
HIGHER EDUCATION INSTITUTIONS IN KOSOVO**

Key resource for financial administrators, staff and faculty

WP	WP3
WP-Leader - Partner Name	<b>Saarland University</b>
Name of the contact person	Jörg Hormann
Date	October 14 <sup>th</sup> , 2015

*This project has been funded with the support from the European Commission. This publication reflects the views only of the author, and the Commission cannot be held responsible for any use which may be made of the information contained therein.*



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## **I. Introduction**

This Guide for the Financial Management of Kosovo HEIs is supposed to provide a comprehensive collection of materials that were subject of the FAITH project so far. It basically covers the topics of the five training workshops, which were executed in the working package WP3 of the project and shall be the basis of the institutional workshops in the working package WP4.

This document compiles all the training materials of the training workshops and also contains results of the practical parts of these workshops. Training materials fundamentally consist of the presentations of the experts from the project partners that include the introductions or theoretical background to a specific topic, as well as descriptions of best practises and solutions on how specific processes are organized at the partner Institutions.

This guide is structured thematically on the basis of the five core topics of the training workshop:

- Financial Autonomy and Accountability
- IT-Systems for Financial Management
- Resource allocation, internal governance and budgeting processes
- Fundraising
- University place Management

The several presentations in this guide were assigned to these five topics, even if they were – in chronological sense – not presented at the specific training workshop dedicated to this topic.

In order to simplify searching for a specific content, this guide contains an alphabetical subject index at the end.

## II. Training Materials

## **Financial Autonomy and Accountability**

The topic “Financial Autonomy and Accountability” is the most important aspect of the project. The topic was covered intensively in the first training workshop WS1 but was also touched in several other occasions and workshops of the project in its role as the superordinate project aspect. The training workshop on Financial Autonomy and Accountability (Saarbrücken, July 2014) was supposed to act as an introduction to the topic by giving an overview of more general aspects on the steering of Higher Education. It based on the input of the EU partners where the general approaches on governance structures of Higher Education Institutions as well as political backgrounds were introduced and discussed.<sup>1</sup>

Aspects of the workshop were the different models of the allocation of state money to Higher Education Institutions used in autonomous systems as well as the monetary and non-monetary benefits that autonomous Higher Education Institutions create in the country or region in which they are situated. Based on these general aspects the workshop also comprised the internal perspective of Higher Education Institutions. As it was held at Saarland University, speakers from this Institution described their practices in detail and introduced procedures and processes that are used to ensure accountability in an autonomous Higher Education system. In addition, the strategic planning processes (development planning) were also discussed.

The materials of this guide concerning the topic “Autonomy and Accountability” contain presentations from the related training workshop, but also presentations held at other meetings / workshops that cover the topic from a more general point of view.

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<sup>1</sup> A detailed description of the several models of financial management at the EU partner institutions can be found in the report D1.3 “Comparative analysis of financial Management practices” (Working package WP1).

<b>Materials</b>	<b>Author</b>	<b>Page</b>
<b><i>Introductions:</i></b>		
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Monetary and non-monetary Benefits of Universities	Dr. Wolfgang Meyer	23
<b><i>Transition processes to Autonomy:</i></b>		
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<b>Examples and best practises – national and University level:</b>		
Financial Autonomy and Accountability of public Universities in Austria	Arthur Mettinger	52
Steering autonomous Universities in Austria: Legal Framework, Perspectives & Challenges	Elmar Pichl	57
The German Model(s) of allocating state money to Higher Education Institutions	Jörg Hormann	68
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# Dimension of University Autonomy

Organisational autonomy	Financial autonomy	Staffing autonomy	Academic autonomy
<ul style="list-style-type: none"> <li>• Selection procedure for the executive head</li> <li>• Selection criteria for the executive head</li> <li>• Dismissal of the executive head</li> <li>• Term of office of the executive head</li> <li>• Inclusion and selection of external members in governing bodies</li> <li>• Capacity to decide on academic structures</li> <li>• Capacity to create legal entities</li> </ul>	<ul style="list-style-type: none"> <li>• Length and type of public funding</li> <li>• Ability to keep surplus</li> <li>• Ability to borrow money</li> <li>• Ability to own buildings</li> <li>• Ability to charge tuition fees for national/ EU students (BA, MA, PhD)</li> <li>• Ability to charge tuition fees for non-EU students (BA, MA, PhD)</li> </ul>	<ul style="list-style-type: none"> <li>• Capacity to decide on recruitment procedures (senior academic/senior administrative staff)</li> <li>• Capacity to decide on salaries (senior academic/senior administrative staff)</li> <li>• Capacity to decide on dismissals (senior academic/senior administrative staff)</li> <li>• Capacity to decide on promotions (senior academic/senior administrative staff)</li> </ul>	<ul style="list-style-type: none"> <li>• Capacity to decide on overall student numbers</li> <li>• Capacity to select students (BA, MA)</li> <li>• Capacity to introduce programmes (BA, MA, PhD)</li> <li>• Capacity to terminate programmes</li> <li>• Capacity to choose the language of instruction (BA, MA)</li> <li>• Capacity to select quality assurance mechanisms and providers</li> <li>• Capacity to design content of degree programmes</li> </ul>

Source: European University Association





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## Increasing the Financial Autonomy and Accountability at public higher education institutions in Kosovo

### Funding in a modern university system - relevance and interactions -

Hubert Dürstein  
Peja, 2015, June 8-10



### Funding in a modern university system - relevance and interactions

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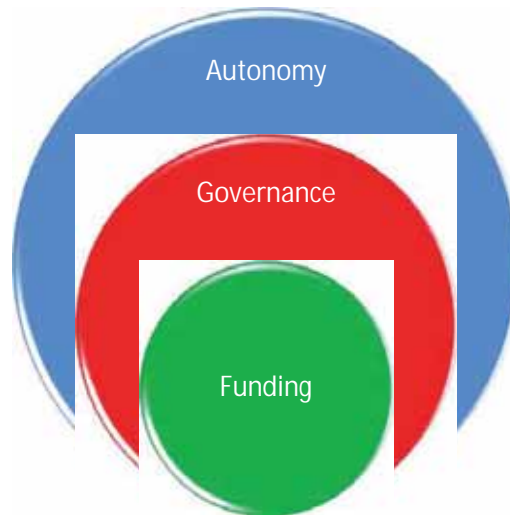
#### Overview

- **Autonomy**
  - Framework
  - Framework & interactions
- **Governance**
  - Systemic approach
  - Issues and requirements → Funding
    - Present framework in Kosovo
      - Reference to legal preconditions
      - Reference to FAITH (White Paper)
    - Benchmark Austria
- **Framework**
  - „Interim stock taking“
  - To do's
- **Preview Group A „White Paper“**

## Funding in a modern university system - relevance and interactions



### → Framework



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## Funding in a modern university system - relevance and interactions



### → Framework




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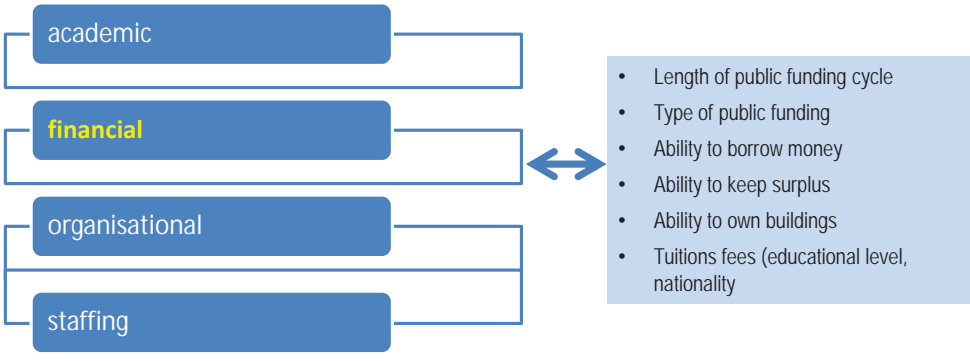
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## Funding in a modern university system - relevance and interactions



Autonomy → Framework




- academic
- financial**
- organisational
- staffing

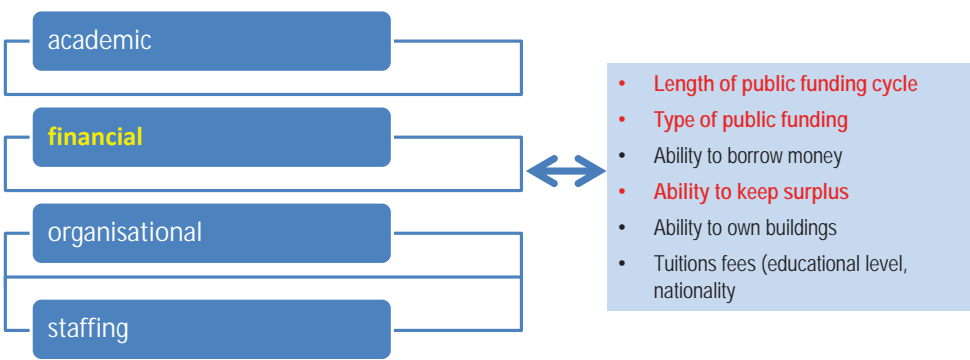
- Length of public funding cycle
- Type of public funding
- Ability to borrow money
- Ability to keep surplus
- Ability to own buildings
- Tuitions fees (educational level, nationality)

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## Funding in a modern university system - relevance and interactions



Autonomy → Framework



- academic
- financial**
- organisational
- staffing

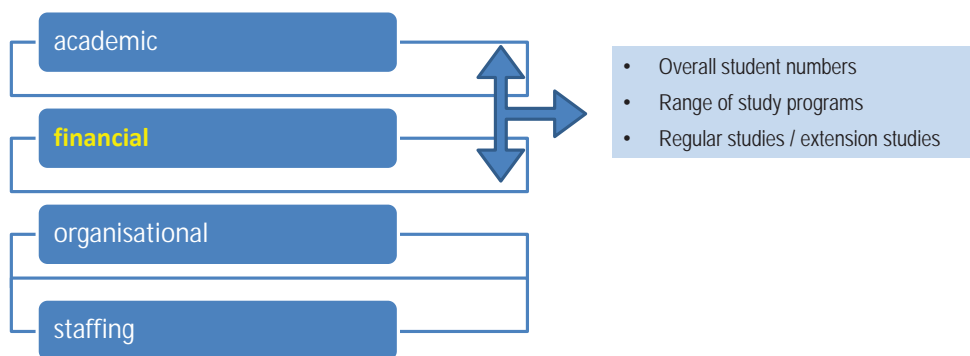
- **Length of public funding cycle**
- **Type of public funding**
- Ability to borrow money
- **Ability to keep surplus**
- Ability to own buildings
- Tuitions fees (educational level, nationality)

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## Funding in a modern university system - relevance and interactions



### → Framework & interactions

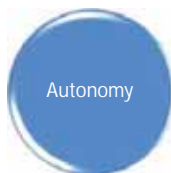


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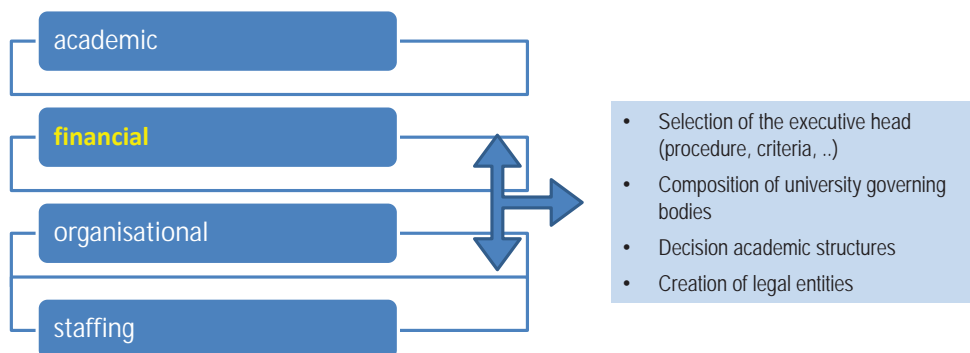
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## Funding in a modern university system - relevance and interactions



### → Framework & interactions




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Funding in a modern university system  
- relevance and interactions




Autonomy → **Framework & interactions**



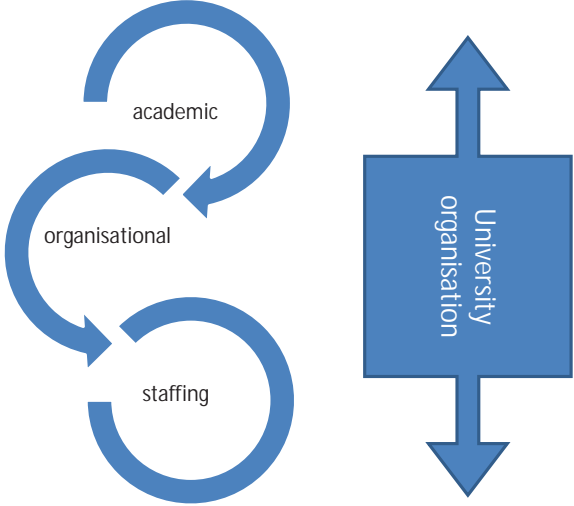
- Recruitment (dismissal), salaries of academic and administrative staff
- Promotion procedures

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Funding in a modern university system  
- relevance and interactions



Autonomy → **Framework & interactions**

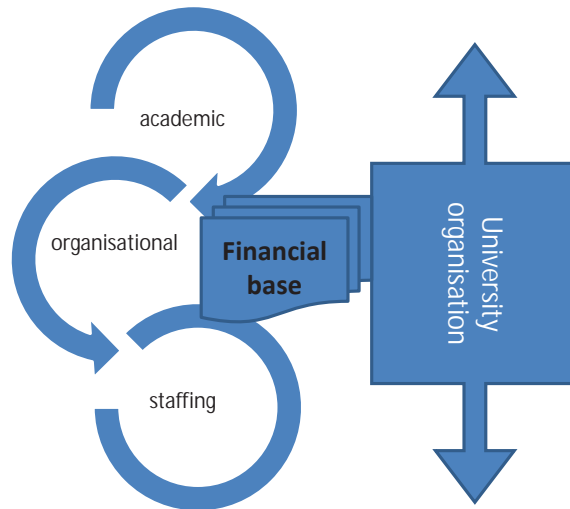


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## Funding in a modern university system - relevance and interactions



### → Framework & interactions



## Funding in a modern university system - relevance and interactions

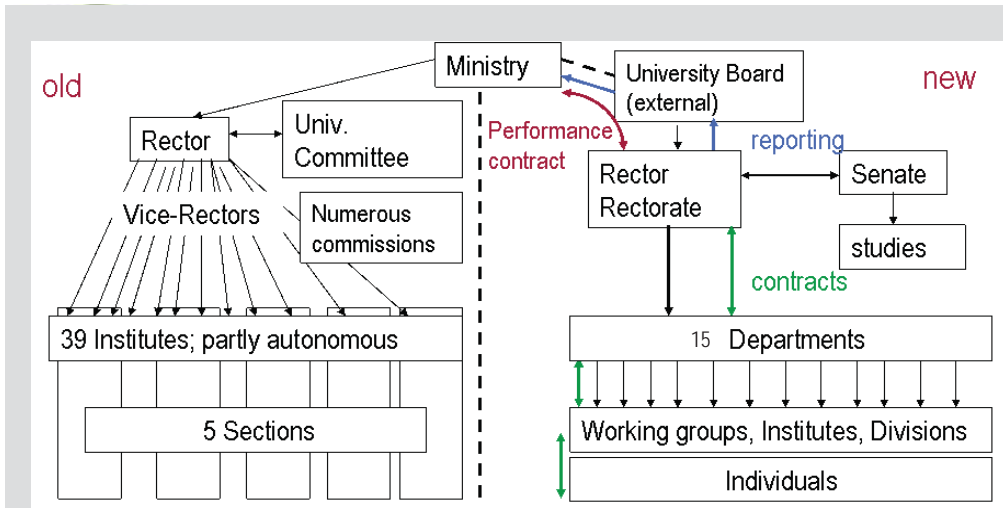


### → Systemic approach

Funding in a modern university system  
- relevance and interactions



→ Systemic approach (university perspective)



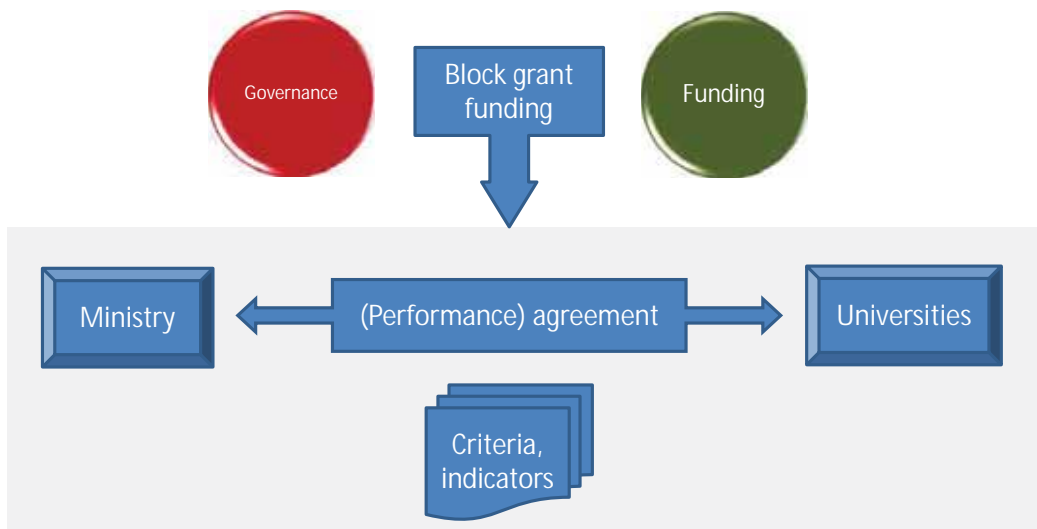
Structure supports implementation of strategy and positioning process (Referring to performance agreement, main focus, controlling)

BOKU-University

Funding in a modern university system  
- relevance and interactions



→ Systemic approach (general perspective)



FAITH

## Funding in a modern university system - relevance and interactions

**Governance** → **Issues & requirements**

Ministry

← (Performance) agreement →

Universities

Autonomy

**Issues**

- Overarching planning framework (relevant stakeholders) → national university strategy  
→ **Financial autonomy**
- Financing model & relevant criteria
- Funding methodology (principles and rules)
- Controlling / implementation / monitoring → indicators → tools
- Organisational aspects → internal governance

} 
Funding

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## Funding in a modern university system - relevance and interactions

**Governance** → **Issues & requirements**

**Issues**

- Overarching planning framework (relevant stakeholders) → national university strategy  
→ **Financial autonomy**
- Financing model & relevant criteria
- Funding methodology (principles and rules)
- Controlling / implementation / monitoring → indicators → tools
- Organisational aspects → internal governance

→


**Present framework in Kosovo**

- LAW ON HIGHER EDUCATION
  - Article 6 / 1.3: „...funds are spent in accordance with agreed priorities between ministry and each provider ...“
- STRATEGY FOR DEVELOPMENT OF HIGHER EDUCATION IN KOSOVO (2005 – 2015)
- (University strategies)
- White Paper (Draft Version 3.0)
  - Input 1: Development of Higher Education profile with a focus on regional needs


} **Status of implementation??** }

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## Funding in a modern university system - relevance and interactions



**→ Issues & requirements**



**Issues**

- Overarching planning framework (relevant stakeholders) → national university strategy  
→ **Financial autonomy**
- Financing model & relevant criteria
- Funding methodology (principles and rules)
- Controlling / implementation / monitoring → indicators → tools
- Organisational aspects → internal governance

➔


**Present framework in Kosovo**

- LAW ON HIGHER EDUCATION
  - Article 8 / 3: „...each public provider has full legal personality in relation to the matters dealt with in this Law including the right for:
    - 3.1
    - ...
    - 3.9


{    Complying with the LAW??    }

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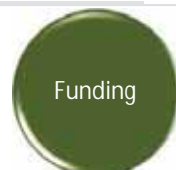
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## Funding in a modern university system - relevance and interactions



**→ Issues & requirements**



**Issues**

- Overarching planning framework (relevant stakeholders) → national university strategy  
→ **Financial autonomy**
- Financing model & relevant criteria
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- Controlling / implementation / monitoring → indicators → tools
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➔


**Present framework in Kosovo**

- LAW ON HIGHER EDUCATION
  - Article 8 / 3: „...each public provider has full legal personality in relation to the matters dealt with in this Law including the right for:
    - 3.1
    - ...
    - 3.9


{    Complying with the LAW??    }

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## Funding in a modern university system - relevance and interactions



**→ Issues & requirements**



**Issues**


- Overarching planning framework (relevant stakeholders) → national university strategy → *Financial autonomy*
- **Financing model & relevant criteria**
- **Funding methodology (principles and rules)**
- Controlling / implementation / monitoring → indicators → tools
- Organisational aspects → internal governance

➔


**Present framework in Kosovo (1)**

- LAW ON HIGHER EDUCATION
  - Article 21 (reference to the presentation of B. Galloperi, Sept. 8th, 2014)
    - Coordination between Ministry of Finance and MEST
    - Allocation of funds → teaching (specified (max.) number of students) the , teaching-related research, infrastructure, other purposes
    - Strategic plan of the provider
    - Indicative budget for 5-year funding cycle
    - Performance agreement (3 years)

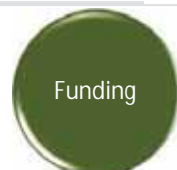
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## Funding in a modern university system - relevance and interactions



**→ Issues & requirements**



**Issues**

- Overarching planning framework (relevant stakeholders) → national university strategy → *Financial autonomy*
- **Financing model & relevant criteria**
- **Funding methodology (principles and rules)**
- Controlling / implementation / monitoring → indicators → tools
- Organisational aspects → internal governance

➔


**Present framework in Kosovo (2)**

- Reference to the presentation of A. Mettnger „Financing Models in Austria (.....)
- White Paper (Draft Version 3.0)
  - Input 2: Financing Higher Education
    - „Funding of Teaching“ – Per capita funding models based on output-oriented indicators
    - „Funding of Research“ – competitive performance based funding (+= some more thoughts)

{ Acceptance/commitment & requirements for realisation }

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Funding in a modern university system  
- relevance and interactions




**Governance** → **Issues & requirements**  
**-- Benchmark Austria --** **Funding**

Performance agreements shall, in particular, contain

1. the services to be provided by the university in question, which shall, in accordance with the objectives, guiding principles and tasks of such university, cover the following areas
  - Strategic objectives, academic profiles, university and human resources development
  - Research, advancement of arts
  - Study programs and continuing education
  - Measures to reduce drop out
  - Improvement of student-teacher ratios
  - Offerings for working students
  - Social goals
  - Increase of internationality and mobility
  - Inter-university co-operation
  - Establishment of indicators
  - Specific regulations

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Funding in a modern university system  
- relevance and interactions




**Governance** → **Issues & requirements**  
**-- Benchmark Austria --** **Funding**


Performance agreements shall, in particular, contain

1. the services to be provided by the university in question, which shall, in accordance with the objectives, guiding principles and tasks of such university, cover the following areas
  - ..
2. Undertakings made by the Federal Government; allocation of the basic budget, taking into account the criteria before
3. Content, extent and scope of the objectives and the timing of goal attainment
4. Division of the basic budget into allocations for given budget years
5. Measures in the case of non-fulfillment of the performance agreements
6. Reporting and accounting


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## Funding in a modern university system - relevance and interactions



**→ Issues & requirements**



**Issues**

- Overarching planning framework (relevant stakeholders) → national university strategy  
→ **Financial autonomy**
- Financing model & relevant criteria
- Funding methodology (principles and rules)
- **Controlling / implementation / monitoring**  
→ indicators → tools
- **Organisational aspects** → internal governance

**Present framework in Kosovo**


- **LAW ON HIGHER EDUCATION**
  - Article 22: Conditions of funding
  - Article 23: Accountability of the Governing Council and Principal Management Authority (→ art. 19) of a Provider of higher education
  - Article 24: Financial Control
  - Article 26: Titles and Grades of Staff
  - Article 28: Terms of Staff Service

} **Reference to the White Paper** }

- Operational and organizational structure
- Staff, skills, infrastructure

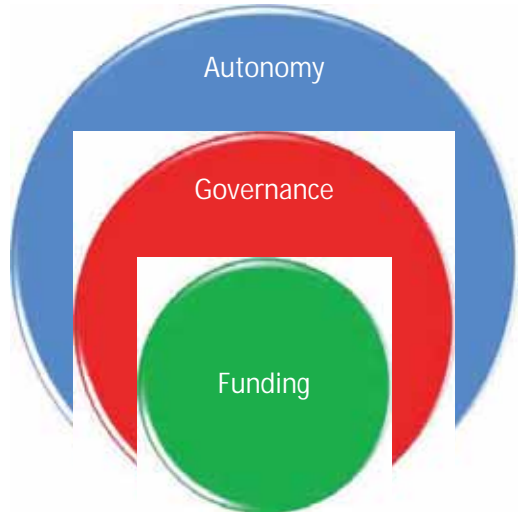
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## Funding in a modern university system - relevance and interactions


**→ Framework → “interim stock-taking”**



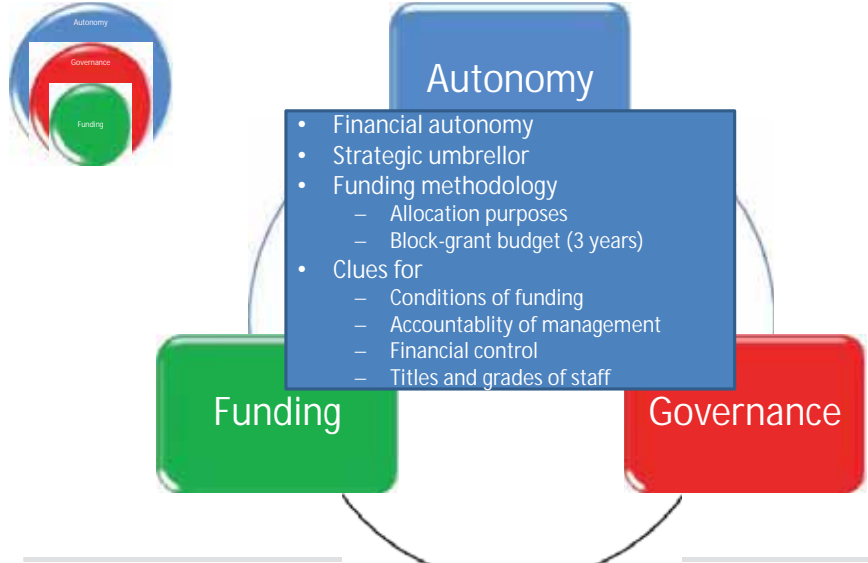
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Funding in a modern university system  
- relevance and interactions




→ Framework → “interim stock-taking”



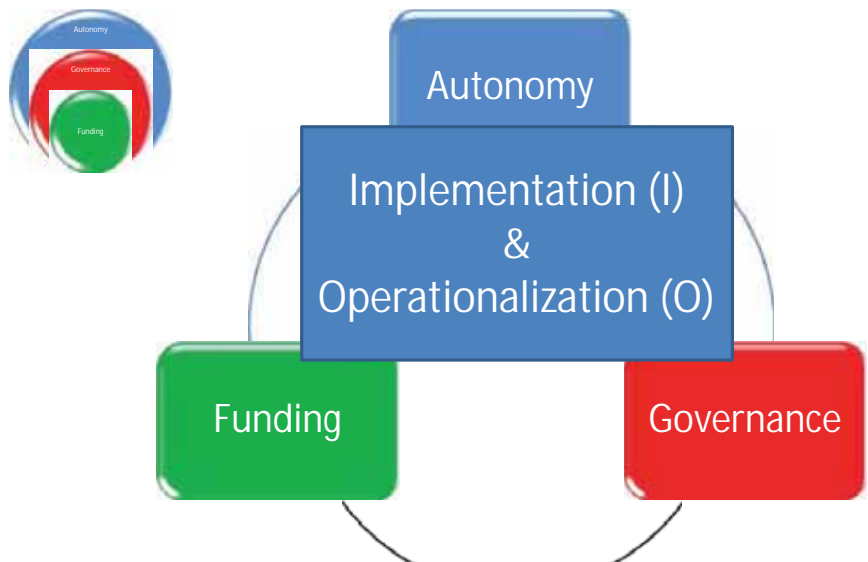
- Financial autonomy
- Strategic umbrellor
- Funding methodology
  - Allocation purposes
  - Block-grant budget (3 years)
- Clues for
  - Conditions of funding
  - Accountability of management
  - Financial control
  - Titles and grades of staff

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Funding in a modern university system  
- relevance and interactions




→ Framework → “interim stock-taking” → to do’s




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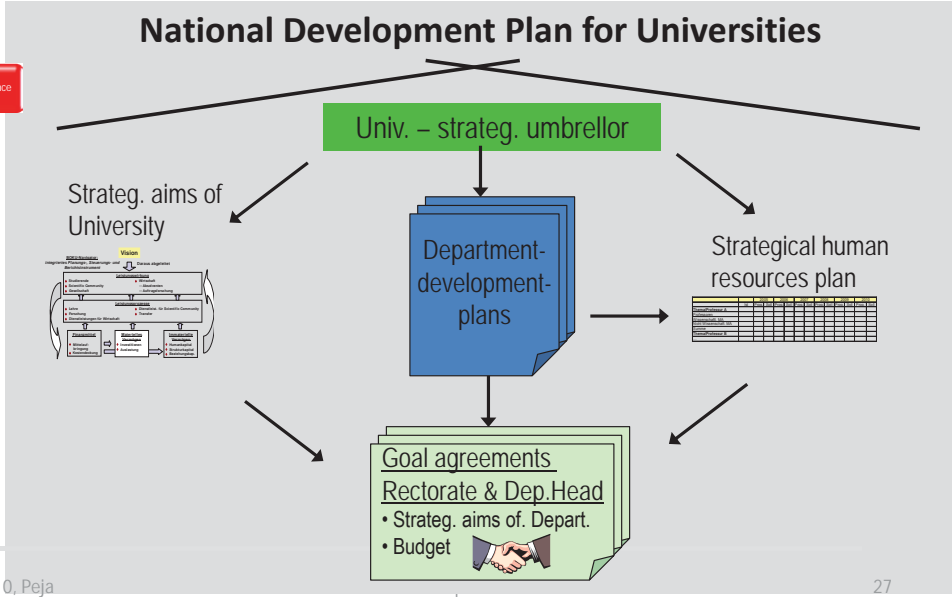
Funding in a modern university system  
- relevance and interactions



→ Framework → “interim stock-taking” → to do’s



**National Development Plan for Universities**



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Funding in a modern university system  
- relevance and interactions



→ Framework → “interim stock-taking” → to do’s



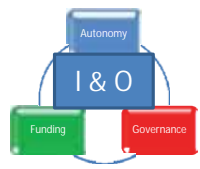

1. University strategy → development plan
2. Support of Department development
3. Development of managerial and organisational framework → Increasing management quality
4. New understanding and quality of human resources management and development
5. Instruments for leading and controlling on different levels (university & departments) and relevant interactions
6. Leadership/governance: university board, rectorate, senate

**Internal Governance**

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Funding in a modern university system  
- relevance and interactions



→ Preview **Group A „White Paper“**

**Focus → Internal Governance**


I. Operational and organizational structure

II. Staff, skills, infrastructure

III. Final discussion and commitments

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Funding in a modern university system  
- relevance and interactions



Thank you for your attention

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- <http://www.oead.at/>
- <http://www.boku.ac.at/>


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## Monetary and Non-monetary Benefits of Universities Saarland University as an Example

*PD Dr. Wolfgang Meyer*  
*CEval – Centre for Evaluation at Saarland University*

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Tel.: +49 - (0)6 81- 3 02 - 33 20  
E-Mail: info@ceval.de



01-07-2014 Saarbruecken



## AGENDA

- ✓ Introduction: Risks of Cost-biased Policies
- ✓ Regional Consumption and Distribution
- ✓ Short-term Benefits of Universities
- ✓ Long-term Benefits of Universities
- ✓ Conclusion: Regional Development and Universities

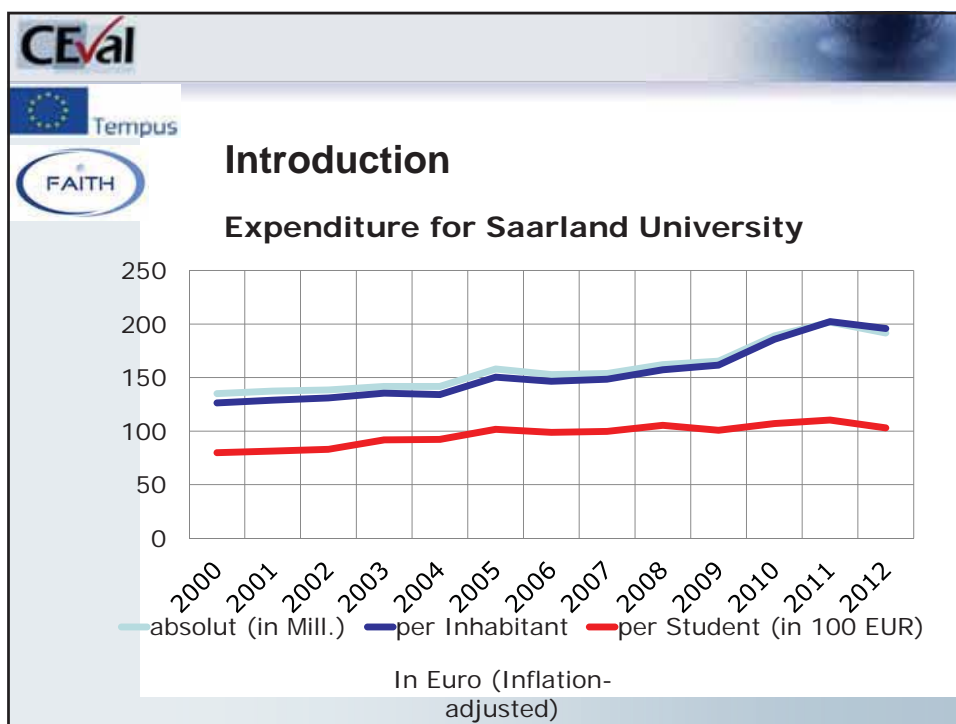


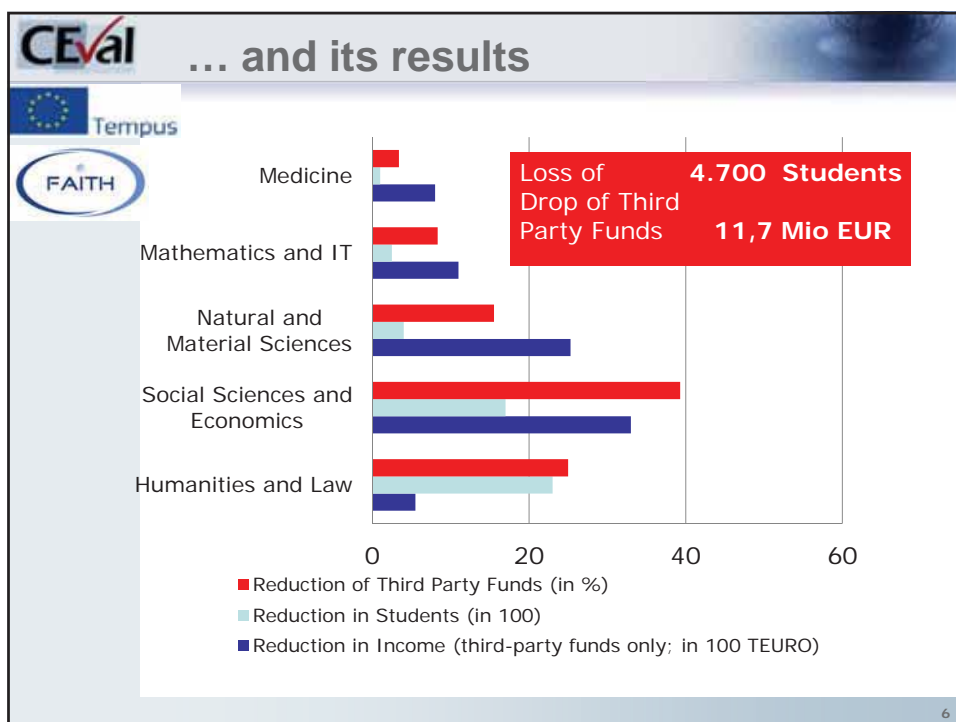
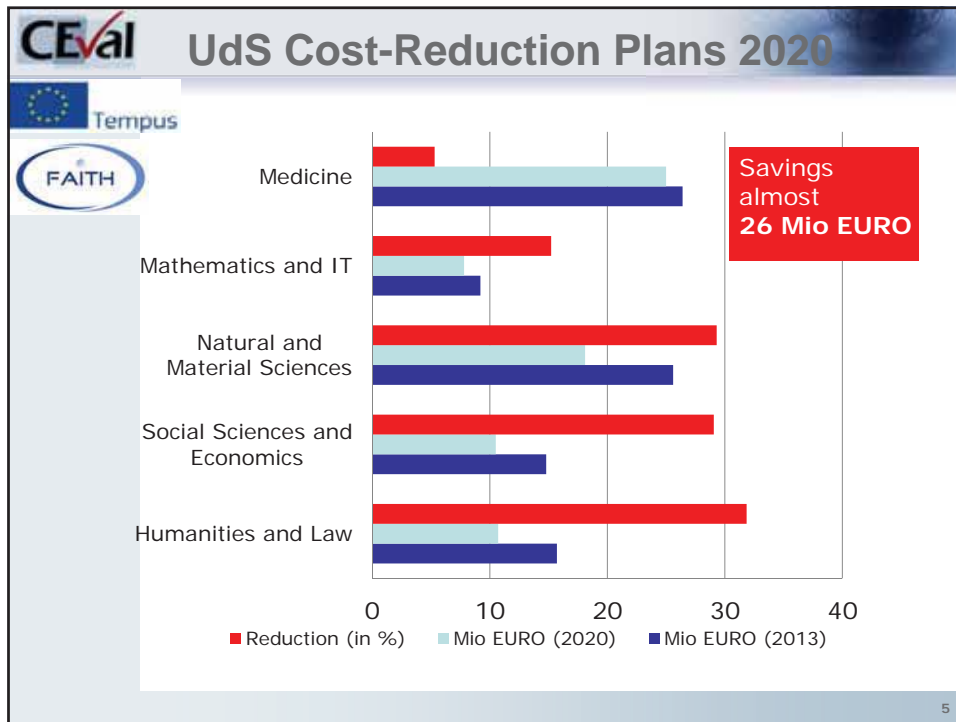
CEval Part I

Tempus FAITH

## Introduction

- ✓ Financial Crisis and the **pressure on public budgets** to reduce costs (**need for rational decision making**)
- ✓ **Cost-benefit analysis** as a professional tool is even stipulated in German law ("Bundeshaushaltsordnung §7, 2+3")
- ✓ **Risk-assessments** are widely used in large development projects (e.g. Environmental Impact Assessment – EIA)
- ✓ Never heard about a professional cost-benefit analysis or any risk-assessments used for **Universities**





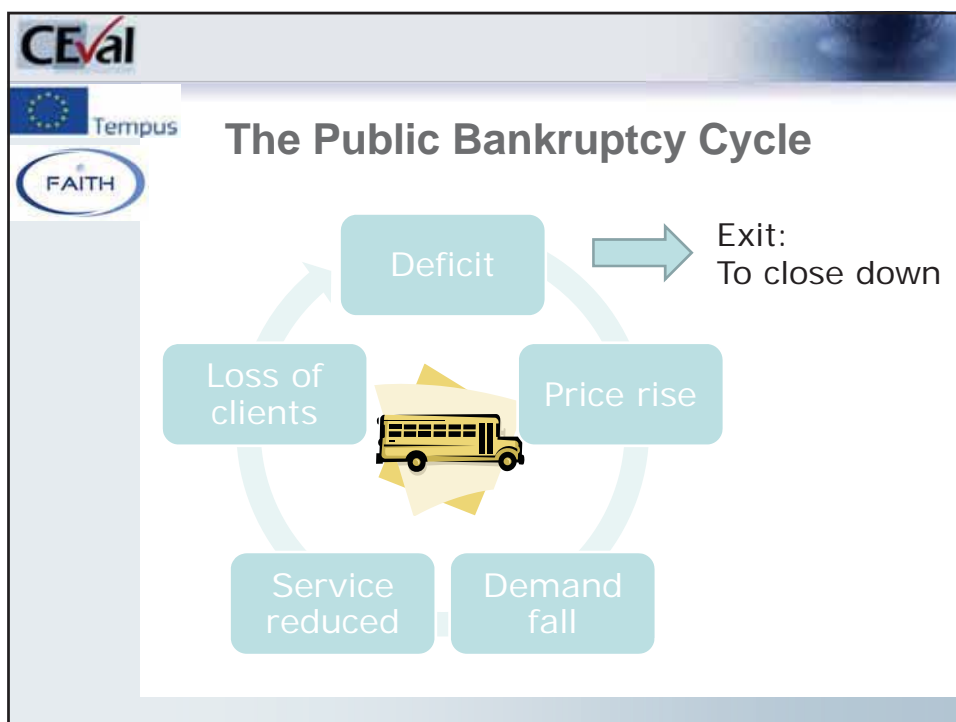
**CEval** **The Costs of Saving**

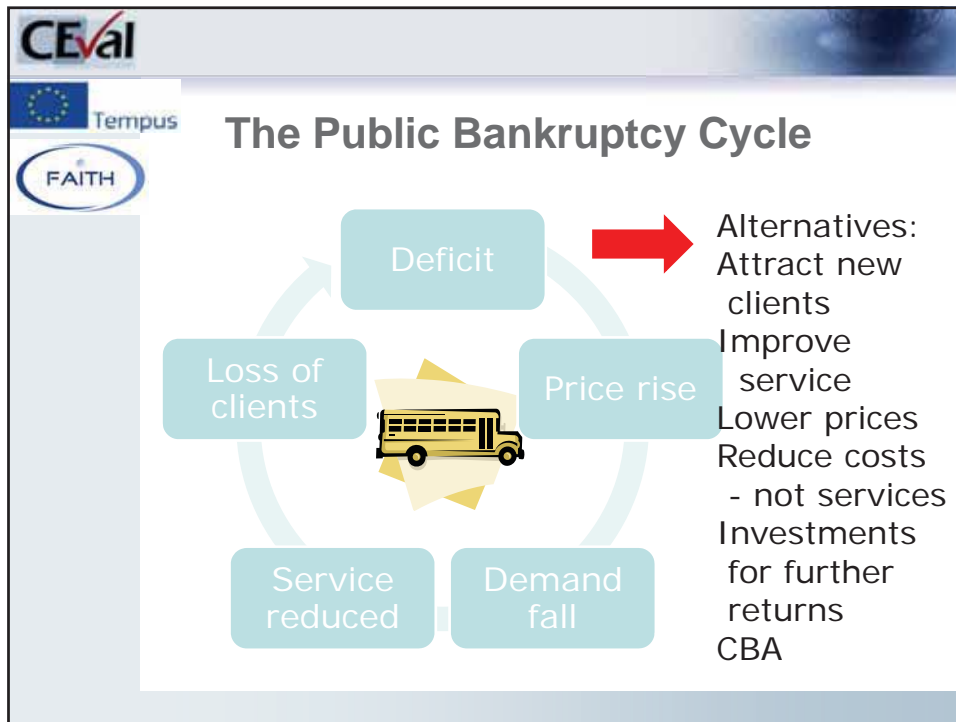
Tempus FAITH

The Microeconomic View

Balance In Mio EUR	Savings In Mio EUR	Costs In Mio EUR
+14,3	26,0 (mostly personal)	11,7 (Funds)
-1,7	0,2 (public transport)	1,9 (Fees)
?	Research Costs?	Loss of Patents? (Research Incomes)
?	Service Costs?	Service incomes?
?	Other Costs?	Other Incomes (caused by students and personal)

26.04.2013 © 2014 Meyer 7





**CEval** Part 2  
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## Regional Consumption and Distribution

- ✓ General calculation process CBA
- ✓ University Students and Employers as Consumers and Tax Payers
- ✓ Methodological Difficulties (Attribution, Stability and Selection Problems)

**CEval**

Tempus

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### Key elements of cost benefit analysis

Costs	Benefits
<ul style="list-style-type: none"><li>✓ Including not only <b>direct costs</b> (e.g. public budgeting)</li><li>✓ <b>Potential costs</b> of not doing or failing</li><li>✓ <b>Opportunity costs</b> (potential benefits of alternative investments)</li></ul>	<ul style="list-style-type: none"><li>✓ Including not only <b>direct returns</b> (e.g. tax, consumption)</li><li>✓ <b>Future benefits</b> of nowadays investment</li><li>✓ <b>Monetarization</b> and <b>making assumptions</b> basing the benefit analysis</li></ul>

**CEval**

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### Calculating Regional Economic Effects

- ✓ Defining the region and its borders
- ✓ Calculating the expenses of the University
- ✓ Capturing the regional effects of expenses
- ✓ Determine the regional multiplier effect
- ✓ Estimating the regional employment effect

**CEval**  
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### Some Results for UdS (direct effects)

University Expenses	Total (in EUR)	Percentage (in %)	Regional (in EUR)
Personal Expenses	170.358.453	80	136.286.762
Tangible Expenses	87.714.435	49	42.980.073
Investments	60.580.430	52	31.501.824
Student Expenses	126.400.000	75	94.800.000
Total Expenses	445.053.318	69	306.136.015
Economic effect	Keynes Multiplier: 1,6		<b>488.286.944</b>
	Regional Public Investment		-201.793.018
	Net Return		<b>286.493.926</b>

Source: Data UdS; Comparative Data: Glorius und Schultz 2002 ; Calculation: WM




**CEval**  
 Tempus  
 FAITH

### Some Results for UdS (direct effects)

University Expenses	Total (in EUR)	Percentage (in %)	Regional (in EUR)
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**1 Euro Investment => 2.5 - 3 Euro Return**  
 (only direct costs and returns)

Source: Data UdS; Comparative Data: Glorius und Schultz 2002 ; Calculation: WM



## Demographic Effects

- ✓ Non-scientific (mostly local and stable)
- ✓ Scientific (international and highly mobile)
- ✓ Students
  - From the Region (avoid push effects, local consumption)
  - From other parts of the country (enhance pull effects, mixed consumption)
  - International (only temporary, mixed consumption)



## Methodological Problems

- ✓ Low Response Rates (systematical selection error)
- ✓ Difficulties to answer budget questions for students
- ✓ Instability of income and expenses
- ✓ Division between local and non-local consumption

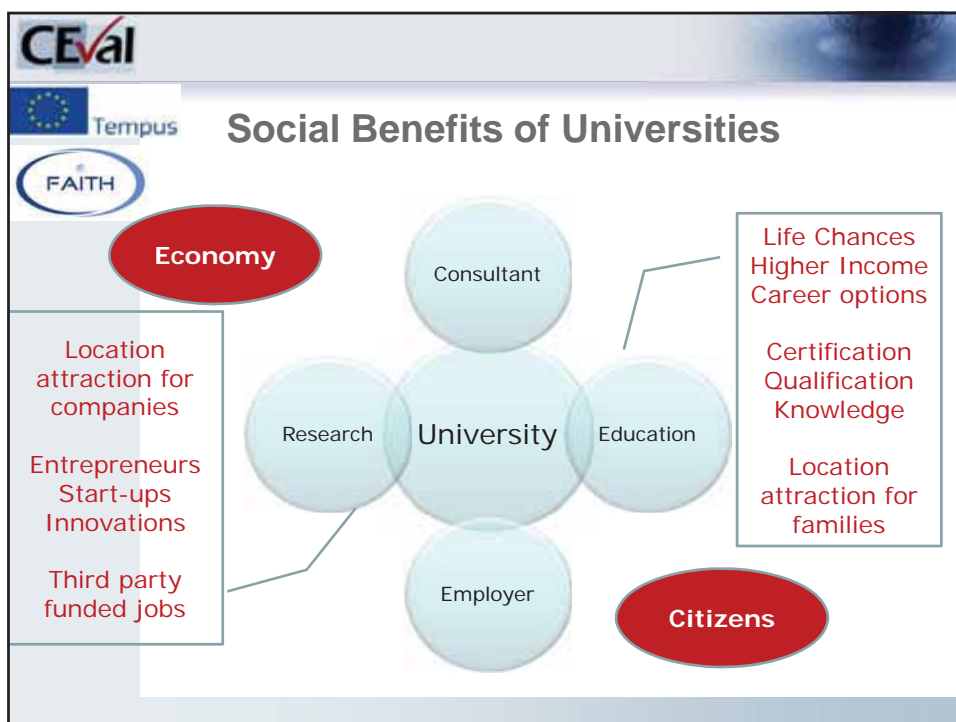
**CEval** Part 3

Tempus FAITH

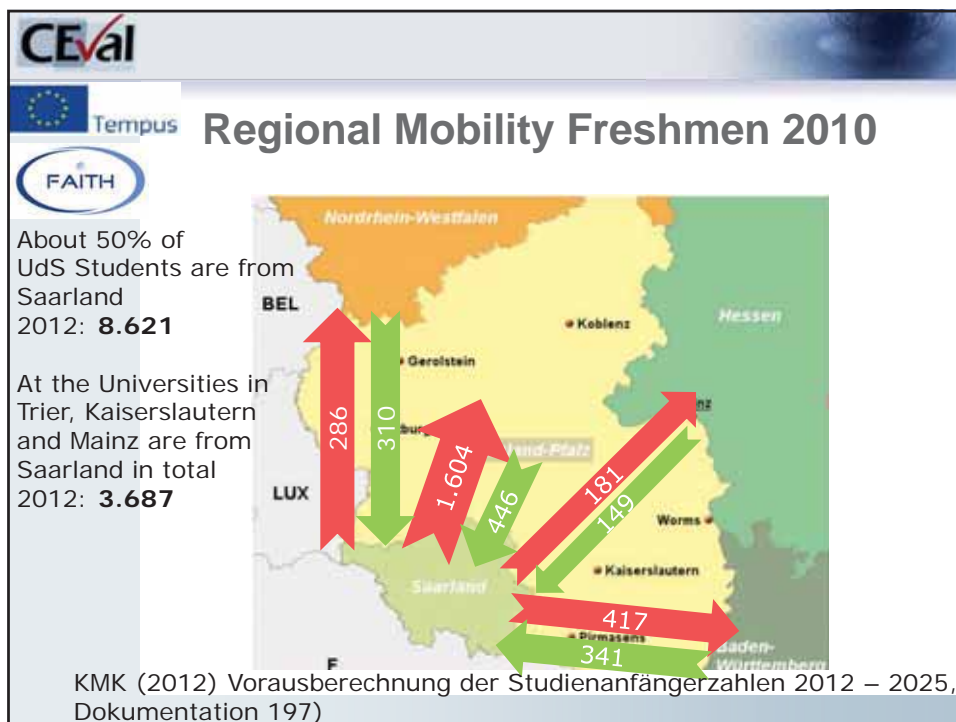
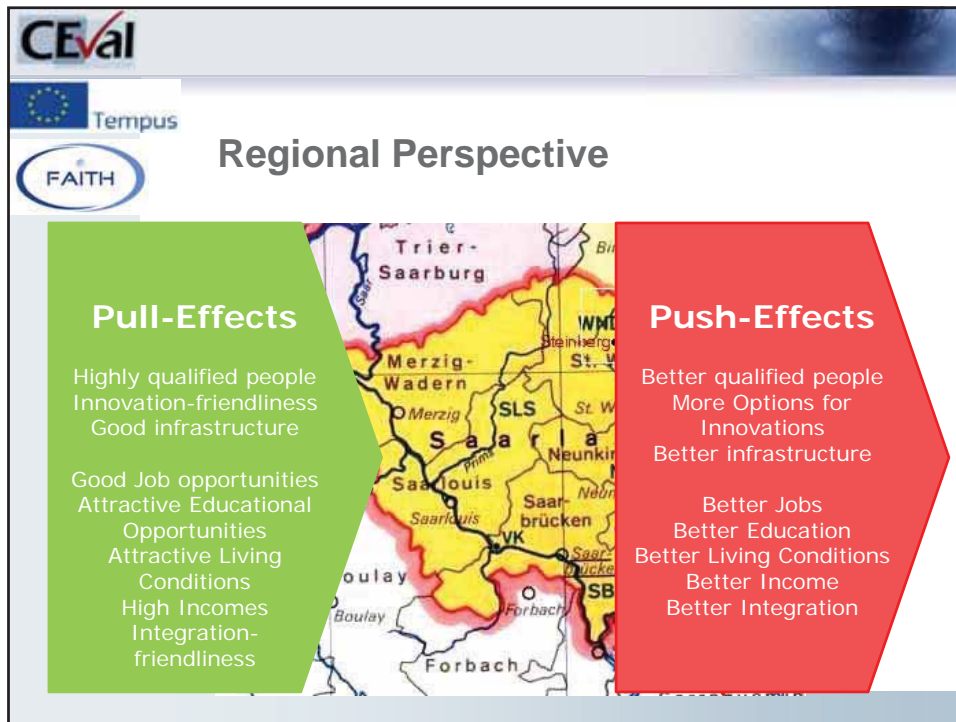
## Short-term Benefit of Universities




- ✓ Regional Benefits (Short-Term)
- ✓ Push- and Pull Effects
- ✓ Mobility caused by Universities

26.04.2013 © 2014 Meyer 17









## Long-term Benefit of Universities

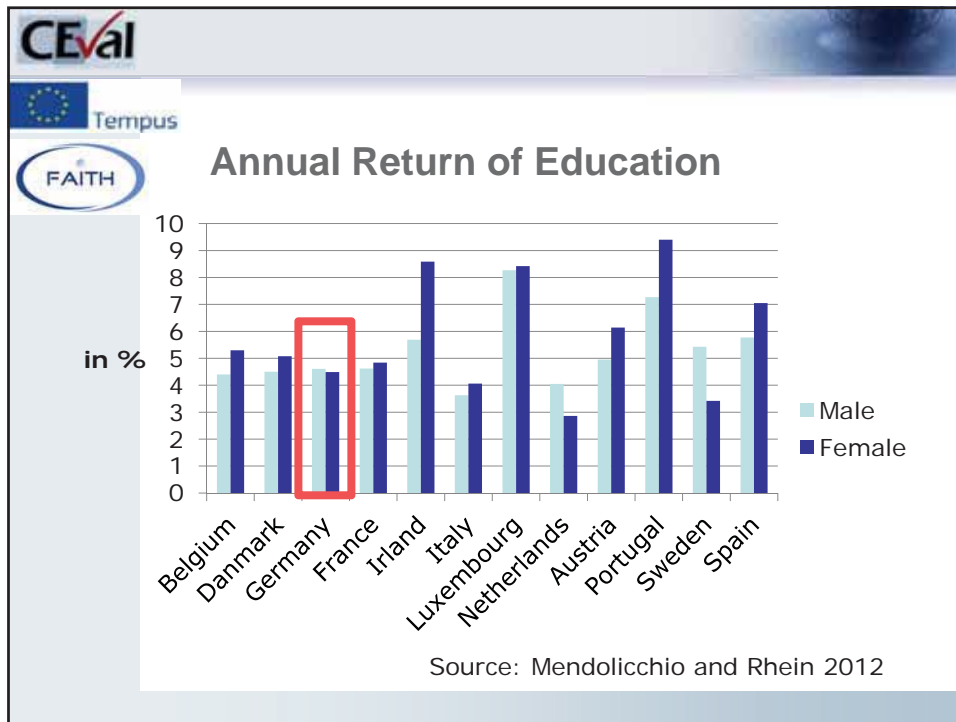
- ✓ Life-long Effects for Students
- ✓ Annual Return of Education
- ✓ Long-term Effects of Brain-Drains for Regional Development
- ✓ Scientific Research and Regional Economy



## Results from Longitudinal Studies

- ✓ **Lower Unemployment Risk** (average 2.5% instead of 7.5%; high risks only at career entry after finishing studies – search unemployment)
- ✓ **Employment matches to Academic Education** (after 10 years, 90% of University graduates are in appropriate Jobs)
- ✓ **Higher Income** (79% of University graduates are above average)

Source: Fabian et al (2013)



Intangible Effects	Indicators
Competence Effects	<ul style="list-style-type: none"> <li>• Brain Gain of High Qualified</li> <li>• Knowledge Transfer</li> <li>• Educational Function</li> </ul>
Network Effects	<ul style="list-style-type: none"> <li>• Horizontal and Vertical Network of Universities</li> <li>• Network of Students and Alumni</li> </ul>
Structural Effects	<ul style="list-style-type: none"> <li>• Scientific Infrastructure</li> <li>• Labor Market Effects</li> </ul>
Image Effects	<ul style="list-style-type: none"> <li>• Media Reports</li> <li>• Location Attraction for Living, Working and Education</li> </ul>

Source: Strauf and Behrendt 2006

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### Example Brain Gain in Saarland

✓ Direct Effect:		
University Staff (regular budget)		1.719
University Hospital (regular budget)		3.367
✓ Additional Effects:		
Third-Party Financed Staff		994
✓ Indirect Effects:		
Graduates staying in Saarland, app.43%		602
Long-term Employment Effects ?		

**CEval**

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### Conclusion

- ✓ One cannot decide about the investments for Universities without having valid information on the **regional costs and benefits**
- ✓ One has to look both at monetary and non-monetary, short- and long-term effects
- ✓ There is **no professional planning** in regions on University investments
- ✓ There are **no rules** how to use CBAs and how to get the information on benefits – but there are some standards available

[www.bmwf.wg.at](http://www.bmwf.wg.at)



## Steering autonomous Universities in Austria: Evolution of the Public University Funding System

### Before 2004

[www.bmwf.wg.at](http://www.bmwf.wg.at)



- Universities are part of the ministry of science and research
- Income from non federal sources (e.g. student fees) is part of the federal budget
- Expenditures are paid by the federal budget (Personel, Infrastructure,...)

## Universities Act 2002

[www.bmwf.gv.at](http://www.bmwf.gv.at)



- In effect since 2004
- Universities are autonomous corporate entities governed by the Universities Act 2002
- Management by objectives (performance agreement)

## Universities Act 2002

[www.bmwf.gv.at](http://www.bmwf.gv.at)



- Triennial-budgets
- All income belongs to the university
- All expenditures are directly paid by the university

## Universities Act 2002

[www.bmwf.wg.at](http://www.bmwf.wg.at)



### Transition phase

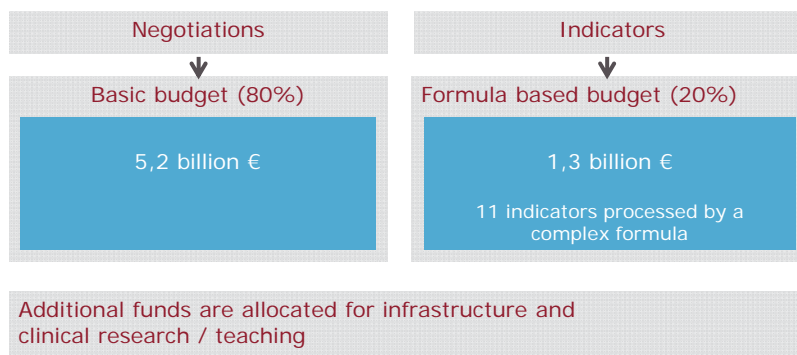
- 2004 – 2006: annual budgets to ease the funding transition
- since 2007: triennial performance agreements between universities and the ministry of science, research and economy

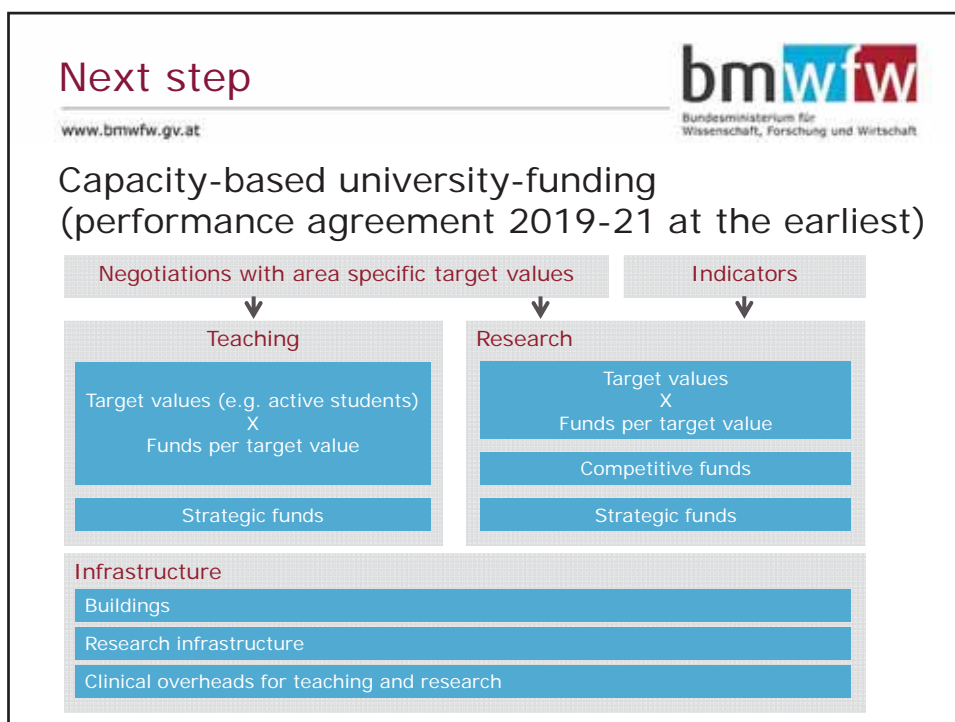
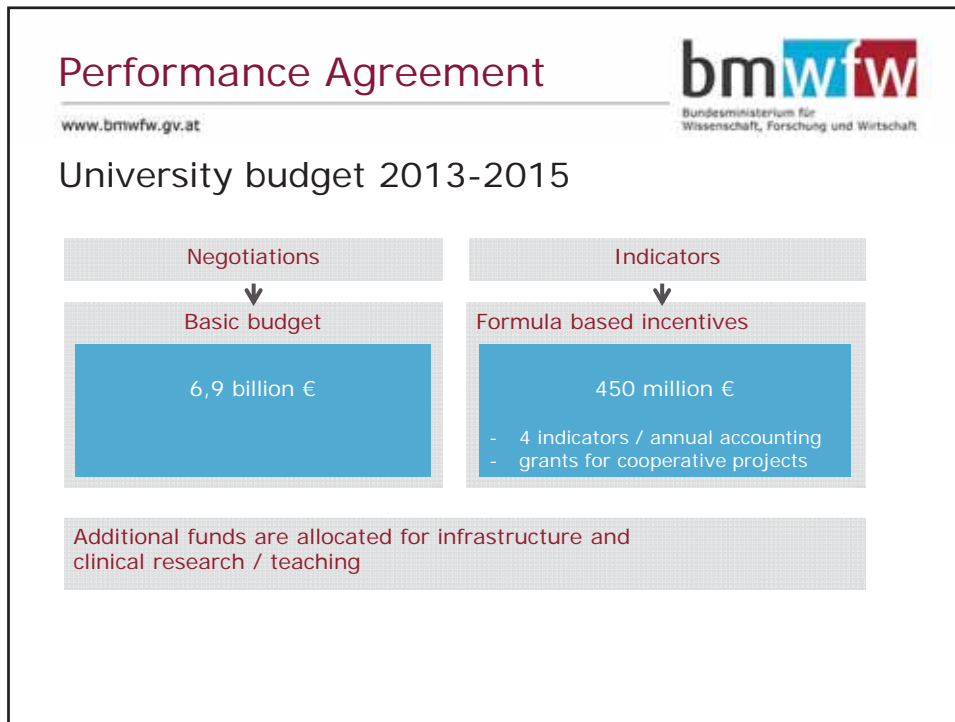
## Performance Agreement

[www.bmwf.wg.at](http://www.bmwf.wg.at)



### University budget 2010-2012







## Next step

[www.bmwf.gv.at](http://www.bmwf.gv.at)



Steps to implement the capacity-based university-funding

- Adaption of the Universities Act 2002
- Implementation of admission controls
- Designing the implementation process

## Further information

[www.bmwf.gv.at](http://www.bmwf.gv.at)



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E-Mail: [Georg.Tummeltshammer@bmwf.gv.at](mailto:Georg.Tummeltshammer@bmwf.gv.at)



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# Financial Management at Saarland University

Saarbrücken, Juli 2014

Saarland University on its way to financial autonomy, the  
change process in 2004



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## Facts & Figures about Saarland University

- Saarland University founded in 1948 with French assistance
- 8 Faculties
- 18.500 students in Saarbrücken and Homburg (Faculty of Medicine)
- 15 per cent international students
- 120 study programmes, 25 international degree programs with double-degree qualification
- 280 professors
- 4 Collaborative research centres and 5 graduate schools
- 5.000 People working at University (without Saarland Hospital)
- 252 spin-off companies with more than 1.454 employees
- 179 Mio. € lump sum Budget, 77 Mio. € third party funds

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## Aspects of the Change Management process

1. Legal and regulatory framework
2. Agreement and multi-year budget commitments
3. Goal-oriented methods of distribution of funds (funding formulas and target agreements).
4. Quality assurance procedures (eg evaluation)
5. Reporting / external accounting
6. Instruments of self-regulation of higher education

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## Legal and regulatory framework

- The State Higher Education Act the fundamental framework for the control to be defined, in particular in the form of decision-making and management structures. But for example, the legal form is relevant for the control possibilities of the state. Finally, it is regulated, the extent to which the autonomy of the university is limited by state participation and approval rights
- Bologna declaration
- German Reunification

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<h3>UNIVERSITY AUTONOMY, Law-Nr. 1556 about Saarland University (2004 – University law)</h3> <ul style="list-style-type: none"><li>• The introduction of the global budget was accompanied by the conclusion of a target and performance agreement and the reorganization of the financial management.</li><li>• In accordance with the bargaining contract the university governs all questions of personnel administration and payroll itself.</li><li>• The Saarland University issues its own regulations with statutes and rules.</li></ul>			
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<h3>Other financial rules and regulations</h3> <p><b>State budget regulation (Landeshaushaltsordnung)</b> The State Budget Regulation defines principles for the financial law of public institutions</p> <p><b>Decree of the Ministry of Economics and Science of Saarland for financial reporting and accounting from the Saarland University (Rechnungslegungserlass)</b> The decree regulates the installation and execution of the business plan, the payments and the audit of the financial statements.</p> <p><b>Accounting policy</b> The accounting policy describe the outer form of a balance sheet, the content of the balance sheet, assessment of individual items of the balance sheet and the layout of the income statement.</p> <p><b>Tax Amendment Act</b> The existing tax exemption of sales of state universities from research activity was abolished with effect from 01.01.2004</p>			
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## Agreement and multi-year budget commitments



Special Situation in Saarland:  
One Land – One University

Financial Situation in 2004

The Saarland University was located in a financial situation that allows internal restructuring only through a redistribution of resources: An active profile maintenance and new developments will be realized only with savings in other areas. The University lacked an annual budget in the amount of approximately € 8 million.

The volume of the global budget in the coming years is negotiated and unchangeable; there is no way to soften the cap on the budget.

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## Goal-oriented methods of distribution of funds

```
graph TD; subgraph State_control [State control]; SS[State Subsidy]; end; subgraph Method; FA[Full amount]; CP[Certain Percentage]; TA[Target agreements]; end; subgraph Operationalization; CF[Core funding]; TPC[Task and performance-related criteria]; DR[Discretionary rewards / sanctions]; end; SS --- FA; SS --- CP; SS --- TA; CP --- CF; CP --- TPC; CP --- DR;
```

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## Functions of the target agreement

A core element of state control will be the target agreement between Saarland University and Ministry. The specific design depends on its function from:

- As part of the core funding goal setting is primarily used to legitimize a base model in the framework of the contract and the proof of self-control ability of the university.
- In the performance-based financing, the target agreement serves as the basis for the internal incentive schemes. The internal power reference can be anchored also in connection with the detection of self-control ability.
- In the innovation part to advance the project-specific agreements on objectives innovation and structural development while creating a balance between the promotion of autonomous profiling of Saarland University and the enforcement of state goals.

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## Implementation of state control in differently configured target and performance agreements

Target Agreement I  
2004 – 2006 / 2007

Task-related funding  
Performance-based financing  
Funding for Innovation

Target Agreement II  
2008 - 2010

Lump sum budget  
Discretionary rewards  
Formula based Sanctions

Target Agreement III  
2011 – 2013 / 2014

Task-related funding  
Additional performance-based allocation





Target Agreement IV  
2015 – 2017 / 2020 (?)

Negotiations start in July 2014

▶
▶
▶

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<h2>Quality assurance procedures</h2> <p>Either a government agency is established and comprehensively introduced evaluations. Or will it be a date in the target agreements that the university is committed to evaluation and quality assurance and must demonstrate that this occurs in certain periods and with certain standards.</p> <p>It was implemented the second option because it lays more on self-responsible self-control. It could thus be ensured that at Saarland quality assurance is seen as a tool that is implemented in its own interest and used for the benefit of the university. Evaluation is not externally imposed routine and not for the bureaucratic process.</p> <p>The Saarland University is one of the first universities in Germany, which reached a system accreditation in 2013.</p>			
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<h2>Reporting / external accounting</h2> <p>The reporting system accepts complementary functions to the other instruments of the new control approach:</p> <ul style="list-style-type: none"><li>• It contributes to the legitimacy of the global budget. By representing the academic work is placed over government and public accountability.</li><li>• It supports state control (indicators of the formula, reports on the implementation of target agreements, etc.).</li><li>• It ensures that the new control approach is also reflected in the budget and thus also arrives at the Parliament.</li><li>• It supports the automatic control of the university. The university should actively use reports as instruments of communication and information policy and make and thus advance the higher education marketing.</li><li>• The design of the reporting system must ensure that in the interplay with the other control instruments and be tailored to the priorities in the above-mentioned functions.</li></ul>			
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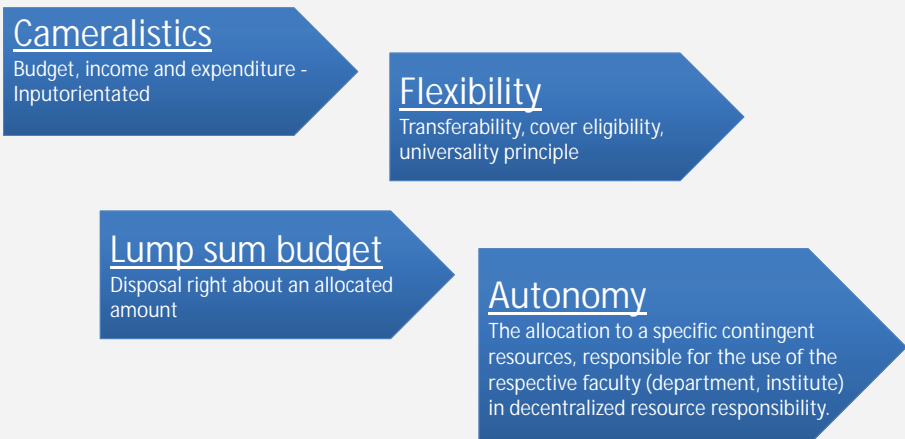
## The annual report

- The report is intended to represent the current **and** future situation of the company concerning the opportunities and risks. It must give arrange a true and fair view (§ 289 HGB).
- The report must be based on a proper analysis of the key financial performance indicators. This is to be referred on the financial statements reported amounts and disclosures.

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## Four steps in the development of HEI's budgets



**Cameralistics**  
Budget, income and expenditure -  
Inputorientated


**Flexibility**  
Transferability, cover eligibility,  
universality principle

**Lump sum budget**  
Disposal right about an allocated  
amount

**Autonomy**  
The allocation to a specific contingent  
resources, responsible for the use of the  
respective faculty (department, institute)  
in decentralized resource responsibility.

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## Differences between commercial and cameralistics accounting

In the past,...

- ... the budget was managed with accounts for receipts and payments accounts (cameralistic). The cameralistic accounting is an inputorientated expenditure control instrument with a one-period relation that does not allow long-term planning.
- ... building costs were not calculated. Areas were therefore a "free good" with infinite demand.
- ... no depreciation has been calculated for fixed assets. Expenditure on goods "disappear" in the year of the procurement from the cameralistics.
- ... costs were not allocated for each cost center.
- ... were no forecasts made about cost trends (what does cost a graduate?).

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## Advantage of commercial accounting

**Disclosure of resource consumption**  
What performance is achieved with applied resources?

**Promote cost consciousness**  
Which costs incurred and how did the developed?



**Long-term planning based on economic criteria**  
Consideration of maintenance costs before making decisions. Which profit margin is achievable? What impact does the cost-related remodeling of the study right.

**Pricing**  
What costs are incurred for a particular service? How high is the profit margin achieved?

**Decision support**  
Which costs are associated with different options? Is it worth to invest in equipment or the purchase of a service economy? What additional resources are needed in increasing the number of students?

**Cost transparency**  
What costs where caused by the administration and the technical assistance? What does a graduate and how to put together this cost? What does it cost to set up a new course?

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### Necessary measures in the change process

- 1 • Intensive training for the staff
- 2 • Hire staff with other qualifications than previously (accountant, IT, controlling, strategic planning)
- 3 • Create an understanding of the dependencies of all administration areas
- 4 • Support from the University Board




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### Instruments of self-regulation of higher education

- Modernization (efficiency) of the courses offered
- Quality assurance (increase in training performance, reducing the study period)
- Internationalization of the curriculum
- Excellency in research (an increase in external funding share)
- Self-control of the University
- Introduction of double-entry bookkeeping
- Introduction of cost and management accounting
- Installation of higher education controlling

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## Accounting objectives for the university

- Periodic accountability
- Results analysis
- Statement of net assets
- Budgeting in accordance with achievable revenues
- Target-performance comparison i.c. with a budget
- Management audit
- Performance monitoring
- Control of resources
- Calculation of internal and external service charges




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## Other reasons for the need of business accountancy

- 1) The position of universities in the society has strongly changed in the last 20 years. In former times universities limited themselves to research and higher education, but today's universities had to compete for money with other universities and enterprises.
- 2) The demand for university places is steadily increasing in spite of falling birth rates.
- 3) The change from a pure cost reimbursement towards a financial autonomy requires a long-term budget instead of a medium-term budget.
- 4) More and more networking with industry through Spin-offs, cooperations, funded projects, foundation professorships gains importance.

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## Summary

- Block 1
  - Profile development  
SWOT, Target agreements, Research-Cluster
- Block 2
  - Sustainable structures  
BA/MA/ECTS, KLR, Budgeting
- Block 3
  - More incentives  
LOM, Graduate Schools
- Block 4
  - Quality assurance  
Accreditation, Evaluation

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# FINANCIAL AUTONOMY AND ACCOUNTABILITY OF PUBLIC UNIVERSITIES IN AUSTRIA

Core elements of the Higher Education Sector of Austria

Prof. Arthur Mettinger, Rector , FH Campus Wien



## PRINCIPLES OF FINANCING HIGHER EDUCATION IN AUSTRIA

Further development of the 200-year-old administration tradition

- a. the **state** retains a significant role as the **partner of the universities**
- b. the state has **statutory obligation to fund** its universities
- c. universities obtain **full legal capacity**



## ROLE OF THE MINISTRY OF SCIENCE, RESEARCH AND ECONOMY

- The **political voice** of sciences (& humanities) and research
- Representative of the **interests** of the academic system, within the state, in the EU, internationally
- **Financing** state academic institutions – planning, preparation and implementation
- Harmonisation with **other political areas**
- Development of national **strategies**
- **Location policy**
- **Facilitator** of academic development & **Motor** for improvements
- **Partnership** with the universities, support & consultation
- **Legal supervision**



## CHARACTERISTICS OF THE TYPES OF PUBLICLY FUNDED UNIVERSITIES IN AUSTRIA

Universities and Universities of Applied Sciences



## CHARACTERISTICS

### UNIVERSITY

- discipline-oriented
- research-based education
- (fundamental) research + teaching
- BA, MA + PhD
- No focus on needs
- tradition - 650 years
- Global budget
- Few restrictions on student numbers

### UNIV. OF APPLIED SCIENCES

- profession-oriented
- research-based education
- teaching + (applied) research
- BA, MA
- Regional focus
- "newly established" - 20 years
- Money per student place
- Restricted student numbers



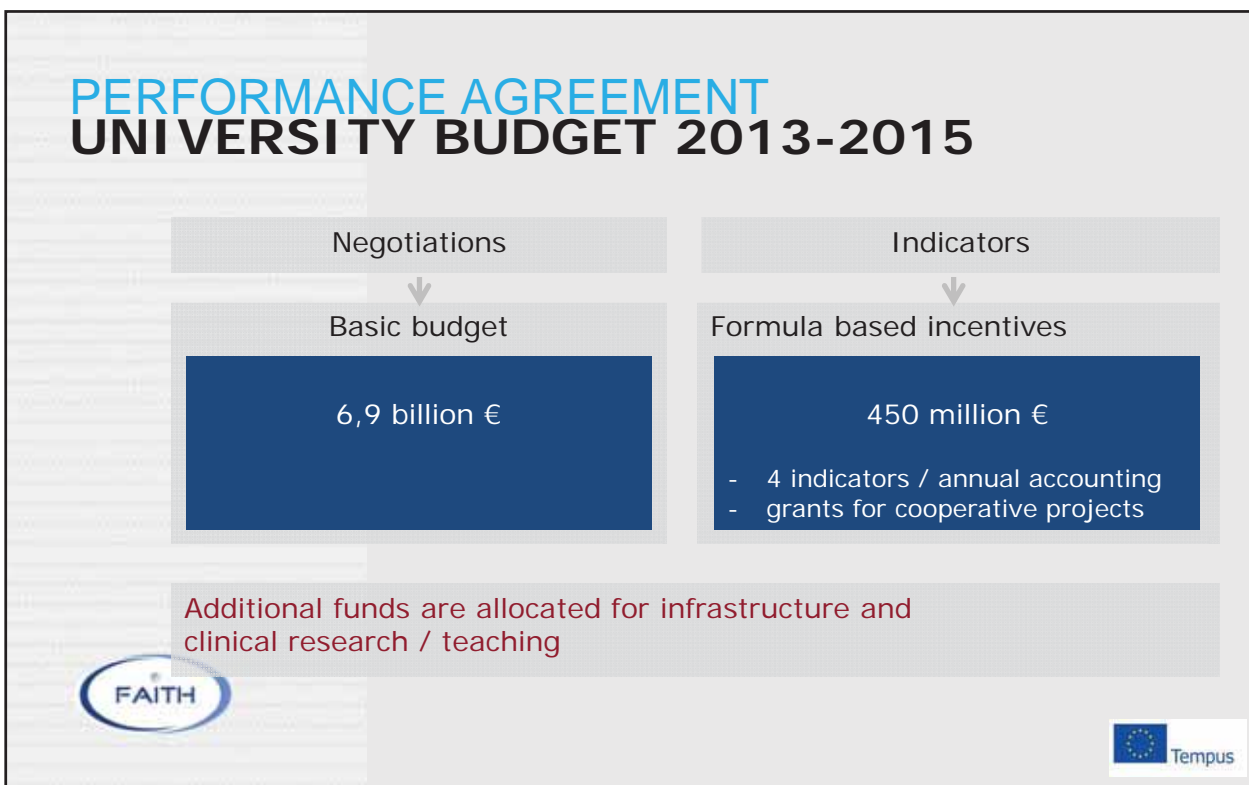
**Differentiated system of types of HE institutions**



## DIFFERENT FINANCING MODELS



Universities and Universities of Applied Sciences





## PER CAPITA FUNDING ANNUAL FUNDING RATES PER STUDY PLACE

Type of funding group	Annual Funding Rate In EUR/Study place
For students admitted in courses with a "Technology" part of at least 50%	€ 7.940,-
For students admitted in courses with a "Technology" part of at least 25%	€ 6.990,-
For students admitted in courses with the focus on tourism	€ 6.580,-
For students admitted in all other courses	€ 6.510,-



## PER CAPITA FUNDING FH CAMPUS WIEN BUDGET

Cost category	Share of total costs in %
<b>Personnel Costs Degree Programmes</b>	<b>57%</b>
Lecturers	20%
Part-time Lecturers	17%
Degree Programme Administration	14%
Researcher & Development Personnel	3%
Other Personnel	3%
<b>Service Facilities („Overhead“)</b>	<b>19%</b>
Personnel Costs	14%
Cost of Materials	5%
<b>Occupancy Costs (Offices, Lecture Rooms, etc.)</b>	<b>17%</b>
<b>All other costs</b>	<b>7%</b>
<b>TOTAL</b>	<b>100%</b>



## „SUCCESS FACTORS“

- Mutual trust as basis
- No micro-controlling by Ministry
- Annual profit and loss accounting by HEI
- Predictability of budget
- Need for good financial management inside Higher Education institution, including clear responsibilities
- Clear description of processes, IT support





## 1. The reform 2002



*"The most sweeping reform in 150 years"*

- **The aim:** a mass-knowledge-society  
Universities contribute to the development of mass-knowledge-society and to the wealth of the people
- **The policy:** to improve the contribution of the Universities by
  - a. enhanced performance in teaching and research
  - b. better use of financial resources
- **Hypothesis:** Autonomous universities perform better than state directed universities
- Traditional sovereign control of the state → **collaborative model** ("New Public Management")

3

## 2. Principles of reform (1)



*"The most sweeping reform in 150 years"*

1. Further development of the 200 year old administration tradition
  - a. the **state** retains a significant role as the **partner of the universities**
  - b. the state's **statutory obligation to fund** its universities
  - c. universities obtain **full legal capacity**
2. Concerning the performance agreements, state and university are **equals** in legal terms: „**New Public Management**“ with dialogue and negotiations.

→ (2)

4

## 2. Principles of reform (2)



*"The most sweeping reform in 150 years"*

3. Universities become **business-like organizations** (→ management instruments!) but not businesses
4. Instead of innumerable detailed regulations – **own decision making and responsibility**
5. State **regulations reduced** to a minimum
6. Traditional **academic freedom** of research and teaching is preserved
7. No-one may be forced to research or teach against his conscience

5

## 3. Instruments of reform



[www.bmwfw.gv.at](http://www.bmwfw.gv.at)

Legislation regulates the following:

1. Conditions for the **existence** of autonomous universities
2. **Transition** from state run to autonomous universities
3. Concrete **organisation** of the autonomous university is transferred to the university itself – through the new governance

6

#### 4. Tools for steering university development (1)



1. Parliament passes the **overall budget** for the universities
2. The state decides by **law** on the following:
  - a. tuition fees (at present abolished for the most parts by exemptions)
  - b. admission to study courses (at present under discussion in Austria)
3. Decisions on **major investments** (buildings, large laboratories) are reserved for the **minister**
4. Everything else: contract between the ministry and the university ("**performance agreement**")

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#### 4. Tools for steering university development (2)



1. **Contextual control:**
  - a. Legal framework
  - b. Performance agreements & financing
  - c. Intellectual Capital Report
  - d. University Board
2. **Autonomous control:**
  - a. Control over personell matters
  - b. Election of the management
  - c. Organizational matters
  - d. „academic products“ - scholarship, curricula, research ...

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## 5. Performance agreement (1)

[www.bmwfw.gv.at](http://www.bmwfw.gv.at)

Federal Ministry of  
Science, Research and Economy

- **Requirements** for proper functioning:
    - a. Participation with responsibility on both sides
    - b. Communication as equals at the legal level
    - c. Communication as equals at the social level
    - d. Consistency of approaches and behaviour
    - e. Reliability, mutual trust
    - f. Transparency
- (2)

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## 5. Performance agreement (2)

[www.bmwfw.gv.at](http://www.bmwfw.gv.at)

Federal Ministry of  
Science, Research and Economy

- **Elements** of the contract:
    - a. three-year term
    - b. services of the university
    - c. government money
    - d. drafted by the university  
with a basis in the university's development  
plan
- (3)

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## 5. Performance agreement (3)

[www.bmwfw.gv.at](http://www.bmwfw.gv.at)

Federal Ministry of  
Science, Research and Economy

- Role of the **ministry**:
  - a. Money continues to come from tax-payers
  - b. Ministry has a guiding role as a partner – does not dictate \*

\* But the Ministry always wears three hats: it has control over die financial resources, it is the referee at the supervisory level and it can normally induce changes of the laws.

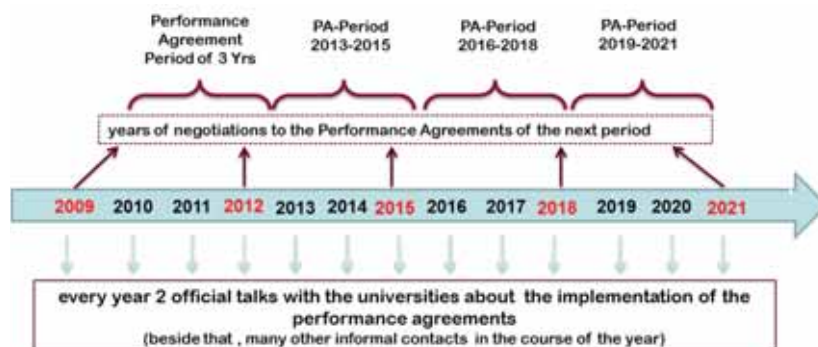
11

## 5. Performance agreement (4)

[www.bmwfw.gv.at](http://www.bmwfw.gv.at)

Federal Ministry of  
Science, Research and Economy

- the governance **schedule**:



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## 6. When a performance agreement cannot be reached



1. Strong reasons for arriving at an agreement – on both sides
2. Special **arbitration procedure** (a judge and the same number of nominees by the university and by the ministry)
3. If the arbitration procedure fails (appeal against the decision of the arbitration committee): action in the Constitutional Court
4. In the phase before a new contract is signed: university's budget must not be reduced

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## 7. Autonomy (1) (→ Art. 81c B-VG)



1. Appointment of **personnel**, including professors, and collective bargaining right;
2. the right of **self-organization** in terms of structure and workflow;
3. the **internal allocation of funds**, e.g. use of die 3-year global budgets;
4. the university **statutes**, and
5. the **content** of study programs, research programs, in-service and continuous education, thus: own priorities and own profiles on the basis of development plans.

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## 7. Autonomy (2) – in matters of the university's staff



1. **New staff** – employees of the universities, no longer civil servants
2. **Civil servant** already on the staff
  - a. are made available to the university by the state
  - b. retain all their rights
  - c. positions abolished when civil servants leave

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## 7. Autonomy (3) – Factors for successful transitions?!



1. Factual and mental preparation of die university members for the new situation;
2. their attitude to competition and their perception of international competition;
3. the prevailing university culture;
4. the specific actors at the level of senior management (University Council, Rectorate, Senate), and the employee and student representatives, and their personal conflict management skills;
5. the pace of change;
6. the self-imposed (to some extent at least) regulatory density (statutes, study programs, agreements on objectives, personnel, finance, reporting);
7. the real or perceived limitations at the local level in terms of personnel, finance and space, and
8. the internal and external agreements entered into (e.g. in the framework of objectives and performance agreements).

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## 8. The role of the parliament



[www.bmwfw.gv.at](http://www.bmwfw.gv.at)

1. Detail steering by means of legislation disappears (but sometimes it wants to come back)
2. Passing overall budget for the universities
3. Previous dominance of input-orientation is expanded: new report system (performance, balance sheets, intellectual capital reports) allows control and criticism of the universities' performance

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## 9. The duties of the ministry



[www.bmwfw.gv.at](http://www.bmwfw.gv.at)

1. The **political voice** of sciences (& humanities) and research
2. Representative of the **interests** of the academic system, within the state, in the EU, internationally
3. **Financing** state academic institutions – planning, preparation and implementation
4. Harmonisation with **other political areas**
5. Development of national **strategies**
6. **Location policy**
7. **Facilitator** of academic development
8. **Motor** for improvements
9. **Partnership** with the universities, support & consultation
10. **Legal supervision**

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## 10. Perspectives & ... (1)

[www.bmwf.wg.at](http://www.bmwf.wg.at)



1. After 10 years autonomy: „**Yes, we can.** But more transparency and accountability, please.“
2. Admission rules („Paradigma of **free access**“)
3. Quality- and **Capacity**-based funding („chronic underfunding“)
4. HEA: **Coordination** between the tertiary education sectors (universities, universities of applied sciences, private universities, teacher training colleges)
5. HEA: **Coordination** of the teaching and research programs at the various locations

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## 10. Perspectives & ... (2)



[www.bmwf.wg.at](http://www.bmwf.wg.at)



6. Universities must be able to **identify and better understand the costs** of all their activities
7. **Private contributions** in HE should be accepted as investment in the individual career
8. More diversified income structure should be possible for HEI
9. Higher **transparency** of calculations and budgets (acceptance of autonomy, precondition for more money)
10. **Efficiency** reserves to be developed reside in internal operating procedures and structures (partially caused by law)

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# The German model(s) of allocating state money to Higher Education Institutions

Jörg Hormann, Assistant of the Vice-president for planning and strategy



FAITH Study Visit at Saarland University, 30 June 2014



15.10.2015



## Agenda



1. Introduction
2. Basic principles of financing Higher Education in Germany
3. New public management
4. Objectives of the financing models
5. Types of financing models
6. Examples
7. Conclusion

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## 1. Introduction

Political background:

- Federalism
- 16 federal states in Germany
- The federal states are responsible for Higher Education

→ No homogeneous model of financing Higher Education!

→ „prohibition of cooperation“: The German federal government is not allowed to participate in financing HEIs

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Seite 3

## 2. Basic principles of financing HE in Germany

Financing Higher Education in the federalistic system

Basic funding  
(federal states)

+

Third-party-funds  
(public/private)

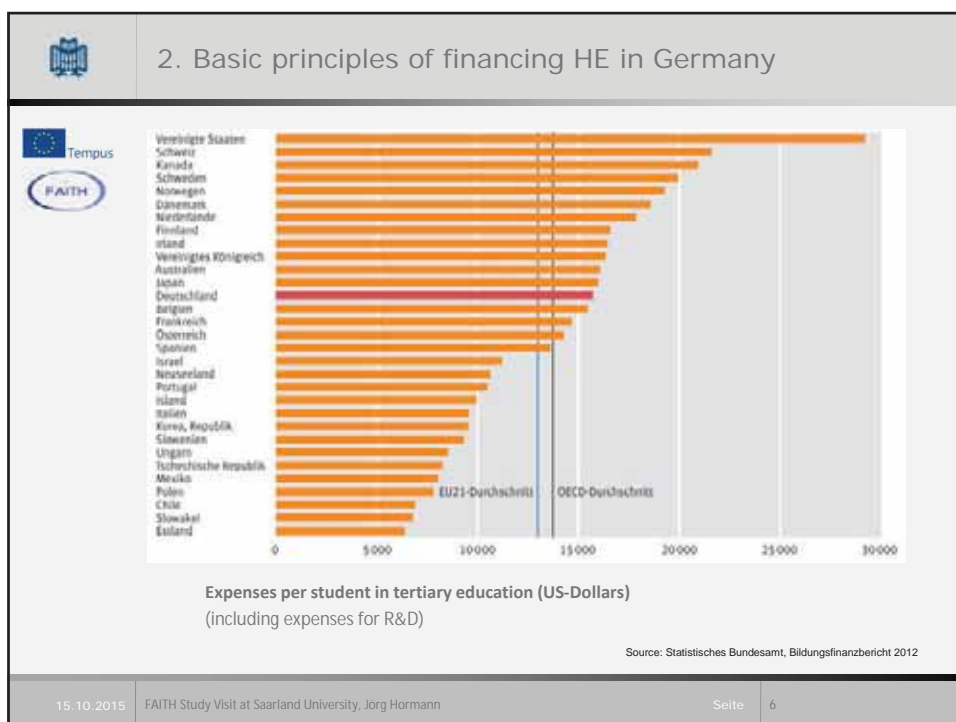
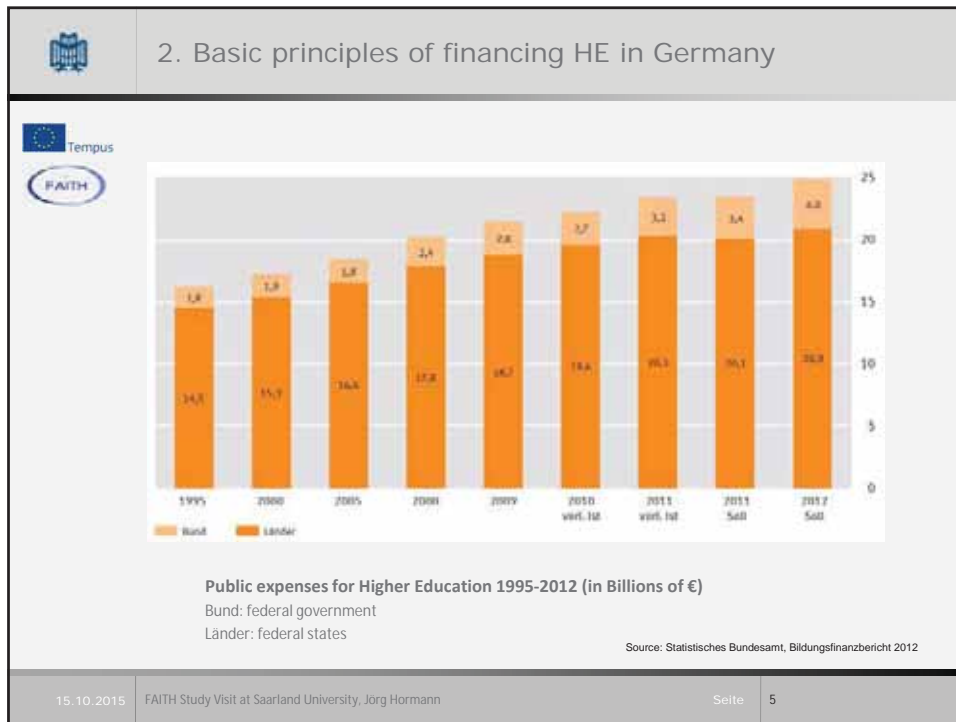
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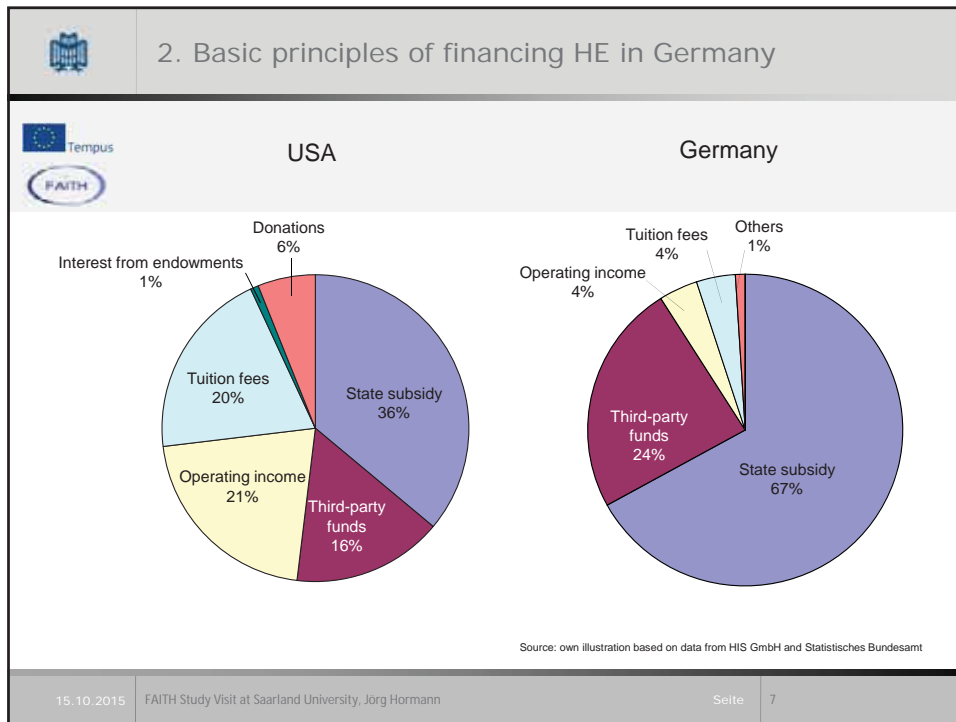
Administrative  
revenues




Dynamic factors

Autonomy	Tuition fees
Global budgets	„Hochschulpakt 2010“
Performance based funding	„Exzellenzinitiative“


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Seite 4





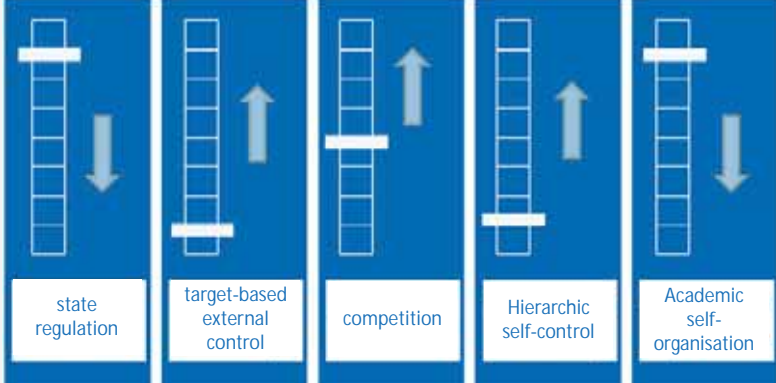


-  3. New Public Management
-  
- New approach to steer HEIs since the 1990s
  - Change from input-oriented to output-oriented steering
  - Governmental ‚nanny-state‘ steering replaced by establishing incentives for HEIs, which should affect their action
- 15.10.2015 FAITH Study Visit at Saarland University, Jörg Hormann Seite 8



 3. New Public Management

  Changes in steering HEIs towards New Public Management



state regulation

target-based external control


competition



Hierarchic self-control

Academic self-organisation

Source: Lange 2005, Schimank 2007


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 4. Objectives of the financing models

- Linking the amount of state subsidies to the duties and the performance of HEIs,
- Models are supposed to clarify that HEIs not only **receive** money but rather **receive money for specific purposes**
- Pricing of performances
- Use of indicators, which should be able to quantify the volume of the duties and to measure performance
- Composition of indicators can express certain political targets
  - IMPORTANT: there must be clarity and consensus about those targets, before measuring them with indicators!

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 5. Types of financing models



 

BASIC FUNDING

PERFORMANCE BASED FUNDING

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 5. Types of financing models

BASIC FUNDING

**Purposes:**

- Legitimation of the allocation of funds to HEIs
- Basic financial security of HEIs
- Ensure the basic duties of HEIs
  - Study and teaching
  - Research
  - Continuing education

**Determination:**

- vital element: negociacions
- Should reflect the expected benefits
- Can be based on indicators:
  - Demand-oriented (number of students, capacity utilisation)
  - Output-oriented (number of graduates)
  - Input-oriented (number of professors)

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5. Types of financing models

PERFORMANCE BASED FUNDING

**Purposes:**

- Establishing commercial incentives
- Encouraging HEIs to act entrepreneurial
- Increase of efficiency and performance
- Creating competition among HEIs

**Determination:**

- Apportionment based on performance indicators
- Redistribution of (parts of) the state subsidy among several HEIs  
→ closed system

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5. Types of financing models

BASIC FUNDING

PERFORMANCE BASED FUNDING




• Negociacions  
• Criteria-based (Indicators)




Lump-sum (global) budget


• Indicators



Performance budget

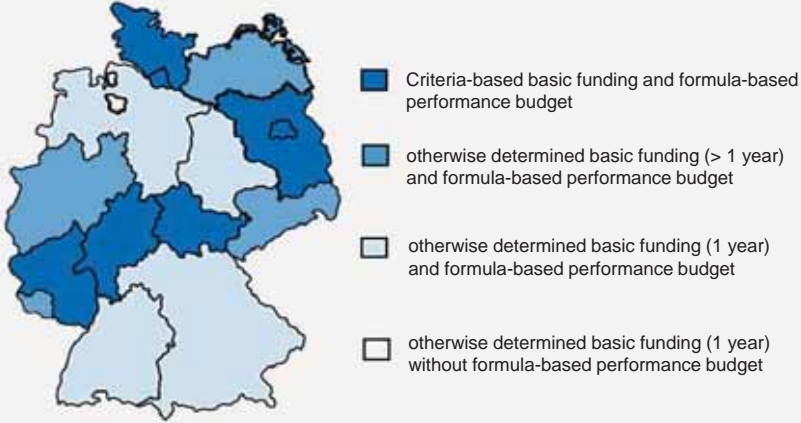
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 5. Types of financing models				
 		<b>Line-item budgeting</b>	<b>Lump sum budgeting</b>	<b>Performance based budgeting</b>
	<b>Basis of funding</b>	fixed budgets for all parts of the HEI's organizational structure and its cost elements	Ideal case: only two budgets: - investment - expenses	budget determination by indicators
	<b>Determination</b>	Mostly state regulated	Target agreements, indicators	Target agreements, indicators
	<b>Effect</b>	Input-orientated, e.g. fixed budgets for personell	Halfway output-orientated, most important strategies and activities to be achieved by HEI are fixed in agreements	Strongly output-orientated, direct correlation between budget and goals achieved
15.10.2015	FAITH Study Visit at Saarland University, Jörg Hormann		Seite	15

 5. Types of financing models				
 	<b>Combination of lump sum budget and performance based budget</b>			
	<ul style="list-style-type: none"> <li>▪ Basic fundig: lump sum budgeting                             <ul style="list-style-type: none"> <li>– Fixed amount, either determined by negotiations or by different criteria</li> <li>– Periods: 1 or more than 1 years (UdS: 3 years)</li> </ul> </li>   <li>▪ Additional (or part of basic-) budget assigned as a formula-based performance budget</li> </ul>			
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 5. Types of financing models



 



Source: HIS GmbH (modified)

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 6. Examples


 



**BASIC FUNDING**

Example: Hesse

Indicator	Number of students (target) within regular duration of study → Agreed for an period of several years between state and HEI
Calculation	Number of students x subject-specific price
Pricing	Based on actual statistic data (cost-unit-accounting)
Steering approach	Discrepancies to the agreed number of students within a tolerance of 10% have no effect on the budget, undershooting 10% leads to price-reduction
Outlook	Planned modification: calculation based on actual numbers of students instead of agreed numbers

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6. Examples







BASIC FUNDING

**Example: Brandenburg**

Indicators	<ul style="list-style-type: none"> <li>Number of students within regular duration of study</li> <li>Number of professors</li> </ul>
Calculation	Indicators x cluster-specific standard values for students and professors
Pricing	Standard values per professor, standard values per student
Further attributes	Depending on subject clusters: different percentages for the apportionment of budgets by number of professors, respectively number of students <ul style="list-style-type: none"> <li>Humanities: 25% number of professors : 75% students</li> <li>Natural sciences: 40% professors : 25% students</li> </ul>

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6. Examples







PERFORMANCE BASED FUNDING

**Common indicators:**

Teaching	<ul style="list-style-type: none"> <li>Graduates, success rates</li> <li>Students within regular duration of study, capacity utilization</li> <li>First-year students</li> </ul>
Research	<ul style="list-style-type: none"> <li>Third-party-funds</li> <li>Doctoral degrees</li> <li>publications</li> </ul>
Equal opportunities	<ul style="list-style-type: none"> <li>Proportions of women: students / graduates / doctorates</li> <li>Proportions of women: academic staff</li> </ul>
Internationality	<ul style="list-style-type: none"> <li>Teaching: international students, incomings, outgoings</li> <li>Research: Humboldt-scholarship holders, international cooperation projects</li> </ul>
Misc.	<ul style="list-style-type: none"> <li>Awards</li> <li>Patents</li> <li>Ranking results</li> </ul>

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 6. Examples



 

### Example: Saarland University (2011-2013)

Lump-sum budget (consumptive)	145,500,000.- €	
Lump-sum budget (investment)	5,500,000.- €	
Compensation for ceased tuition fees	10,000,000.- €	
	<b>Lump-sum (total)</b>	<b>161,000,000.- €</b>
indicator-based performance budget	10,000,000.- €	
	<b>TOTAL STATE BUDGET</b>	<b>171,000,000.- €</b>

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 6. Examples

### Performance Indicators: Saarland University




a) dynamic performance indicators:

Indikator	Weighting factor	Target	Result (2011)	Target and result score
Doctoral degrees	15%	100,00%	90,08%	90,08%
Third-party funds	15%	100,00%	88,10%	88,10%
Humboldt-scholarship holders	5%	100,00%	104,10%	104,10%
Participants GradUS (postgraduate study assistance program)	5%	15,00%	14,27%	95,11%
Capacity utilization	15%	90,00%	97,87%	108,74%
Results of CHE-Ranking	10%	50,00%	51,78%	103,56%
International degrees	5%	150,00%	189,48%	126,32%
International study programs	5%	25,00%	23,23%	92,91%
„Studienstiftung Saar“ applications	5%	30	58	193,33%
Percentage of women (appointed professors)	10%	16,00%	14,83%	92,67%
Start-ups	5%	20	18	90,00%
Patents	5%	20	26	130,00%

b) project-related bonuses:

Projekt	Einheit
„Exzellenzinitiative“	Number of approved sub-projects
Joint research projects	Number of approved projects
Humboldt-professorships	Number of successful procurements
Successful completion of institutional accreditation	Yes/No
Successful re-auditing „family-friendly HEI“	Yes/No
Successful application „EXIST“	Yes/No
Re-auditing „University of the Greater region“	Yes/No

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	<h2>7. Conclusion</h2>		
 	<ul style="list-style-type: none"><li>▪ Basic funding shall give the HEI the opportunity to fulfil its core functions</li><li>▪ Global (lump-sum) budgets enable HEIs to decide autonomously, on <b>how to</b> achieve their goals, but not to decide in their sole discretion, <b>which goals</b> to achieve!</li> <li>▪ Performance based funding shall create incentives to increase performance and efficiency</li><li>▪ Problems of performance budgets:<ul style="list-style-type: none"><li>– Closed system: redistribution of funds among HEIs, no real possibility to raise funds in relation to performance</li><li>– Complex calculation of indicators restrain transparency</li><li>– Indicators describe mostly quantitative, no qualitative aspects</li></ul></li></ul>		
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# FINANCIAL MANAGEMENT OF HEIS

## CASE STUDY OF THE UNIVERSITY OF ALICANTE



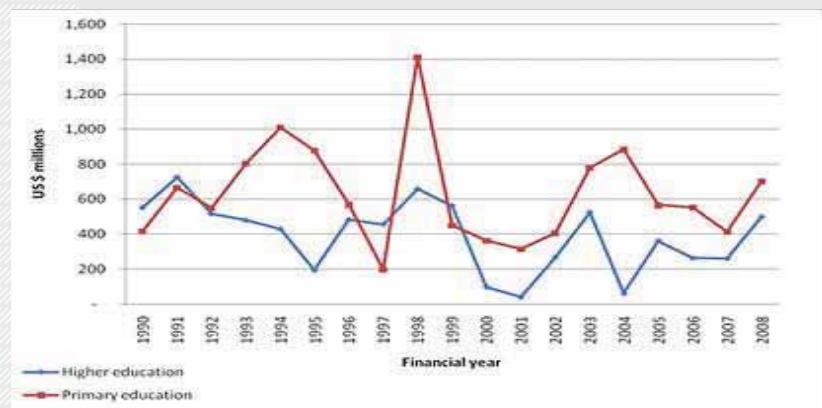
## INDEX

- The International context
- The National context
- The Case of the UA and Regional Government



## THE INTERNATIONAL CONTEXT

- Importance of HE in the EU strategy and international cooperation



## THE INTERNATIONAL CONTEXT

- **Crisis. Governments** try to implement an Agenda of a financial and management reform for the HEIs
  - Promotes cooperation with private sector
  - Focusing research to private sector needs
- **HEIs** try to modify their governance model through higher transparency and responsibilities of its financial and management practices, diversifying their funding sources in order to improve the support to academic and research activities.



## THE NATIONAL CONTEXT

- The regional governments are responsible in Spain of the Education budget
- The national government manage the budget for Research, Development and Innovation



## THE SPANISH HE CONTEXT

- **HE administrative responsibilities** are distributed among the central **Ministry for Education, governments from 17 autonomous regions and universities.**
- **University autonomy is in the Spanish Constitution.**
- The **central government** is in charge of defining **national policies and the main regulatory mechanics.** Additional legislation is established by governments of autonomous communities.
- **Public universities funding** in Spain is **regional based** while **HE regulation** is a competence of the **national authorities.**
- Central government funds research activities, allocated students grants and the loan system.



## THE SPANISH HE CONTEXT

### Two coordination bodies:

- General Conference on University Policy: chaired by the Minister of Education, Culture and Sports, composed by representatives of governments of autonomous communities and five members designated by the chair. Main purpose: General university policy.
- Council of Universities: chaired by the Minister of Education, Culture and Sports, composed by the university rectors and five members designated by the chair. Main purpose: Coordination within the university system.



## THE SPANISH HE SYSTEM

### HE system: mainly universities

- 79 universities (50 publics+29 privates), 17 autonomous regions, 1.650.000 students at Spanish Universities, 89% public universities
- The National Agency for Quality Assessment and Accreditation of Spain (ANECA), 4 QA regional agencies in ENQA&EQAR, 6 QA regional agencies.



## POLICY CHANGES IN SPAIN

- Organic Law of Universities, was enacted in 2001. A modification was introduced in 2007: strengthen the autonomy of spanish universities. Spanish universities have modified their policies, governance structure and funding priorities.
- Universities have a strong democratic internal structure, being the power over crucial decisions shared by collegial body, but still historical regulations.
- Royal Decree 1393/2007: the Universities are given freedom to propose titles and define the curricula, makes the organization of university teaching more flexible, favoring curricula diversification...



*this is an historical change!*



## HE SPENDING SPAIN

- Spending on higher education: 1.2% of the Spanish GDP, below the OCDE average
- Expenditure per student relative to GPD per capita 40%



## STUDENT AID SYSTEM SPAIN

- The student financial aid system is relatively modest
- Concerns persist as regards equity of access:
  - policy of low tuition fee in public universities,
  - creation of universities, improving geographical accessibility.



## R+D EXPENDITURE SPAIN

- R&D expenditure increase the budget in 2005, 2006, 2007, 2008,
- around 1.39% GDP in 2008,
- but decrease in 2009 (0.8%), 2010 (1.7%),
- dramatically in 2012, 25.26 %



## SPAIN LCTI

- R&DLaw 14/2011, to june 1st, Science Technology and Innovation (approved by almost parliamentary parties)
- Replace the Scientific and Technological Research Law in place since 1986.
- Its aim is to "establish a general framework for the promotion and coordination of scientific and technical research to contribute to sustainable development and social welfare through the generation and dissemination of knowledge and innovation"



## SPAIN LCTI

- The Law defines the Spanish Science, Technology and Innovation System, which is made up of the Spanish General State Administration System and the Systems of each of the Autonomous Communities, and includes the execution players.
- Development of research and innovation competences at regional level requires new cooperation based mechanisms of governance.
- The growing Spanish European dimension brings the need for a new legal framework to support collaboration between Public Administrations and, at the same time, to ease the Spanish role in the development of the European Research Area (ERA) and the European Knowledge Area (EKA).



## SPAIN LCTI

- The qualitative and quantitative change in the public resources allocated to R&D and Innovation in Spain requires a transformation of the existing management model of the State General Administration towards a new scheme, the **Research State Agency**.
- The Spanish transition towards a knowledge and innovation based society was lacking some legal support regarding research and innovation.



## SPAIN LCTI

It aims to create a professional development path for research staff. Its main new features include the ambitious task **of regulating mobility between public entities and the private sector**, creating specific employment contracts for researchers and the undertaking, in a clearly defined manner, of performance evaluations for career professionals in the public research entities of the General State Administration.





## SPAIN CURRENT REFORMS

- Current reforms in the HE system only have one goal: to reduce public spending.
- Autonomy is no in the core of the new regulations.
- On the contrary, government is establishing the same system of control over expenditures and activities than the other public funded institutions.
- At this moment, there are no incentives for HEI. It seems that the unique strategy is to reduce all type of resources: staff, infrastructures, research funds.



## SPAIN CURRENT REFORMS

- Royal Decree *Law 14/2012 of 20 April, on urgent measures to rationalize public spending in education:*
- Austerity measures having only been imposed
- Spain have reported predicted decreases funding
- Autonomy? Public universities? Private?
- Equity? **Tuition fees increase but not provide more resources** to the universities because the income will be reduced in the same level.
- Loan system has been cancelled



## THE REGIONAL CONTEXT

"MULTI-YEAR FINANCING PLAN FOR THE UNIVERSITY (2010-2017)"

Model linking funding to the achievement of results and differentiates well between learning outcomes and research results.

Allows the viewing of the funding tied to goals that has been applied since 2003 in response to the peculiarities of each university.



## THE REGIONAL CONTEXT

Signed by:  
Regional Ministry of Education  
Regional Ministry of Economy

+ 5 local universities

**PLAN PLURIANUAL DE  
FINANCIACIÓN DEL  
SISTEMA UNIVERSITARIO  
PÚBLICO VALENCIANO  
2010-2017**

Septiembre 2010



## THE REGIONAL CONTEXT

- The components of the funding scheme are:
  - financing by results **(65%)**,
  - structural financing **(29%)**,
  - financing for quality **(6%)**.
- The funding by results covers the learning outcomes, research outcomes and technology transfer outcomes.



## THE REGIONAL CONTEXT

- The structural funding consider three types of activity:
  - Fixed retribution to cover the cost necessary for its functioning
  - A grant to cover staff cost related to research as stipulated by law
  - A grant to offset the costs related to the national and regional regulations that HEIs must comply with.



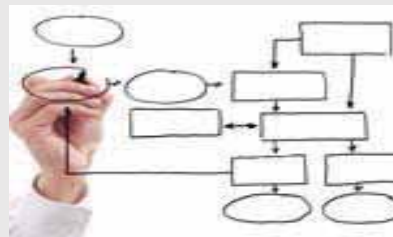
## THE REGIONAL CONTEXT

- The funding for the improvement of the quality its created to improve the quality of different aspects of the university.
- Objectives are fixed in order to:
  - improve the efficiency of public universities in the region,
  - to strengthen its positioning in the national and international context
  - increase its contribution to society.



## UNIVERSITY OF ALICANTE

B1. Governing bodies



B2. Budget distribution



## B1. GOVERNING BODIES

COLEGIATES	UNIPERSONALS
<ul style="list-style-type: none"> <li>• Social Advisory Board</li> <li>• Senate</li> <li>• Governing Council</li> <li>• Electoral Board</li> </ul>	<ul style="list-style-type: none"> <li>• Rector</li> <li>• Vicerrector</li> <li>• General Secretary Office of the comptroller</li> </ul>

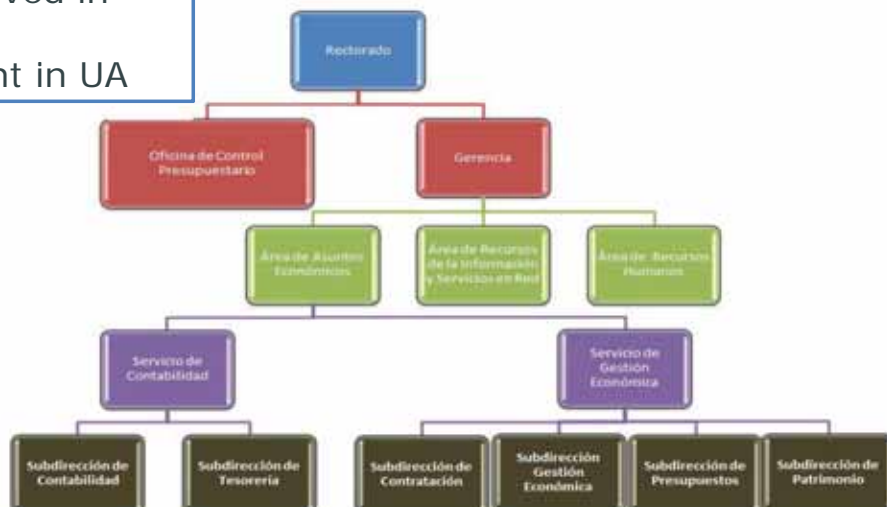


Government bodies determine the fundraising and the distribution of expenditure.



## B1. ORGANIGRAMME

Bodies involved in economic management in UA



## B1. ECONOMIC MANAGEMENT PROGRAMME

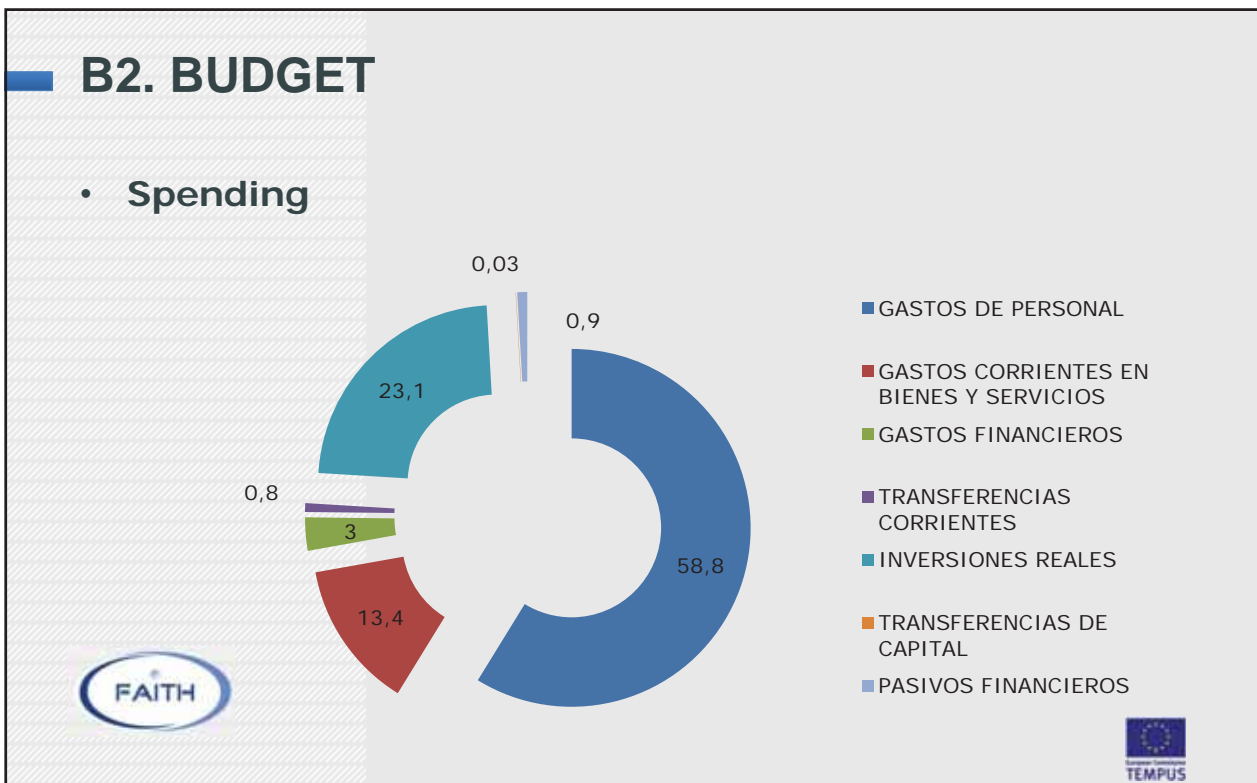
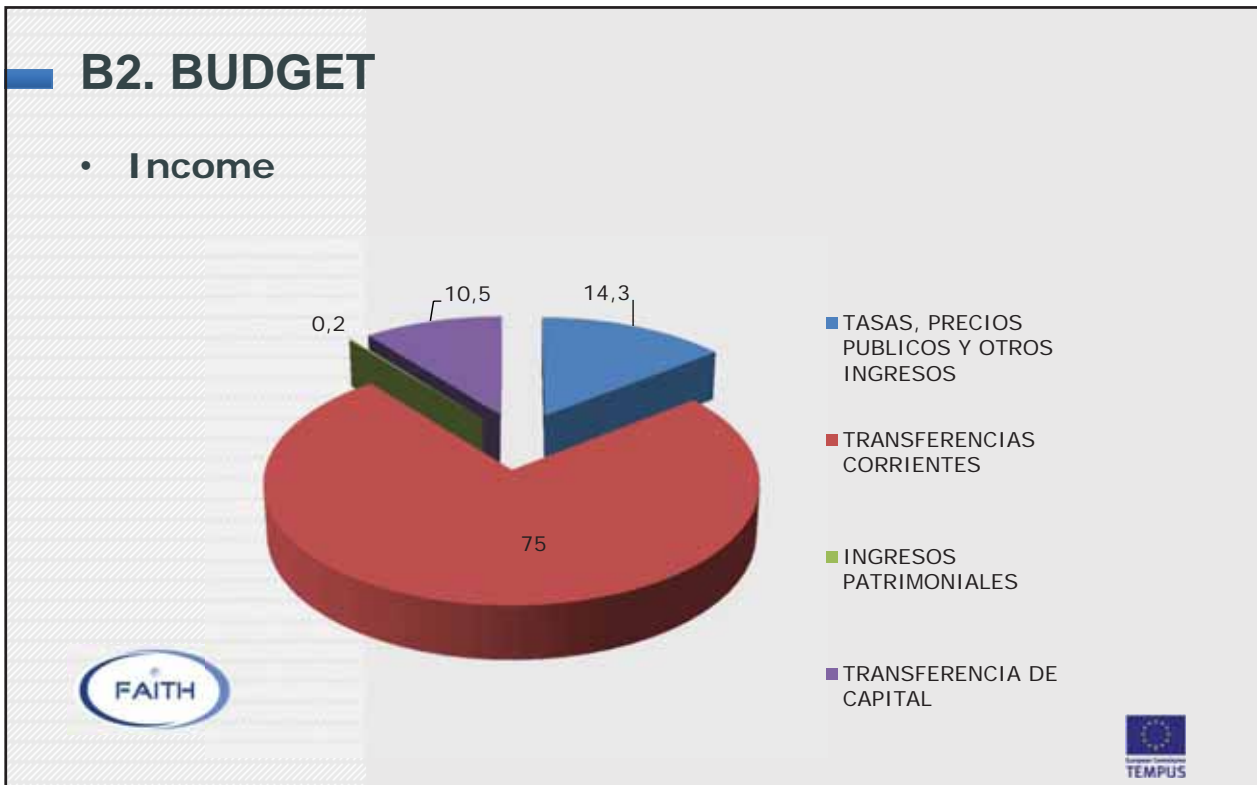
- Economic management is performed from a comprehensive tool created in UA



## B2. BUDGET

- BUDGET 2014; **173.854.800,10€**
- Income
- Spending





## CONCLUSIONS

- Budget considers the items and conditions of the **MPF**;
- UA must exploit its strengths to **increase funding objectives**;
- UA has to increase its levels of **transparency** and **decentralization**;
- Allocation of resources related to the installment of the implementation of an **analytical accounting**;
- Establishment of flexible mechanisms to encourage **external fundraising**;
- Promoting the "economic sensibility"



Thank you!  
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**[www.tempus-faith.eu](http://www.tempus-faith.eu)**







Republika e Kosovës  
Republika Kosova-Republic of Kosovo  
Qeveria -Vlada-Government  
Ministria e Arsimit, Shkencës dhe Teknologjisë

## Financing Higher Education in Kosovo

Vienna, 8 September, 2014

Bujar Gallopeni

K-CIRT

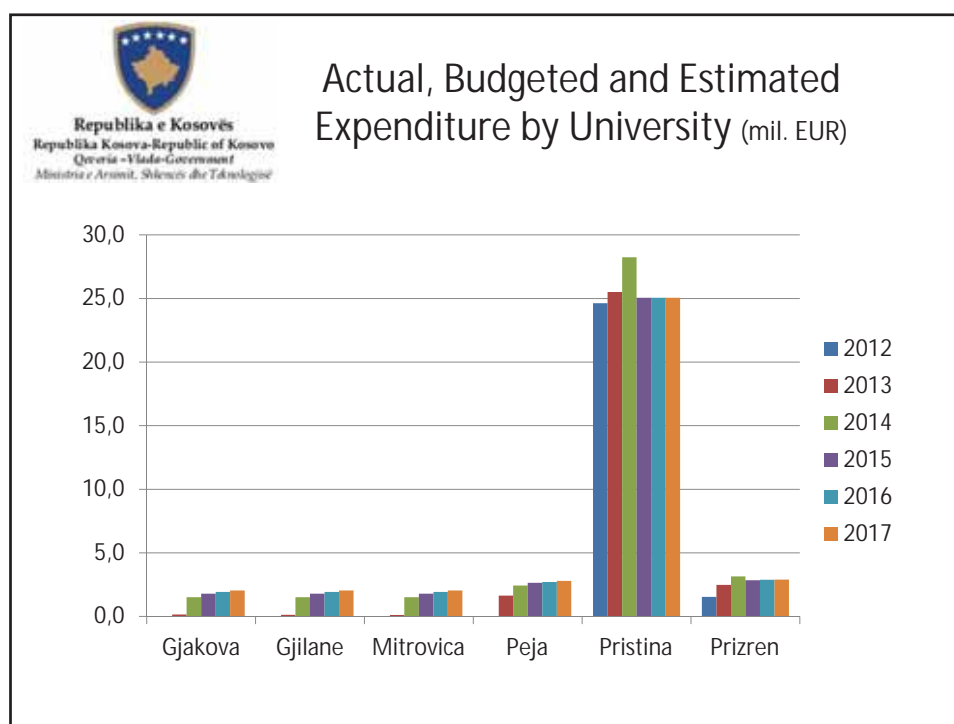


Republika e Kosovës  
Republika Kosova-Republic of Kosovo  
Qeveria -Vlada-Government  
Ministria e Arsimit, Shkencës dhe Teknologjisë

## Current Financing Mechanism

1. University of Pristina is a Main Budget Organization and for the purpose of budgeting directly subordinated to the Ministry of Finance.
2. Universities of Prizren, Peja, Mitrovica, Gjilane, Gjakova are subordinated to MEST.
3. Budgets are largely based on incremental calculations but major policy changes are considered.
4. Linkage between 'outputs' (in particular number of students) and allocated budget is relatively weak.
5. Some inconsistencies in investment expenditure allocations can be observed.

***Formula based allocations to higher education (teaching component) is likely to strengthen 'policy based budgeting'***

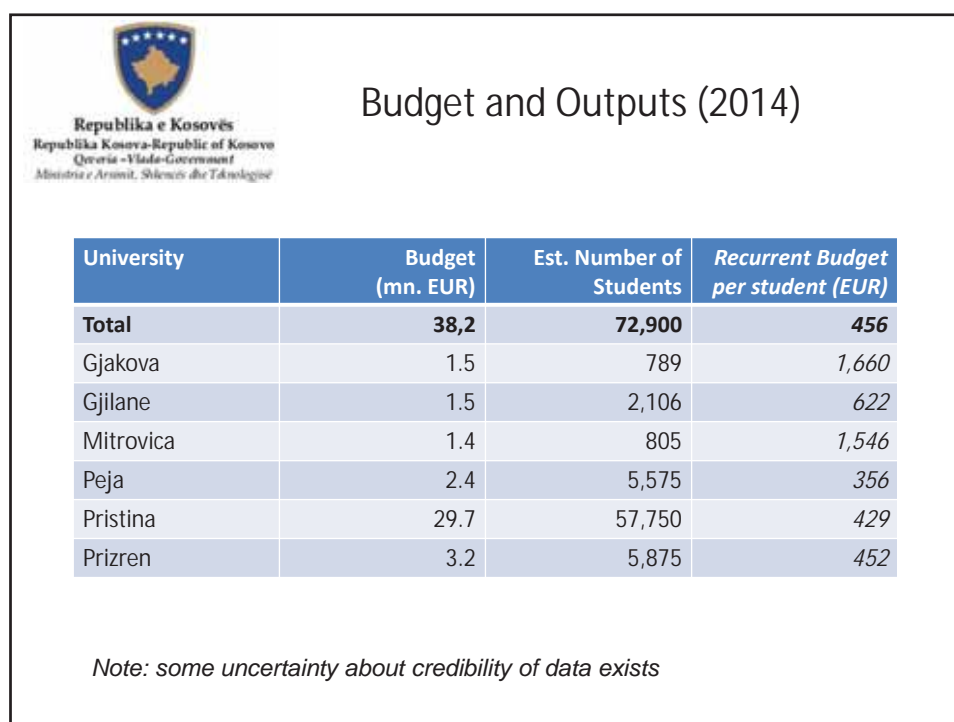


**Key Performance Indicators**  
*indicative*

Republika e Kosovës  
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Qeveria -Vlada-Government  
Ministria e Arsimit, Shkencës dhe Teknologjisë

	2012 actual	2013 actual	2014 budget	2015 plan	2016 plan	2017 plan
Total nr. students in public universities	48,790	64,112	72,900	76,940	72,772	73,789
Annual increase nr. students in public universities	-	24%	12%	5%	-6%	1%
UP Nr. Students	46,460	52,896	57,750	59,084	52,597	52,601
UP Nr. Staf (FTE)	2,142	2,142	2,142	2,142	2,142	2,142
UP Student Staff Ratio	21.7	24.7	27.0	27.6	24.6	24.6
UP Avg Annual OPEX per Student (EUR)	507	450	429	366	411	411
UP Avg annual OPEX as percentage of GDP per capita	18.9%	16.3%	14.9%	12.1%	13.1%	12.5%
UP Percentage of students receiving a scholarship	3.0%	2.7%	2.5%	2.5%	2.8%	2.8%
UP Percentage of staff participating in publications	3.8%	4.1%	5.2%	6.6%	7.7%	11.0%
UP Percentage of PhD students	0.2%	0.3%	0.4%	1.0%	1.1%	1.1%
MEST Nr. Students	2,330	11,216	15,150	17,856	20,175	21,188
MEST Nr. Staf (FTE)	101	311	563	584	597	601
MEST Student Staff Ratio	29.1	51.3	38.5	43.8	48.3	50.7
MEST Avg Annual OPEX per Student (EUR)	520	342	561	473	437	418
MEST Avg annual OPEX as percent. of GDP per capita	19.4%	12.4%	19.5%	15.7%	13.9%	12.7%

*Note: some uncertainty about credibility of data exists*






Republika e Kosovës  
Republika Kosovo-Republic of Kosovo  
Qeveria - Vlada-Government  
Ministria e Arsimit, Shkencës dhe Teknologjisë

## Law on Higher Education

### Article 21 **Funding Methodology**

1. In collaboration with the Ministry of Finance, the Ministry shall set out in an **administrative instruction** the **methodology** to be used for the **allocation of funds** for teaching and research in the public interest, together with any other allowances or concessions which may be approved by the Government. Funds may be allocated for the purposes of **teaching; teaching-related research; infrastructure; or other purposes.**

2. **Allocation of funds for teaching specifies the number of students** to be educated with public expenses in certain disciplines or fields of study. This number should be in accordance with **maximum numbers** prescribed in a provider's current license. Description attached to each discipline or field determined through a sub legal act.




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Republika Kosovo-Republic of Kosovo  
Qeveria - Vlada-Government  
Ministria e Arsimit, Shkencës dhe Teknologjisë

## Law on Higher Education

### Article 21 **Funding Methodology**

3. Ministry sets funding of higher education providers taking into account the **objectives specified in the strategic plan** of the provider and any observations or recommendations from KAA related to the **quality of teaching** of these providers or of specific programs.

4. Ministry shall have regard to the provider's **recent performance** and shall set an **indicative budget** path for a **five-year funding cycle**. The allocation of funds to a provider shall take the form of a **performance agreement**, running over three years, which shall be published by the Ministry once it has been agreed with the respective provider.




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## Law on Higher Education

### Article 21 **Funding Methodology**

5. Funds shall be **allocated each year** as an amount paid to the provider during the financial year time intervals defined by the Ministry of Finance, within the terms of its Strategic Plan, the limits of its licence and any conditions attached to the funds by the Ministry.


6. **Governing Council** approves financial scheme of delegation and accountability in **budgetary sub-units** within the institution through which reflected strategic planning and performance reporting duties that it owes the Ministry. All such schemes will encourage and facilitate capacity development, quality enhancement and achievement of agreed outcomes within each sub-unit budget. The Governing Council will approve **Financial Regulations** in accordance with the legislation in force. These arrangements will be incorporated in the provider's Statute.



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## Proposed Financing Mechanism For Higher Education?

Formula Based Allocations	Project Based Allocations
<ul style="list-style-type: none"><li>• Overhead / Management</li><li>• <b>Teaching</b></li></ul>	<ul style="list-style-type: none"><li>• Capital Investments</li><li>• Development projects</li><li>• Scientific Research</li></ul>



## Components of the formula

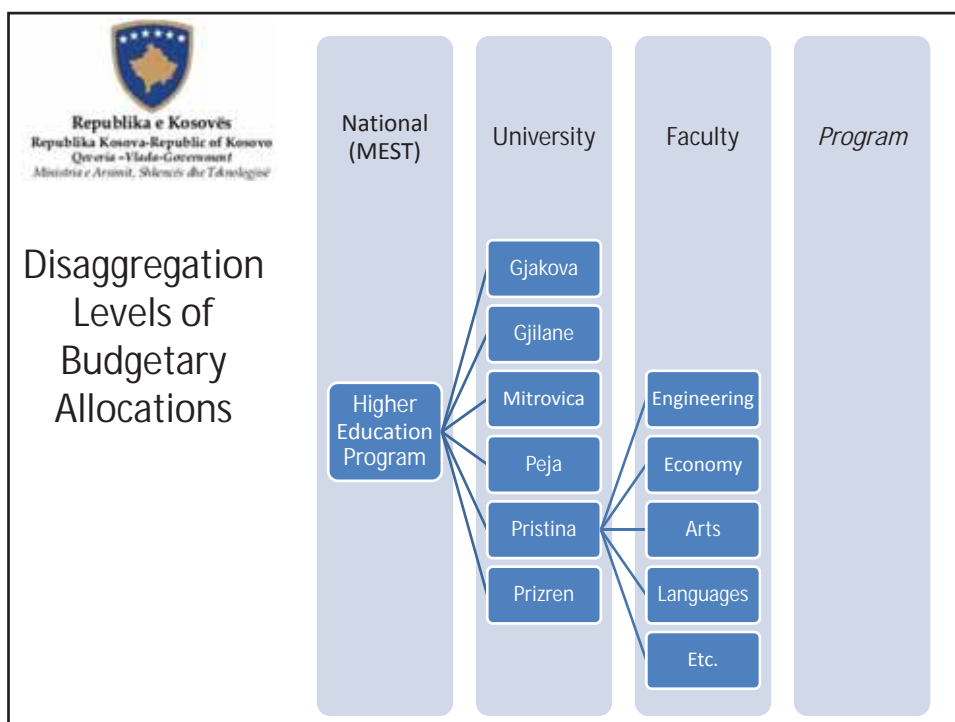
### Output Based Component


- Number of Active Students


### Performance Based Component


- Measurable/Verifiable Indicators to be defined

*Note: Gradual development towards 'performance based' (e.g. on the basis of the number of students that obtain their diploma within an agreed period of time) since this requires a very high level of quality measurement and control.*



 <p> <b>Republika e Kosovës</b>                  Republika Kosovo-Republic of Kosovo                  Qeveria - Vlada-Government                  Ministria e Arsimit, Shkencës dhe Teknologjisë             </p>		<p>Parameters for Budgetary Allocation for the Teaching component</p> <p><i>Proposed example based on costing instruction</i></p>
<p><b>Economic Category Wages</b></p>		
Academic Staff	<ul style="list-style-type: none"> <li>Number of Active Students</li> <li>Normative Student – Academic Staff Ratio</li> <li>Number of academic staff FTE</li> <li>Average Gross Wage Cost per Staff</li> </ul> <p><i>Differentiation by program and level if needed</i></p>	
Management	<ul style="list-style-type: none"> <li>Normative number of managers</li> <li>Average Gross Wage Cost per Staff</li> </ul> <p><i>Differentiation by size of university if needed</i></p>	
Support Staff	<ul style="list-style-type: none"> <li>Normative number of Support Staff in relation to number of active students</li> <li>Average Gross Wage Cost per Staff</li> </ul>	

 <p> <b>Republika e Kosovës</b>                  Republika Kosovo-Republic of Kosovo                  Qeveria - Vlada-Government                  Ministria e Arsimit, Shkencës dhe Teknologjisë             </p>		<p>Parameters for Budgetary Allocation for the Teaching component</p> <p><i>Proposed example based on costing instruction</i></p>
<p><b>Economic Category Goods &amp; Services and small Capital Expenditure</b></p>		
Teaching Materials, Equipment, Laboratory etc.	<ul style="list-style-type: none"> <li>Number of Active Students</li> <li>Allocation per student</li> </ul> <p><i>Differentiation by program and level if needed</i></p>	
General utilities, O&M, services, small CAPEX	<ul style="list-style-type: none"> <li>Number of Active Students</li> <li>Allocation per Student</li> <li>Allocation per Entity (Faculty)</li> </ul>	
<p><b>Economic Category Subsidies and Transfers</b></p>		
Tuition Fee Compensation	Estimate based on eligibility criteria and active number of students	
Scholarships	<ul style="list-style-type: none"> <li>Number of Active Students</li> <li>Ratio of active students obtaining scholarship</li> </ul>	



## Parameters for Budgetary Allocation for the Teaching component

Proposed *example based on costing instruction*

Own Source Revenue	
Tuition Fees	<ul style="list-style-type: none"> <li>Number of Students</li> <li>Tuition Fee differentiated by level and type</li> </ul>
Other Fees	<ul style="list-style-type: none"> <li>...</li> </ul>



## Proposed Next Steps

1. Establish High Level Working Group (e.g. Governing Council)
  - Task: to provide general guidance to steps below*
2. Establish Technical Working Groups
3. Assess Current Situation: Data Collection and Analysis at Faculty Level
  - University of Pristina*
  - Universities under MEST*
4. Develop Higher Education Strategy
  - As part of KESP, 5 year scope*
  - Includes number of students / enrolment rate*
  - Measures to increase quality of education*
  - Development of (new) programs*
  - Etc.*
5. Develop Higher Education Management Information System
6. Develop Formula Based Higher Education Financing Mechanism




## Financial Management Infrastructure

Alexander Hammer / University of Vienna  
FAITH TEMPUS Kick-Off-Meeting  
April 1st, 2013

- Largest teaching and research institution in Austria
  - 9,700 employees, of whom 6,900 are academic staff
  - 92,000 students currently enrolled at the University of Vienna
  - 12,600 graduates in the academic year 2012/13
  - 180 degree programmes and 116 master's programmes



 universität wien University of Vienna

- Key figures
  - Total revenues: 530,3m (2012)
  - Revenues from governmental core funding: 424,4m (2012)
  - Third-party funding: 76,7m (2012)
  
  - Personnel costs: 337,3m (2012)
  - Rental costs (premises): 83,9m (2012)

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[Legal Framework](#) • Finance Organization • IT Infrastructure • Planning and Reporting

1. Legal Framework
2. Finance Organization
3. IT Infrastructure
4. Planning and Reporting

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Financial Management Infrastructure

[Legal Framework](#) • Finance Organization • IT Infrastructure • Planning and Reporting

- **Autonomy for Austrian Universities**
  - Legal entities in public law
  - Large autonomy for universities in organizational, study and employment matters
  - Conclusion of performance agreements (contracts in public law) between universities and the federal ministry
  - Funding of universities by federal government: allocation of a global budget, established in advance for a three-year-period

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Financial Management Infrastructure

[Legal Framework](#) • Finance Organization • IT Infrastructure • Planning and Reporting

- **Autonomy in financial management**
  - Universities manage financial affairs in their own name and for their own account
  - Federal government is not liable for universities' debts
  - Large autonomy in financial matters, e.g. entitlement to from companies, foundations, associations
  - Examination of financial management by Court of Audit
  - Obligation to install an appropriate accounting system, income and expenditure accounting (cost accounting / full costing) and a reporting system

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- Accounting
  - Accounting according to the Commercial Code: switch from government cash accounting to commercial double entry accounting
  - Annual financial statements consisting of balance sheet, profit & loss statement and appropriate notes to the financial statements
  - Audit of financial statements by registered auditor / by registered auditing firm
- Reporting
  - Quarterly reporting package to federal ministry
  - Submission of annual financial statements and performance report to federal ministry

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Financial Management Infrastructure

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- University Management
  - University Council / Rectorate / Senate
  - Only the university Council and the Rectorate have tasks in financial management.
- University Council
  - approves annual budget
  - approves annual financial statements as well as performance / intellectual capital report
  - appoints an auditor to audit the financial statements of the university
  - approves guidelines for financial management
  - approves formation of companies and foundations
  - approves assumption of non-current liabilities and empowers rectorate to assume such liabilities up to a certain limit without seeking the prior approval to the University Council

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- Rectorate
  - conducts financial affairs
  - establishes an accounting and reporting system
  - prepares budget for approval by University Council and allocates budgets to organizational units
  - prepares annual financial statements as well as performance / intellectual capital report
  - establishes a planning and reporting system which guarantees the fulfilment of the reporting obligations of the university according to the legal provisions of the federal ministry

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- Accounting and Finance
  - Department for accounting and finance at University of Vienna reporting to the rector
  - Responsibility for all financial affairs, especially accounting, establishment of annual accounts, budgeting, controlling and reporting
  - Accounting and cash management run only by department for accounting and finance, no decentralization to organizational units

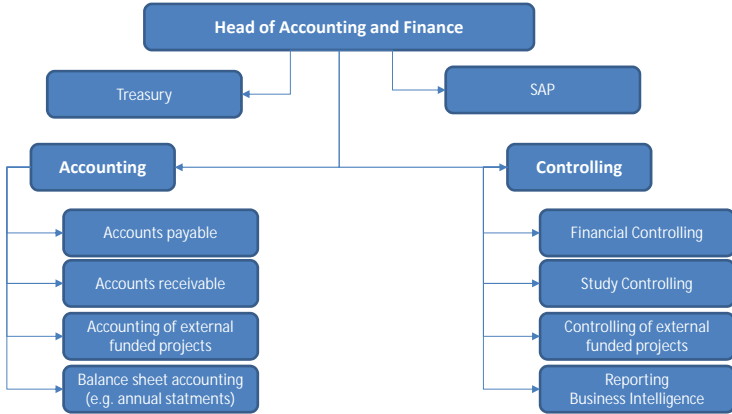
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- Accounting and Finance / internal organization



```
graph TD;
    H[Head of Accounting and Finance] --> T[Treasury];
    H --> S[SAP];
    H --> A[Accounting];
    H --> C[Controlling];
    A --> AP[Accounts payable];
    A --> AR[Accounts receivable];
    A --> AFP[Accounting of external funded projects];
    A --> BSA[Balance sheet accounting (e.g. annual statements)];
    C --> FC[Financial Controlling];
    C --> SC[Study Controlling];
    C --> CEFP[Controlling of external funded projects];
    C --> R[Reporting Business Intelligence];
```

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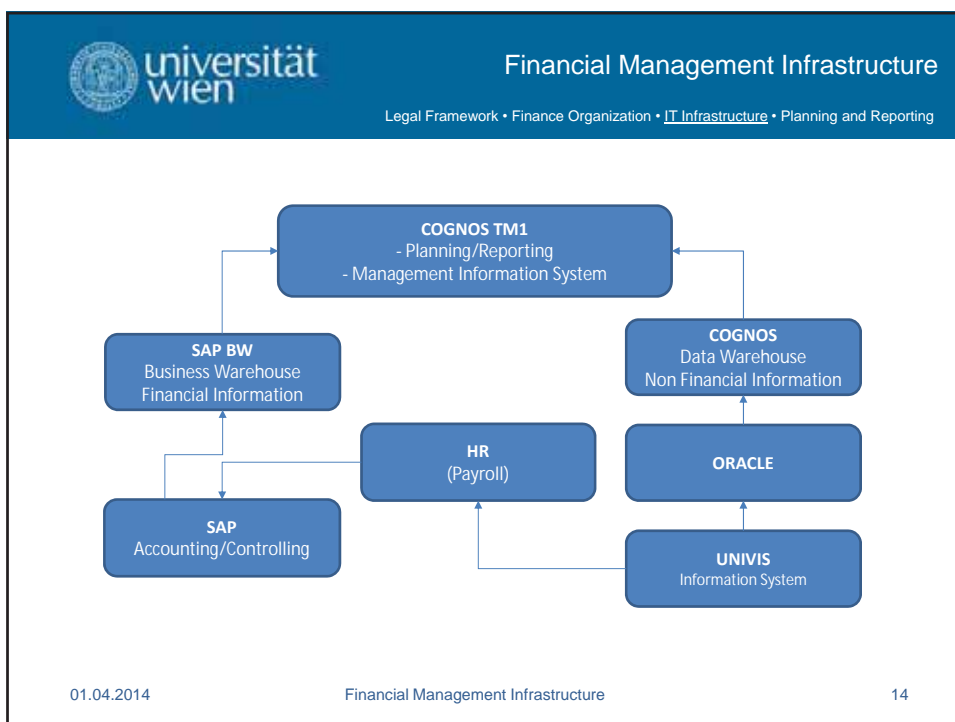
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## Financial Management Infrastructure

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- SAP as basis for financial information
  - Implementation in 2002/2003
  - Go-Live in 2004
  - Common system with other universities with high degree of autonomy for each university
  - System run by an outsourcing partner, customizing / development by each university

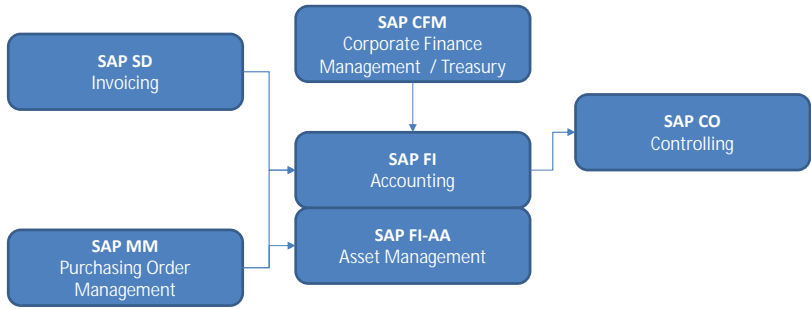
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- SAP – main modules



```
graph TD; SD[SAP SD Invoicing] --> FI[SAP FI Accounting]; MM[SAP MM Purchasing Order Management] --> FI; CFM[SAP CFM Corporate Finance Management / Treasury] --> FI; FI --> CO[SAP CO Controlling];
```

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- FI / Financials
  - Core module in SAP
  - System for all processes in accounting and asset management
  - Archiving of all documents (invoices / supporting documents)
- CO / Controlling
  - Cost center accounting: allocation of budget and direct costs (personnel, running costs, investments) to faculties and departments
  - Introduction of full costing
    - Allocation of indirect costs (e.g. infrastructure, central services) to faculties with a small number of consistent, reliable cost drivers
    - Cost allocation to activities in teaching (study programmes) and research (esp. research projects)

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- Planning process
  - Definition of planning assumptions by rector
  - Establishment of overall budget for the following year and medium-term financial planning for three-year-period
  - Budget / Medium-term financial planning in COGNOS TM1, fully integrated with ERP System (SAP) and Data Warehouse (COGNOS)
  - Breakdown by activities and areas (e.g. groups of faculties)
  - Submission of annual budget by Rectorate to University Council (by the end of September of the previous year)
  - Approval by University Council (by the end of October of the previous year)
  - Conclusion of target agreements based on approved budget with faculties etc. (November / December of the previous year)

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- SAP Online Reporting
  - Platform: SAP / SAP BW
  - External reporting (e.g. annual financial statements) to stakeholders (federal ministry...)
  - Internal management reporting to University Council and Rectorate
  - Financial Reporting for faculties, departments, third-party-funded project managers etc.
- COGNOS Reporting System
  - Platform: COGNOS
  - Non-financial data regarding personnel, students, study programs, research etc.
  - External reporting to stakeholders (federal ministry etc.)
  - Internal reporting to faculties, departments, study program coordinators etc.


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- COGNOS Reporting System



The screenshot displays the COGNOS Reporting System interface. It features a navigation pane on the left with a tree structure of reports. The main window shows a report titled 'A1: SPL im Überblick - Bereich Studierende'. The report content includes a table with columns for 'Kategorie', 'Anzahl', 'Mittelwert', 'Standardabweichung', 'Min.', 'Max.', 'Min. (rel.)', 'Max. (rel.)', 'Min. (abs.)', and 'Max. (abs.)'. The table lists various categories such as 'Studienleistungen', 'Studienleistungen (inkl. Prüfungsleistungen)', 'Studienleistungen (exkl. Prüfungsleistungen)', 'Studienleistungen (inkl. Prüfungsleistungen) (rel.)', and 'Studienleistungen (exkl. Prüfungsleistungen) (rel.)'. The 'Studienleistungen' category shows a total of 20,000 students with a mean of 2.00 and a standard deviation of 0.00.

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Thank you for your attention!


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<h2>Towards the global budget: Target negotiations and University development planning</h2>		
<p>Jörg Hormann, Assistant of the Vice-president for planning and strategy</p>		
<p>FAITH Study Visit at Saarland University, 02 July 2014</p>		
		
15.10.2015		

	Agenda		
	1. Introduction: Steering Higher Education Institutions		
	2. Strategic Planning		
	3. Mission and Objectives		
	4. Global budget: framework		
	5. Target agreements		
	6. University Development Plan		
	7. Example		
	8. Current Situation		
15.10.2015	FAITH Study Visit at Saarland University, Jörg Hormann	Seite	2



1. Introduction: Steering Higher Education Institutions



**What is Autonomy?**

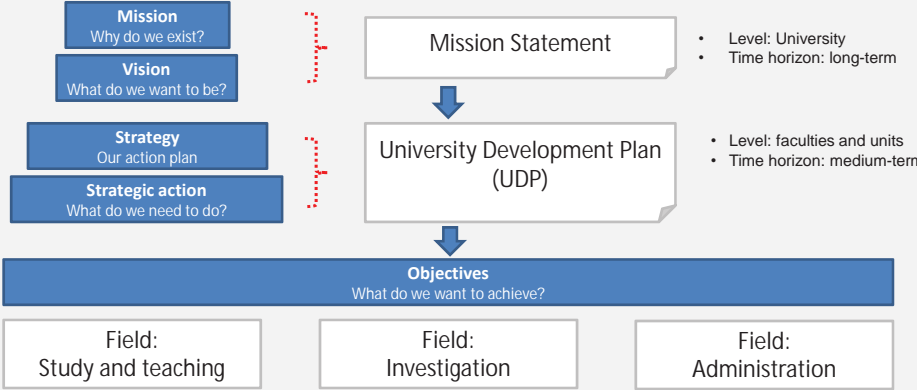


- Autonomy does not mean:
  - HEIs can act and decide completely autonomous on:
    - Which tasks to perform
    - Which superordinate strategies to follow
- Autonomy does mean:
  - HEIs act and decide:
    - Within frameworks concerted with their main stakeholder (state)
    - Have to achieve consensus about their strategies with stakeholder(s)
  - HEIs decide autonomously on **how to** achieve their targets, but not about the targets itself.

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Seite 3


2. Strategic planning

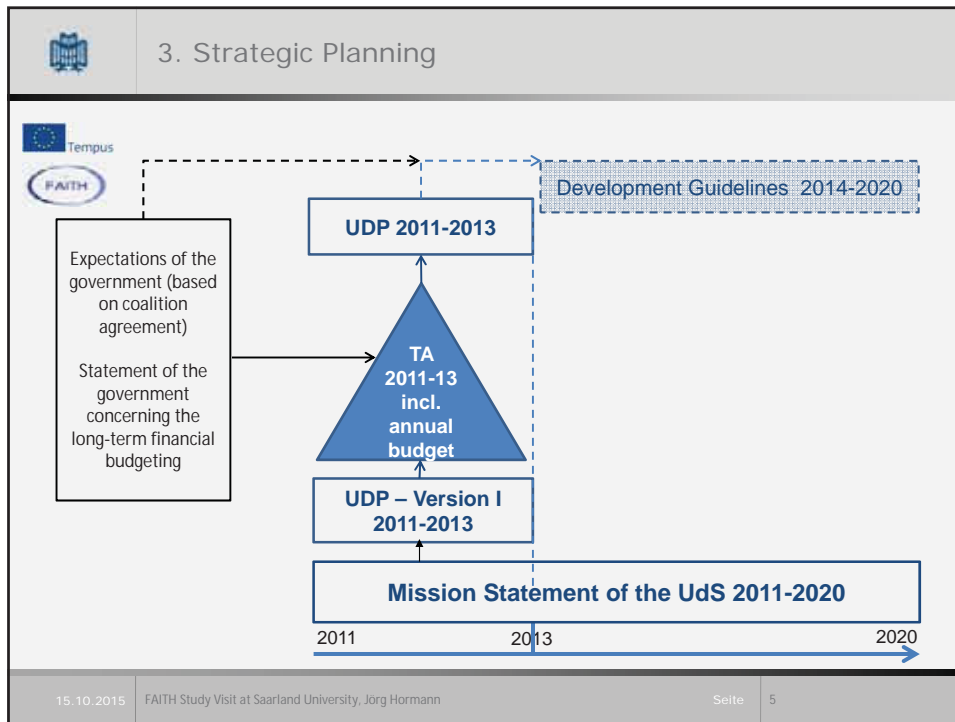




The diagram illustrates the strategic planning process. On the left, four blue boxes represent the levels of planning: **Mission** (Why do we exist?), **Vision** (What do we want to be?), **Strategy** (Our action plan), and **Strategic action** (What do we need to do?). On the right, three white boxes represent the resulting documents: **Mission Statement**, **University Development Plan (UDP)**, and **Objectives**. Red dashed brackets connect the Mission and Vision boxes to the Mission Statement, and the Strategy and Strategic action boxes to the UDP. Blue arrows indicate a downward flow from the Mission Statement to the UDP, and from the UDP to the Objectives. The Objectives are further broken down into three fields: **Field: Study and teaching**, **Field: Investigation**, and **Field: Administration**. To the right of the Mission Statement and UDP boxes, bullet points specify their characteristics: Mission Statement (Level: University, Time horizon: long-term) and UDP (Level: faculties and units, Time horizon: medium-term).

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### 3. Mission and Objectives




**Mission statement of Saarland University**  
**„Towards Uds 2020“**

- The Vision of the Saarland University for the years 2011 to 2020 was elaborated by a task force in co-operation with the deans of the faculties
- It was approved by the University Board in 2011
- Now, it is the base of the University's strategic action and planning




Tempus  
FAITH




15.10.2015 FAITH Study Visit at Saarland University, Jörg Hormann Seite 6




	3. Mission and Objectives		
 	<h3 style="text-align: center;"><u>Principles</u></h3> <ul style="list-style-type: none"><li>▪ <b>High quality research</b> is the fundament of the University. It is a base of high quality education and the background for the development of the country in economy and society.</li><li>▪ <b>Students</b> are the heart of our University. The University shall be able to provide best conditions for education. Professors shall be able to combine excellent research with excellent education.</li><li>▪ The University is proud of its <b>young generation scientist</b> and supports them where needed. They are the base of excellent research.</li><li>▪ Because of its history and its geographical setting the University is focused to <b>internationality</b>. Therefore both research and education shall be orientated to internationality.</li></ul>		
15.10.2015	FAITH Study Visit at Saarland University, Jörg Hormann	Seite	7




	3. Mission and Objectives		
 	<ul style="list-style-type: none"><li>▪ <b>Organizational structures, administration and service units</b> of the University shall support research and education. This shall guarantee the visibility and the prestige of the University in public. All units of the University will be involved in evaluation processes in order to maintain and improve innovation.</li><li>▪ The University takes <b>responsibility</b> for all of its members. Its national and cultural plurality is the background to be a vivid and attractive University. The <b>equality of genders</b> is an essential concern for the future.</li><li>▪ Saarland University ist the only university in the state of Saarland. Therefore it fulfills essential <b>duties for people, institutions and for the economy of the region</b>.</li><li>▪ The University shall as well focus to innovative fields of research as providing a large spectrum of disciplines.</li></ul>		
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	3. Mission and Objectives		
 	<p><b><u>Definition of objectives in 7 categories</u></b></p> <ul style="list-style-type: none"><li>▪ Research</li><li>▪ Education</li><li>▪ Promotion of young scientists</li><li>▪ Internationality</li><li>▪ Organization, administration and service</li><li>▪ Social responsibility</li><li>▪ Service for the region</li></ul>		
15.10.2015	FAITH Study Visit at Saarland University, Jörg Hormann	Seite	9

	3. Mission and Objectives		
 	<p><b><u>1. Research</u></b></p> <ul style="list-style-type: none"><li>➤ Maintaining its rank in the first quarter of German universities</li><li>➤ Improvement of the process of the appointment of professors</li><li>➤ Fortification of cooperation amongst disciplines and with external research institutions</li></ul> <p><i>Indicators:</i></p> <ul style="list-style-type: none"><li>▪ Publications</li><li>▪ Ph.D.s</li><li>▪ Patents</li><li>▪ Third-party-funds</li><li>▪ Joint research projects</li><li>▪ Awards</li></ul>		
15.10.2015	FAITH Study Visit at Saarland University, Jörg Hormann	Seite	10

	3. Mission and Objectives		
 	<b>2. Education</b> <ul style="list-style-type: none"><li>➤ Improvement of the support to students in achieving their aims of studies</li><li>➤ Quality assurance of all study programs</li><li>➤ Provision of offers for obtaining additional skills</li><li>➤ Evaluation of study programs</li></ul> <p><i>Indicators:</i></p> <ul style="list-style-type: none"><li>▪ Evaluation results</li><li>▪ Number of graduates</li><li>▪ Duration of studies</li><li>▪ Success ratio</li><li>▪ Success in labor market</li></ul>		
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	3. Mission and Objectives		
 	<b>3. Promotion of young scientists</b> <ul style="list-style-type: none"><li>➤ Provision of structured Ph.D.-programs</li><li>➤ Provision of a budget for research programs for young scientists</li><li>➤ Establishment of investigation groups for young scientists</li><li>➤ Mentor programs</li></ul> <p><i>Indicators:</i></p> <ul style="list-style-type: none"><li>▪ Quantity of raised funds for postgraduates</li><li>▪ Number of externally funded young scientists</li><li>▪ Quantity of raised funds by young scientists</li><li>▪ Awards and grants for young scientists</li><li>▪ Appointments to young scientists from other institutions</li></ul>		
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	3. Mission and Objectives		
 	<b>4. Internationality</b> <ul style="list-style-type: none"><li>➤ Strengthening of international activities in research and education</li><li>➤ Fortification of cross-border co-operation</li><li>➤ Provision of services to obtain skills in foreign languages and cultures</li><li>➤ Provision of joint-degree study programs</li></ul> <p><i>Indicators:</i></p> <ul style="list-style-type: none"><li>▪ Number of cross-border joint research projects</li><li>▪ Number of cross-border study programs and joint degree programs</li><li>▪ Number of stays abroad of UdS students</li><li>▪ Incomings, outgoings</li><li>▪ Number of foreign students</li></ul>		
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	3. Mission and Objectives		
 	<b>5. Organization, administration and service</b> <ul style="list-style-type: none"><li>➤ University's organization promotes co-operation amongst university, faculties, departments and working units</li><li>➤ Allocation of funds will be combined with defining expectations of performance</li><li>➤ Maximum responsibility for all organizational levels</li><li>➤ Strengthening administration of faculties</li><li>➤ Optimization of administrative processes</li></ul>		
15.10.2015	FAITH Study Visit at Saarland University, Jörg Hormann	Seite	14

3. Mission and Objectives

### 6. Social responsibility

- Determination of areas, where several groups might be disadvantaged
- Promotion of dual-career-programs
- Provision of apprenticeship training positions
- Provision of services for continuing education
- Offer of cultural activities

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Seite 15

4. Global budget: framework

Legal framework

Mid-term budget commitments

Target-oriented funding

Lump sum budgets




Quality assurance, evaluation




Reporting (financial statement, figures, information)

- Strategic planning
- Internal organization




- Mission statement, strategies
- Development planning
- Organizational structure
- Quality assurance
- Budgeting
- Controlling
- Incentive structures
- Marketing




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Seite 16




	5. Target agreements		
 	<ul style="list-style-type: none"><li>➤ Contract between State and HEI</li><li>➤ Can contain agreements about the whole activities of a HEI or only parts of them</li><li>➤ Legitimation of basic funding</li><li>➤ Fundament for creation of incentives</li><li>➤ Qualitative and quantitative targets</li></ul>		
	<p><b>Contents:</b></p> <ul style="list-style-type: none"><li>– Budget</li><li>– Description of basic strategic goals of the HEI ➔ establishing a profile in education and research</li><li>– Description of categories of performances ( = definition of a ‚portfolio of products‘)</li><li>– Instruments of self-control of the HEI</li><li>– Modalities of reporting</li></ul>		
15.10.2015	FAITH Study Visit at Saarland University, Jörg Hormann	Seite	17

	5. Target agreements		
 	<p><b>Performances of the University (2011-2013)</b></p> <ul style="list-style-type: none"><li>▪ Profile of the University</li><li>▪ Research</li><li>▪ Promotion of young scientists</li><li>▪ Education<ul style="list-style-type: none"><li>– Scientific education</li><li>– Development of the quality</li><li>– Attractiveness</li></ul></li><li>▪ Continuous education in sciences</li><li>▪ Control and infrastructure<ul style="list-style-type: none"><li>– Controlling</li><li>– Involving students in University's governance</li><li>– Service-oriented administration</li><li>– Information and communication technology</li><li>– Assets and rehabilitation of buildings</li><li>– Public visibility</li></ul></li></ul>		
15.10.2015	FAITH Study Visit at Saarland University, Jörg Hormann	Seite	18

	<h2>5. Target agreements</h2>		
 	<ul style="list-style-type: none"><li>▪ Family-friendly policies, diversity, equality</li><li>▪ Responsibility for the region<ul style="list-style-type: none"><li>– Educational duty</li><li>– Transfer of knowledge and technology</li><li>– Science and public</li><li>– Services for the region</li></ul></li></ul>		
15.10.2015	FAITH Study Visit at Saarland University, Jörg Hormann	Seite	19

	<h2>5. Target agreements</h2>		
 	<h3>Performances of the Saarland (2011-2013)</h3> <ul style="list-style-type: none"><li>▪ Allocation of funds<ul style="list-style-type: none"><li>– Annual budget: 181.000.000 €</li></ul></li><li>▪ Performance related allocation (10.000.000 €), including the following indicators:<ul style="list-style-type: none"><li>– Ph.D. graduates</li><li>– External funds</li><li>– Scholarship holders</li><li>– Participators of GradUS activities</li><li>– Capacity utilization</li><li>– Ranking results</li><li>– Graduates from foreign countries</li><li>– International study programs</li><li>– ‚Studienstiftung Saar‘-projects</li><li>– Percentage of female professors</li><li>– Business start-ups</li><li>– Patents</li></ul></li></ul>		
15.10.2015	FAITH Study Visit at Saarland University, Jörg Hormann	Seite	20

	6. University Development Plan (UDP)		
 	<b>Purpose:</b>		
	<ul style="list-style-type: none"><li>▪ Should translate strategy goals into actions</li><li>▪ Breaks down the University's targets into the individual organizational units (departments, faculties)</li><li>▪ Is based on the development plans for the University as a whole and the development plans of its departments</li></ul>		
	Determination:		
	<ul style="list-style-type: none"><li>▪ Negotiations between University Board and Faculties / Departments</li></ul>		
15.10.2015	FAITH Study Visit at Saarland University, Jörg Hormann	Seite	21

	6. University Development Plan (UDP)		
 	<b>Necessities:</b>		
	<ul style="list-style-type: none"><li>▪ Creation of a communication culture<ul style="list-style-type: none"><li>– Problem: Frequent changes of persons:<ul style="list-style-type: none"><li>• University board</li><li>• Deans of faculties</li></ul></li></ul></li><li>▪ Consensus about the Universities strategy</li><li>▪ Striking a balance between<ul style="list-style-type: none"><li>• establishing profiles in education and research and</li><li>• Maintaining a broad portfolio of disciplines</li></ul></li></ul>		
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7. Example





**EXAMPLE: Mission Statement of Saarland University 2011-2020:**



Research:

High quality research is the fundament of the university. It is the base for high quality education and the background for the country's development in economy and society.

- Maintaining its rank in the first quarter of German universities
- Improvement of the process of the appointment of professors
- Further development of cooperation amongst disciplines and with external research institutions

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7. Example

**EXAMPLE: University Development plan 2011-2013:**

**Target Agreement 2011-2013**

- ...
- Consolidation of the focus area NanoBioMed
- Establishing Informatics as key discipline
- Application for joint research projects
- ...

**University Development Plan 2011-2013**

Measures	Financial Planning
Establishment of a Chair for Medical Bioinformatics	250.000 Euro (p.a.) 240.000 Euro (once for equipment of the chair)
Establishment of a Chair for Informatics and Mathematics	208.000 Euro (p.a.) 60.000 Euro (once for equipment of the chair)
Establishment of a current research information system	30.000 Euro (p.a.) 150.000 Euro (once for software etc.)
....	...

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## **IT-Systems for Financial Management**

The training workshop related to this topic based on the analysis done in working package WP1 of the project and was executed in Pristina in November 2014. One result of the analysis was that the representatives of the Kosovan partner Institutions considered the current support by IT-systems to their processes in financial management as poor. As one part of the FAITH project is the acquirement of new software to support financial management the workshop related to this topic aimed to prepare the acquisition of this software and to clarify the preconditions that exist when starting a software purchase project in an organisation.

Therefore, one part of the workshop was dedicated to a deeper analysis on the current situation and the software systems that are currently used at the Kosovan Universities. The input given by EU partners focused on the preconditions, as mentioned above, especially on the management and analysis of processes, which have to be considered in advance of doing any selection of software systems. The training workshop itself primarily contained the analysis of basic processes that are conducted in the financial departments of the Kosovan Universities in order to be able to elaborate the system requirements to any new IT system and to formulate software specifications.


It is important to mention, that it was not possible to conclude this topic within this workshop. As a result, the project consortium agreed to continue working on the analysis of processes in further workshops.

<b>Materials</b>	<b>Author</b>	<b>Page</b>
Software infrastructure of Kosovan Partner Universities (part of WP1-Analysis)	Jörg Hormann	130
IT infrastructure University of Alicante	Pedro Caselles	131
Preconditions for the implementation of a financial management software	Horst Rode	145
Discussions of IT Group 09.09.2014 (comprehensive workshop results)	Dukagjin Sadrijaj	155



### IT systems used at partner Universities

Area	Standard software	In-house development	No software used	Remarks
Business administration and accounting	2	1		
Human resources management		2	1	
Strategic planning (e.g. management information system)		1	2	
Administration of students (e.g. admission, enrollment)	1	2		
Administration of courses and exams	1	2		
Administration of research activities		1	2	
Asset management (including administration of lecture rooms)	2	1		Government platform (ePasuria)
Project management		2	1	

- 
- ### Software used
- In-house development:
    - Often based on Microsoft Office products
  - Standard software
    - Only product mentioned is called SEMS (for student administration)
  - Grade of coverage of the processes by software is mostly considered poor!

# WELCOME TO THE FAITH PROJECT




Vienna 8-10 Sept. 2014



## IT INFRASTRUCTURE

### OVERVIEW

- Motivation
- Universities Management Software: an ERP Software for universities.
- System analysis, development and deployment
- Two examples: Virtual Campus UA, Universitas XXI
- Economic module of VC. A more accurate description
- Some statistics



## MOTIVATION



- Increases the efficiency
- Increases productivity
- Decreases costs.



## MOTIVATION

### Not only efficiency

- The process of building the system leads the management staff to a deep knowledge of the organisation, so future policies in many fields will have a more consistent background
- Enables better (more consistent) and faster decision



## ERP FOR UNIVERSITIES

### ERP Software

- Enterprise Resource Planning
- Used mainly in companies
- Provides an integrated view of core business processes, often in real-time, using common databases maintained by a database management system.
- Universities are large organizations, so ERP software fit very well



## UNIVERSITIES MANAGEMENT SOFTWARE

### ERP for universities

- An university management system is an ERP with specific modules for Universities:
  - **Financial management**
  - Academia
  - Alumni
  - Research management
  - Human resources management



## UNIVERSITIES MANAGEMENT SOFTWARE ADVANTAGES

- Increases the efficiency and Increases productivity while decreasing costs.
- Reduces information sharing lead times and work duplicities
- Enables better and faster decision
- Improves the security of confidential data from external threats



## DRAWBACKS

### **Before starting you should know that:**

- Big investment plus maintenance cost.
- The system is difficult to use so it is necessary to train staff.
- If there is one error in the data it will affect the whole organization.
- The configuration is slow and costly.



## ANALYSIS, DEVELOPMENT AND DEPLOYMENT

### Initial State

- Buildings: Office of the University President, Faculties and other university dependencies
- Paper is the main information container.
- Each office may have local computers, but not necessary.
- Processes may not be optimized



## ANALYSIS, DEVELOPMENT AND DEPLOYMENT



- Standalone buildings
- Communications: phone, internal courier...





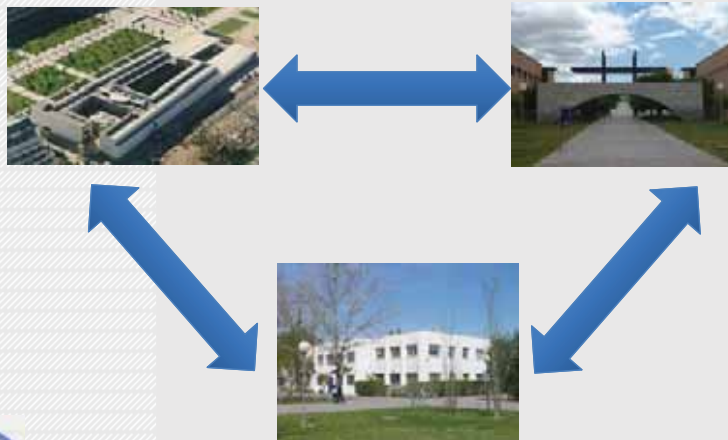
## NETWORK

### Deploying the Network

- Design and build a LAN that connects the buildings
- Use the appropriate technology. Now, in the UA is GigaBit Ethernet for the backbone.
- It's mandatory to foresee future needs so "oversizing" it's not a bad idea.
- Find a place that fits the requirements to install main network devices: servers, routers, switches....



## ANALYSIS, DEVELOPMENT AND DEPLOYMENT



## PROCESSES ANALYSIS

- This must be the very first step
- Study different processes that take part in the University normal way of working
- Interviews to staff
- Study and definitions of dataflow
- This is the moment to find inefficiencies and error prone behaviours



## SOFTWARE DEPLOYMENT

### Software

- Inhouse development.
  - UA policy
  - Need well trained staff
  - Deep knowlegde of the institution and its needings
  - Maybe a good idea if the University has a Software engineering department
- Important aquisition of know-how



## SOFTWARE DEPLOYMENT

### Software

- Acquisition of collaboration with external Staff.
  - Example: Universitas XXI, collaboration among some universities in Spain
  - Costs sharing
  - Know-how sharing



## EXAMPLES

### Virtual Campus UA

- It's an ERP where almost every process of the University is represented
- Example of in-house development
- Modules:
  - Human Resources
  - Academia
  - Financial management



## VIRTUAL CAMPUS UA



## ECONOMIC MANAGEMENT TOOL

- Developed initially as a standalone Intranet became a module of the Virtual Campus
- Secure system that tracks the activity of its users
- Main objective: control the expenses of areas and carry out following basic actions:
  - Outline view of expenses, transfers, payments...
  - Statements
  - Track expenses states
- This is the **official accounting**.



## ECONOMIC MANAGEMENT TOOL

- Basic logic structure:
- Costs centre:
  - Department of physics
  - Department of spanish literature
  - International Relationships Office
  - ...
- Each Cost centre has to start a file for every unit, called "Budget application".
- Example: International Relationships Office has one Budget application for each project



## ECONOMIC MANAGEMENT TOOL

Universitat d'Alicant  
Universidad de Alicante  
Servicio de Informática

Noticias

**ATENCIÓN:**  
RECUERDE PULSAR ->FIN PARA  
ABANDONAR EL PROGRAMA.

**ES IMPORTANTE QUE EL USUARIO Y LA CLAVE DE GESTIÓN ECONÓMICA SEA PERSONAL E INTRANSFERIBLE.**

PARA SOLICITAR CAMBIO/ALTAS/BAJAS DE USUARIOS EN GESTIÓN ECONÓMICA RELLENE Y ENVÍE [ESTE CORREO](#)

**ENTRAR EN LA APLICACIÓN**

ATENCIÓN

Se encuentran disponibles las siguientes actualizaciones del Manual:

- Modificaciones en la tramitación de las Comisiones de Servicio (NUEVO)



## ECONOMIC MANAGEMENT TOOL

The screenshot shows the login interface for the 'Web de Gestión Universitaria' (University Management Web). On the left, there is a sidebar with the 'Universitat d'Alicant' logo and 'Servicio de Informática'. Below it, a 'Noticias' section is empty, followed by a red warning: 'ATENCIÓN: RECUERDE PULSAR ->FIN PARA ABANDONAR EL PROGRAMA.' The main content area features a header with the university name and 'Gestión Económica'. Below the header is a 'Control de acceso' section with a warning: 'ATENCIÓN: La clave de acceso distingue entre MAYÚSCULAS y minúsculas.' It includes input fields for 'Usuario' and 'Clave de Acceso', with 'Aceptar' and 'Borrar' buttons. At the bottom, a red warning states: '¡IMPORTANTE! Cualquier intento de violar la seguridad de este servidor será denunciado a las autoridades competentes.'



## ECONOMIC MANAGEMENT TOOL

The screenshot displays the main dashboard of the 'Gestión Económica' system. On the left, a sidebar lists various menu items: 'Fin', 'Consultas', 'Control de Acceso', 'Documentos', 'Emisión Facturas', 'Gastos', 'Investigación', 'Estado Ingresos-Gas', 'Listados', 'Manuales', 'Nomina C6', and 'Noticias'. The main area shows a greeting 'Buenas tardes' and a message: 'Se te ha asignado el perfil PERFIL DE CENTRO DE GASTO (tu clave ha viajado a través de una conexión segura y ha sido aceptada)'. Below this, a red message states: 'Se encuentran disponibles las siguientes actualizaciones del Manual:' followed by a bullet point: '• Información referente a: Modificaciones en la tramitación de las Comisiones de Servicio ( )'. At the bottom, a 'DATOS DE LA CONEXIÓN' section provides connection details: 'Servidor https://www.ge.ua.es:443', 'Te conectas desde 172.19.146.115', and 'Tu navegador es Default v0.0'.



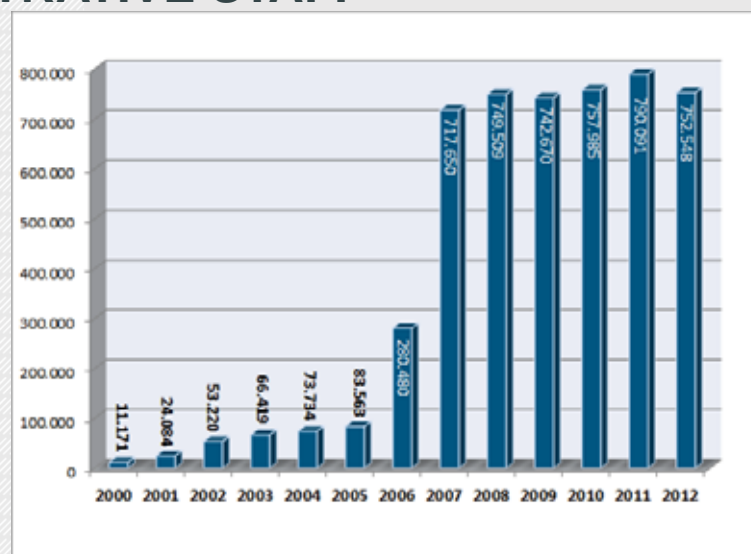
## ECONOMIC MANAGEMENT TOOL

### Next goal: Analytic accountability

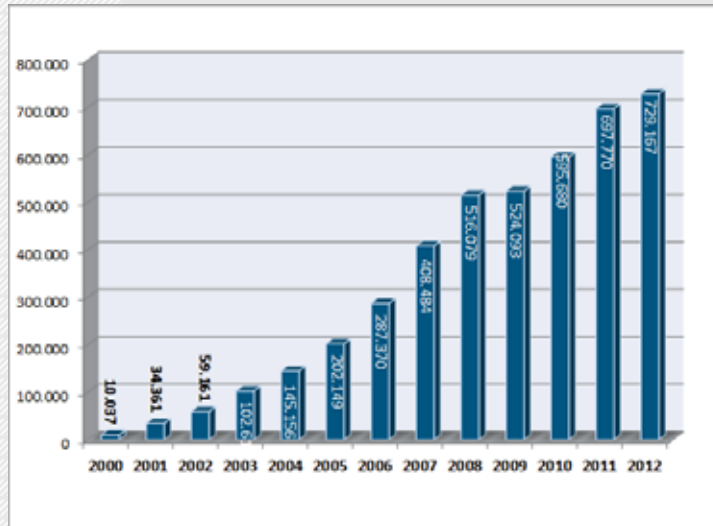
- Once all the data is collected and processes controlled next natural step is to get "build" info from that data.



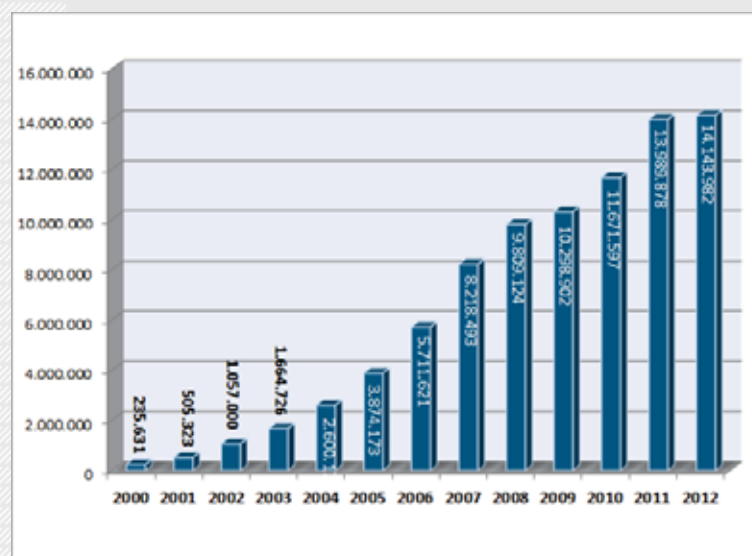
## VIRTUAL CAMPUS: STATISTICS ADMINISTRATIVE STAFF



## VIRTUAL CAMPUS: STATISTICS PROFESSORS



## VIRTUAL CAMPUS: STATISTICS PDI






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SOME MORE TEXT HERE







**Preconditions for the implementation  
of a financial management software**

Horst Rode  
CFO FH Campus Wien

Presentation created with  
contributions from



Created by: Horst Rode & Joshua Consulting



**Outline**


**FH Campus Wien (FHCW) – the organization**

Questions in Setting Up a Finance Function  
Strategy  
Processes  
organization  
IT-system

Questions & Answers

Background Information regarding  
the Finance Function of FHCW

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## Locations of FH Campus Wien

### Vienna

- Schloss Laudon**  
Public Management  
~ 240 Students
- Muthgasse**  
Bioengineering  
~ 180 Students
- Main Campus** ●  
~ 3.800 Students
- Campus Vienna Biocenter**  
Biotechnology  
~ 300 Students

Austria's largest accredited University of Applied Sciences

09.09.2014 3



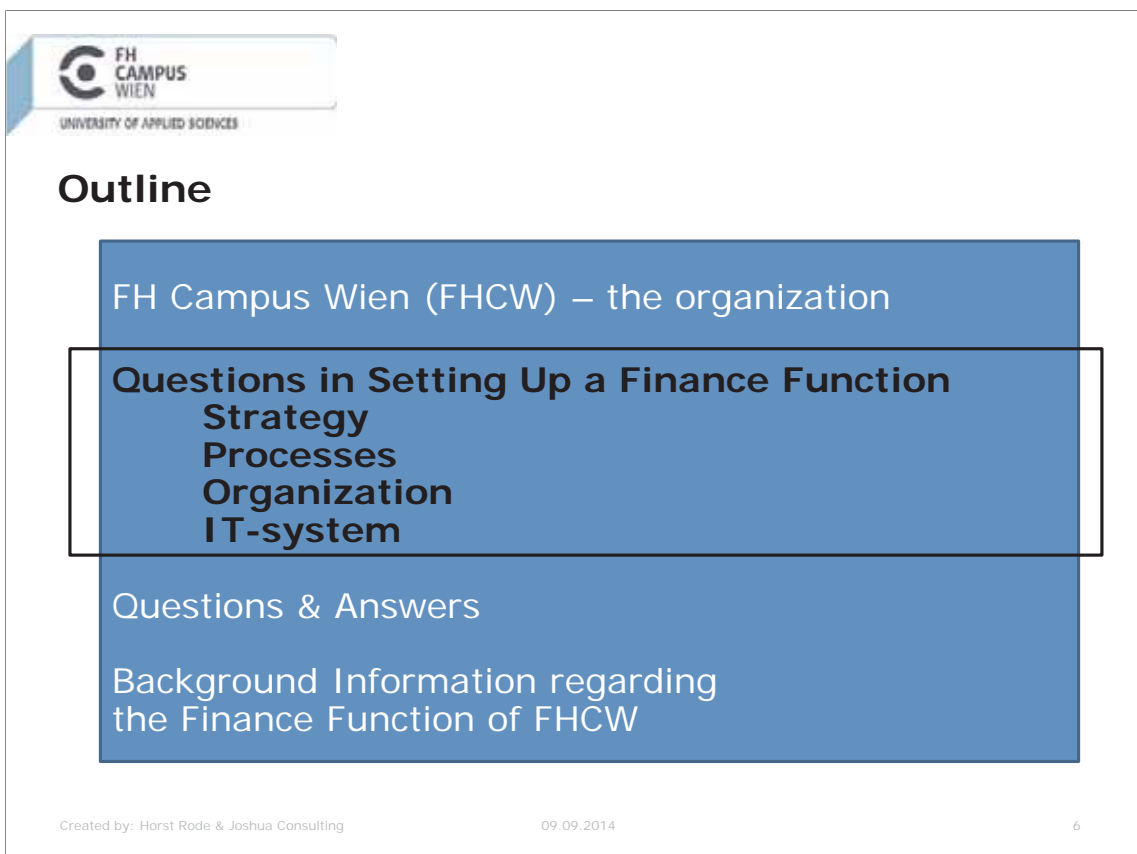
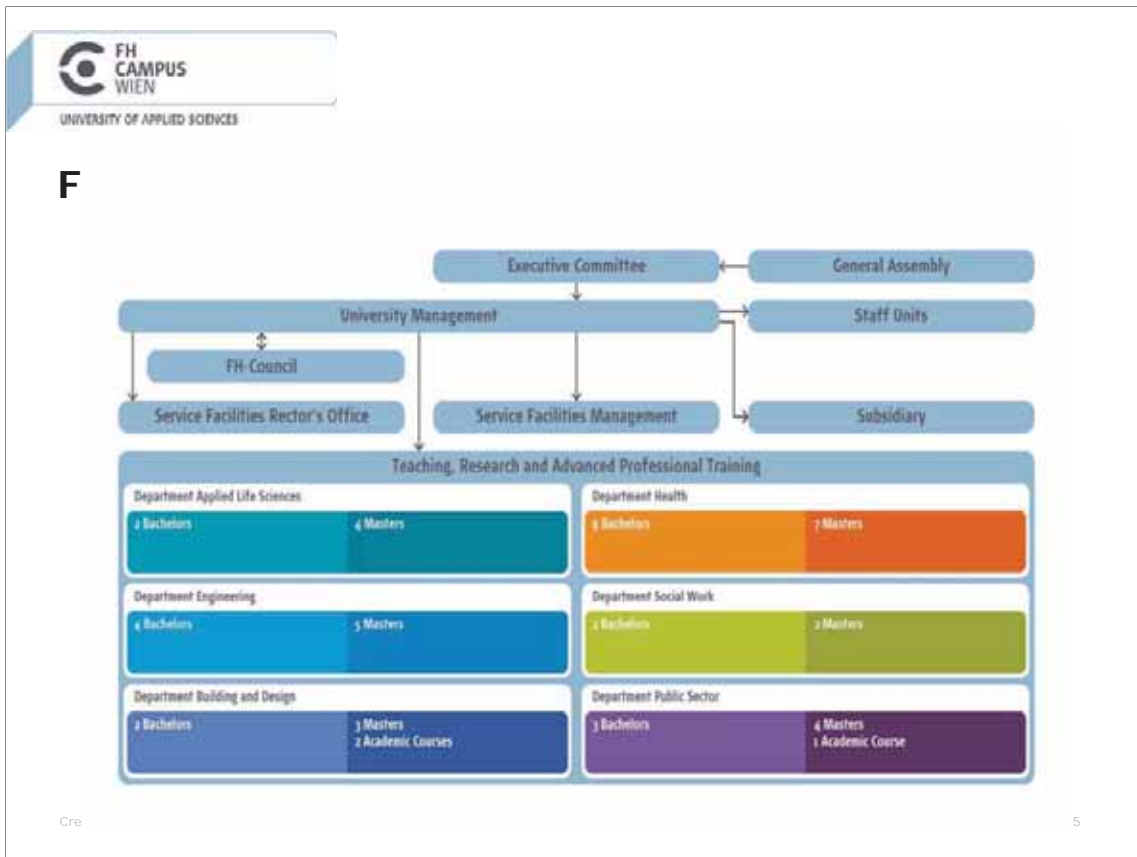
## FH Campus Wien group/legal structure


30 members (representatives from politics, public administration and private companies)

**FH Campus Wien**  
(non-commercial registered Association)

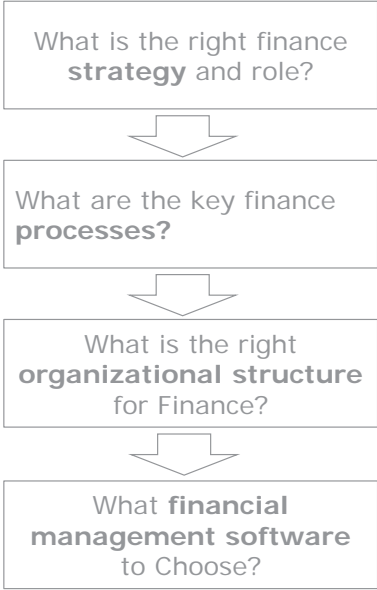
- FHCW Academy GmbH
- KOSAR GmbH
- FHCW F&E GmbH
- FHCW Immobilien GmbH
  - FHCW PFE GmbH
- FHCW Restaurant Betriebs GmbH

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## Questions in Setting Up a Finance Function




```
graph TD; A[What is the right finance strategy and role?] --> B[What are the key finance processes?]; B --> C[What is the right organizational structure for Finance?]; C --> D[What financial management software to Choose?];
```

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## What is the right Finance strategy and role?

- Ensure day to day finance activities (e.g. processing of receivables and payables)
- Ensure financial discipline in the entire organization
- Manage budgets and projections
- Participate in strategic planning activities
- Establish and maintain financing!



Be Effective & Efficient

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## What are the key finance processes and how will they be organized?

- Purchase to Pay / Payables
- Revenue Generation Processes / Receivables
- Record to Report
- Cash Management
- Fixed Asset Management
- Planning and Analysis

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## Simple Process Evaluation

Activity	Description	Input	Output	System Support	Quantity	Who	In Scope
Goods & Service Purchases	Processing Supplier Invoices for Goods and Services	Purchase Order	Payment Request in the electronic banking system	Paper	3.000 Invoices per annum	Accounting	Yes

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## Simple Process Evaluation

Activity	Current Weaknesses in the Processes	Criteria for IT-System
Goods & Service Purchases	3.000 Invoices per annum	Generating automatic payment requests

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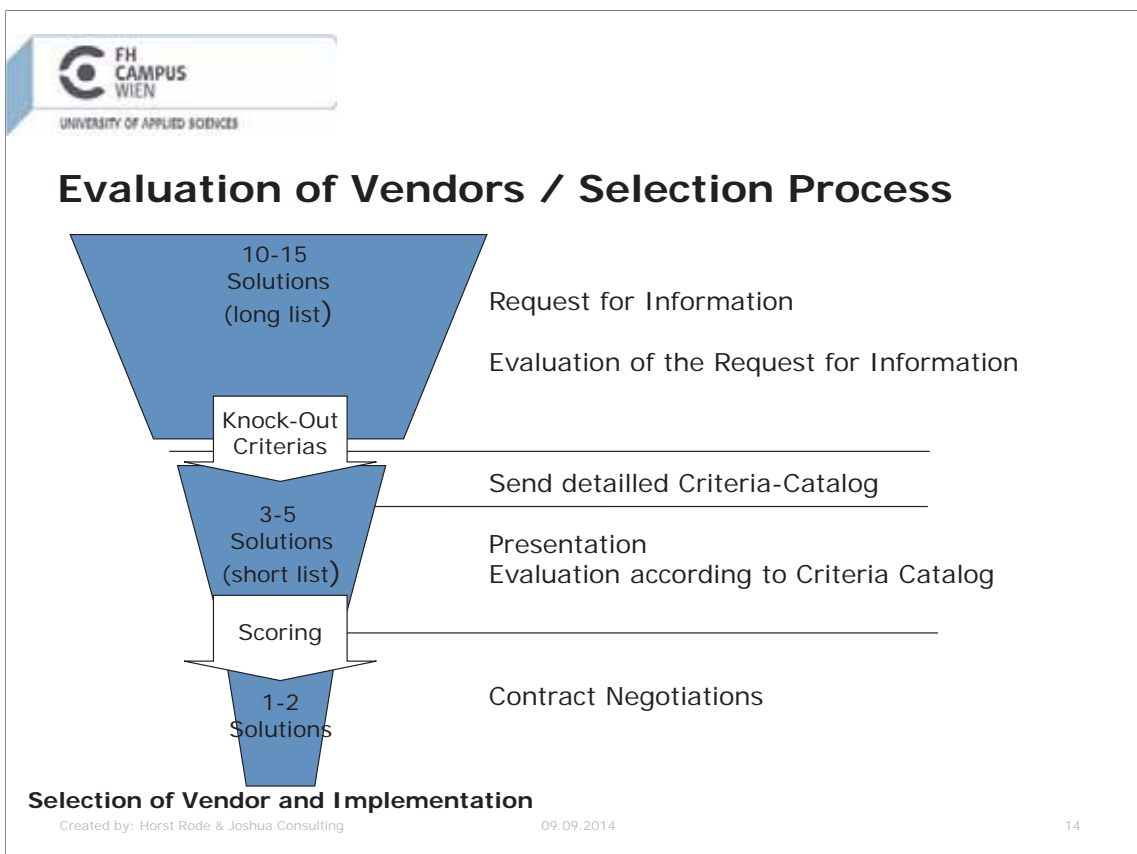
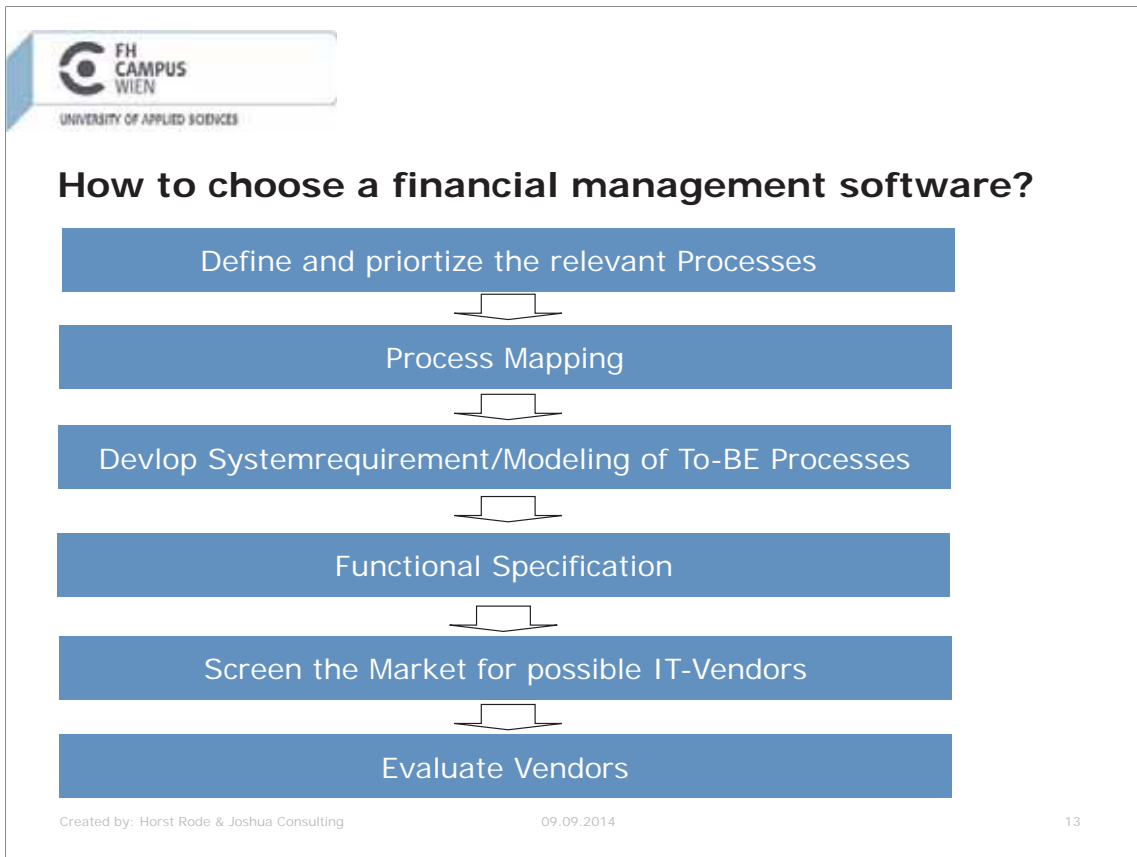
**FH CAMPUS WIEN**  
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## What is the right organizational structure for Finance?


**It does not have to be complicated:**

- Establish a head of finance as part of the management team
- Segregate duties within finance staff e.g. invoices processing and payments
- Establish basic governance principles

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 FH CAMPUS WIEN  
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## Outline

- FH Campus Wien (FHCW) – the organization
- Questions in Setting Up a Finance Function
  - Strategy
  - Processes
  - organization
  - IT-system
- Questions & Answers**
- Background Information regarding the Finance Function of FHCW

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## Questions & Answers



```
graph TD; A[Finance strategy and role] --> B[Key finance processes]; B --> C[Right organizational structure for finance]; C --> D[Financial management software to choose];
```

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## Outline

- FH Campus Wien (FHCW) – the organization
- Questions in Setting Up a Finance Function
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## Funding sources at FHCW for the fiscal year 2012/13

Funding Source	Percentage
Federal Ministry of Science, Research and Economy (BMWFW)	59 %
Vienna Hospital Association	17 %
Tuition fees and student contributions	13 %
Federal Chancellery and Federal Ministry of Finance	6 %
Third party funding	5 %

*Research grants*


*Per capita standard cost modell*

*Financing degree programmes within health sector*

*Per capita standard cost modell*

**65% of FHCW's funding sources stem from „classic“ standard per capita cost modell**

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## Allocation of funds to cost categories

Cost category	Share of total costs in %
<b>Personnel Costs Degree Programmes</b>	<b>57%</b>
Lecturers	20%
Part-time Lecturers	17%
Degree Programme Administration	14%
Researcher & Development Personnel	3%
Other Personnel	3%
<b>Service Facilities („Overhead“)</b>	<b>19%</b>
Personnel Costs	14%
Cost of Materials	5%
<b>Occupancy Costs (Offices, Lecture Rooms, etc.)</b>	<b>17%</b>
<b>All other costs</b>	<b>7%</b>
<b>TOTAL</b>	<b>100%</b>

**N.B. Overall cost volume 2012/13: 36 mio. €**

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## Financial management @ FHCW Staff, IT-infrastructure etc.

**Staff (FTE ... Full Time Equivalent):**

Accounting & Controlling:	6,4 FTE
Strategic Controlling:	0,5 FTE
Project Controlling incl. 3rd party funding:	0,5 FTE

**IT-infrastructure:**

- > ERP\*-system for Accounting, Cost Accounting, Salary Accounting (supplier: BMD, an Austrian-based supplier for standard software)
- > Server-based and web-based IT-tool for budgeting and reporting (supplier: PREVERO, Germany)

\* Enterprise Resource Planning - business management software, usually a suite of integrated applications

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# FAITH PROJECT

**Discussions of IT Group 09.09.2014**



Presented by : **Dukagjin Sadrijaj**  
**Master in Software Engineering and Telecommunications**



## DISCUSSIONS IT GROUP

**- Presentation about Finance system ,strategy, financial processes:**

- Purchase to Pay/Payables
- Goods& Service Purchases...

**Revenue Generation Processes/Receivables...**

- Record to Report...
- Cash Management....
- Fixed asset management.....
- Planning and analysis...




**Software development methodology !**

**Should be AGILE METHODOLOGY!**



## DISCUSSIONS IT GROUP

- Financial software of FH Campus has been developed in house
- Microsoft SQL Server
- .net
- Evaluation of vendors/Selection process
- Seven users for financial system



## DISCUSSIONS IT GROUP

Pedro's presentation




Universities management software – ERP Software

ERP for universities have these modules:

- financial management
- academia, HR.....,

...modules have separated databases

- Customized ERP and it has been developed in –house, still under development, it is desktop version, but they are developing web based software
- Virtual CAMPUS - Economic management tool



## DISCUSSIONS IT GROUP

**Getting user requirements from financial officers could be very difficult, it takes time. There is a need for synergy !**

**Use case 1 – An example :**

**Procedure of payment without procurement**

- 1.The invoice is submitted to the archive
2. The archive officer protocols the invoice and forwards it to department of finance, respectively to payments officer
3. Payments officer prepares the invoice and other required documents
4. Payments officer get the approval from secretary of university (ZKA) and director of finances
5. Payments officer submits it to commitment officer
6. Commitment officer makes the commitment of funds
7. Commitment officer forwards it to expenses officer
8. Expenses officer forwards it to certification officer
9. All documents including invoice remain in archive



## DISCUSSIONS IT GROUP

**Use case 2: Procedure of payment with procurement**

- 1.The faculty prepares the specification for purchasing of goods/services
- 2.The faculty prepares the request and the request is signed by dean and approving officer(secretary or vice-rector for finance
3. After approval the file goes to commitment officer where the necessary funds are being committed
4. The file is forwarded to procurement department to continue required procedures and contracting of goods or services
5. After the contract is signed the services are delivered and supplier issues the invoice
- 6.Invoice is submitted to the archive
- 7.Archive protocols it and forwards it to procurement office
- 8.Procurement prepares the file for further procedure
- 9.Procurement department forwards it for approval to ZKA (secretary or vice rector for finance )
10. After approval ,procurement forwards the file to receiving officer
- 11.Receiver officer confirms that the goods/services are received
- 12.Receiver officer forwards it to expenses officer
- 13.Expenses officer forwards it to certifying officer, if refused the process must be repeated
- 14.If the file has been approved, than it archived by archivist



## DISCUSSIONS IT GROUP

### Facts to remember

1. System for finances and the system for students are separated
2. A list of the responsive personnel for organization for (IT and Finance)
3. Motivation was presented very well
4. The system has been developed in-house
5. It is completely automatic system
6. .NET
7. MS SQL Server database ...
8. Windows interface...
9. Agile methodologies such as SCRUM, Extreme programming ...It was not used
10. Seven people of are using the system for Finance
11. ERP system from the Austria – Finance software
12. Software is being used within campus only
13. ERP for University: Modules: Alumni?
14. From Data Center it has access to the Web
15. Network of fiber optic, Gigabit Ethernet
16. The system works only in Spanish language



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**Questions?**



### **Resource allocation, internal governance and budgeting processes**

This topic covers the internal perspective of Higher Education Institutions. It covers general aspects of internal governance, organizational theory or quality management, as well as the process perspective of budgeting within an Institution.

With respect to the preparation of the system requirements for new software, it was agreed that the objectives of the related training workshop WS3 "Resource allocation" (Pristina, March 2015) should cover two aspects: on the one hand side best practises of the EU partners with regard to their processes of internal budgeting should be taken into account, on the other hand side it seemed to be necessary to focus on process management and process quality in general. The practical part of the workshop should then combine both aspects, as the task of the participants should be to visualize and analyse the budgeting processes of the Kosovan partners in detail, to get a closer idea on how financial management software could help to support these processes.

Therefore the input of the EU partners mainly focused on methodological aspects of quality management, process management and their linkage to strategic planning and organisational theory of Higher Education Institutions.

The analysis of the processes of internal budgeting itself then was subject of the practical part of the workshop.



<b>Materials</b>	<b>Author</b>	<b>Page</b>
<b><i>Internal Governance:</i></b>		
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## Increasing the Financial Autonomy and Accountability at public higher education institutions in Kosovo

Workshop Group A „White Paper“

### **Internal Governance** (Operational and organizational structure)

Hubert Dürstein  
Peja, 2015, June 8-10

### Internal Governance - Operational and organizational structure



→ Preview **Group A „White Paper“**


### **Focus → Internal Governance**

I. Operational and  
organizational structure

II. Staff, skills,  
infrastructure

III. Final discussion and  
commitments

Internal Governance  
- Operational and organizational structure



---


**Overview**

- Overall system → open question(s)
- University environment
  - Systemic approach
  - Internal planning circle → complexity
  - Planning hierarchy
- Processes/Procedures
- Responsibilities/interactions → organizational issues
- *Methodology of workshop → dynamic facilitation*

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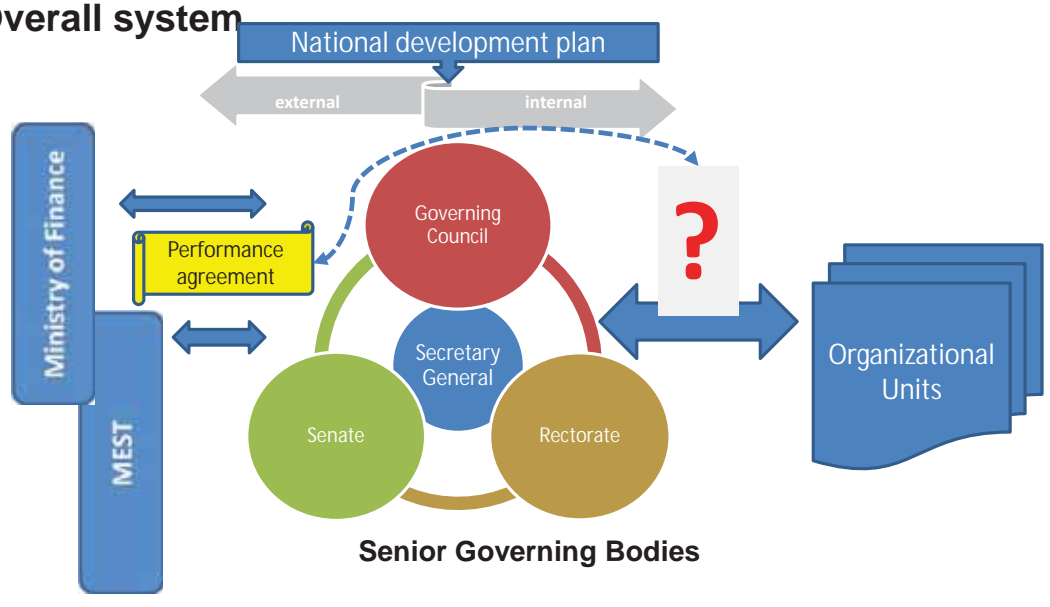
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Internal Governance  
- Operational and organizational structure



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**Overall system**




The diagram illustrates the 'Overall system' of internal governance. At the top, a blue box labeled 'National development plan' has a downward arrow pointing to a grey box labeled 'external' and another downward arrow pointing to a grey box labeled 'internal'. Below these, a central cluster of 'Senior Governing Bodies' includes a red circle for 'Governing Council', a blue circle for 'Secretary General', a green circle for 'Senate', and a brown circle for 'Rectorate'. To the left, a vertical blue bar represents the 'Ministry of Finance' and 'MEST', with a yellow box labeled 'Performance agreement' connected to the 'Governing Council' by a double-headed arrow. To the right, a stack of blue boxes represents 'Organizational Units', connected to the 'Governing Council' by a double-headed arrow. A dashed blue arrow points from the 'National development plan' to the 'Governing Council'. A white box with a red question mark is positioned between the 'Governing Council' and the 'Organizational Units'.

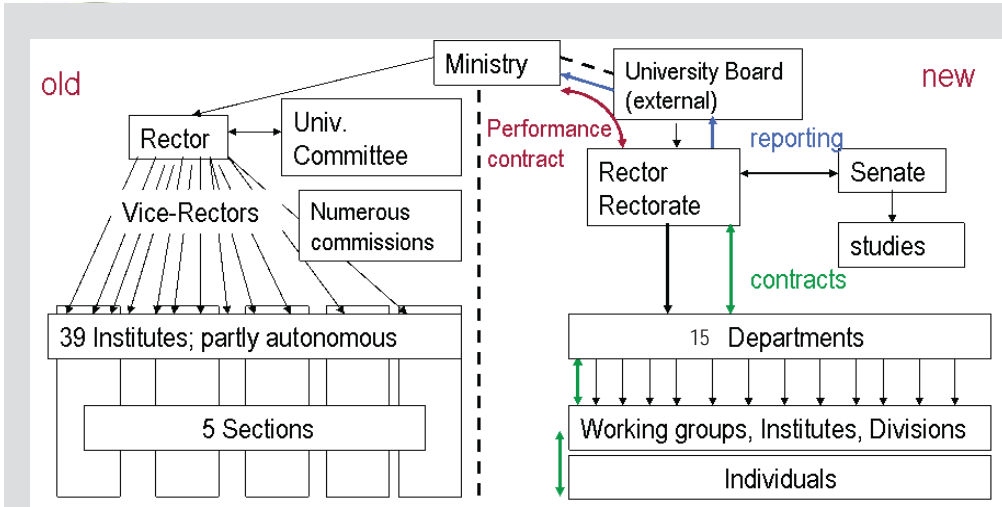
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Internal Governance  
- Operational and organizational structure




→ Systemic approach (university perspective)



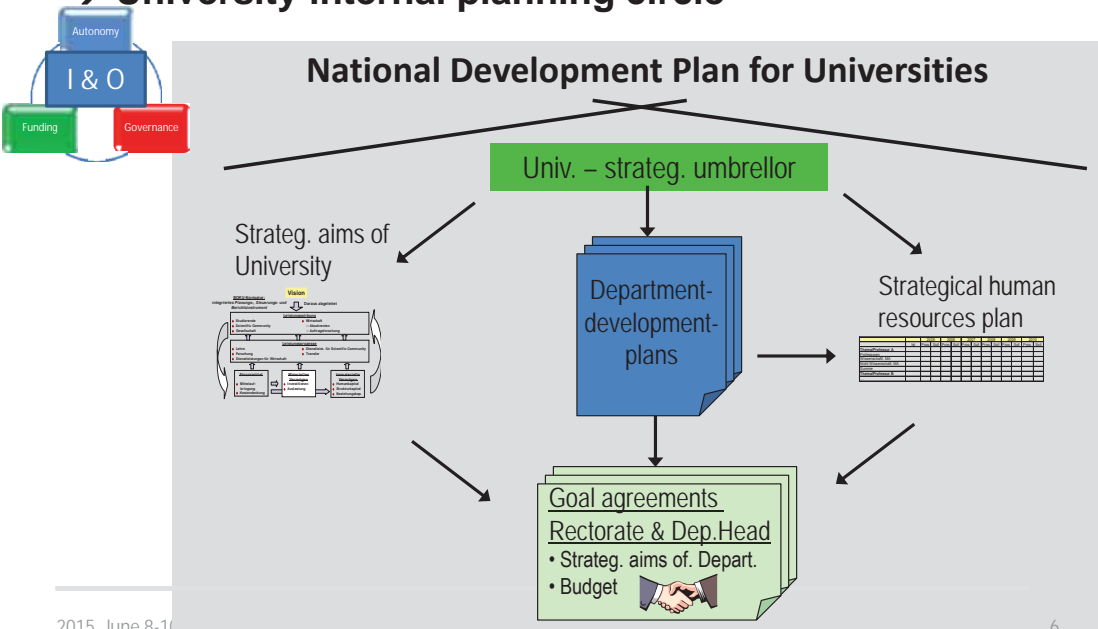
Structure supports implementation of strategy and positioning process (Referring to performance agreement, main focus, controlling)

BOKU-University

Internal Governance  
- Operational and organizational structure

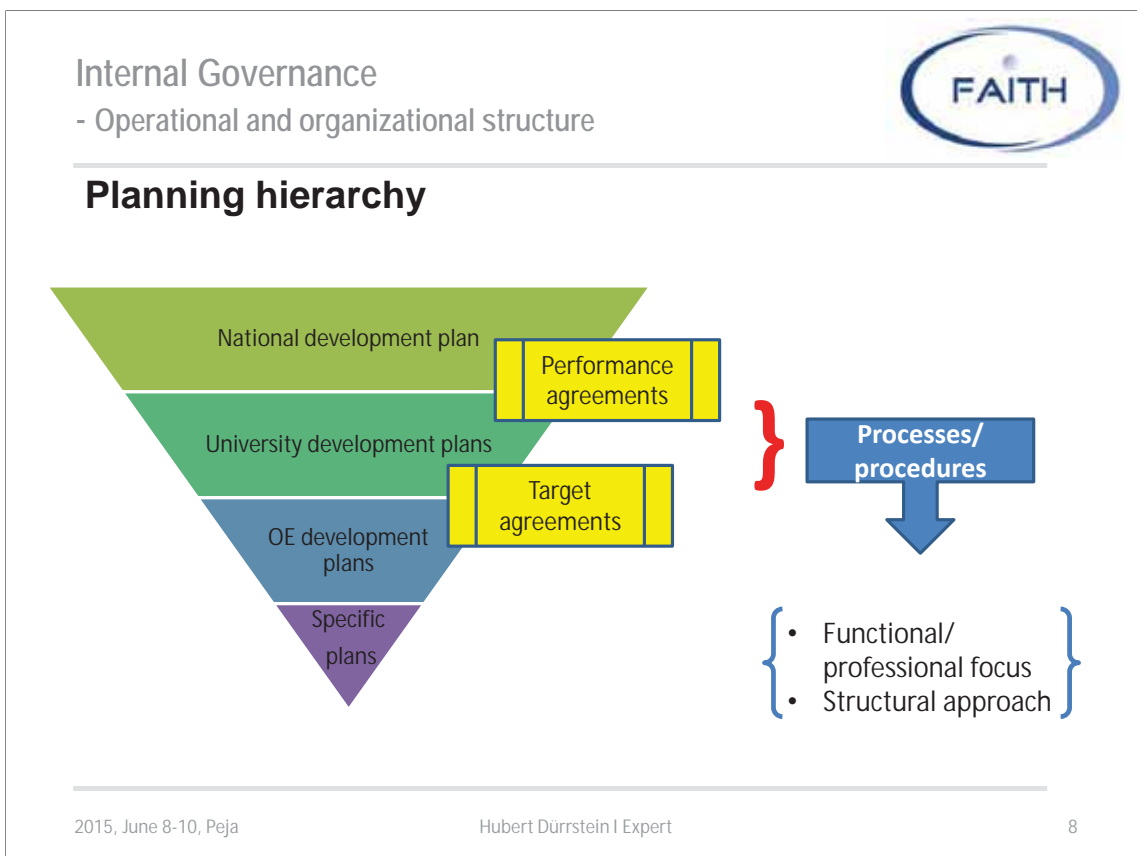
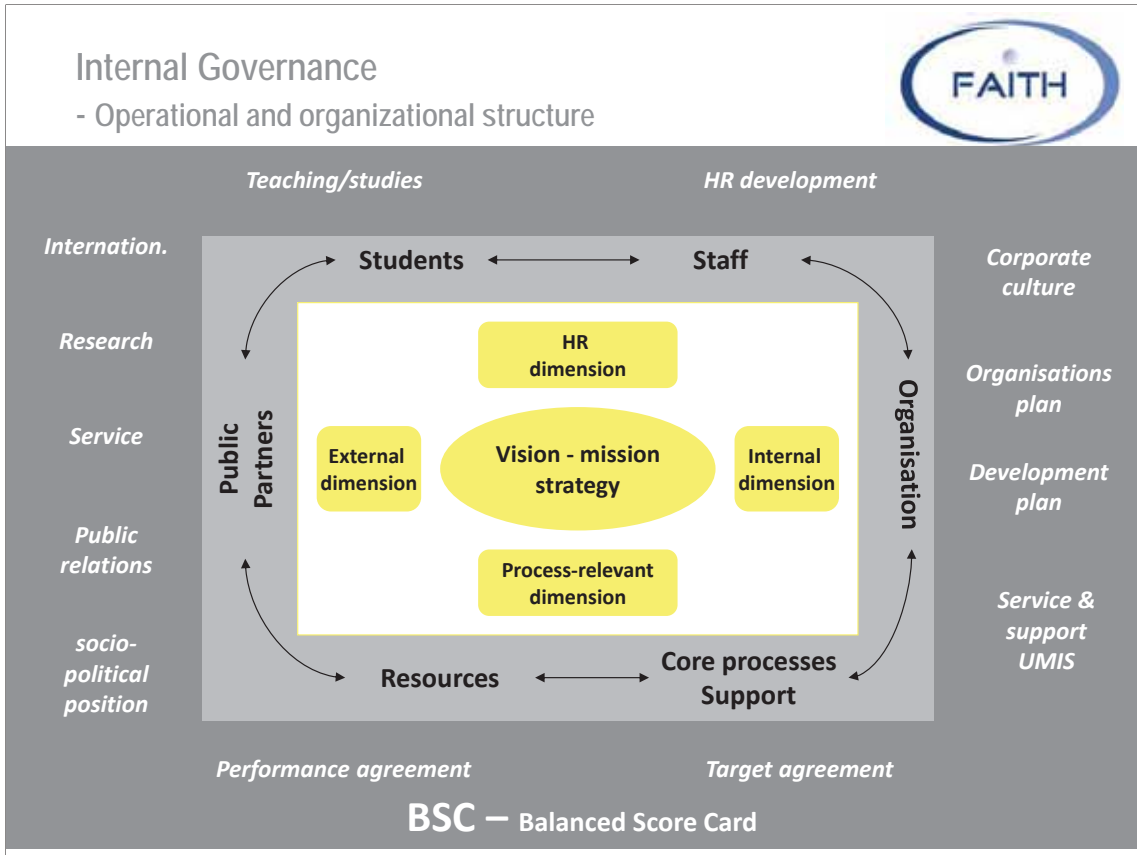


→ University internal planning circle




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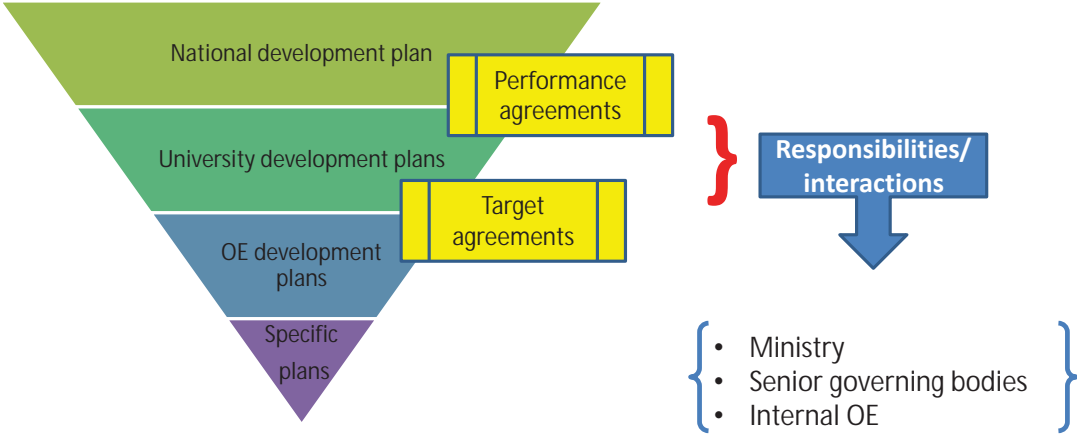
6



Internal Governance  
- Operational and organizational structure



### Planning hierarchy



The diagram illustrates a four-level planning hierarchy in an inverted pyramid shape:

- National development plan** (top, light green)
- University development plans** (second level, medium green)
- OE development plans** (third level, blue)
- Specific plans** (bottom, purple)

Agreements are shown as yellow boxes to the right of the pyramid levels:


- Performance agreements** (between National and University plans)
- Target agreements** (between University and OE plans)

A red bracket groups the top two levels, with a blue arrow pointing to a box labeled **Responsibilities/interactions**. Below this, a list is enclosed in a blue bracket:

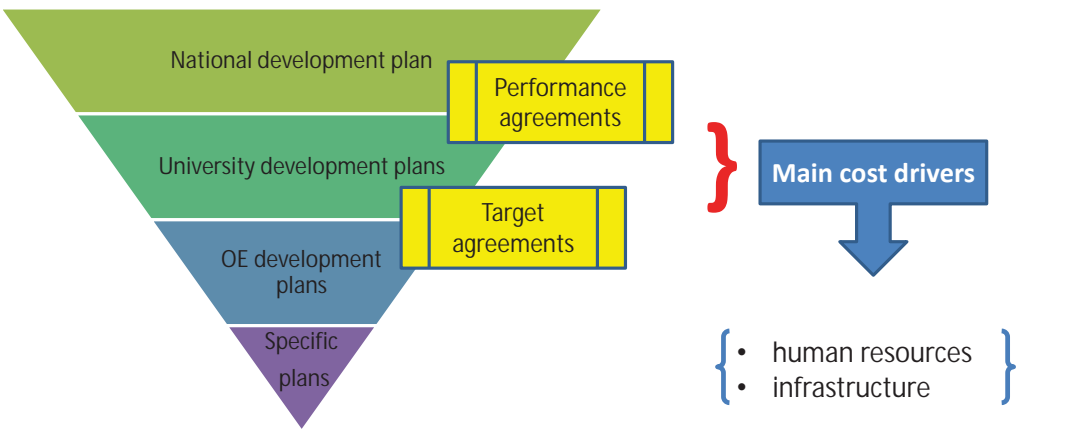
- Ministry
- Senior governing bodies
- Internal OE

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Internal Governance  
- Operational and organizational structure



### Planning hierarchy



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A red bracket groups the top two levels, with a blue arrow pointing to a box labeled **Main cost drivers**. Below this, a list is enclosed in a blue bracket:

- human resources
- infrastructure

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## Internal Governance

- Operational and organizational structure



---

**Processes/  
procedures**

↓

- Functional/  
professional focus
- Structural approach

Reference to  
LAW ON HIGHER  
EDUCATION

Reference to white Paper (Draft Version 3.0)  
→ **cluster processes**


- Strategy
  - Clearly defined transformation from strategic goals to annual targets and university budget
  - Clearly defined strategic process including the commitment of hierarchic levels
- Financial autonomy and accountability
  - Professional and transparent management (planning - controlling/reporting - database)
  - Appropriate tools and skills

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## Internal Governance

- Operational and organizational structure



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### Processes → professional focus → SWOT


- Analysis of the point of ...
  - Role and importance of t
  - SWOT-Analysis (**S**trength **O**pportunities/**T**hreats)
  - Analysis of competitors/j
- Freedom and Creativity
- Culture & Tradition

Environmental Factors Own Specific Factors	External Opportunities: + + + + +	External Threats: + + + + +
Own Strengths: + + + + +	Strategies to make use of Opportunities through our Strengths: + + + + +	Strategies to prevent Threats through our Strengths: + + + + +
Own Weaknesses: + + + + +	Strategies to make use of Opportunities to minimize Weaknesses: + + + + +	Strategies to minimize the potential dangers lying in sectors where our Weaknesses meet Threats: + + + + +

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Internal Governance  
- Operational and organizational structure



**Processes → professional focus → SWOT**

		External dimension	
		Opportunities	Threats
BOKU – internal dimension	Weaknesses	<ul style="list-style-type: none"><li>• research-/project management</li><li>• spin-offs</li><li>• quality management</li></ul>	<ul style="list-style-type: none"><li>• career management</li><li>• administrative framework</li></ul> <p>Risk</p>
	Strengths	<ul style="list-style-type: none"><li>• topics relevant to society</li><li>• supply chain approach</li><li>• third party funds</li></ul> <p>Chance</p>	<ul style="list-style-type: none"><li>• competition</li></ul>

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Internal Governance  
- Operational and organizational structure

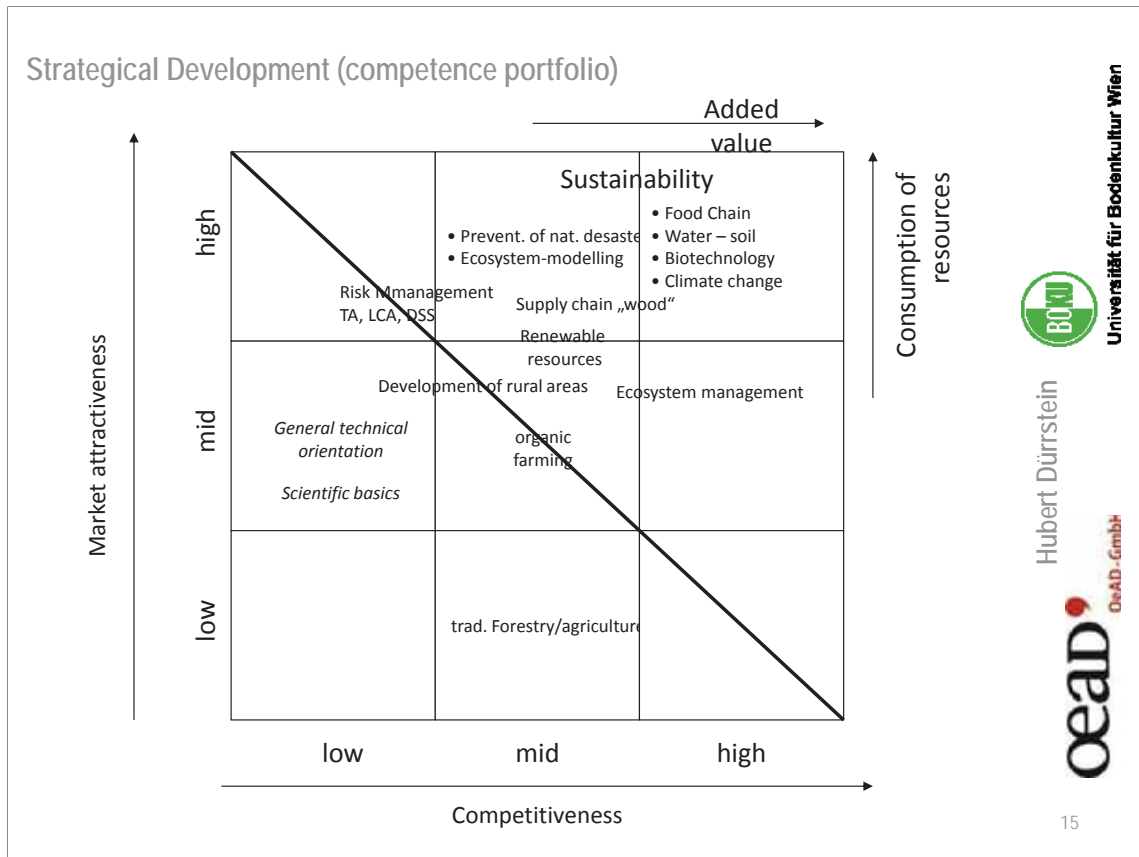


**Processes → professional focus → postioning**

- Requirement of a scientific profile
  - Universities → mission statement / self conception
  - Definition of the main focus and core competences
- Strategical future-oriented planning
  - Teaching
  - Research
  - Services
- Tools for realization
  - Management systems adapted to the specific issues of universities (including quality management)

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## Internal Governance

- Operational and organizational structure



### Processes → professional focus → strategic planning

#### Framework and demands

research

- Taking into consideration the national und international research landscape
- National requirements → Europe of knowledge (Creating knowledge, transferring knowlegde, applying knowledge)
- Performance orientation
- European Research Area (Horizon 2020)

#### Approach → solution

- Identifying and enhancig core competences (→ national framework and institutional strengths and opportunities (e.g. BOKU-university: risk and safety: prevention of natural hazards, global/climate change, safety of the food chain)
- Strategical cooperation and partnership
- Assessment of the output (goal-/performance agreements, human capital report)
- Utilization / transfer of knowlegde (mix of contract research and basis research; patents)

Internal Governance  
- Operational and organizational structure



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**Processes → professional focus → strategic planning**

teaching

Framework and demands

- Status quo → additional demand
- European/International framework – European area of higher education (Erasmus+)
- Mobility of students and teachers (→harmonization)
- „Market of education“ – competition for students (brain drain)

Approach → solution

- Conformance to national requirements
- International compatible study programs (English, joint degrees, „European Master“ → Bologna-process)
- PhD programs (Integration in the Bologna-process)
- Quality management (Benchmarks)
- International activities and cooperation (adapted to national, European and international development and demands)

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Internal Governance  
- Operational and organizational structure



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**Processes → professional focus → strategic planning**

services

Framework and demands

- Europe of knowledge (Creating knowledge, transferring knowlegde, applying knowledge)
- Educational/Teaching/Training requirements
- Relevance/contribution of financing

Approach → solution


- Professionalization of services (financial model & management; HR issues; information management)
- Strengthening the continous professional education (combined with the Bologna-Architecture)
- Utilization of knowledge (e.g Spin off – activities)

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## Internal Governance

- Operational and organizational structure



---

**Responsibilities/  
interactions**

↓

- Ministry
- Senior governing bodies
- Internal OE

Reference to white Paper (Draft Version 3.0)

→ **cluster processes**

- Responsibility
  - external
  - internal
- Interaction
  - (permanent) communication processes
  - Reporting
  - Negotiation (expectation, tools, database)
  - Ambiguity between bureaucrazy and effectiveness and efficiency

Reference to  
**LAW ON HIGHER  
EDUCATION**

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## Internal Governance

- Operational and organizational structure



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### Legal transition of Austrian Universities (UA 1993 vs UA 2002)

**UA 1993 – Restricted legal capacity**

- Head of institute responsible for projects (budget, personnel,...)
- Fixed budget, based on negotiations between University and Ministry
- Management based on self-governing bodies
- Reporting: by the institute directors
- Controlled by the ministry

**UA 2002 – Full legal capacity**

- University management responsible for the whole budget > subsidiarity
- University budget partly dependent on fulfilling the performance contract
- Management with less participation of all different groups employed
- Reports: Int. Cap. Rep., Performance Report by the rectorate
- Controlled by an „University Board“

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## Internal Governance - Operational and organizational structure



### University Act from 2002

#### Management + internal organisation (§20)

Establishment of **organisational units** fitting to an **appropriate structure** concerning

- Research
- Teaching and Learning (Education & Training)
- Administration

## Internal Governance - Operational and organizational structure



### General recommendations

#### Forward strategy:

- Controlling instruments for a maximum of transparency
- Precise definition of leading and management responsibilities: rectorate, departments, senate, univ.-board,  
→ **Corporate strategy is possible**

#### Leverages of changing processes:

- Team work → rectorate and department heads
- Governance including BOKU and the different units and bodies → Synergies and integrated strategies

## Internal Governance

### - Operational and organizational structure



#### **Organisational issues – expected added value:**

- Structure supports implementation of strategy and positioning process (Referring to performance agreement, main focus, controlling)
- Flexibility: gradual implementation (step by step)
- Consistent, coherent and stable processes (accounting, studies)
- Support and promotion of initiatives, innovative ideas and entrepreneurship
- Subsidiarity (decentralized decision making and responsibility)
- Infrastructural integration (bring together) of department units

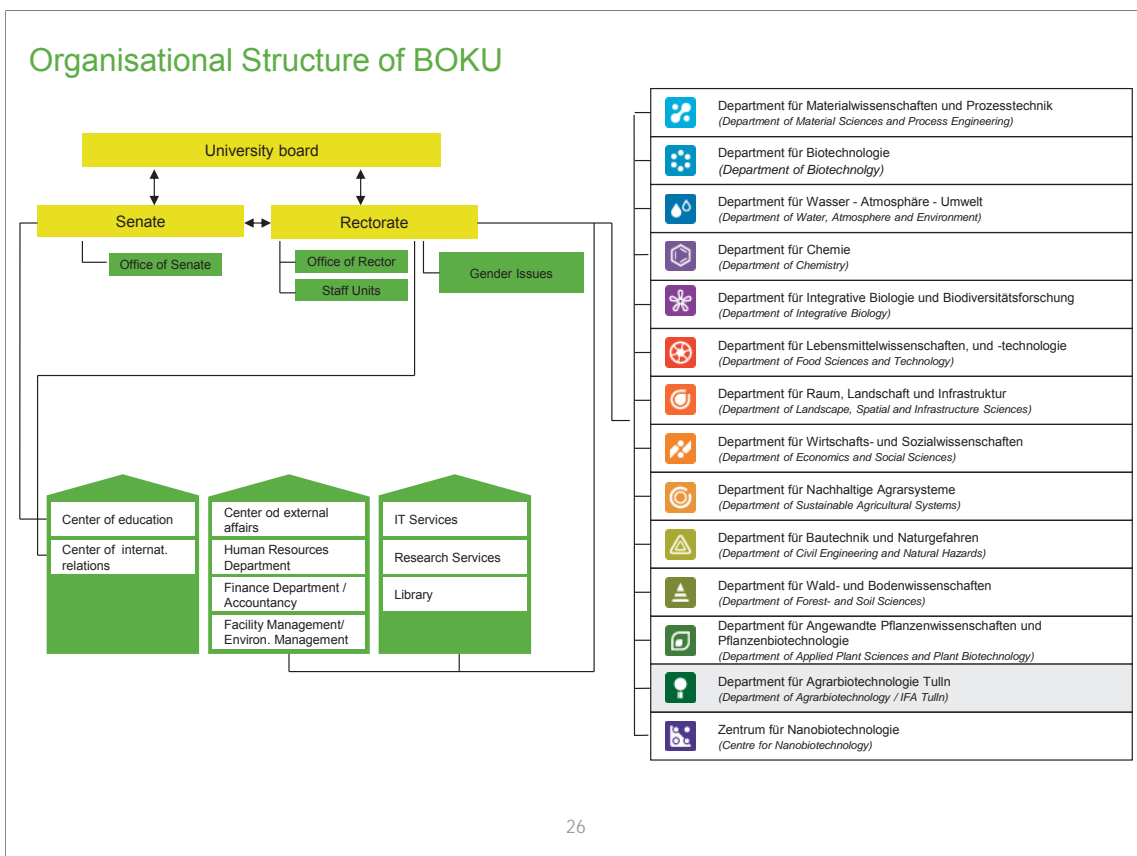
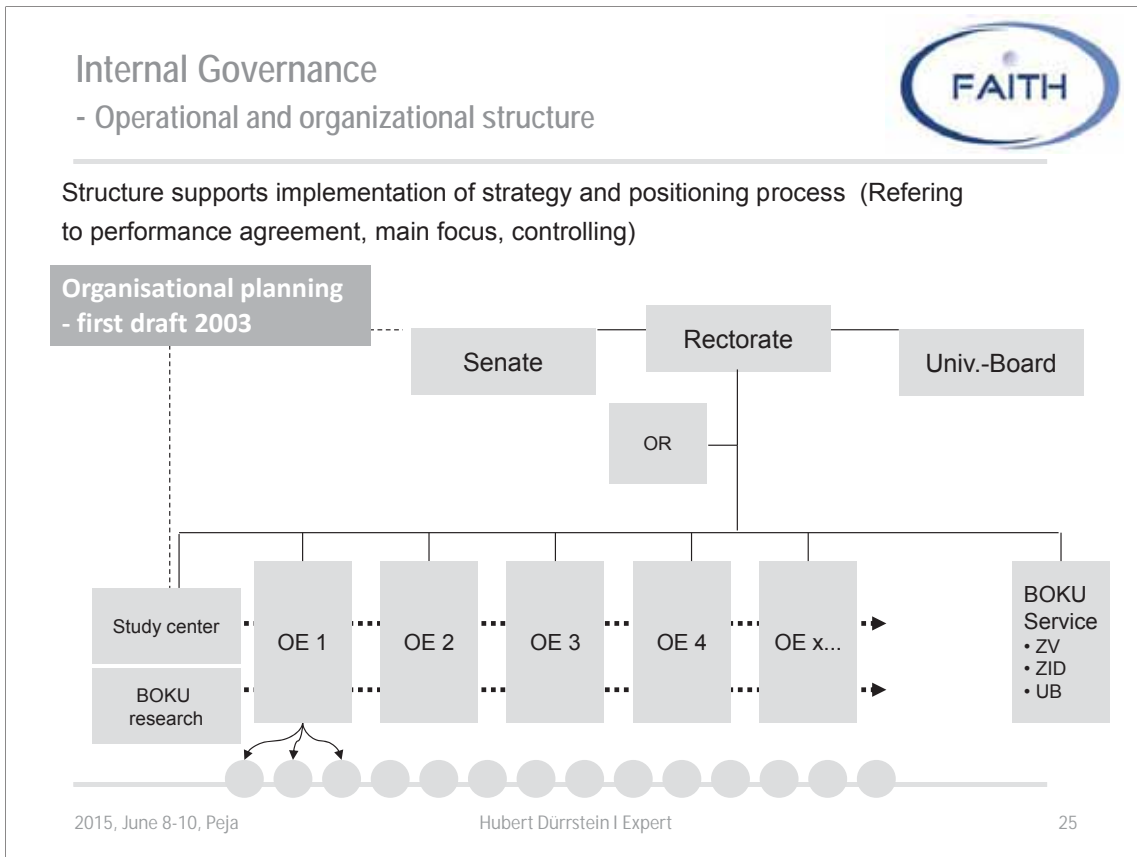
## Internal Governance

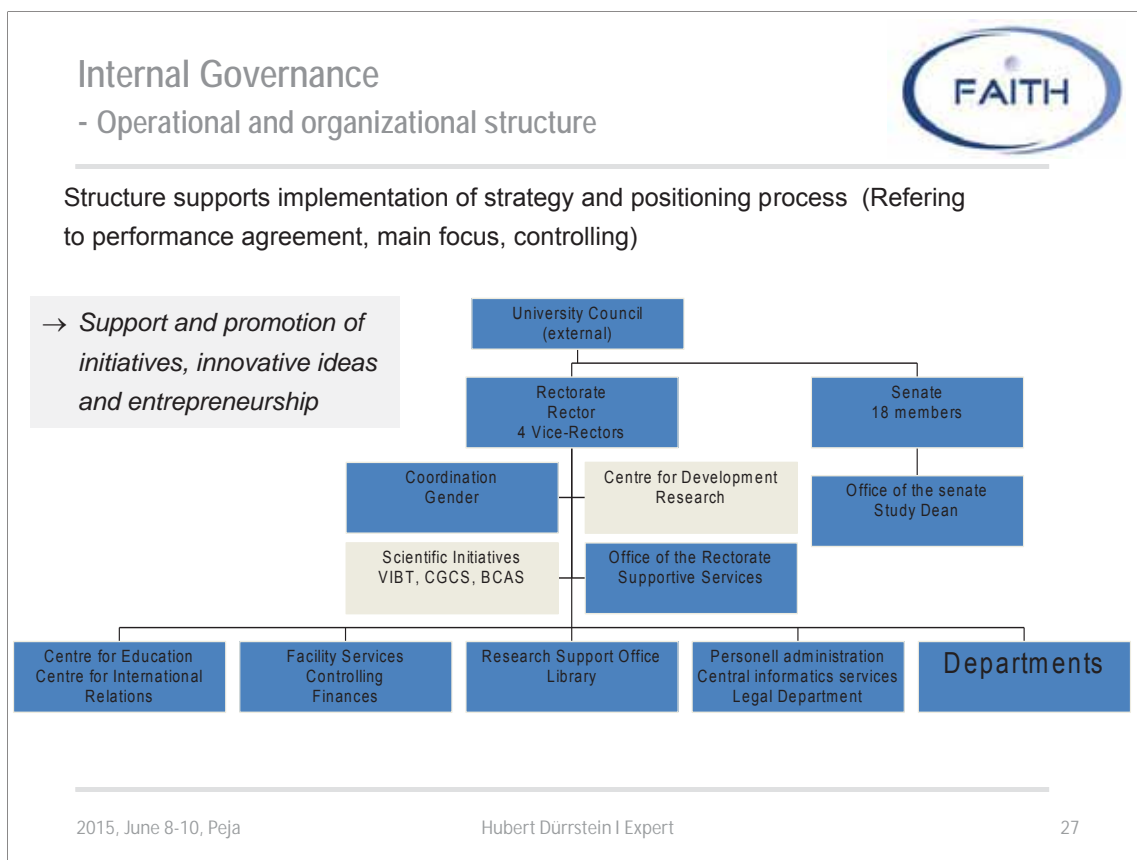
### - Operational and organizational structure




#### **Organisational issues – additional achievements:**

- International competitive organisational units (departments)
- Creation of professional nucleus (research platforms, supply chains)
- Competent experts at core positions (e.g. support of administration)
- Humans resources management and realistic career paths
- University management system (makeable processes for data and info transfer)
- Synergies + transparent, simple processes (service orientation)




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## Internal Governance - Operational and organizational structure



### Matrix: Competences - structure

Departments competence fields	Soil and Ecosystem Management	Water – Atmosphere – Environment	Integrated Landscape Management	Technologies of Sustainable and Renewable Resou.	Food, Nutrition, Health	Biotechnology und Nanobio-technology
Economics and Social Sciences	XX	XX	XX	XX	XX	X
Food Sciences and Technology	XX	X		XX	XXX	XX(X)
Biotechnology	X	X		XX	XX(X)	XXX
Center of Nanobiotechnology	X	X		XX	XX	XXX
Chemistry	XX	XX	X	XX(X)	XX	XX
Apl. Plant Sciences and Plant Biotechnology e	XX(X)	X	X	XX	XX	XX(X)
Water, Atmosphere, Environment	XX	XXX	XX	X	X	X
Landscape, Spatial and Infrastructure Scienc.	XX	XX	XXX	X		
Civil Engineering and Natural Hazards	XX	XX(X)	XX	XXX		
Material Sciences and Process Engineering	XX	X	X	XXX	X	XX
Forest and Soil Sciences	XXX	XX	XX	XX(X)	X	X
Integrative Biology & Biodiversity Research	XX(X)	X	XX	XX	X	X
Sustainable Agricultural Systems	XXX	X	XX	XX(X)	XX	X
Agrobiotechnology/IFA	XX	X		XX(X)	XX	XX

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## Internal Governance

- Operational and organizational structure



### Methodology → dynamic facilitation



Challenges, Issues,  
Questions

Solutions, Ideas,  
approaches

Concerns, objectives,  
doubts

Other points/aspects  
(information,  
perception)

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## Internal Governance

- Operational and organizational structure



Thank you for your attention

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- <http://www.oead.at/>
- <http://www.boku.ac.at/>

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## Increasing the Financial Autonomy and Accountability at public higher education institutions in Kosovo

Workshop Group A „White Paper“

### Internal Governance (Staff, skills, infrastructure)

Hubert Dürstein  
Peja, 2015, June 8-10

### Internal Governance - Staff, skills, infrastructure



→ Preview **Group A „White Paper“**


### Focus → Internal Governance

I. Operational and  
organizational structure

II. Staff, skills,  
infrastructure

III. Final discussion and  
commitments

Internal Governance  
- Staff, skills, infrastructure



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### Overview

- Overall system → open question(s)
- University environment
  - Systemic approach
  - Internal planning circle → complexity
  - Planning hierarchy
- Human resources
- Infrastructure
- Example „Higher Education“
- *Methodology of workshop* → *dynamic facilitation*

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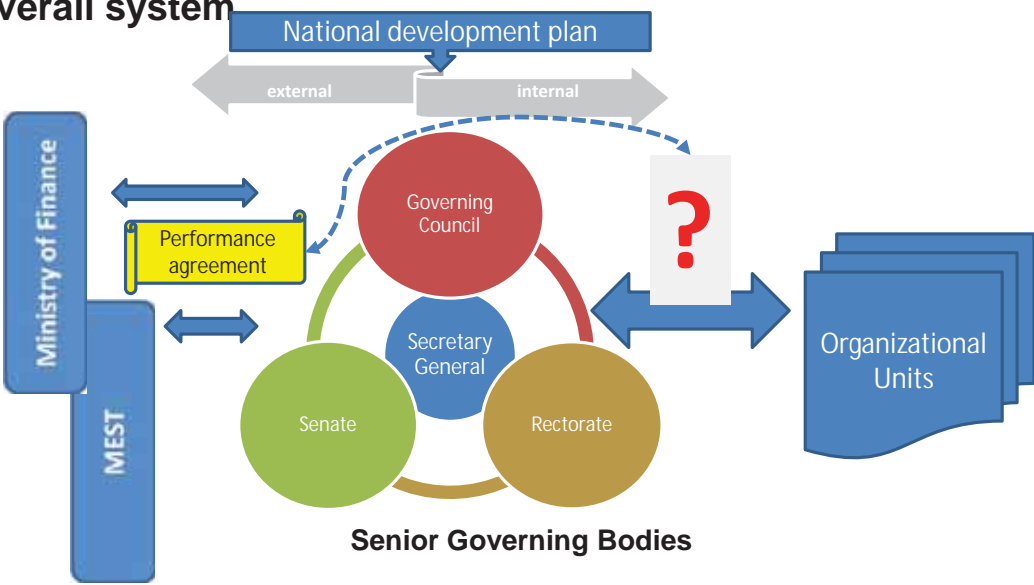
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Internal Governance  
- Staff, skills, infrastructure



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### Overall system




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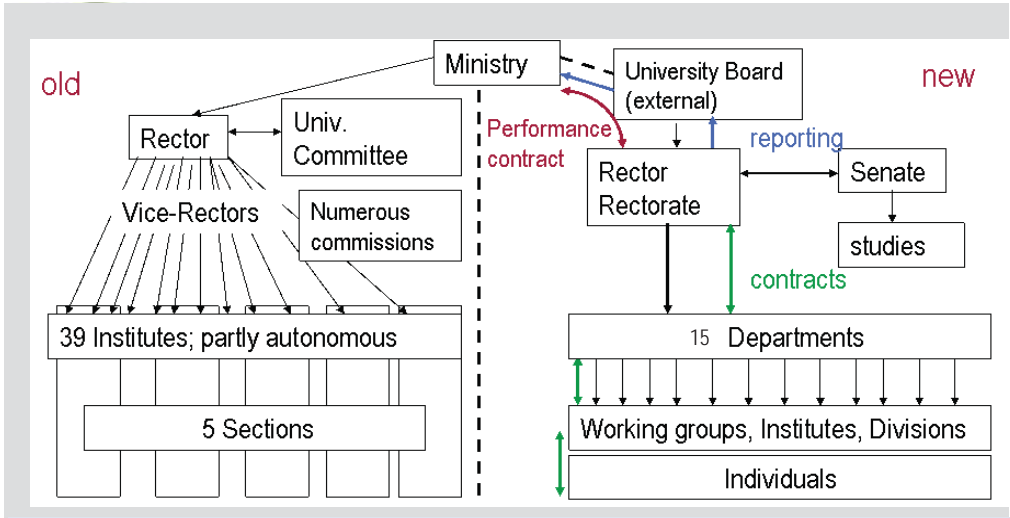
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Internal Governance  
- Staff, skills, infrastructure




→ Systemic approach (university perspective)



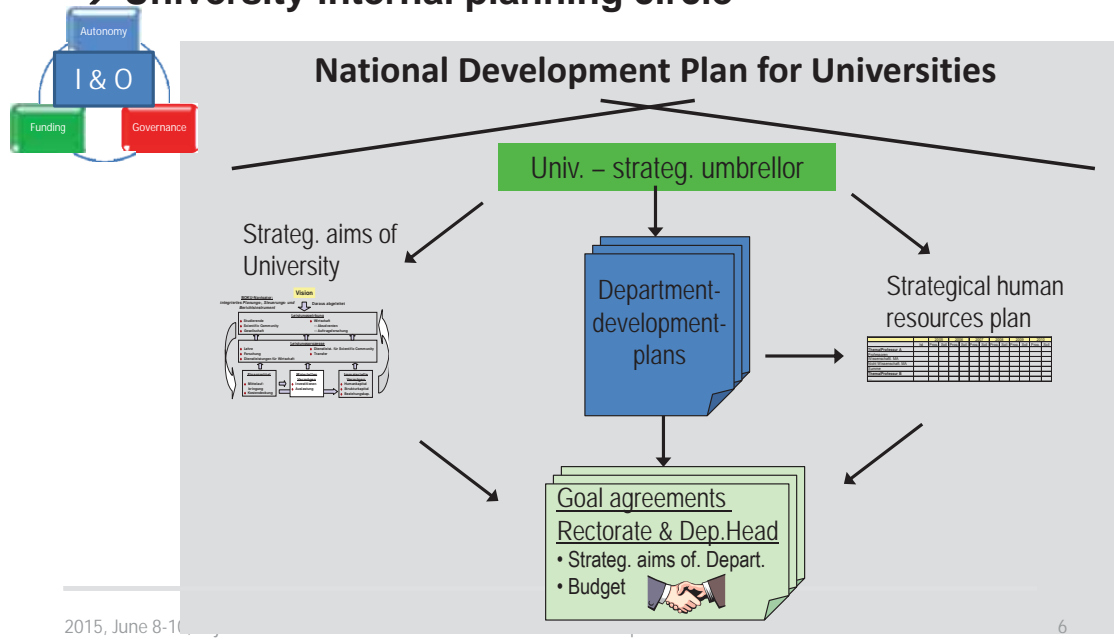
Structure supports **implementation of strategy and positioning process** (Referring to **performance agreement**, main focus, controlling)

BOKU-University

Internal Governance  
- Staff, skills, infrastructure

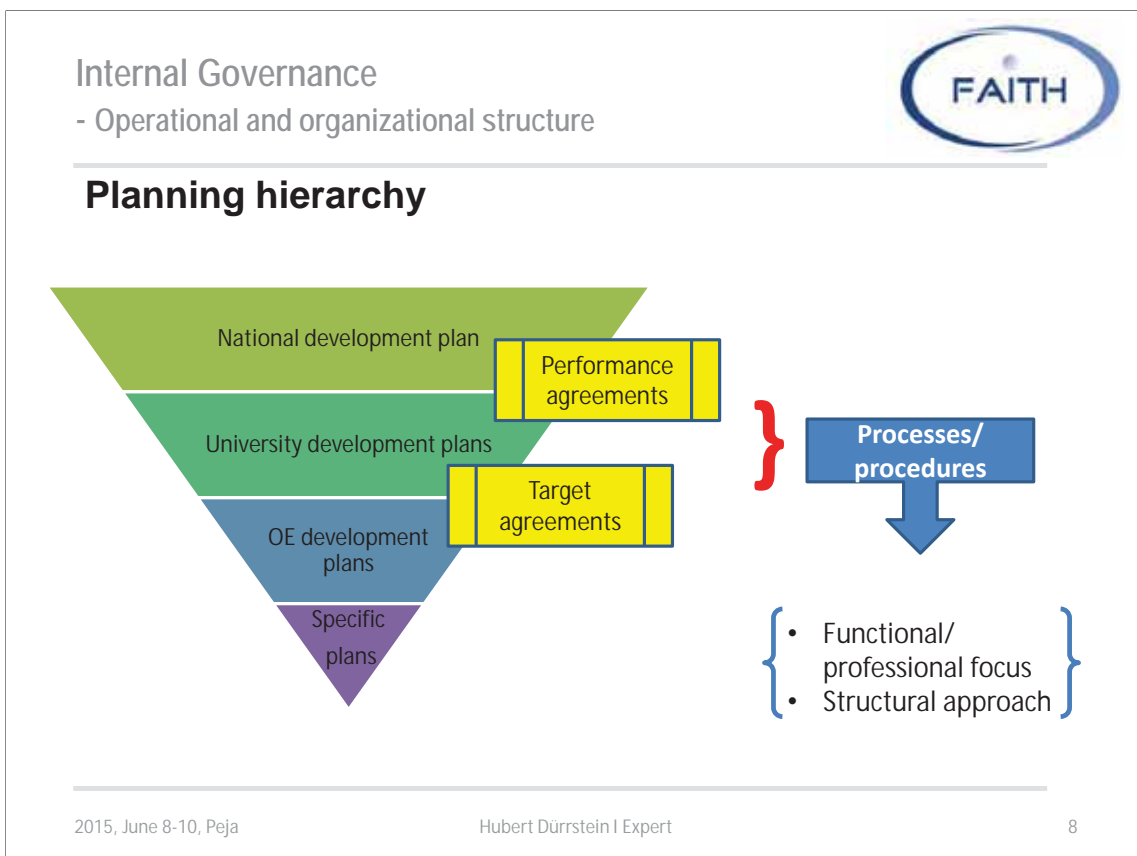
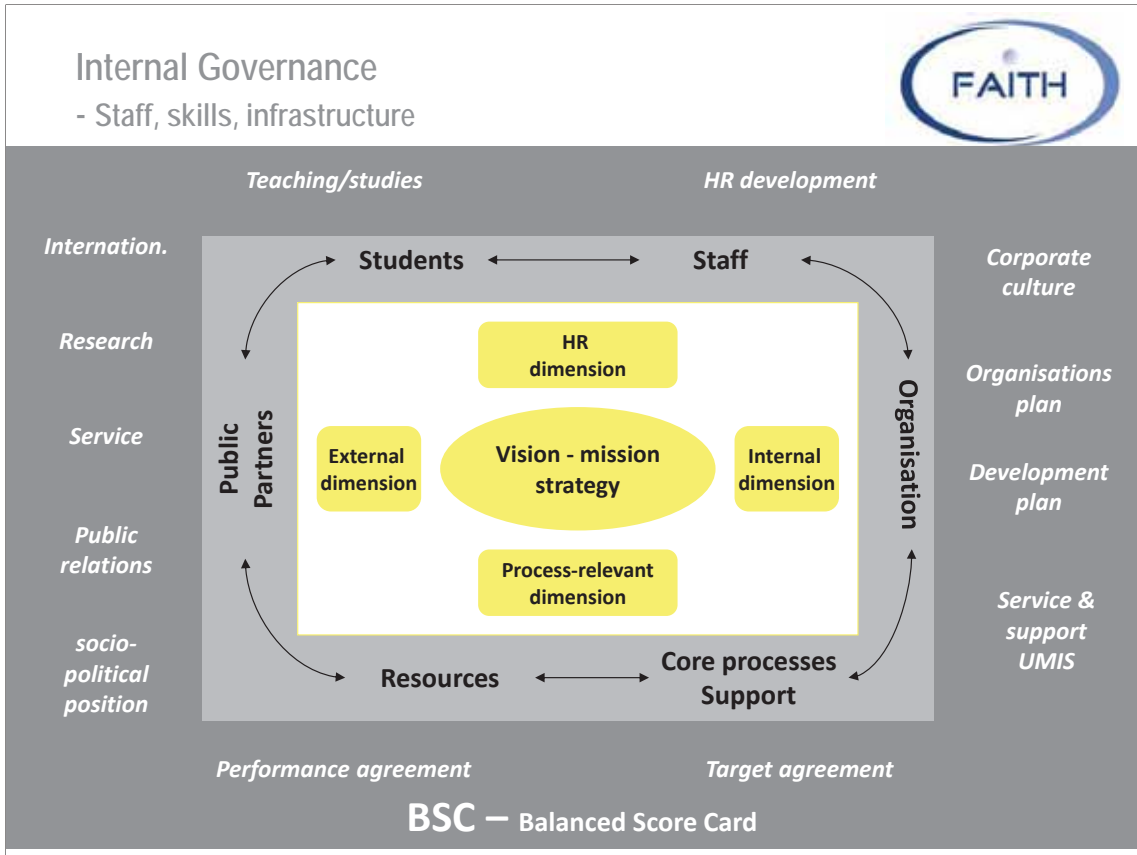


→ University internal planning circle




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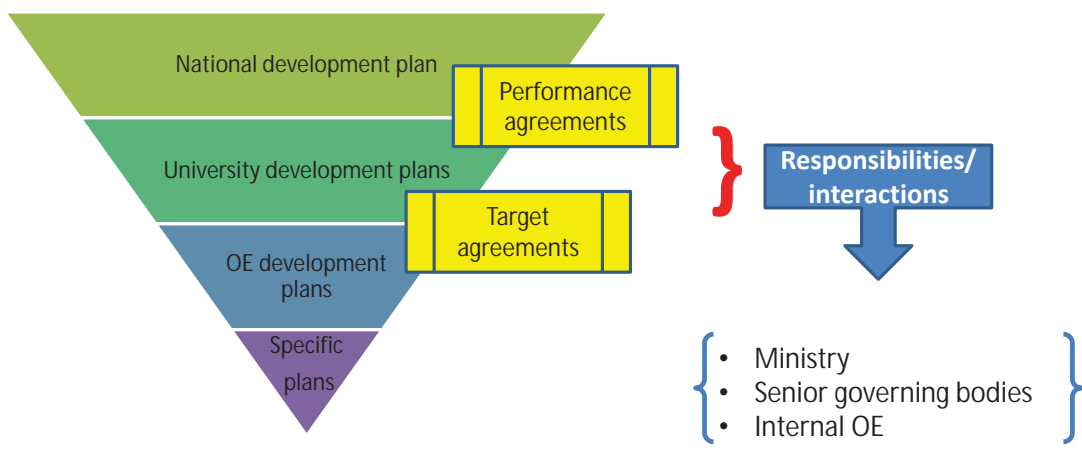
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Internal Governance  
- Operational and organizational structure




### Planning hierarchy



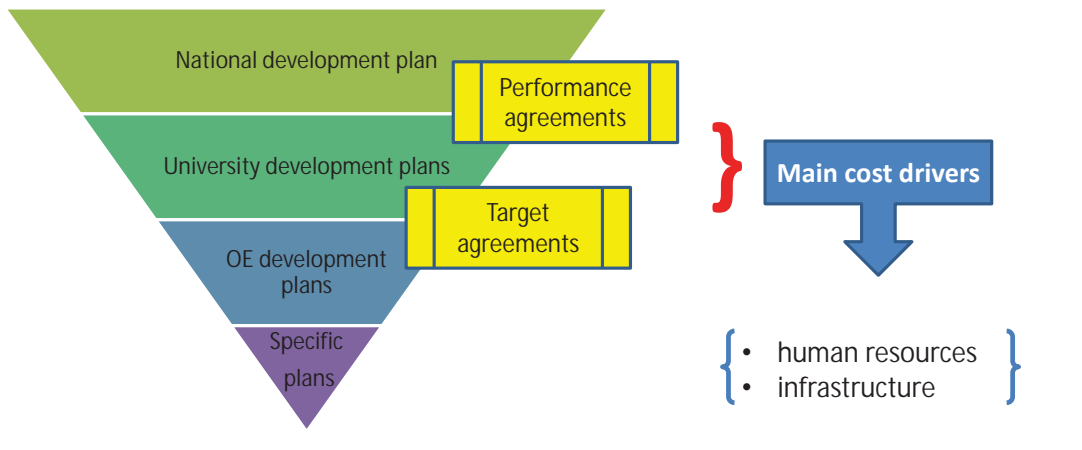
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Internal Governance  
- Staff, skills, infrastructure



### Planning hierarchy



The diagram illustrates a four-level planning hierarchy as an inverted pyramid. From top to bottom, the levels are: National development plan (green), University development plans (light green), OE development plans (blue), and Specific plans (purple). To the right of the pyramid, two yellow boxes represent 'Performance agreements' (linked to the National and University levels) and 'Target agreements' (linked to the OE and Specific levels). A red bracket groups these agreements, with a blue arrow pointing to a box labeled 'Main cost drivers'. Below this, a list in blue curly braces includes: human resources and infrastructure.

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## Internal Governance

- Staff, skills, infrastructure

---

Main cost drivers

↓

- human resources
- infrastructure

Reference to white Paper (Draft Version 3.0)

→ **cluster human resources**


→ Staff

- Categorization (teaching, research, administrative)
  - job descriptions (teaching load ↔ work load)
  - definition of salaries (regulations for benefits, allowances, bonus)
- HR development & tools
  - Recruiting
  - Career path
  - Appraisal interviews → performance orientatfon
  - Student-to-teacher ratio

→ Infrastructure

- Connected to the existing site(s) and premises
- Adapted to requirements (research & teaching)
- Supportive as to development
- Specific projects

Reference to  
**LAW ON HIGHER  
EDUCATION**




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11

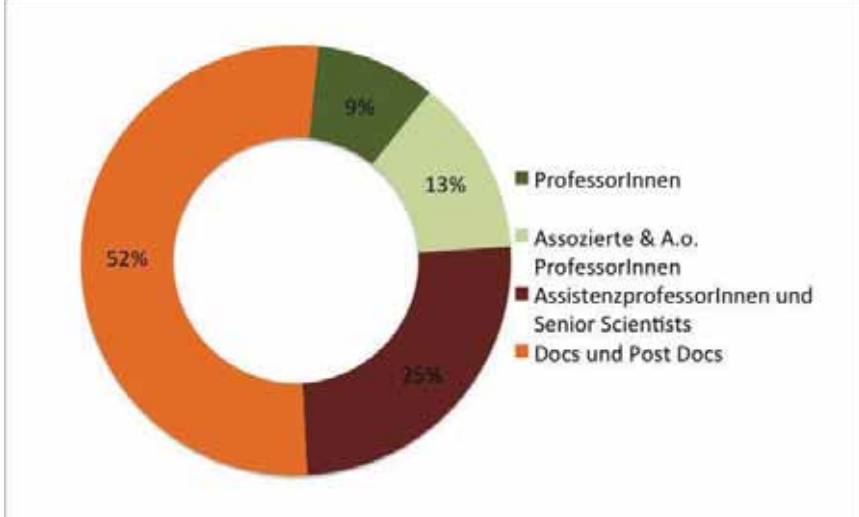
## Internal Governance

- Staff, skills, infrastructure

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### Example: Structure – scientific staff






Category	Percentage
ProfessorInnen	9%
Assoziierte & A.o. ProfessorInnen	13%
AssistenzprofessorInnen und Senior Scientists	25%
Docs und Post Docs	52%

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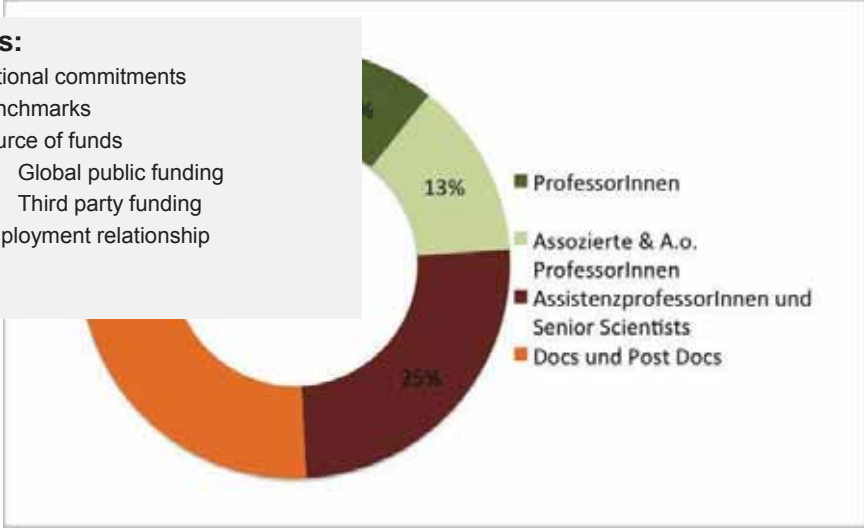
Internal Governance  
- Staff, skills, infrastructure



### Example: Structure – scientific staff

**Issues:**


- National commitments
- Benchmarks
- Source of funds
  - Global public funding
  - Third party funding
- Employment relationship




Category	Percentage
ProfessorInnen	13%
Assoziierte & A.o. ProfessorInnen	25%
AssistenzprofessorInnen und Senior Scientists	25%
Docs und Post Docs	37%

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Internal Governance  
- Staff, skills, infrastructure



### Example: Sites – infrastructure – professional focus



- Land and Water Management
- Safety & Risk Management
- Platform Sustainability

CGCS, BCAS

- Biotechnology
- Food Technology


VIBT

- Technologies of Sustainable and Renewable Resources

URT

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Internal Governance  
- Staff, skills, infrastructure



**Example: Sites – infrastructure – professional focus**

**Issues:**

- Property ↔ lease (rent)
- Conveyance
- Maintenance and repair
- Reinvestment
- National coordination

- Biotechnology
- Food Technology


VIBT

- Technologies of Sustainable and Renewable Resources

URT

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Internal Governance  
- Staff, skills, infrastructure



**Main cost drivers**

- human resources
- infrastructure

Professional approach → leadership

Reference to white Paper (Draft Version 3.0)  
→ *cluster higher education*

**Rectorate**

Rector  
Vice-Rector for Research

***Vice-Rector for Education and Internationalization***

**University Council**

7 external members  
Tasks according to bill § 21 Abs. 1 UG 2002

**Senate**

16 members: 9 professor representatives, 2 assistant teacher representatives, 4 student representatives, 1 general staff representative  
Tasks according to bill § 25 Abs. 1 UG 2002, and specific university law related duties

**Rector's Office**

Internal Management  
Public relations  
Event organization  
SAP support


Document of reference: [University Act \(UG\) 2002](#)

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**Internal Governance**  
- Staff, skills, infrastructure



**Main cost drivers**

- human resources
- infrastructure

Reference to white Paper (Draft Version 3.0)  
→ *cluster higher education*

**Vice-Rector for education and internationalization**  
Tasks and duties

Education:


- Organization of our study program
  - Bachelor program
  - Master program
  - Doctoral program
  - Additional qualifications
- Information, advice and support for students and lecturers
- Quality assurance in education

Internationalization:

- Support of student and lecturer mobility
- Internationalization of the study programmes
- Focussing the efforts in terms of content and target geographical regions

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**Internal Governance**  
- Staff, skills, infrastructure



**Main cost drivers**

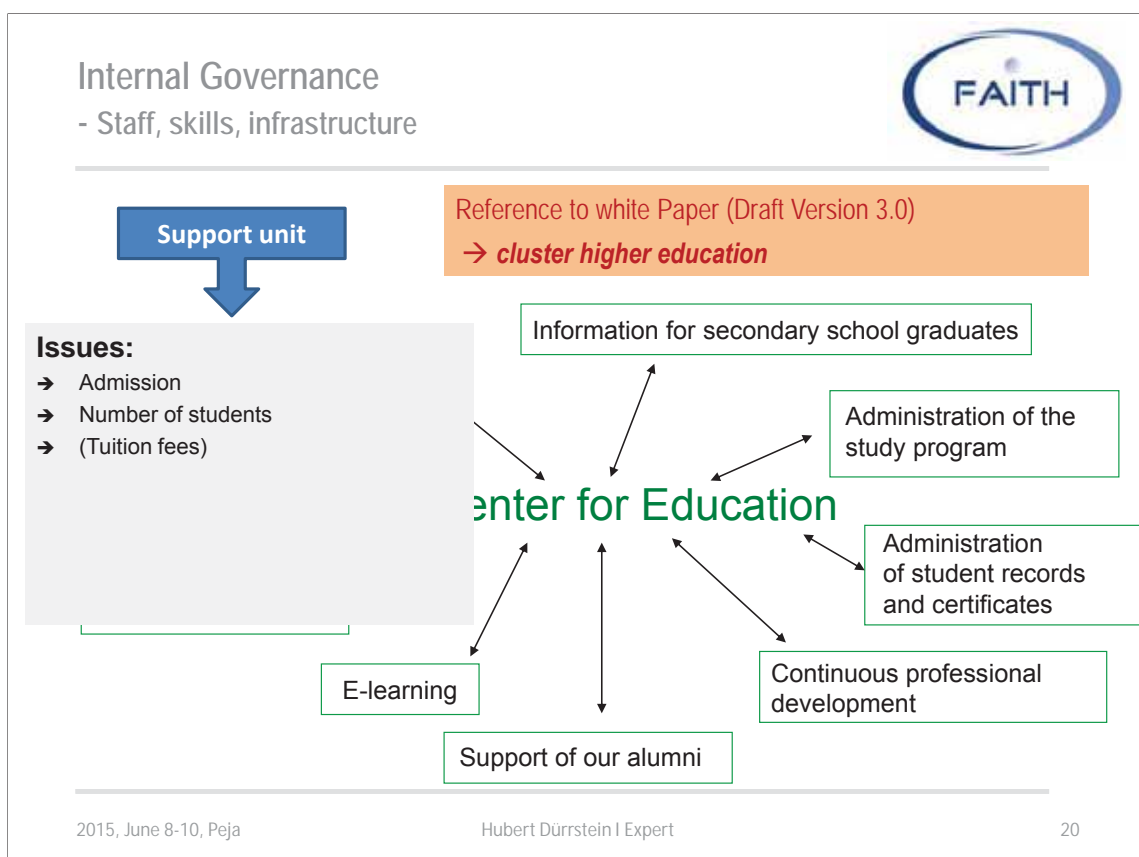
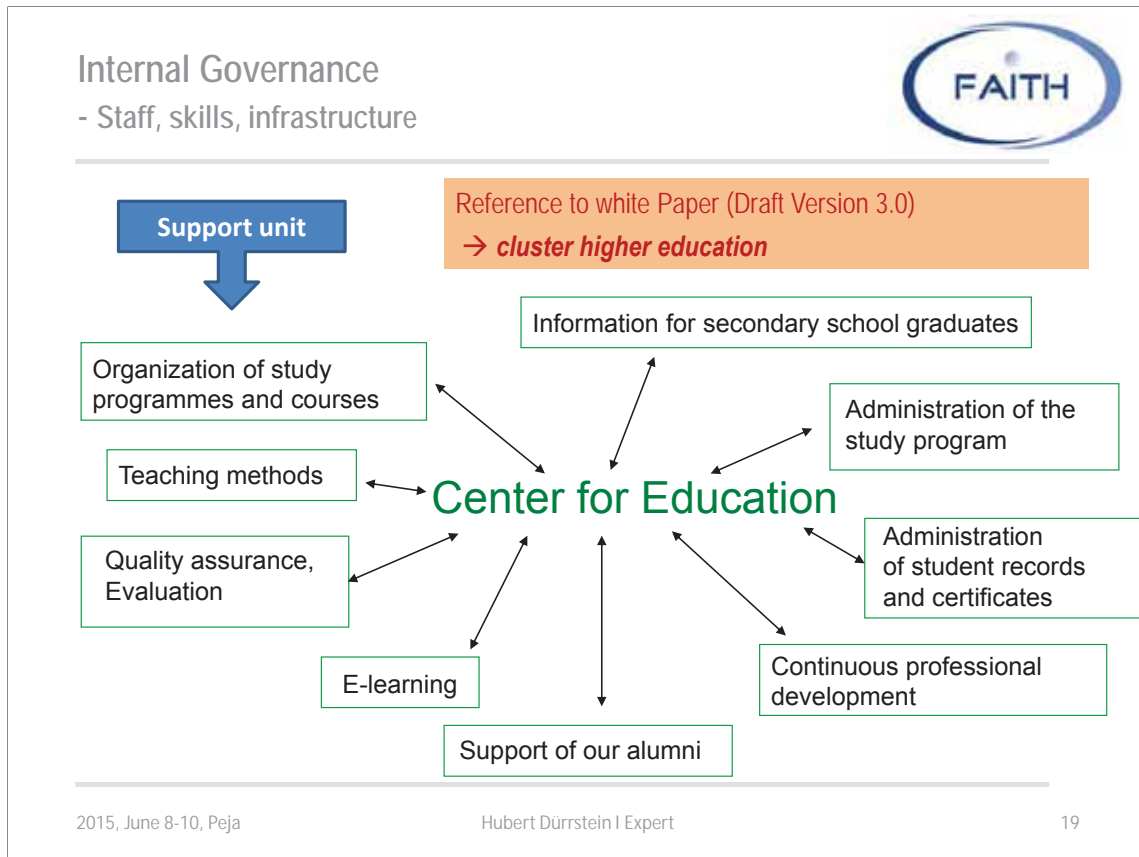
- human resources
- infrastructure

Reference to white Paper (Draft Version 3.0)  
→ *cluster higher education*


**Vice-Rector for education and internationalization**  
Partners and target groups for education

- Austrian and foreign secondary school graduates
- Austrian and foreign persons interested in continuing education
- Austrian and foreign students of the BOKU
- Our staff involved in teaching
- Our graduates (Alumni)
- Persons interested in continuous professional development
- The general public

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Internal Governance  
- Staff, skills, infrastructure



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**Methodology → dynamic facilitation**




- Challenges, Issues, Questions
- Solutions, Ideas, approaches
- Concerns, objectives, doubts
- Other points/aspects (information, perception)

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Internal Governance  
- Staff, skills, infrastructure



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**Thank you for your attention**

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- <http://www.oead.at/>
- <http://www.boku.ac.at/>

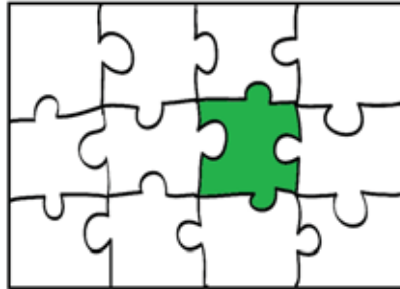
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## Overview

- > Accounting and the „Big Picture“ - 3 views on organizations:
  - Goals and objectives
  - Employees
  - Processes
- > Processes in Accounting: Examples
- > Workgroup: Process Design



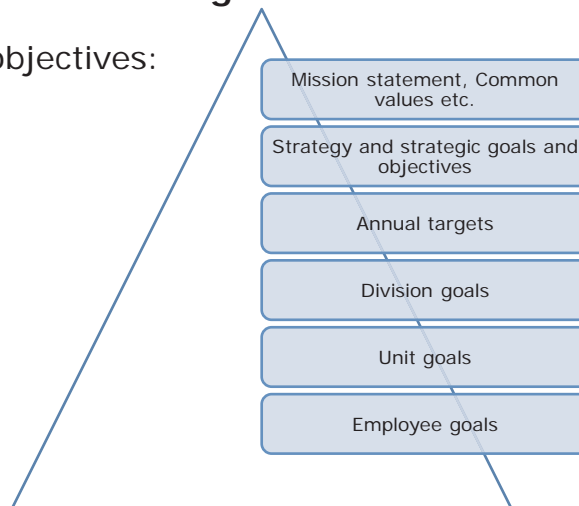
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## 1. Objectives of the organization

- > Types of objectives:



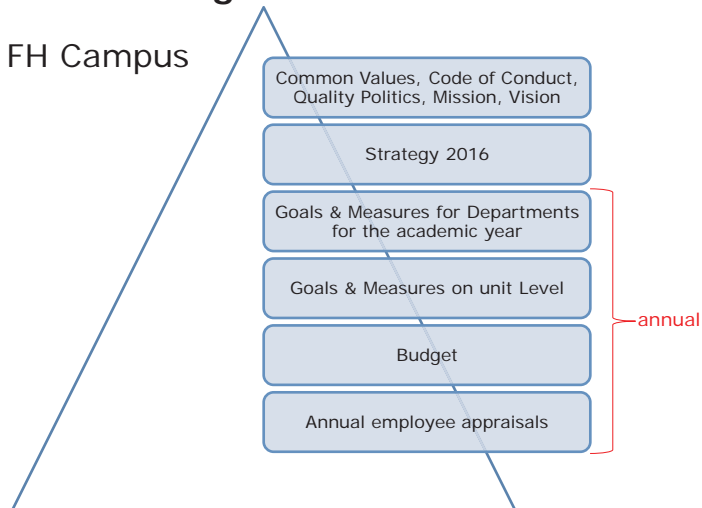
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## 1. Objectives of the organization

> Example: FH Campus Wien



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## 1. Objectives of the organization

> General considerations about objectives:

- The popular „SMART“ model defines specifications for objectives. Objectives should be:

<b>S</b>	<b>Specific</b>
<b>M</b>	<b>measurable</b>
<b>A</b>	<b>Accepted / Attractive / Achievable</b>
<b>R</b>	<b>Realistic</b>
<b>T</b>	<b>Time-bound</b>

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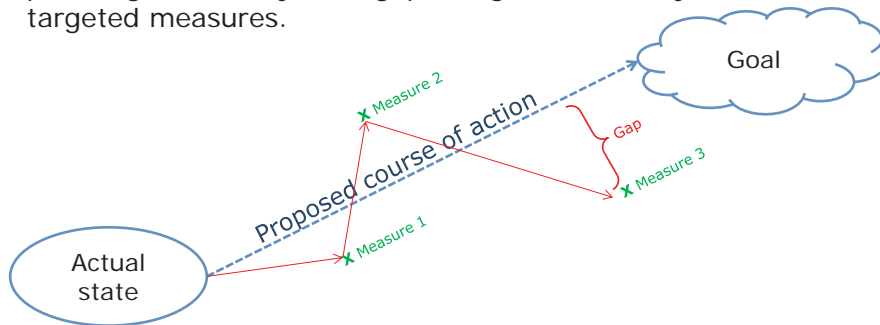
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## 1. Objectives of the organization

> General considerations about objectives :

- In the long term there always will be discrepancies between planning and reality. This gap can get reduced by targeted measures.



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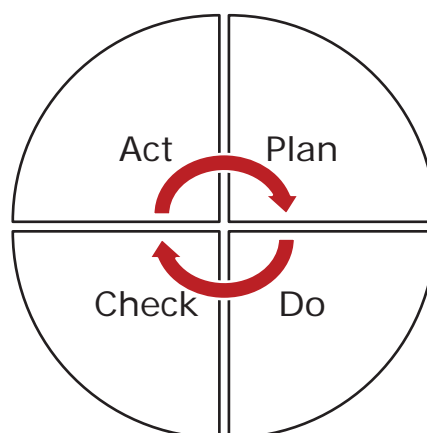
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## 1. Objectives of the organization

> General considerations about objectives :

- Feedback loops are the basis for continual improvement
- PDCA can help to achieve the organizations objectives

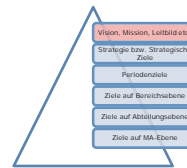


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## 1.1 Common values, mission statement



> Common values:

- Various titles, e.g.: Common values, Corporate culture, Policy, Code of Conduct etc.
- Common values communicate the fundamental attitude of the organization. They help aligning the expectations of management and employees.
- It is difficult to find common values, that are more than the usual phrases. It is even more difficult, to find broad commitment for these values in the organization. And it is most difficult to follow the values in daily business.

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## 1.1 Common values, mission statement



> Example FH Campus Wien: 7 guidelines, including

- Strategic business areas
- Freedom of academic teaching principle
- Multi-disciplinary university
- Active incorporation
- Respectful interaction
- Diversity
- Health

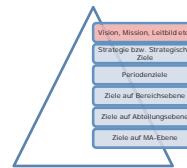
**Example Respectful interaction:** *By treating all staff and students respectfully and practicing an inclusive management style, we ensure high levels of flexibility and creative flair as well as the ability to realize our aims*

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## 1.1 Common values, mission statement



> Mission statement: Vision

- A vision a visual representation, how the organization wants to be long time in the future. It should be
  - Inspiring, clear and challenging
  - It makes sense for the market
  - It is a kind of navigational light
  - Vision = Answer to the question: „where are we going?“
- For better understanding Saint-Exupéry: *If you want to build a ship, don't herd people together to collect wood and don't assign them tasks and work, but rather teach them to long for the endless immensity of the sea.*

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## 1.1 Common values, mission statement



*We consistently implement contemporary European concepts in both educational policy and higher education didactics, **with the aim of becoming one of Europe's leading "lifelong learning" universities in the medium to long term.***

*For this purpose we employ **student-centered teaching and learning**, while also expanding our programme portfolio, in order to enable a growing number of students and graduates to have **high-quality education and training for their entire career.***

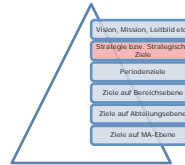
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## 1.2 Strategy



> Strategy:

- Defines long-term goals (usually 3-5 years)
- It describes the behaviour in order to reach these goals
- It provides orientation marks
- Focuses on effectiveness
- Strategie = Answer to the question: „How?“
  
- For better understanding Seneca:  
*„It doesn't depend on how the wind blows, but on how one sets the sails “*

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## 1.2 Strategie



> Example: Strategic topics at FH Campus Wien:

- Growth policy
- Institutional core competencies
- Teaching
- Further education
- Research & Development
- Quality
- Internationalization

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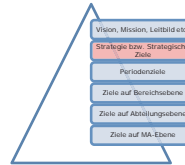
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## 1.2 Strategie

> Strategy: Relevance

- Strategic decisions can be vital for organizations!



„This 'telephone' has too many shortcomings to be seriously considered as a means of communication. The device is inherently of no value to us. “  
Internal Memo of Western Union, 1876.

„We don't like their sound, and guitar music is on the way out.“  
Decca Recording Co. rejecting the Beatles, 1962

„With over 50 foreign cars already on sale here, the Japanese auto industry isn't likely to carve out a big slice of the U.S. market.“  
Business Week, August 2, 1968.

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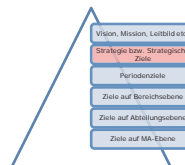
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## 1.2 Strategie

> Strategy development: STEP-analysis

- Popular tool for environmental megatrends



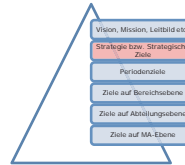
<b>Sociological Change</b>	e.g. demographic change, education, income, lifestyle
<b>Technological Change</b>	e.g. new technologies, new services, breakthrough inventions
<b>Economical Change</b>	e.g. ecomic growth, changes in labour market, new competitors
<b>Political Change</b>	e.g. law changes, change of government, change of political system

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## 1.2 Strategie



> Strategy development : SWOT analysis

– Example – Step 1:

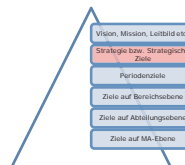
Internal factors	<b>Strengths:</b> - e.g. high growth rate	<b>Weaknesses:</b> - e.g. weak organizational structures
External factors	<b>Opportunities:</b> - e.g. law changes gave more autonomy for decisions	<b>Threats:</b> - e.g. Quality level of study programs can not be held because of increasing numbers of students

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## 1.2 Strategie



> Strategy development: SWOT analysis step 2

External factors	<b>Opportunities:</b> - e.g. law changes gave more autonomy for decisions	<b>Threats:</b> - e.g. Quality level of study programs can not be held because of increasing numbers of students
Internal factors		
<b>Strengths:</b> - e.g. high growth rate	S-O: Matching-Strategies - Use autonomy to create new study programs. The high growth rate provides high student numbers for innovative programs	S-T: Neutralize thread - Conduct assessment for prospective students to find the most talented students and limit the student numbers
<b>Weaknesses:</b> - e.g. weak organizational structures	W-O: Eliminate weakness - Use autonomy to establish better organizational structures	W-T: Defensive strategies - Increase efficiency of administration and allocate the gained resources in teaching

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## 1.2 Strategy

> Strategy development process:  
Example FH Campus Wien

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## 1.2 Strategy

> Annual strategy update: Example FH Campus Wien

What?	Who?	Aug	Sep	Okt	Nov	Dez	Jän	Feb	Mär
<b>Update of strategy</b>									
Input: Environment Analysis	Expert								
Preperation of the Budgeting	CFO								
Management Review Status of Strategic Measures	QM, University Management								
Strategic guidelines for the next Academic year	University Management								
Execute gudielines ind Departments	Heads of Dep Heads of Study Pr.								
Presentation of strategic objectives and measures	Heads of Dep								

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### 1.3 Annual targets

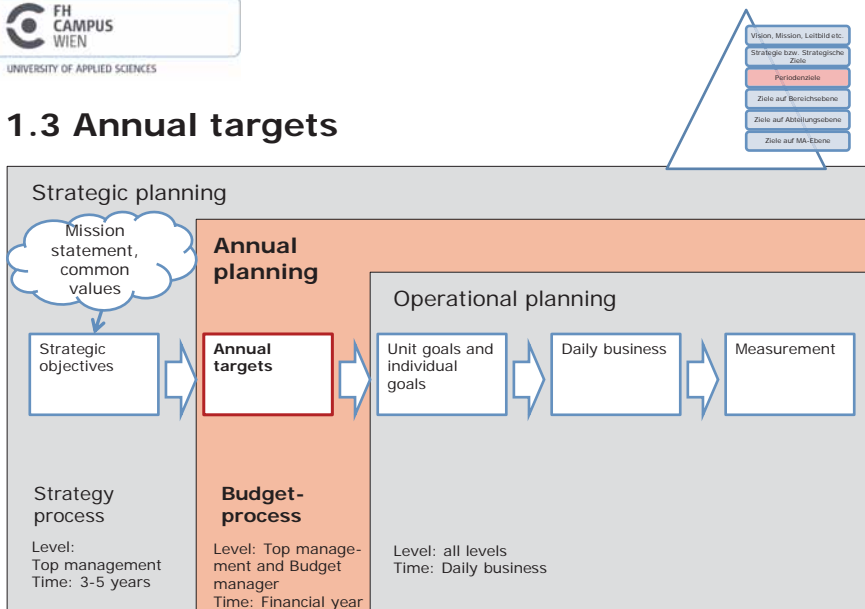


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### 1.3 Annual targets



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## 2. Employees in the organization

- > Definition and documentation of the organizational structure
- Usual Documents: Organigram, job descriptions, contracts of employment
- The organizational structure should be clearly and comprehensible for outside parties
- The design of hierarchical structures requires carefulness, farsightedness and diplomatic skills

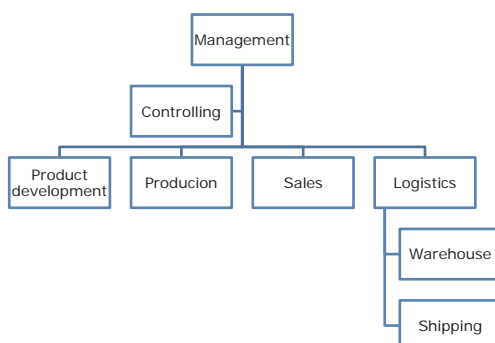
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### 2.1 Organigram

- > Common styles of organizations
- Line- and staff-organization



- + Clear functional authority
- + Comprehensible
- Low flexibility
- long information paths

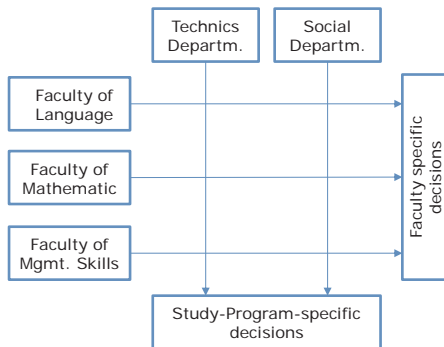
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## 2.1 Organigram

– Matrix organization



- + synergies through sharing of knowledge
- multiple supervisors, high need for coordination
- High complexity

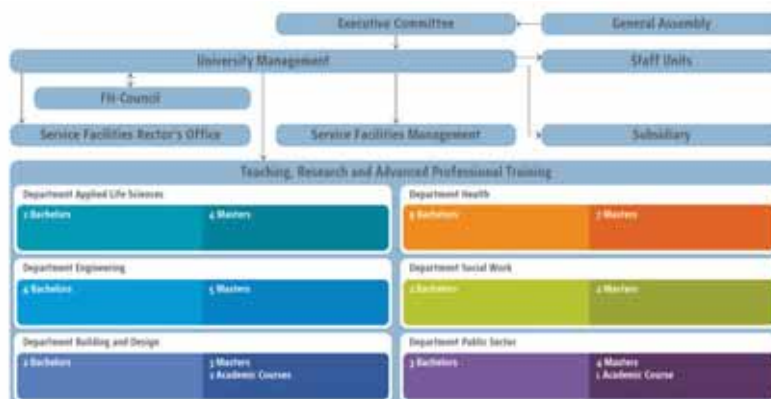
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## 2.1 Organigram

> Example: FH Campus Wien

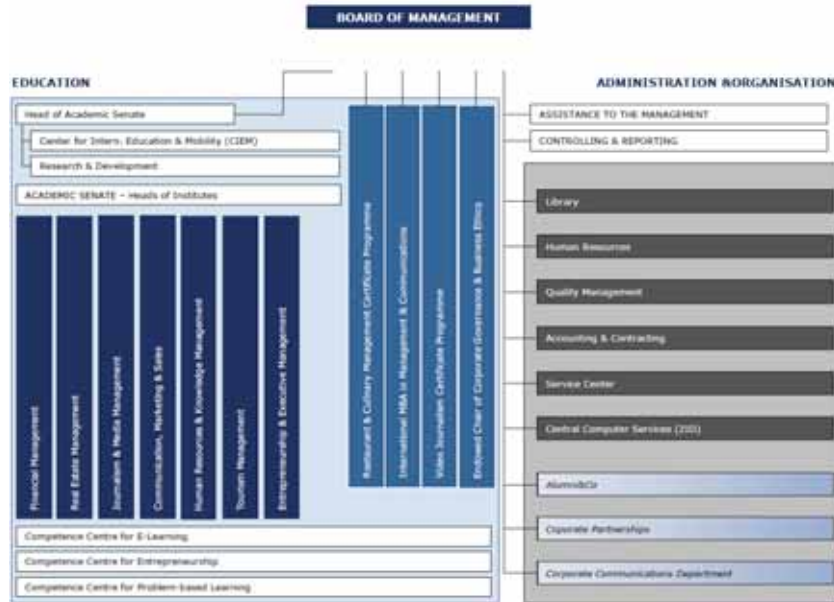


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> Poor example:



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## 2.1 Organigram

> Example: FH Salzburg



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## 2.2 Job description

- Usual content:
  - Personal data, enterprise data\*
  - Job title\*
  - Salary classification
  - Supervisor and assigned unit\*
  - In case: Authorities
  - In case: Substitute arrangement
  - Short description
  - Exact description of the assignments\*
  - Permissions, duties, responsibilities and competences\*
  - Date of issue, next update, signatures\*

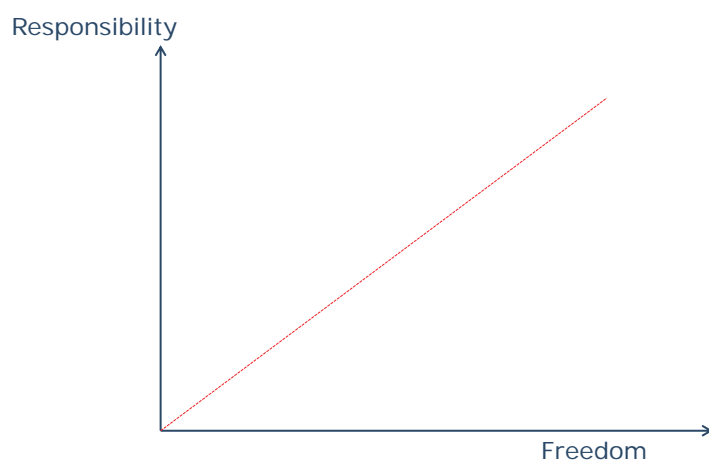
\*minimum content

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## 2.3 Autonomy and accountability



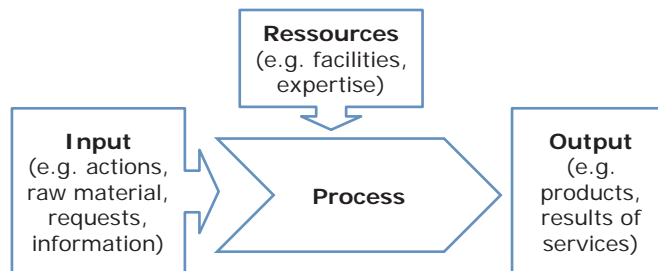
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### 3. Processes

> Definition according to EN ISO 9000:2005:  
*„set of interrelated or interacting activities  
which transforms inputs into outputs “*



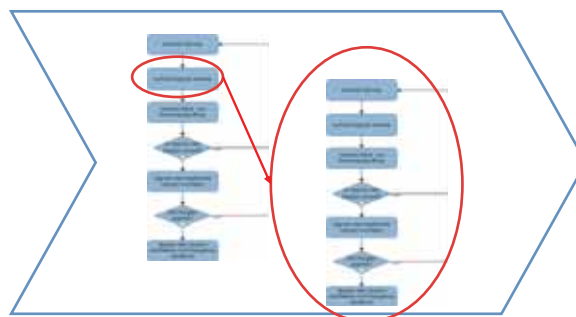
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### 3. Processes

- Clear set of outputs, clear targets
- Unbroken organizational interfaces
- Defined internal or external customers
- Appropriate detail level

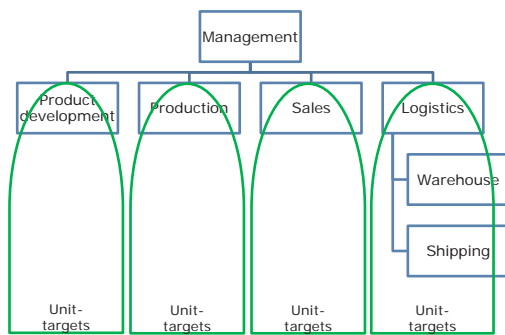


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### 3.1 Why processes?

> Potential drawbacks of an exclusively function-orientated organization



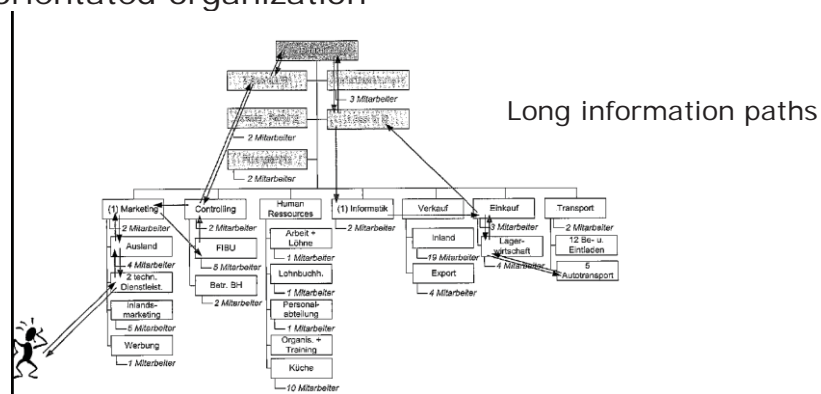
- Each unit focuses exclusively on the own targets
- Competitive pressure between units
- Poor cooperation

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### 3.1 Why processes?

> Potential drawbacks of an exclusively function-orientated organization



Long information paths

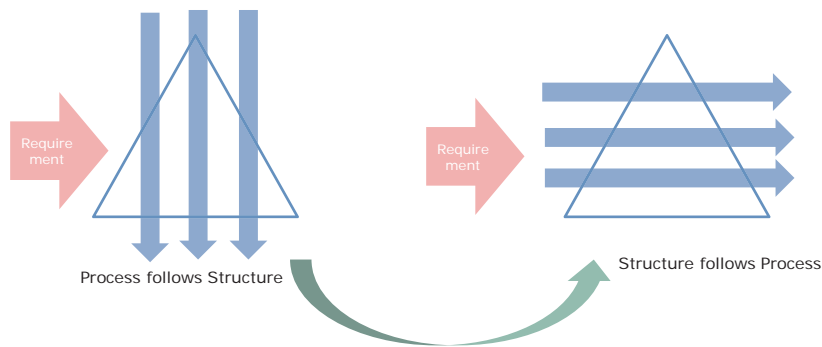
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### 3.1 Why processes?

> 90°-Shift



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### 3.2 Roles in process management

- > Process owner
- > Process team member
- > Optional: Processmanager
- > Optional: Internal auditor

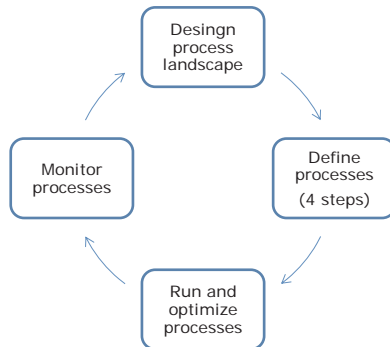
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### 3.3 Implementation of processes

> Good practice: 4-steps-method



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#### 3.3.1 Design process landscape

> The process landscape is the highest level of aggregation of the organizations processes

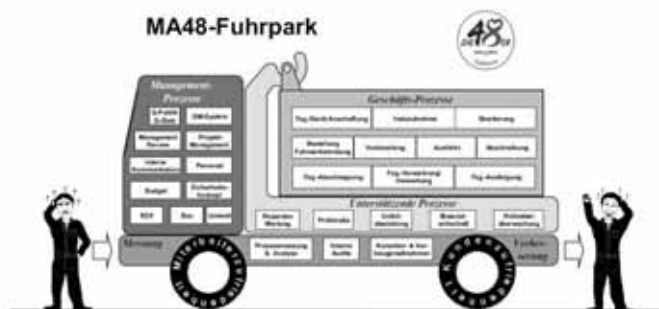
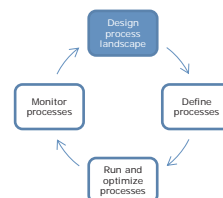


Abbildung 1-9: Prozesslandschaft – Beispiel [Quelle: Thon & Badstöber]

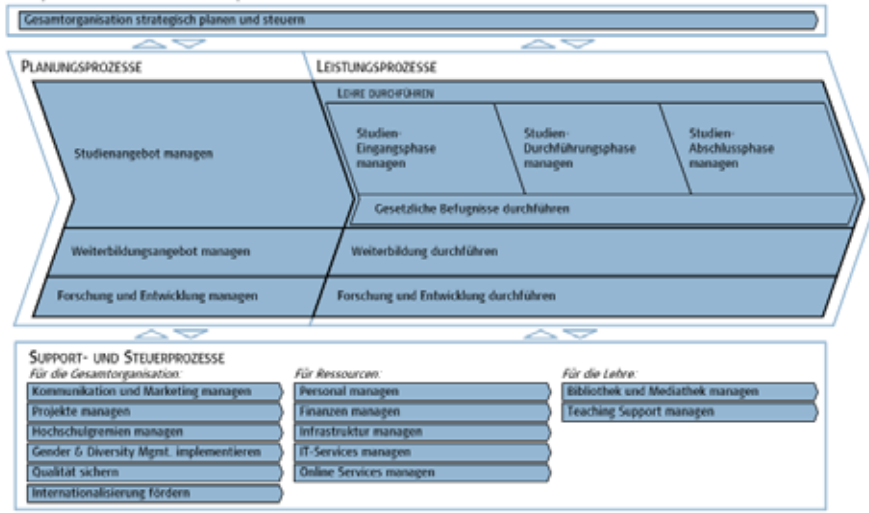
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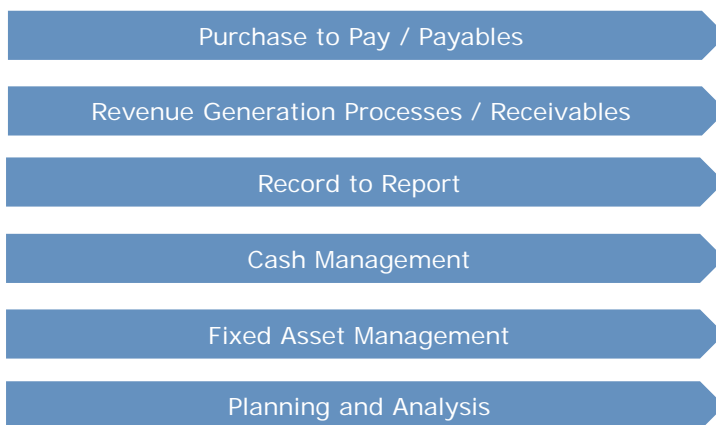
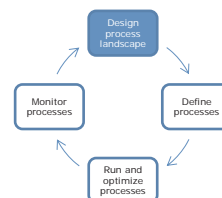
### 3.3.1 Design process landscape

Example: FH Campus Wien



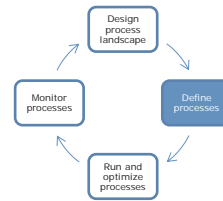
### 3.3.1 Design process landscape

Example: Financial processes

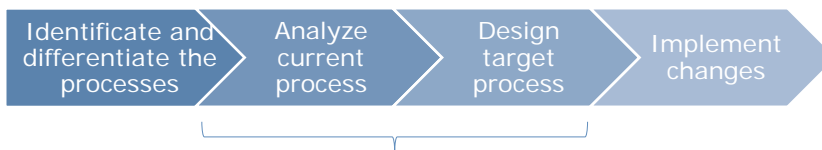




### 3.3.2 Define processes



> The processes can be defined in four steps:

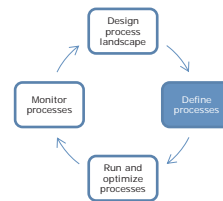


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### 3.3.2 Define processes



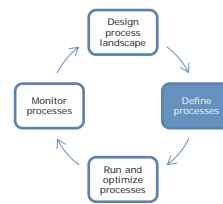
> The process landscape is the foundation for the following steps.

> First for each process the process owners and process teams get named and their roles defined

> In a succession of structured meetings the four steps get accomplished in each process team

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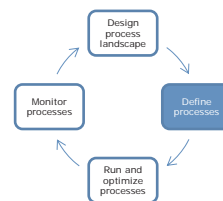
### 3.3.2 Define processes – step 1

> Step 1: Identify and differentiate the processes

- Process name
- Process purpose
- Input, Output, first step, last step
- Organizational interfaces and interactions
- Necessary resources
- Success factors
- Internal and external customers/stakeholders and their expectations

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



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### 3.3.2 Define processes – step 2

> Step 2: Analyze current process

- Present your process in a flowchart
- Usual symbols:

-  Result; first step; last step
-  Process step/activity
-  Decision
-  Document
-  Data storage

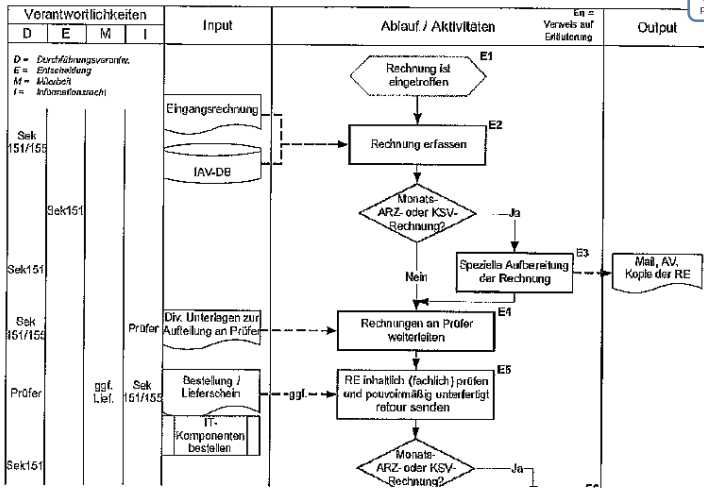
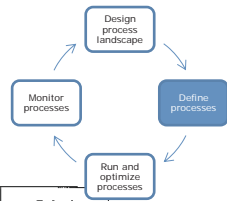
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### 3.3.2 Define processes – step 2

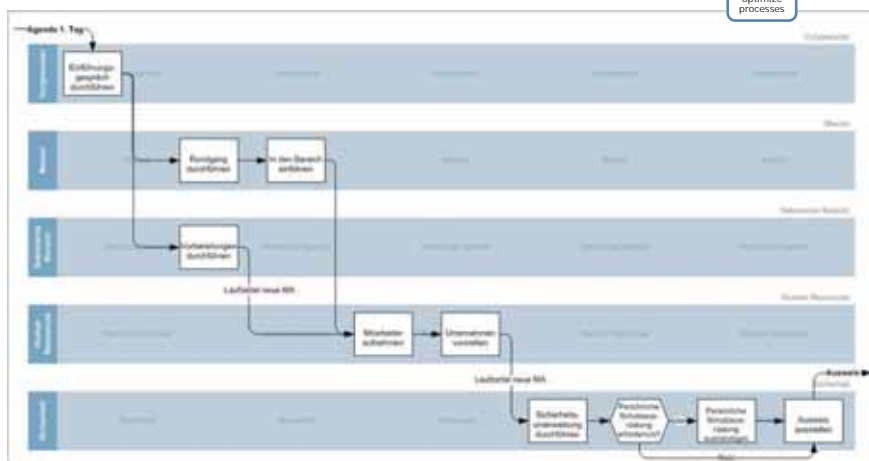
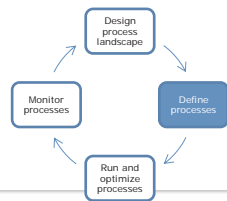


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### 3.3.2 Define processes – step 2



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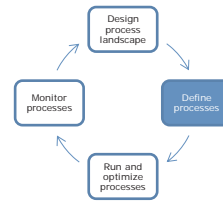


### 3.3.2 Define processes – step 3

> Step 3: Design target process

– Tools for process improvement:

- Identify moments of truth
- Socratic method (cautious use!)
- W-questions (who, what, how, when, where)
- Interface analysis (who hands what how to whom; responsibilities; consequences and risks)
- Improvement portfolio

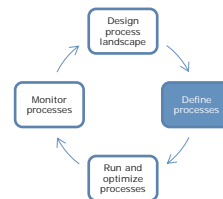
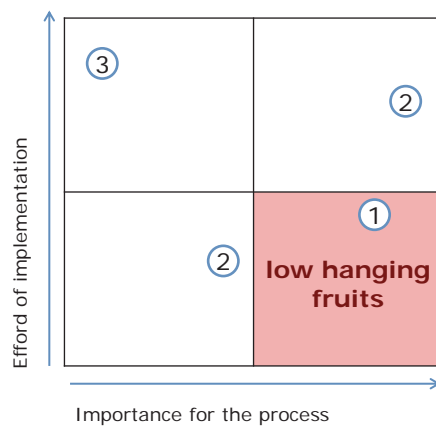


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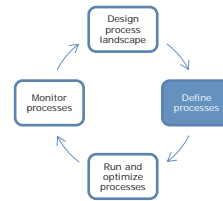
### 3.3.2 Define processes – step 3



Improvement portfolio

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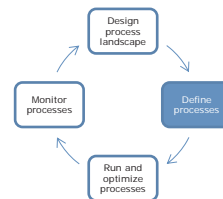
### 3.3.2 Define processes – step 3

> Schritt 3: Design target process

- Define process targets; align with strategic objectives
- Define performance indicators, target values and method of measurement
- Define reporting
- Complete and round off process description (final wording, format, flowchart graphics etc.)
- Create additional necessary documents (e.g. budgeting template etc.)
- Initiate approval by top management

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### 3.3.2 Define processes – step 3

- Define performance indicators:
  - 5 principles of a good indicator
    - The indicator is necessary („who would care, if the indicator didn't exist?“)
    - It is plausible (understandable for the employees)
    - It has adequate accuracy
    - It is known in time
    - It is economical accessible

- Example:

Nr.	Process target	Indicator	Target value	Method of measurement	Measuring rate	Responsibility
1	Debt defaults are minimized	Debt defaults in % of revenue	<3%	Automatic report in accounting software	Quarterly	CFO

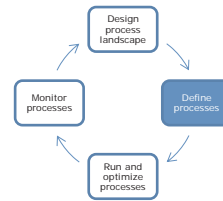
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### 3.3.2 Define processes – step 4

- > Step 4: Implement changes
  - Purchase equipment, hardware, software
  - Train the employees
  - Communicate and start new process



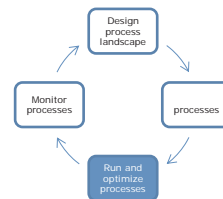
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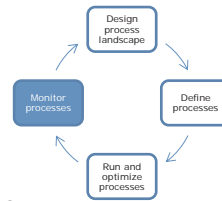
### 3.3.3 Run and optimize processes

- > Run new process
- > Pay special attention in the first months until the changes „refreezed“
- > „Quick“ feedback loop: Process owner observes the process performance, and reacts immediately if there is a divergence



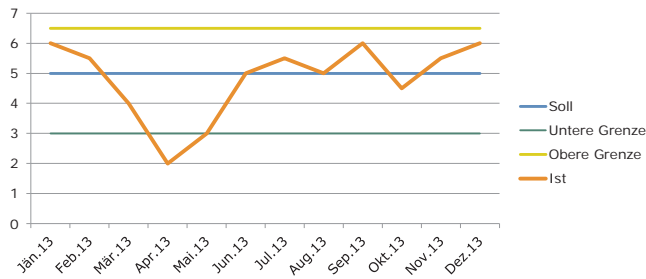
Erstellt von: Georg Hochfellner

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### 3.3.4 Monitor processes

- > „Slow“ feedback loop: Reporting of the process performance over a longer period
- > Display of the indicators as trend and
- > Deduce measures for improvement



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**Financial management practices  
at the FH Campus Wien**

Horst Rode  
CFO FH Campus Wien

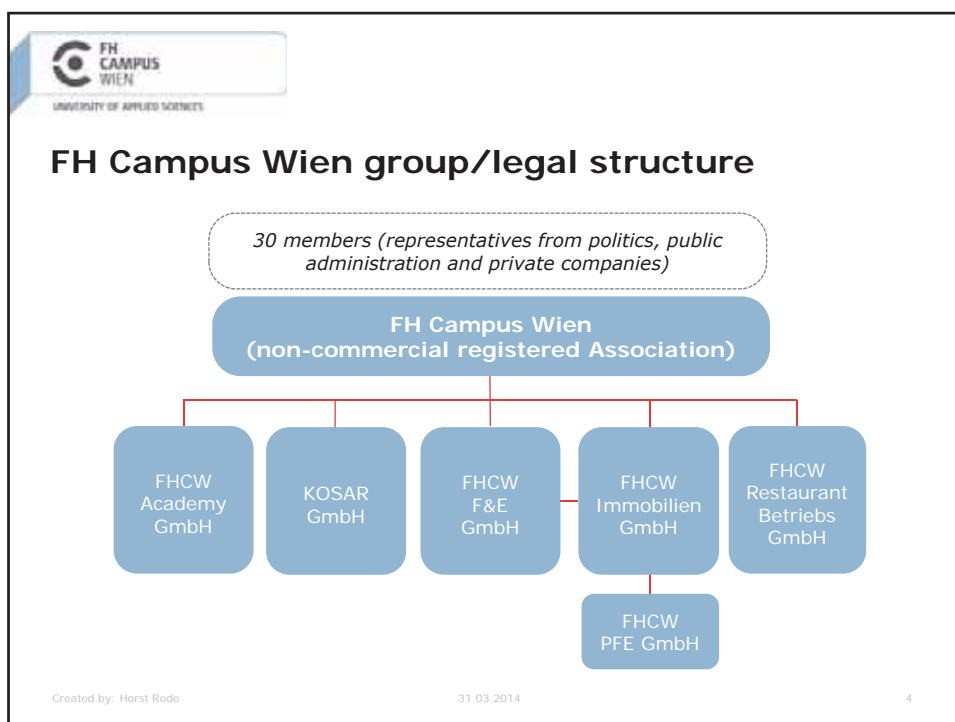
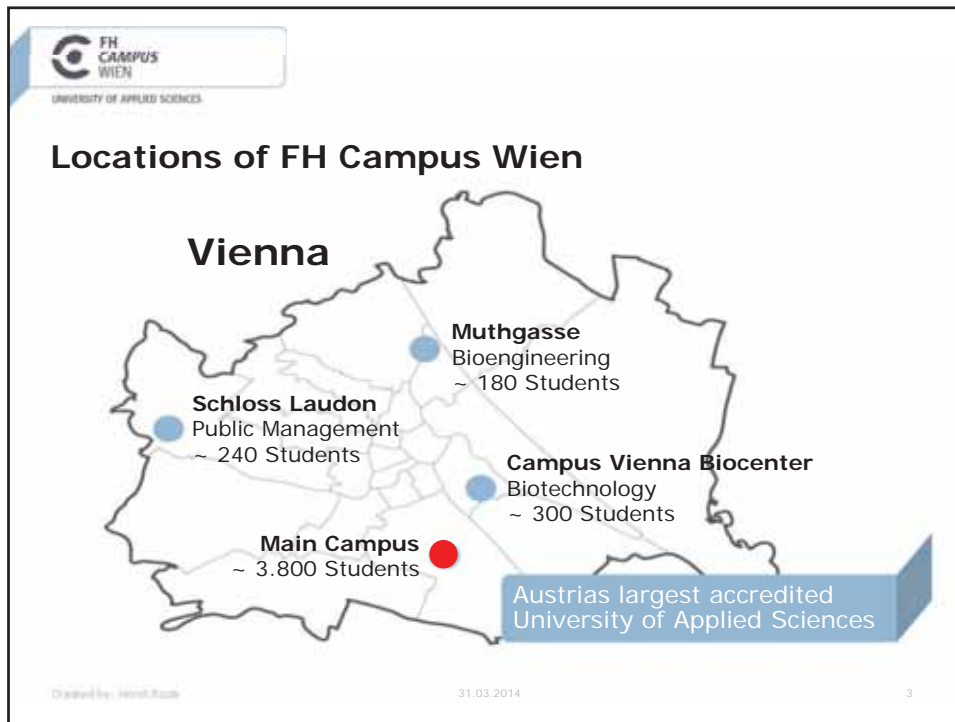
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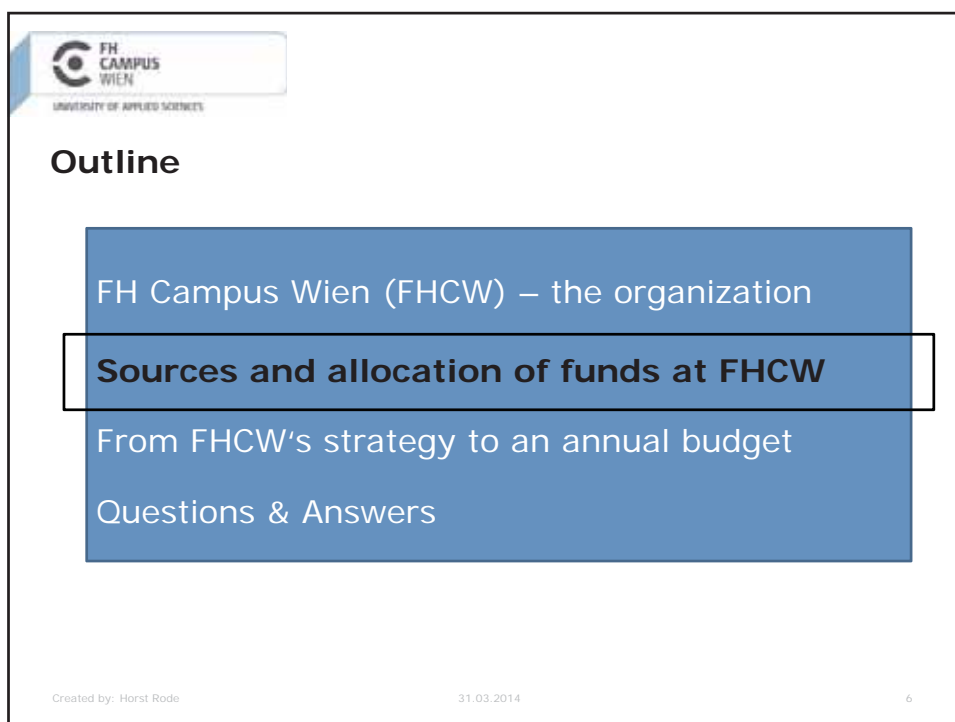
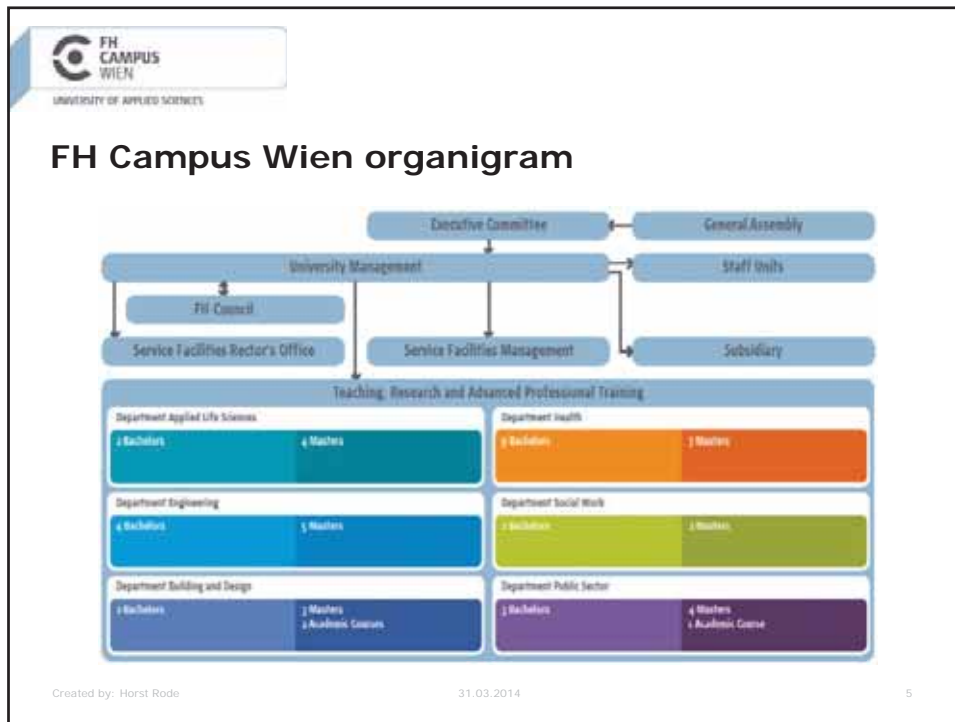


**Outline**

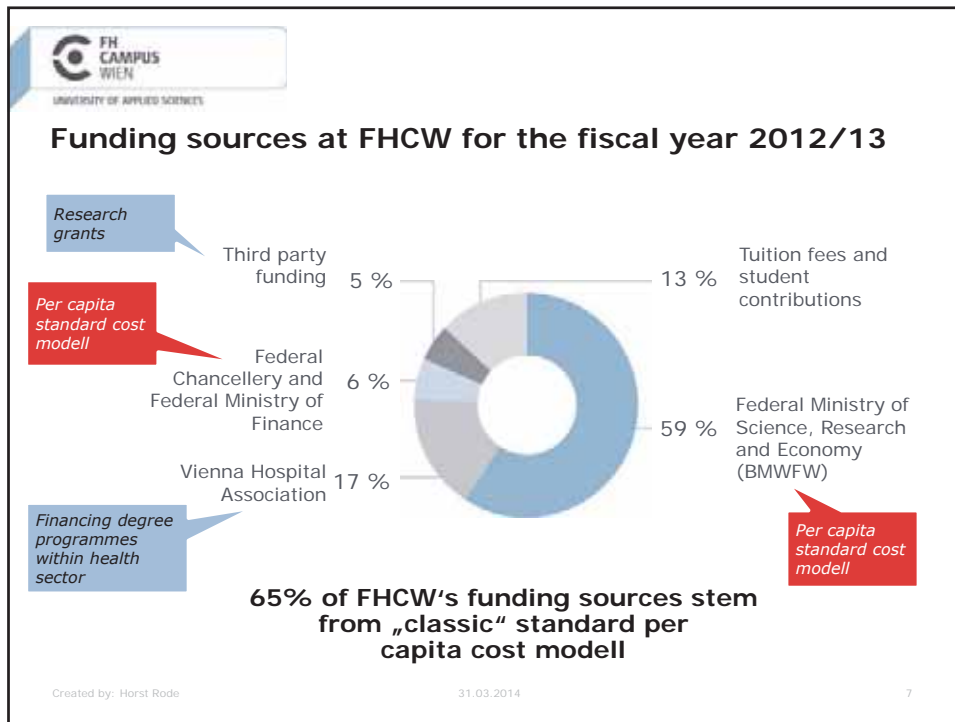
- FH Campus Wien (FHCW) – the organization**
- Sources and allocation of funds at FHCW
- From FHCW's strategy to an annual budget
- Questions & Answers

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**Allocation of funds to cost categories**

Cost category	Share of total costs in %
<b>Personnel Costs Degree Programmes</b>	<b>57%</b>
Lecturers	20%
Part-time Lecturers	17%
Degree Programme Administration	14%
Researcher & Development Personnel	3%
Other Personnel	3%
<b>Service Facilities („Overhead“)</b>	<b>19%</b>
Personnel Costs	14%
Cost of Materials	5%
<b>Occupancy Costs (Offices, Lecture Rooms, etc.)</b>	<b>17%</b>
<b>All other costs</b>	<b>7%</b>
<b>TOTAL</b>	<b>100%</b>

**N.B. Overall cost volume 2012/13: 36 mio. €**


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**Outline**

- FH Campus Wien (FHCW) – the organization
- Sources and allocation of funds at FHCW
- From FHCW's strategy to an annual budget**
- Questions & Answers

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**Financial management @ FHCW**  
**Staff, IT-infrastructure ect.**

**Staff (FTE ... Full Time Equivalent):**

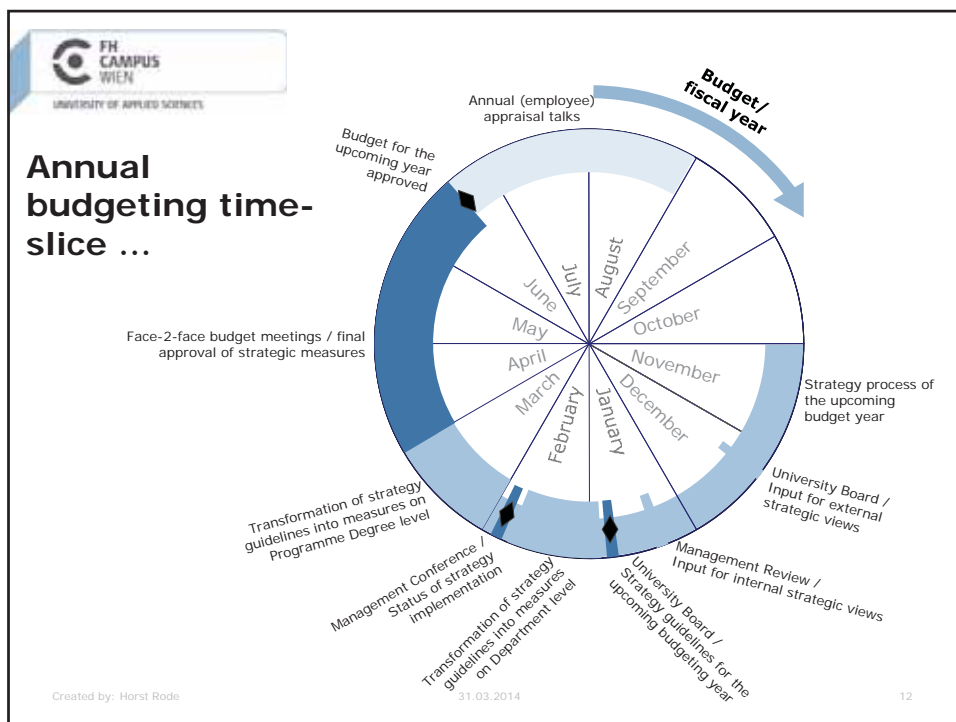
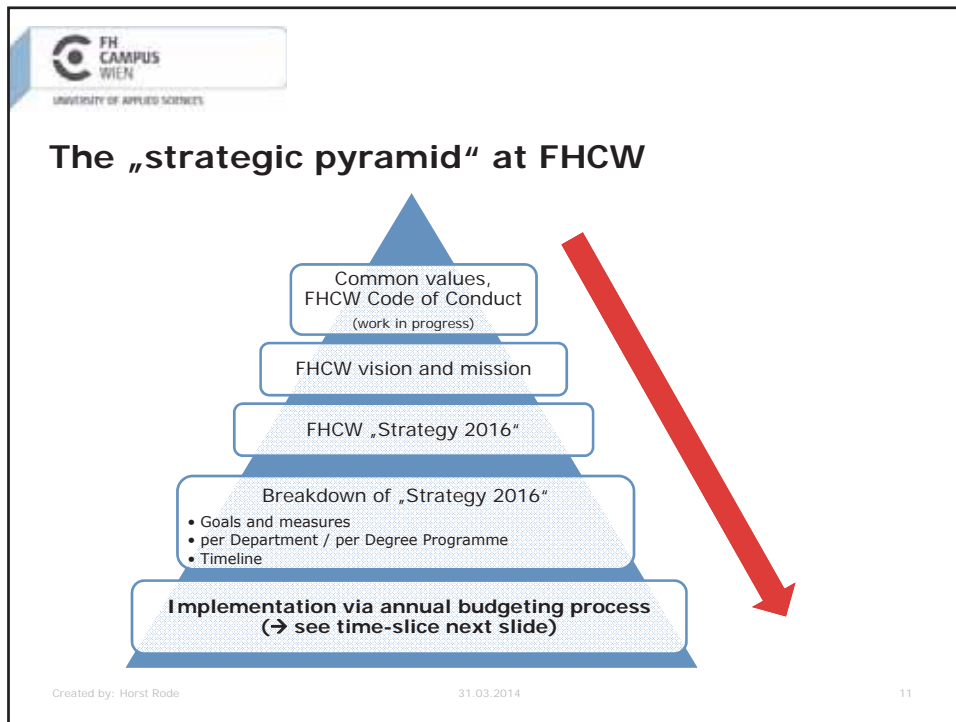
Accounting & Controlling:	6,4 FTE
Strategic Controlling:	0,5 FTE
Project Controlling incl. 3rd party funding:	0,5 FTE

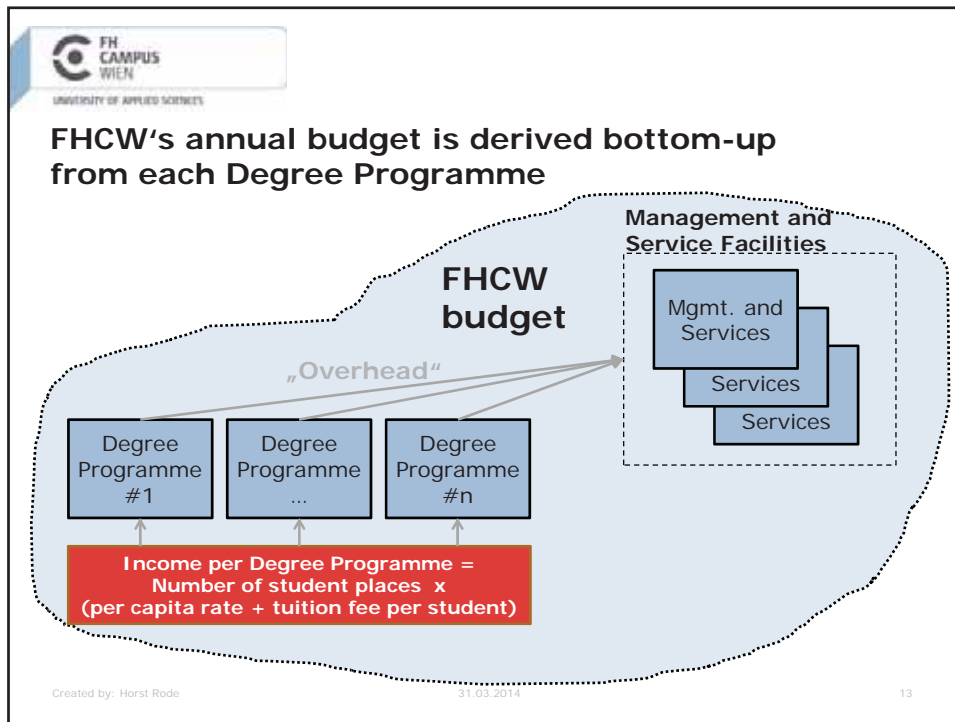
**IT-infrastructure:**

- > ERP\*-system for Accounting, Cost Accounting, Salary Accounting (supplier: BMD, an Austrian-based supplier for standard software)
- > Server-based and web-based IT-tool for budgeting and reporting (supplier: PREVERO, Germany)

\* Enterprise Resource Planning - business management software, usually a suite of integrated applications

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**Quarterly reporting per Degree Programme**

EXAMPLE report: Bachelor Degree Programme „Molecular Biotechnology“

Geschäftsbereich: 2004 Molekulare Biotechnologie - Bachelor (0543)

	Lfd.Jahr	%	Plan (M:1000)	%	Abweichung	Abw%
<b>1. Einnahmen und Beiträge</b>						
a. Studienplatzförderung	1.302.159,96	0,00	1.238.640,00	0,00	63.519,96	5,13
b. Beiträge von anderen öffentlichen Stellen	428.572,25	0,00	377.775,00	0,00	50.797,25	13,45
c. Beiträge und sonstige Einnahmen	52.209,05	0,00	50.000,00	0,00	2.209,05	2,35
<b>3. Personalaufwand</b>						
e. EI a. Hauptamtliche Lehrende	-83.851,29	0,00	-91.628,00	0,00	7.774,71	8,49
A b. Nebenamtlich Lehrende	-315.350,67	0,00	-348.338,00	0,00	32.987,33	9,47
f. S c. Verwaltungspersonal Studiengänge	280.160,47	0,00	-181.583,00	0,00	421.743,47	281,01
d. d. Forschungspersonal Studiengänge	-225.705,18	0,00	-177.609,00	0,00	-48.096,18	-27,08
<b>2. W</b>						
e. Personal Zentrale	-22.068,76	0,00	0,00	0,00	-22.068,76	-100,00
L a. f. Fallweise Beschäftigte	0,00	0,00	-11.113,00	0,00	11.113,00	100,00
A b. a. Änderungen Personalkosten	0,00	0,00	-9.599,00	0,00	9.599,00	100,00
c. W h. Sonstiger Personalaufwand	-20.038,16	0,00	-7.649,00	0,00	-12.389,16	-181,97
L d. W	-406.851,59	0,00	-387.517,00	0,00	-406.665,41	49,62
<b>4. Abschreibungen</b>						
a. a. Abschreibungen auf Anlagevermögen	-120.245,21	0,00	-113.844,00	0,00	-6.401,21	-5,62
b. b. Geringwertige Wirtschaftsgüter	-2.632,48	0,00	-2.238,00	0,00	-394,48	-17,63
	-122.877,69	0,00	-116.082,00	0,00	-6.795,69	-5,85
<b>5. Raumkosten, Mieten, Energiekosten, Betriebskosten</b>						
a. a. Gebäude	-414.361,58	0,00	-359.015,00	0,00	-55.346,58	-15,42
b. b. Instandhaltung und Sanierung	-4.075,52	0,00	-4.475,00	0,00	399,48	8,93
	-418.437,10	0,00	-363.490,00	0,00	-54.947,10	-15,12

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**Our mission: Shaping the future through education**

**Key words:**

- *according to international standards*
- *entrepreneurially managed university*
- *institutional independence*
- *through strategic partnerships*
- *focus is on applied research and development*
- *integration into national and international networks*

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**Outline**


- FH Campus Wien (FHCW) – the organization
- Sources and allocation of funds at FHCW
- From FHCW's strategy to an annual budget
- Questions & Answers**

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**Additional slides**

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**Our vision:**  
**FH Campus Wien as lifelong education partner**

*We consistently implement contemporary European concepts in both educational policy and higher education didactics, with the aim of becoming one of Europe's leading "lifelong learning" universities in the medium to long term.*

*For this purpose we employ **student-centered teaching and learning**, while also expanding our programme portfolio, in order to enable a growing number of students and graduates to have **high-quality education and training for their entire career.***

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# THE INTERNAL CONTROL UNIVERSITY OF ALICANTE

FH-Campus Wien – 8th – 10th September 2014



VIRGINIA FERRER  
University of Alicante  
8th September 2014



## CONTENT

- I. Internal Control at Spanish Public Universities
  - Legal Framework
  
- II. The Budget Control at UA
  - Main Functions
  
- III. Some Conclusions and Lessons Learned



## WHY INTERNAL CONTROL?

- A set of control and monitoring activities are necessary in any type of organisation, whether they are public or private, as it optimizes the management of resources and allows to implement an effective decision making process. This is crucial when it comes to the public sector.
- During the last years the public sector has lost credibility on how they manage the resources.
- It is essential to implement good control measures that are based on principles of economy, efficiency and effectiveness.



## I . INTERNAL CONTROL AT SPANISH PUBLIC UNIVERSITIES





## SOME FACTS AND DATA

- A Public University in Spain is an entity that falls under the scope of public administrations.
- A first level analysis revealed that each public university manages the economic resources differently.

What is causing this?

Why this behaviour can be only seen in universities and not in other public administrations?



## LEGAL FRAMEWORK

### Spanish Legal Framework for Public Universities:

#### **At a NATIONAL level:**

Spanish Constitution, 1978  
Organic Law 6/2001, December  
Organic Law 4/2007, April

#### **At a REGIONAL Level**

Social Councils Laws



## LEGAL FRAMEWORK

Based in our legal framework, to address an internal audit process should not be a complex process.

However, if we analyze the legal framework, and we discuss the rules that have been set up on this legal basis, we can conclude that it is very difficult to establish a common audit process for all public universities.

**What are the causes that hinders the development of a standardized audit process?**



## DIFFICULTIES TO DESIGN A STANDARDIZED AUDIT PROCESS

**1) THE UNIVERSITY AUTONOMY (Spanish Constitution 27.10): freedom for research, teaching and learning.**

Limitations to the autonomy of universities:

- To coordinate the national university system through legal bodies established by the Spanish Constitution
- The university delivers a public service
- Exclusive competences of the State / Autonomous Communities

Although common legislation is applied to all public universities, each university has autonomy on implementing different developments. Therefore, it is very difficult to align all public universities under the same pattern.



## More difficulties ...

### 2) CAPACITY FOR SELF-REGULATION

•Following the "university autonomy" **each university can develop their own rules for all aspects of management** (if they are not in contradiction with superior rules)

•**Statutes** – that legally defines its operation

- ✧ Collect the regulation of the economic and financial system
- ✧ Control systems of expenditure and revenue - several possibilities:
  - Previous audit
  - The Autonomous Community provisions
  - Controls through internal audits
  - External audit by private companies



## PRINCIPLES OF INTERNAL CONTROL IN SPANISH PUBLIC UNIVERSITY

Internal control of universities has evolved from a previous test conducted by Ministry of Finance, to a control in which preventive actions coexist with subsequent control.

Thus, it is clear that the internal control should be oriented in two directions:

- Enhance permanent financial control and public audit as essential tools for improving the functioning of public services
- Promote a culture of internal control as a basic element for the quality and excellence



## PRINCIPLES OF INTERNAL CONTROL IN SPANISH PUBLIC UNIVERSITY

If you look at the rules for economic and financial control that are established by the university statutes, you will see that there is indeed a trend towards retrospective control linked to the need of promoting an internal culture towards economic and financial control.

The importance of internal control is not only justified by legal or statutory principles, but also by the willingness of universities to show **transparency in all its actions to society.**



## II. The Budget Control Office at the University of Alicante



## ESTABLISHMENT OF UA OFFICE

- It was set up on January 1<sup>st</sup>, 2011.
- Staff Members: 2
- Rules approved by the Governing Council
- The regulatory framework for the internal control function at the University of Alicante is determined by LOU - Article 82 that states:

**"All Autonomous Communities establishes rules and procedures for the development and implementation of the budget at the university, and also develops appropriate audit technics to control income, expenses and investments, all this under the supervision of the Social Councils."**



## ESTABLISHMENT OF UA OFFICE

- Meanwhile, the Statute of the UA states that:
  - ✧ The University will ensure internal control of the income and expenses by creating a Budget Control Office
  - ✧ This office will be an administrative unit that will function preferably with audit techniques, and will be controlled by the Rector, who will report to the Social Council every year



## FUNCTIONS

- The Budget Control Office of the University of Alicante **designs and develops an annual Action Plan** with the purpose of establishing a framework for internal control of the economic and financial management at the University of Alicante.
- The main objective is to ensure that the performance is in line with the legal system and follows the principles of sound financial management.
- This internal control is done through financial monitoring and also by post audits.



## FUNCTIONS

### 1. Intervening Function or legality

- Has an internal and preventive perspective and pursues to ensure the fulfilment of budgetary discipline and a good management of the income, expenses and use of public funds.
- The Rector is empowered to regulate the formal and material aspects of the expenditure process
- In case the internal control body reports discrepancies on a revised record, they shall wait until the Rector resolves this discrepancy.



## FUNCTIONS

### 1. Intervening Function or legality

- Subject to do pre-audits:
  - ✧ Works contracts, supply contracts, service contracts, other contracts
- The audit function is exercised in its two modalities:
  - ✧ Formal Intervention: verifying compliance with the legal requirements for the adoption of the agreement by examining the mandatory documentation
  - ✧ Intervention materials: determining the effective use of the funds



## FUNCTIONS

### 2. Financial Control or a posteriori.

- To verify to what extent a specific economic and financial management has been made following the principles of sound financial management,
- To use technical audits or other control techniques.
- To verify the compliance of all legal aspects attached to the specific and financial management



## FUNCTIONS

### 2. Post Financial Control.

- After:
  - ✧ To check the reliability of financial reporting
  - ✧ To evaluate the effectiveness and efficiency in achieving the objectives
- It is done with statistical sampling on the following types of expenditure:
  - ✧ Administrative contracts (works, services, supplies and administrative special)
  - ✧ Expenditures processed through the Central Bank Account
  - ✧ Expenditure records processed over 3 000 EUR



## OTHER ACTIONS OF THE BUDGET CONTROL OFFICE

- Control of external funds received from public funds (works, supplies, services)
- Physical inspection of the materials/equipment acquired through each **Cost Center**
- Checking scientific equipment and the rest of the ERDF funded inventory material
- Development of a Guide Preview Control
- Annual report of the Office activities





## OTHER ACTIONS OF THE BUDGET CONTROL OFFICE

The Annual Report must include:

- External Audit Reports (Generalitat Valenciana, Ministries', European Commission European...)
- Recommendations made by external auditors
- Internal Audit Reports



## III. CONCLUSIONS AND LESSONS LEARNED



## CONCLUSIONS AND LESSONS LEARNED

The internal control in public universities must rely on financial control (prospective and retrospectively) and on a cultural change of the university staff on internal control

To put in place high quality management and good mechanisms that will allow to:

- To strength public financial auditing and continuous control.
- To enhance the role of economic and financial advice of the internal control bodies.



## CONCLUSIONS AND LESSONS LEARNED

- Ensure the maintenance of specialized training through continuous education that fosters the exchange of experience with audit committees and internal control offices of other institutions.
- To improve the control culture.
- To increase and improve human resources as well as material resources for a good internal control.
- To regulate the functions, procedures and consequences of the internal control office activities



## CONCLUSIONS AND LESSONS LEARNED

- Support the implementation of audits in the European Higher Education Area.
- Adoption of annual work plans.
- Ensure the credibility of the internal control bodies, by tracking the recommendations and ensuring accountability (especially when facing bad practices)
- To create Audit Committees as a mechanism to ensure an effective internal control.



## CONCLUSIONS AND LESSONS LEARNED

- The need of an ethical infrastructure: set of tools, systems, conditions for exercising control over the ethical performance of all university members.
- Analytical accountability: is a basic tool for any decision making process at the university (university management & knowledge of accurate costs)
- Implement good tools that will allow to calculate the different costs: this will allow the implementation of indicators that measures the university management and the strategic control of the university management.



## CONCLUSIONS AND LESSONS LEARNED

- Finally, we should highlight the key points to keep an office of internal control to be effective and operational:
  - ✧ Absolute independence
  - ✧ Stability
  - ✧ Adequate means and tools
  - ✧ Continuous training
  - ✧ Institutional Support



**Thank you!**  
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UNIVERSITÄT DES SAARLANDES

Tempus FAITH

# Internal resource allocation at Saarland University Principles and processes

Jörg Hormann, Assistant of the Vice-president for planning and strategy

FAITH Workshop Pristina, March 5<sup>th</sup>, 2015

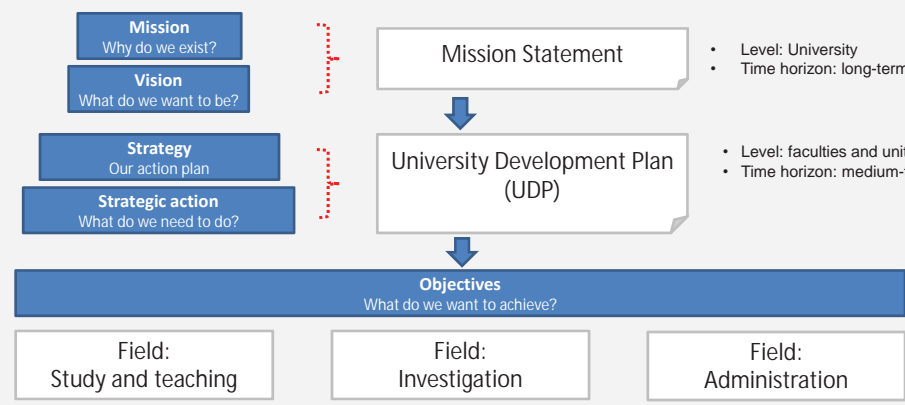


15/10/2015

UNIVERSITÄT DES SAARLANDES

## Strategic planning

Tempus FAITH



The diagram illustrates the strategic planning process. On the left, four blue boxes represent the hierarchy: Mission (Why do we exist?), Vision (What do we want to be?), Strategy (Our action plan), and Strategic action (What do we need to do?). Red dashed brackets group Mission and Vision, and Strategy and Strategic action. Arrows point from these groups to a central flow: Mission Statement (Level: University, Time horizon: long-term) → University Development Plan (UDP) (Level: faculties and units, Time horizon: medium-term) → Objectives (What do we want to achieve?). The Objectives are broken down into three fields: Study and teaching, Investigation, and Administration.

Mission: Why do we exist?

Vision: What do we want to be?

Strategy: Our action plan

Strategic action: What do we need to do?

Mission Statement

- Level: University
- Time horizon: long-term

University Development Plan (UDP)

- Level: faculties and units
- Time horizon: medium-term

Objectives: What do we want to achieve?

Field: Study and teaching

Field: Investigation

Field: Administration

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Appointment of professors (chairs)

Appointment negotiations:

- Staff
  - Scientific staff
  - Administrative staff, technicians
- Tangible means (annual)
  - Consumables (e.g. books, equipment)
  - Services
  - External lecturers
- Investment funds (once only)
- Rooms (offices, laboratories)

Negotiations will occur

- In the process of appointing new professors
- When existing professors get offers from other Universities (➔ formulation of counteroffers)

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Page 3

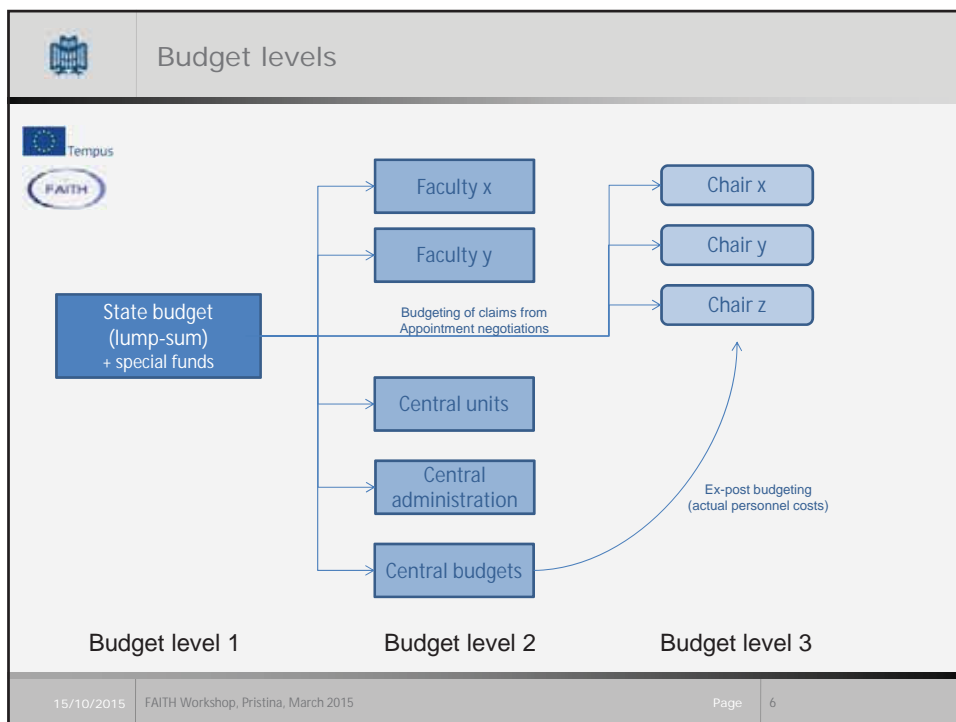
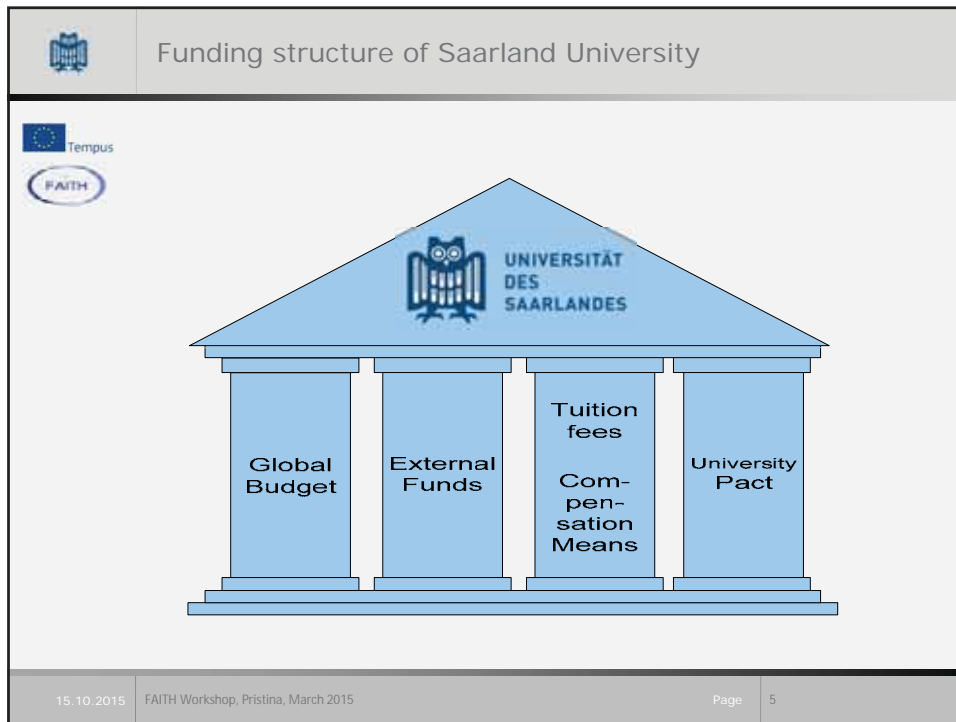
Appointment of professors (chairs)

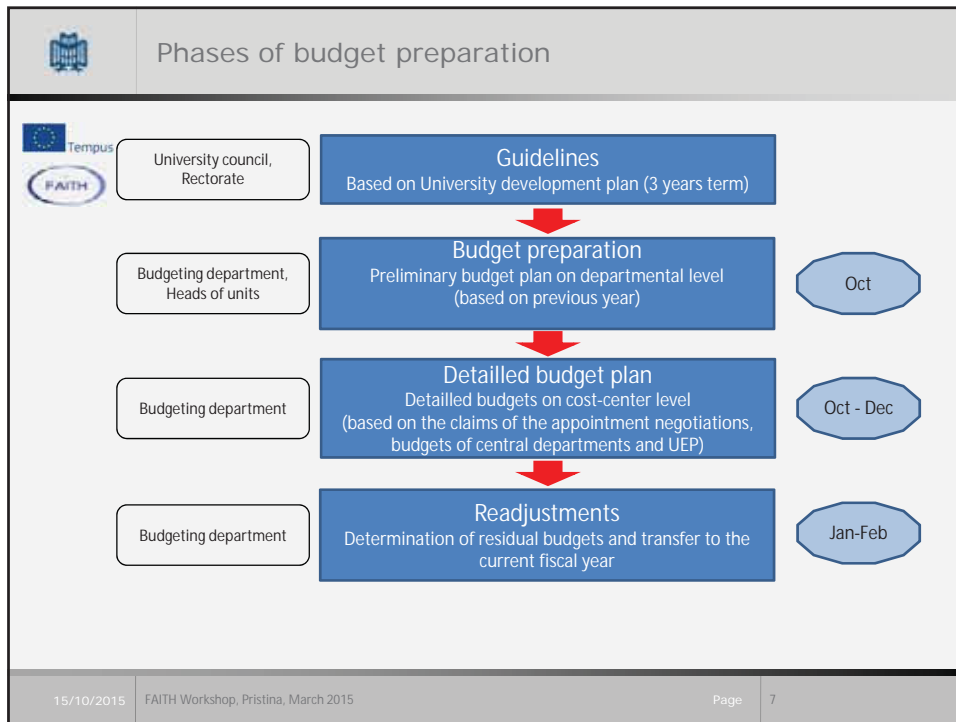
Standard configurations of chairs:

Chair	Scientists	Admin. Staff	Tangible Means
W1 – Assistant professor	-	-	-
W2 – regular professor	0,5	-	2.500 €
W3 – regular professor	1	0,5	5.000 €

- The real configuration of each chair is the result of the appointment negotiations!
- These configurations are the basis for the determination of the budgets
- Budgets are normally based on actual expenditures (exception: vacant positions ➔ average costs)

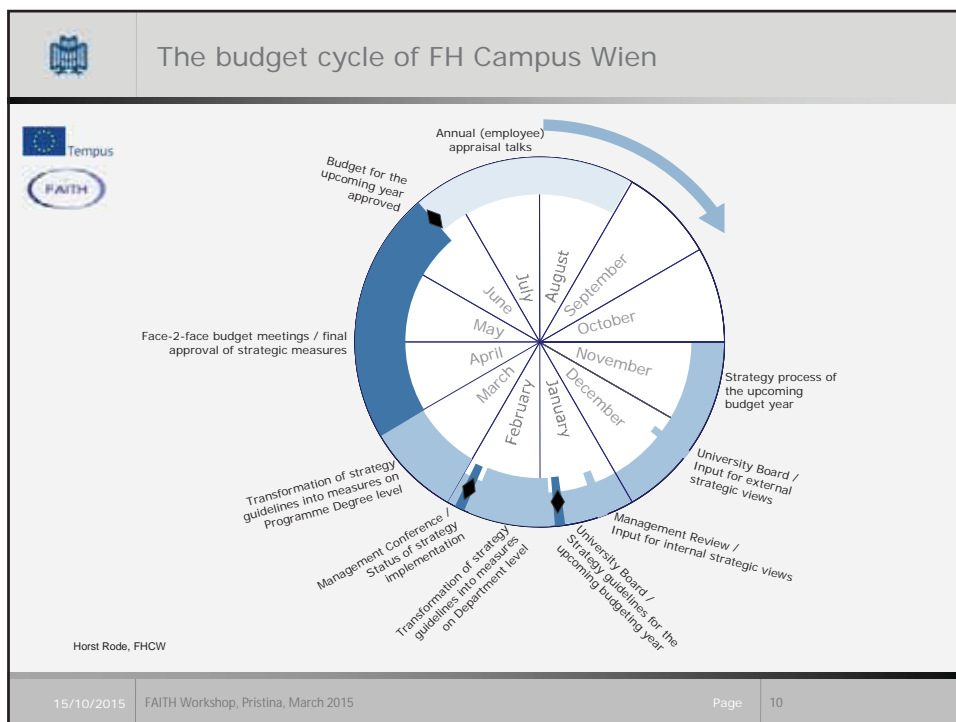
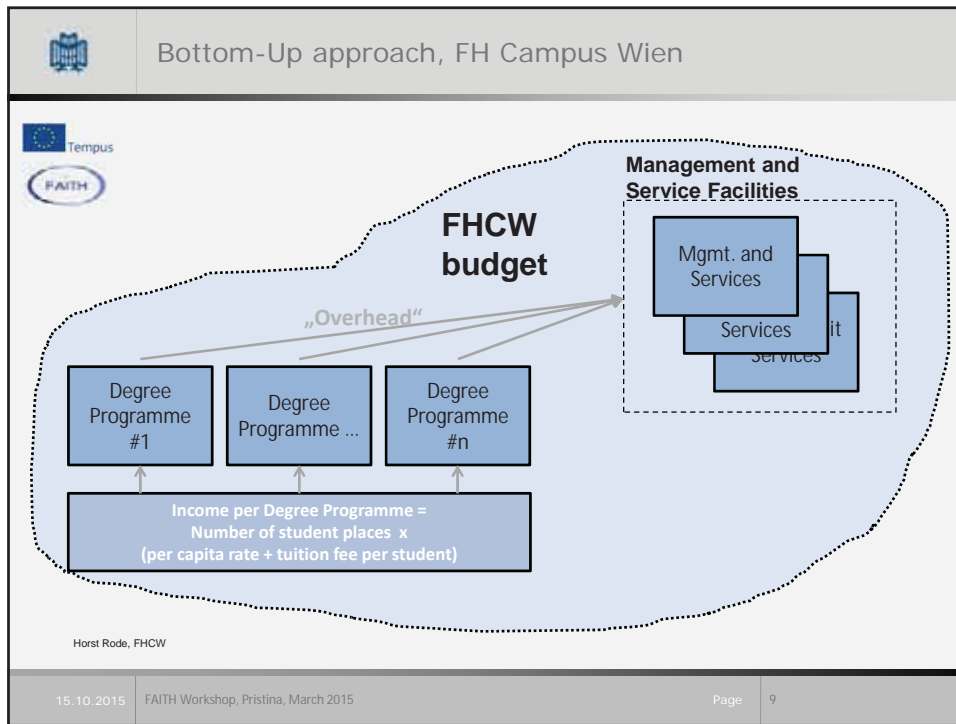
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- ### Additional budgets
- 
- Performance-related budgets
    - Indicator based (e.g. first-year students, graduates, publications,...)
    - Allocated annually
  - Additional research support (innovation budgets)
  - Budget for occupancy costs (energy, heating, water,...)
  - IT-budget
  - Central services and maintenance
- 15/10/2015 FAITH Workshop, Pristina, March 2015 Page 8



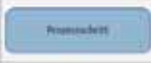








**Process flowcharts**

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




Icon legend:

	<b>First/Last step of the process</b>		<b>Organizational interface</b>
	<b>Process step</b>		<b>Deadline</b>
	<b>Decision</b>		<b>Meeting required</b>
			<b>Approval required</b>

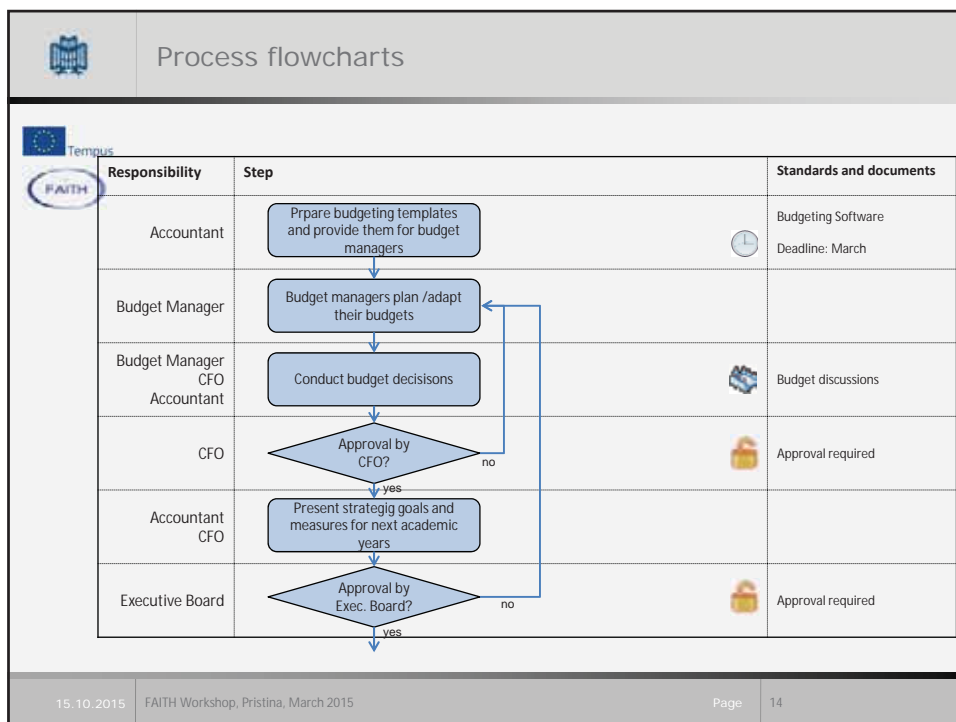
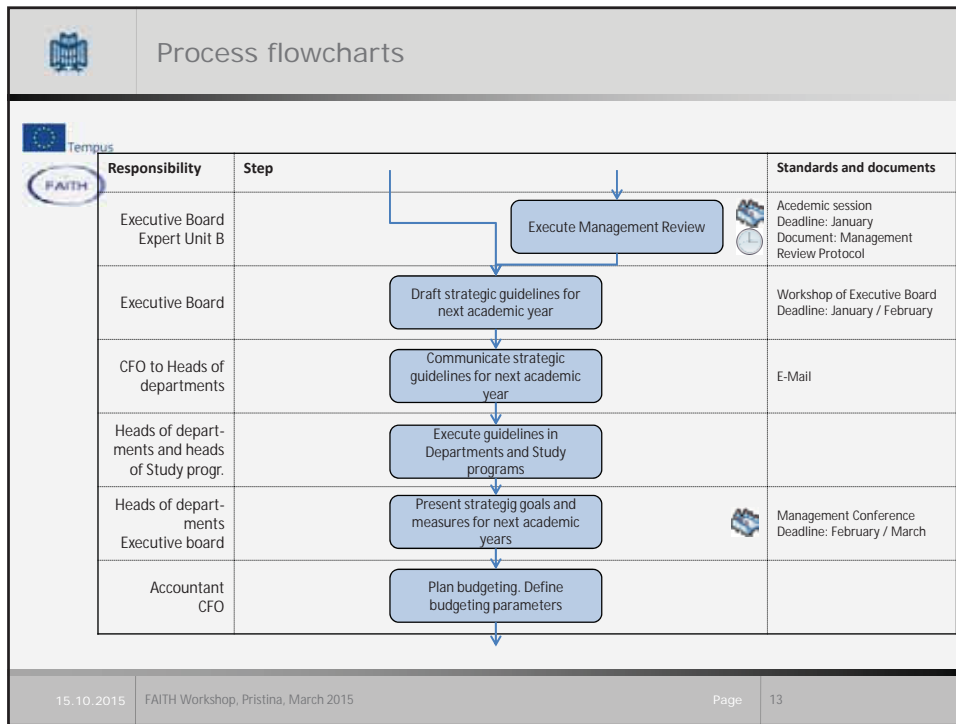
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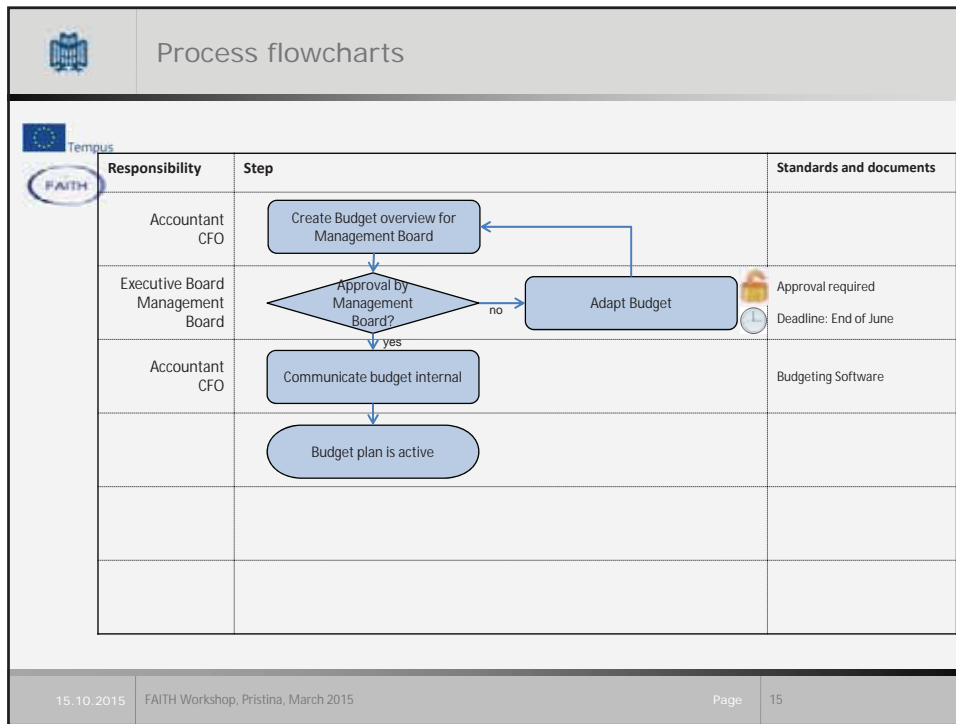
**Process flowcharts**

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Responsibility	Step	Standards and documents
Expert Unit A	Academic year begins	
Expert Unit B	Create external analysis (e.g. environment measurements)	
Expert Unit A Executive Board	Create internal analysis (e.g. reporting of key performance indicators)	Document: Management report
Chief financial officer (CFO)	Present external analysis	 Academic session  Deadline: December
CFO Executive Board Expert Unit B	Prepare planning and budgeting	 Meeting of Executive Board  Deadline: December
Executive Board Expert Unit B	Analyse status of actual strategic measures Prepare Management Review	 Meeting of Executive Board Deadline: January, 1 week before Management Review

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# Financial Management at Saarland University



Saarbrücken, Juli 2014

Budget management and planning process





## UNIVERSITY AUTONOMY since 2004

- The introduction of the global budget was accompanied by the conclusion of a target and performance agreement and the reorganization of the financial management.
- As part of the public collective bargaining agreement governs the university, all questions of personnel administration and payroll itself.
- The Saarland University issue their own regulations with statutes and rules.

Oktober 15

Seite 2



Ákos Barna

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## General Conditions

- 1) The columns of financing
- 2) Appeal Negotiations
- 3) Budget planning
- 4) Budget supervision

Oktober 15 UNAM – Saarland University Seite 3 Ákos Barna

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## The columns of financing



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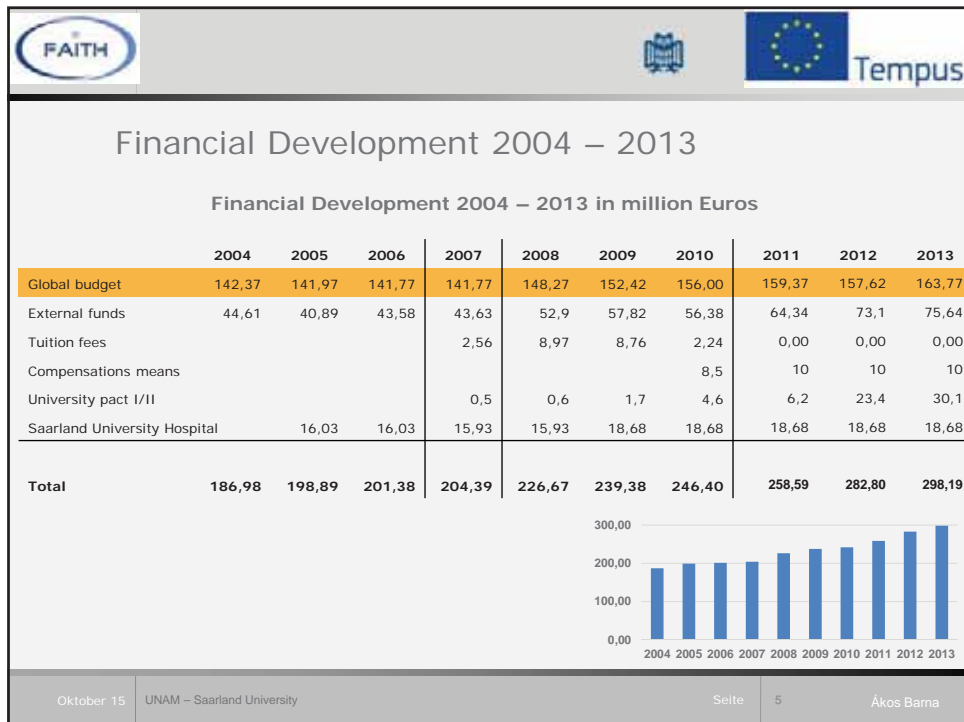
Global Budget

External Funds

Tuition fees  
Compen-  
sation  
Means

University Pact

Oktober 15 UNAM – Saarland University Seite 4 Ákos Barna





## Appeal negotiations

At the other side stand the claims of the professorships from the appeal negotiations.

Negotiations about:

- Staff
- Tangible means and investments
- Office and laboratory areas

Oktober 15 UNAM – Saarland University Seite 6 Ákos Barna

## Staff

In Germany there are three types of professorships  
W1 (Junior professor),  
W2 Professor and  
W3 Professor

### Basic staff

	W2 Professor	W3 Professor	W1 Junior Professor
Scientist	0,5	1	No additional staff
Administrative staff and technicians	--	0,5	

In addition, all other staff is additional staff.

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## Financial resources

Components of the financial resources are tangible means (annual allocation) and investments (extra allocation).

### Basic equipment

	W2 Professor	W3 Professor
Tangible Means	2.500 €	5.000 €
Investments	30.000 € - 240.000 € (in p.c. 1.000.000 €)	

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## Office and laboratory areas

At the moment this is only relevant for the budget indirectly, because the rooms are centrally administered and managed.

In future the space need should be determined about space-management-model and all surfaces which must exceed the need then by the cost centre owner are paid.

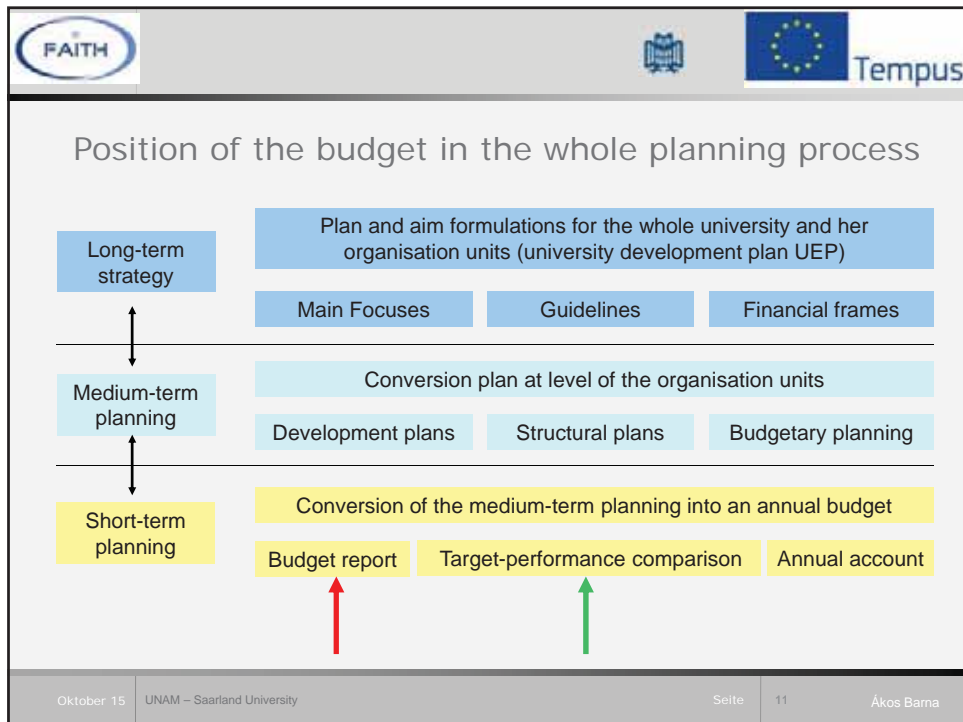
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## Budget planning

- 1) Position of the budget in the whole planning process
- 2) Phases of the budget process
- 3) Guidelines in the budget process
- 4) Detailed budget inquiry

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### Budget report

Expenses	in T €	Earnings	in T €
Faculty 1: Law and economics	12.016	Global budget	164.618
Faculty 2: Medicine	34.735	Own Income	3.825
Faculty 3 - 5: Humanities and Lingusitics	22.481	Saarland Hospital	18.680
Faculty 6 - 8: Natural and material Sciences	33.812	University Pact I/II	8.115
Management and Administration	29.078	Compensation means	10.000
Central institutions	15.888		
Whole university, not splittable	19.525		
Saarland Hospital	18.680		
Compensation means - not splittable	10.000		
University Pact not splittable	7.198		
Overhead from external funds	1.825		
	205.238		205.238

FAITH logo, Saarland University logo, and Tempus logo are at the top.

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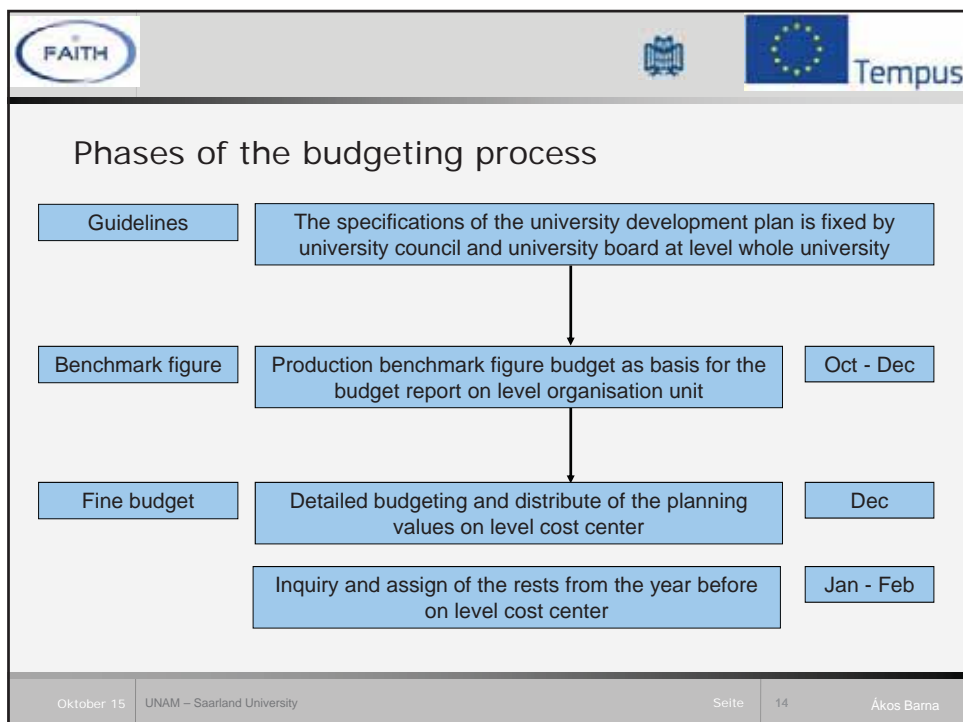
### Budget report



Faculty	Cost Center	Category	Subcat.	Amount
Faculty 1: Law and Economics	1011401	Personnel	Sekr	-19.607,53
			W2	-67.908,85
			wMb	-52.605,30
			<b>Sum</b>	<b>-140.121,68</b>
		Tangible means	SM	-2.500,00
			<b>Sum</b>	<b>-2.500,00</b>
<b>Sum</b>				<b>-142.621,68</b>

Faculty 1: Law and Economics	Back staff	-289.417,43
	Teaching assignments	-192.000,00
	Personnel	-10.894.253,00
	Tangible Means	-640.252,50
	<b>Sum</b>	<b>-12.015.922,93</b>

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### Guidelines in the budget process

```
graph TD; A[Exemplary arrangement of budget-relevant facts and foreseeable developments] --> B[University inside]; A --> C[From outside]; B --> D[Financial-effective decisions]; B --> E[Already current or initiated developments]; C --> F[Rate of price increases]; C --> G[Legal changes];
```

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### Detailed budget calculation

Budget planning for cost centers

- 1) Calculation of the staff budget
- 2) Tangible means and investments
- 3) Not splittable budgets
- 4) Calculation third party funds

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## Budget planning for cost centers

For each cost center there are several budgets

- Staff budget
- Tangible means
- Investments
- External funds (third means, tuition fees, compensation means)

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## Calculation of the staff budget

- The claims of the professors from the appeal negotiations (e.g., 2 academic employees, 1 secretary, etc.) are converted with an extrapolation of the actual costs and with an entry rate for vacancies into a budget.

$$P_k = \sum_i P_i + \sum_j P_j$$

$$P_i = D_i * S_i$$

$$P_j = C_j$$

with

$P_k$  = Staff budget per cost centre

$P_i$  = Staff budget per category i for vacancies

$P_j$  = Staff budget per category j for filled positions

$D_i$  = Entry rate per category i

$S_i$  = Number per place category i

$C_j$  = Actual costs per person j

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## Tangible means and investments

- Tangible means according to appeal arrangement
- Investment according to appeal arrangement
- Rests from the year before will transfer

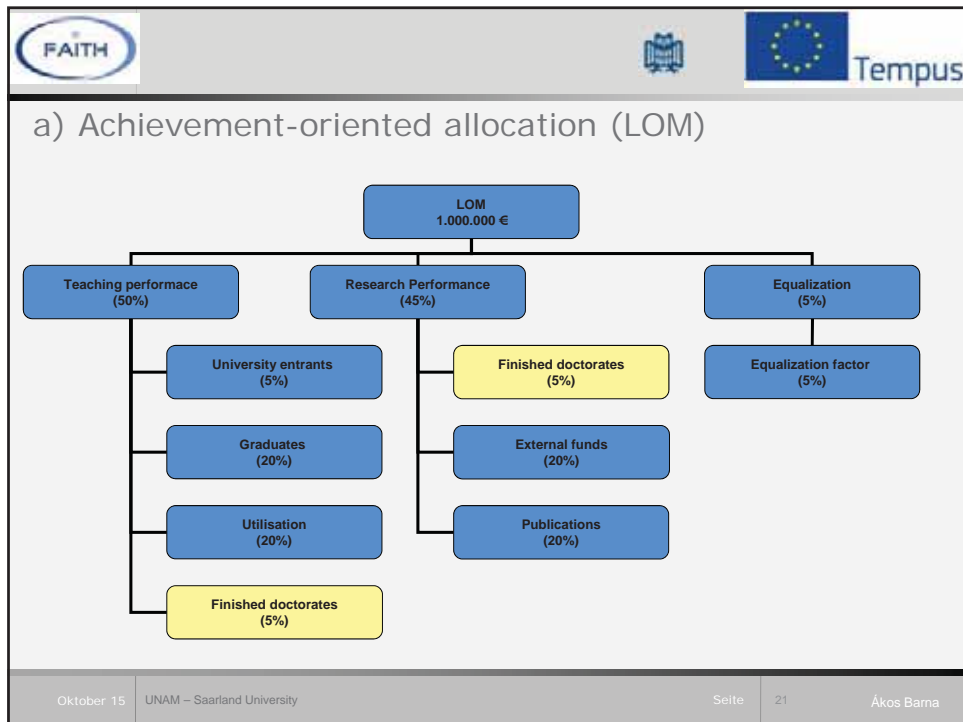
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## Whole-university, not splittable budgets

- a) Achievement-oriented allocation (LOM)
- b) Research support, Innovation fund
- c) Means for long-distance heating, energy, water
- d) IT-Budget
- e) Personal budget for stand-by duties, trainees, postinsurances
- f) Budgets for central services and maintenance

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## Teaching performance figures



**University entrants** =  $\frac{\text{University entrants} / \text{Professors (UdS)}}{\text{University entrants} / \text{Professors (in Germany) at universities}}$

**Graduates** =  $\frac{\text{Graduates} / \text{Professors (UdS)}}{\text{Graduates} / \text{Professors (in Germany) at universities}}$

**Utilisation** =  $\frac{\text{Teaching demand in the average period of study}}{\text{Teaching offer after teaching units}}$

**Finished doctorates** =  $\frac{\text{Finished doctorates} / \text{Professors (UdS)}}{\text{Finished doctorates} / \text{Professors (in Germany) at universities}}$

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## Research performance figures

**Finished doctorates** = 
$$\frac{\text{finished doctorates} / \text{Professors (UdS)}}{\text{finished doctorates} / \text{professors (in Germany) at universities}}$$

**External Funds** = 
$$\frac{\text{Third means income} / \text{expenses (UdS)}}{\text{Third means income} / \text{expenses (in Germany) at universities}}$$

**Publications** = 
$$\frac{\text{Publications} / \text{scientist (UdS) after professions}}{\text{Publications} / \text{scientist (in Germany)}}$$

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## Equalization

**Equalization factor (gender factor)** = 
$$\frac{\text{female scientist} / \text{scientist (UdS)}}{\text{female scientist} / \text{scientist (in Germany) at universities}}$$

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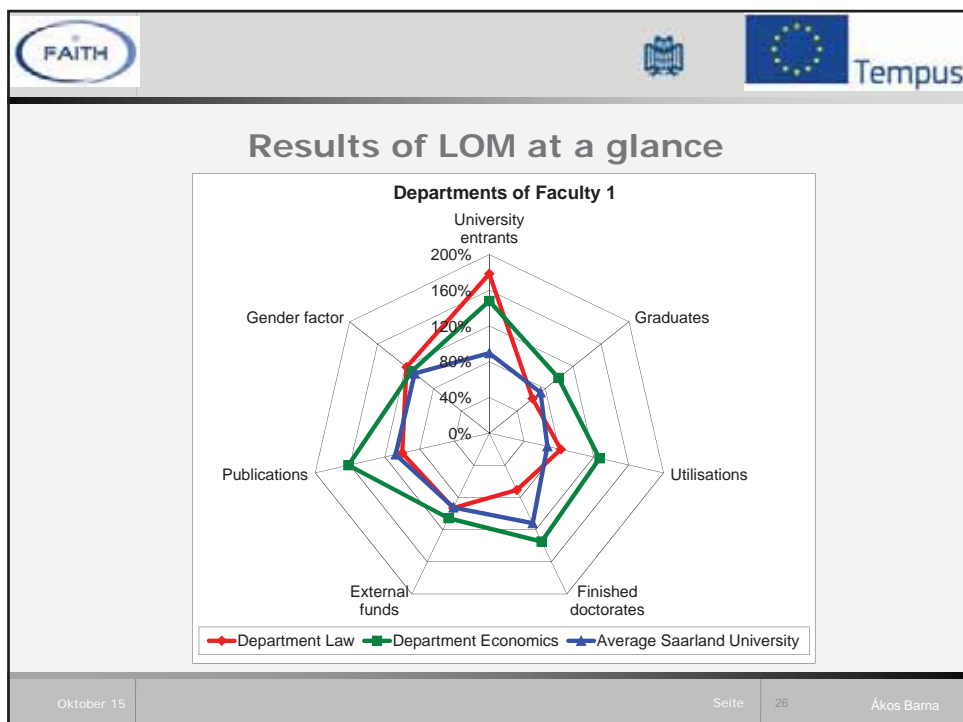


Faculty	Professors	Indicator variables: Professor in %	University entrants	Graduates	Utilisations	Finished doctorates	External funds	Publications	Gender factor	Sum
			Amount in €	Amount in €	Amount in €	Amount in €	Amount in €	Amount in €	Amount in €	
			5%	20%	20%	10%	20%	20%	5%	
Dep. of Law	18	6,29%	5.675	11.100	12.712	4.927	12.062	11.515	3.555	61.546
Dep. of Economics	16	5,59%	4.183	15.786	17.424	8.344	12.153	16.562	2.958	77.409
<b>Faculty 1</b>	<b>34</b>	<b>11,89%</b>	<b>9.858</b>	<b>26.885</b>	<b>30.136</b>	<b>13.271</b>	<b>24.214</b>	<b>28.077</b>	<b>6.513</b>	<b>138.955</b>
<b>Faculty 2</b>	<b>75</b>	<b>26,22%</b>	<b>15.275</b>	<b>66.514</b>	<b>74.801</b>	<b>19.382</b>	<b>54.321</b>	<b>48.341</b>	<b>12.084</b>	<b>290.717</b>
<b>Faculty 3</b>	<b>23</b>	<b>8,04%</b>	<b>3.032</b>	<b>17.771</b>	<b>11.879</b>	<b>4.631</b>	<b>13.975</b>	<b>14.133</b>	<b>4.697</b>	<b>70.118</b>
<b>Faculty 4</b>	<b>30</b>	<b>10,49%</b>	<b>5.629</b>	<b>22.260</b>	<b>13.657</b>	<b>12.666</b>	<b>16.406</b>	<b>17.965</b>	<b>5.357</b>	<b>93.938</b>
<b>Faculty 5</b>	<b>21</b>	<b>7,34%</b>	<b>3.441</b>	<b>16.112</b>	<b>16.504</b>	<b>5.814</b>	<b>15.710</b>	<b>16.691</b>	<b>3.771</b>	<b>78.043</b>
<b>Faculty 6</b>	<b>33</b>	<b>11,54%</b>	<b>4.382</b>	<b>16.277</b>	<b>20.217</b>	<b>19.792</b>	<b>26.864</b>	<b>23.726</b>	<b>5.921</b>	<b>117.179</b>
<b>Faculty 7</b>	<b>28</b>	<b>9,79%</b>	<b>2.775</b>	<b>9.700</b>	<b>10.467</b>	<b>11.979</b>	<b>18.378</b>	<b>22.491</b>	<b>3.880</b>	<b>79.669</b>
<b>Faculty 8</b>	<b>42</b>	<b>14,69%</b>	<b>5.607</b>	<b>24.480</b>	<b>22.340</b>	<b>12.466</b>	<b>30.133</b>	<b>28.577</b>	<b>7.778</b>	<b>131.381</b>
<b>Saarland University</b>	<b>286</b>	<b>100%</b>	<b>50.000</b>	<b>200.000</b>	<b>200.000</b>	<b>100.000</b>	<b>200.000</b>	<b>200.000</b>	<b>50.000</b>	<b>1.000.000</b>

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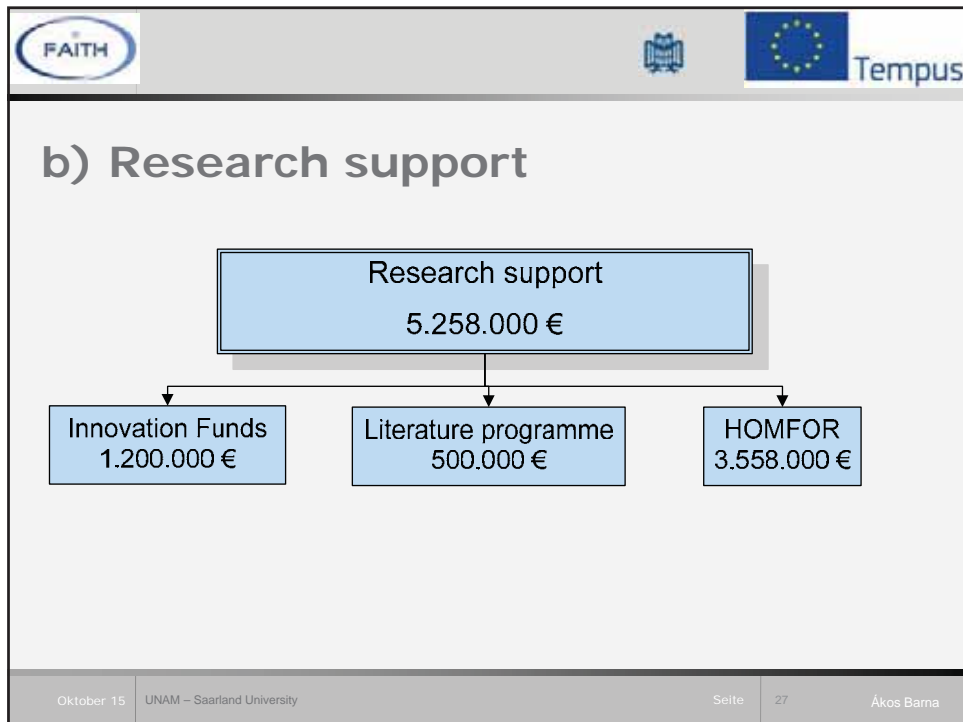
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**Research support - Allocation**

**Innovation Funds**  
Means are allocated after expertise of the applications by the research committee

**Literature programme**  
to the support of the literature supply in the faculties. Allocation by the literature advisory board

**HOMFOR I**  
Research support only for Medicine faculty also after expertise of the applications

**HOMFOR II**  
The allocation occurs after an indicator-based model through the Medicine faculty (p.e. weighted external funds, weighted publications)

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**c) Means for long-distance heating, energy, water**

- The budget for the operating costs are only split at the two locations.
- With rising operating costs for example because of new buildings, takes over the country 90% of approved costs.

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**Calculation external funds**

The budget distribution is rather easy, but the fundraising of new external funds projects becomes more and more complicated.

Different according to funding giver

EU separate calculation

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## Controlling - Budget supervision

- Information system
  - Separate account property
  - Transparency about all transactions
  - Information about all resources

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## Account statements

**Your Account Summary**

Cost center 123456 2012 ▾  
 Univ. Prof. Dr. XYZ

Fonds / Projects	Income	Expense	OBLIGO	Saldo	Yearly budget	Whole Budget
062181000 Personnel budget		-154.081,48	-59.751,30	-4.514,73	209.318,05	
062181003 Tangible means		-26.251,12	-680,39	-26.931,51	101.426,59	
B410130203 Project 1	378.000,00	-376.346,99	0,00	1.653,01		378.000,00
D410130212 Project 2		-1.113.977,17	0,00	-1.113.977,17		1.500.000,00
T603160002 Research funding		-4.676,35		4.323,65	9.000,00	




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## Resource information

- Personnel list
  - Claims and cast of characters
- Inventory list
- Room list
- Phone list

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## Online-account statements - claims

<b>1234567</b>					<b>term of the accounting unit</b>				
date: 2nd november, 2011									
					claim to staff in months			claim to assistants in hours	
category of staff	professor - W2	WMB	secretary	assistant - C					
claim to staff	12	12	6	42					
consumption	12	10	5,85	39					
rest	0	2	0,15	3					
<b>planned staff financed out of the global budget</b>									

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budget for staff in 2011		actual cost	commitment	means reserved	means fixed	rest of the budget
205.000,00		-150.000,00	-30.000,00	0,00	-30.000,00	25.000,00




Data are covered till 2nd november. Staff that has already been working since last year is aknowledged in column "from" with 1st january 2011.  
Your questions answers Mrs. A (phone: -1234)

last name	first name	number of staff	working hours per week	from	till	category of staff	consumption
Miller	David	50009999	19,25	2011-01-01	9999-12-31	secretary	5,85
Smith	Daniel	50007777		402012-01-01	9999-12-31	professor - W1	12
...							

planned staff financed out of the personal budget

last name	first name	number of staff	working hours per week	from	till	category of staff	consumption
Taylor	A	50007766		52011-01-01	2011-03-31	assistant - C	15
Bush	B	50008866		82011-01-01	2011-03-31	assistant - C	24
...							

number	term	number	cost value	net book value at the beginning of the year	depreciation at the beginning of the year	class of the plant	period of use	date of activation	date of deactivation	serial number
44004-0	Lenovo ThikPad R500	1	929,00	748,00	310,00	70	3	2010-06-14		
30734-0	CHROMABOND Vakuunkammer Nr. 730151	1	814,01	388,00	116,00	13	7	2008-05-19		
09326-0	SPE 24-Position Vacuum Manifold Set Comp	1	794,54	0,00	0,00	13	7	2004-11-29		
...										




## Online-account statements – space list

**list of spaces for accounting unit 1234567**

Your questions answers  
Mrs. A (phone: -1234) or  
Mr. B (phone: - 5678)

space	term	type of use	sqm
GEB-SBC-16_01-002-207_1	room 207.1 Geb B4 1	211: general offices	8,08
GEB-SBC-16_01-002-209_0	room 209.0 Geb B4 1	211: general offices	8,08
GEB-SBC-16_01-002-210_0	room 210.0 Geb B4 1	211: general offices	6,06
GEB-SBC-16_01-002-211_1	room 211.1 Geb B4 1	211: general offices	15,47
GEB-SBC-16_01-002-211_2	room 211.2 Geb B4 1	211: general offices	8,06
GEB-SBC-16_01-002-213_0	room 213.0 Geb B4 1	211: general offices	24,53
GEB-SBC-16_01-002-208_0	room 208.0 Geb B4 1	541: spaces for the library	17,39

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## Online-account statements – phone list

**deduction of phone calls**  
**accounting unit: 1234567**  
august 2011




extension	Phone-number	date	time	EUR
2222	01234/1234	2011-08-01	09:30	0,03
2222	03456/456789	2011-08-02	09:35	0,04
2222	07888/999999	2011-08-02	16:05	0,05
...				




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Quarterly Report					Annual comparison				
	Performance Year before	Target	Performance	Target vs. Performance		Performance Year before	Target	Projection	Target vs. Projection
	01/2009-09/2009	01/2010-09/2010	01/2010-09/2010	01/2010-09/2010		2009	2010	2010	2010
Personnel cost	129.054.052	133.547.627	137.927.555	103	Personnel cost	142.552.019	145.688.320	150.466.423	103
Operating costs	61.694.472	60.878.552	65.363.230	107	Operating costs	66.554.708	66.413.009	71.305.342	107
<b>Z Personnel &amp; operating costs</b>	<b>190.748.524</b>	<b>194.426.218</b>	<b>203.290.784</b>	<b>105</b>	<b>Z Personnel &amp; operating costs</b>	<b>209.106.727</b>	<b>212.101.329</b>	<b>221.771.765</b>	<b>105</b>
Revenue	-59.617.665	-52.916.484	-60.714.537	106	Revenue	-66.731.632	-57.727.074	-79.659.896	106
Financing payments (GHR) UdS	131.130.859	141.509.734	142.576.247	101	Financing payments (GHR) UdS	142.375.095	154.374.255	142.111.869	99
<b>Additional Information</b>					<b>Additional Information</b>				
Investments			12.818.879		Investments			13.984.231	
<b>Reasons for divergence to the budget</b>					<b>Measures of the rectorate or of the faculty</b>				
Costs					Stock of third means				
Stock of third means			8.854.317		Revenue (Not yet assigned means)				
Revenue (Not yet assigned means)			10.407.034		Adjusted financing payments (GHR) UdS				
Adjusted financing payments (GHR) UdS			94						

Annual account				
<p>Within the treatment of the business annual account all projects are checked in view of the degree of performance and financing.</p>				
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Target-performance comparison				
Quarterly Report	Performance Year before 01/2009-09/2009	Target 01/2010-09/2010	Performance 01/2010-09/2010	Target vs. Performance 01/2010-09/2010
Personnel cost	129.054.052	133.547.627	137.927.555	103
Operating costs	61.694.472	60.878.592	65.363.230	107
<b>Σ Personnel &amp; operating costs</b>	<b>190.748.524</b>	<b>194.426.218</b>	<b>203.290.784</b>	<b>105</b>
Revenue	-59.617.665	-52.916.484	-60.714.537	115
Financing payments (GHH) UdS	131.130.859	141.509.734	142.576.247	101
<b>Additional Information</b>				
<b>Investments</b>			<b>12.818.879</b>	
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Target-performance comparison II				
Annual comparison	Performance Year before 2009	Target 2010	Projection 2010	Target vs. Projection 2010
Personnel cost	142.552.019	145.688.320	150.466.423	103
Operating costs	66.554.708	66.413.009	71.305.342	107
<b>Σ Personnel &amp; operating costs</b>	<b>209.106.727</b>	<b>212.101.329</b>	<b>221.771.765</b>	<b>105</b>
Revenue	-66.731.632	-57.727.074	-79.659.896	138
Financing payments (GHH) UdS	142.375.095	154.374.255	142.111.869	92
<b>Additional Information</b>				
<b>Investments</b>			<b>13.984.231</b>	
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Reasons for divergence to the budget		Measures of the presidium / of the faculty
<b>Costs</b>		
Claim of appeal commitments	983.509	
Budgeting of only 95% of the place interests	1.451.728	
<b>Revenue</b>		<b>88</b>
<b>Adjusted financing payments (GHH) UdS</b>		<b>84</b>

## Workshop Results

### 1 Agenda

- 1) Workshop inputs
- 2) Process landscape in accounting
- 3) Processes in detail
- 4) Lessons learned

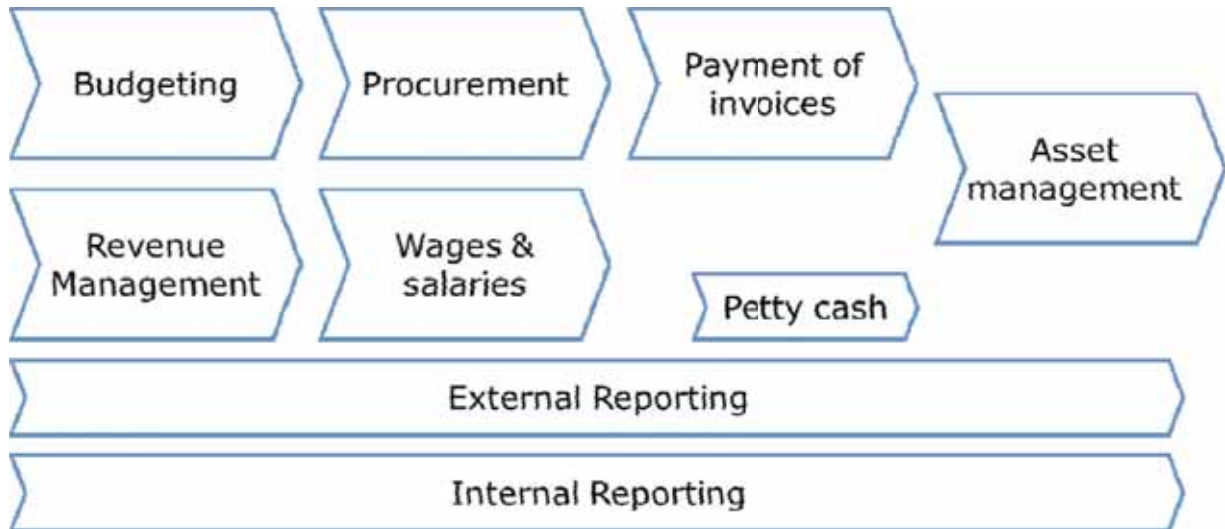
### 2 Minutes of the Meeting

#### 2.1 Workshop inputs

For details see presentation in annex

Date	Venue	Content
03.03.2015	MEST	<ul style="list-style-type: none"> <li>&gt; Strategic management in HEI</li> <li>&gt; HEI and the hierarchy of objectives</li> <li>&gt; Common values, mission statement</li> <li>&gt; Strategy and strategy tools</li> <li>&gt; Allocation of resources: Annual targets and budgeting</li> <li>&gt; Organizational structures in HEIs</li> <li>&gt; Freedom and responsibility</li> </ul>
04.03.2015	UP	<ul style="list-style-type: none"> <li>&gt; Basics about processes</li> <li>&gt; Benefits of process orientation</li> <li>&gt; Roles in process systems</li> <li>&gt; Process landscape</li> <li>&gt; Basics about flowcharts</li> <li>&gt; Example 1: University of Saarland                             <ul style="list-style-type: none"> <li>o Organization and Structures</li> <li>o Allocation of resources</li> </ul> </li> <li>&gt; Example 2: Detailed budgeting process of FH Campus Wien</li> <li>&gt; Workgroup: Process landscape</li> <li>&gt; Workgroup: Process design "Budgeting"</li> </ul>
05.03.2015	UP	<ul style="list-style-type: none"> <li>&gt; Workgroup: Process design "Payment of invoices"</li> <li>&gt; Lessons learned</li> </ul>



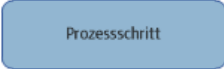




## 2.2 Process landscape in accounting



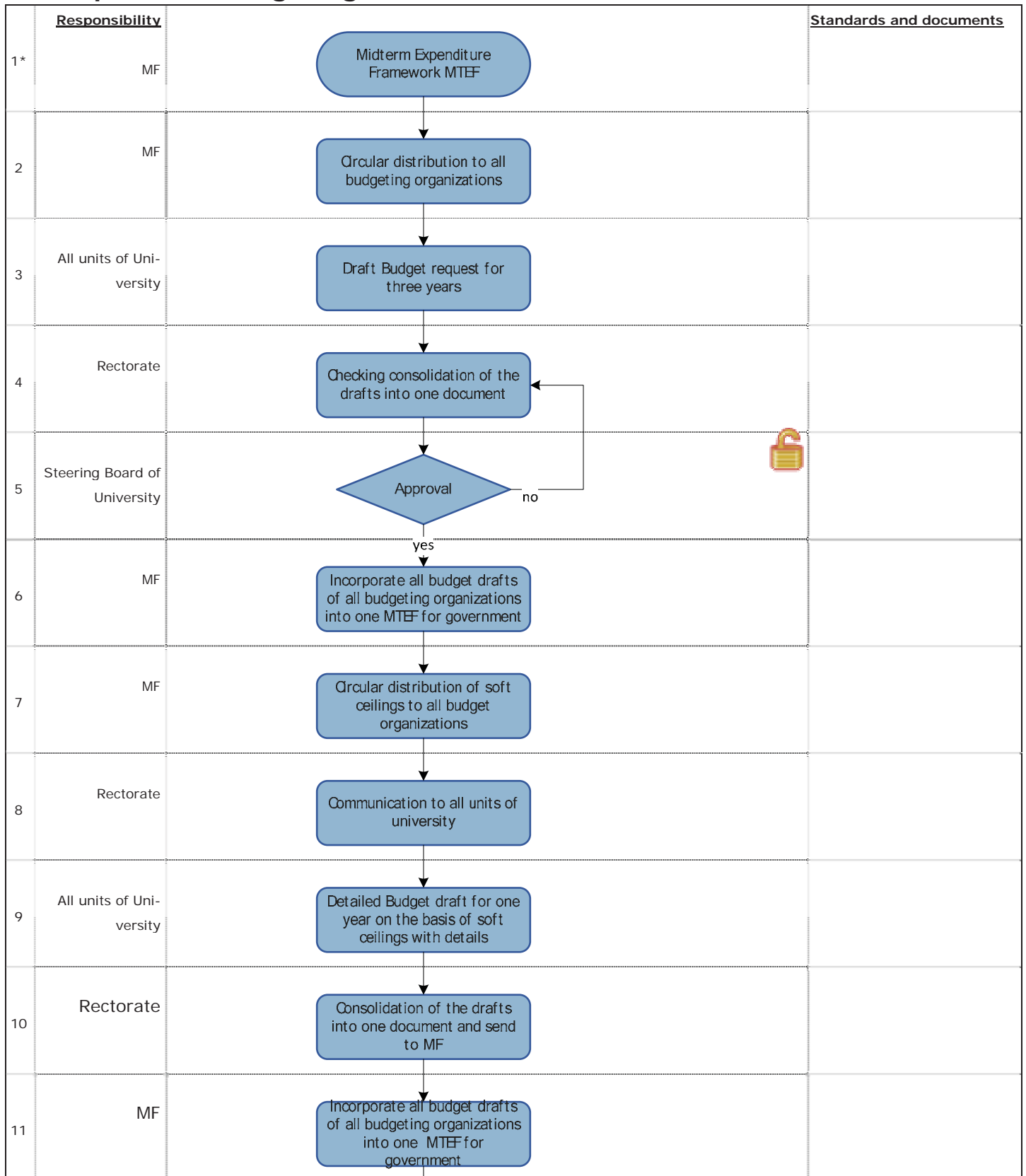
The workgroup identified 9 relevant processes in accounting (see figure above). For two of these processes we were able to design flowcharts: Budgeting and Payment of invoices.

## 2.3 Processes in detail

Icon legend:

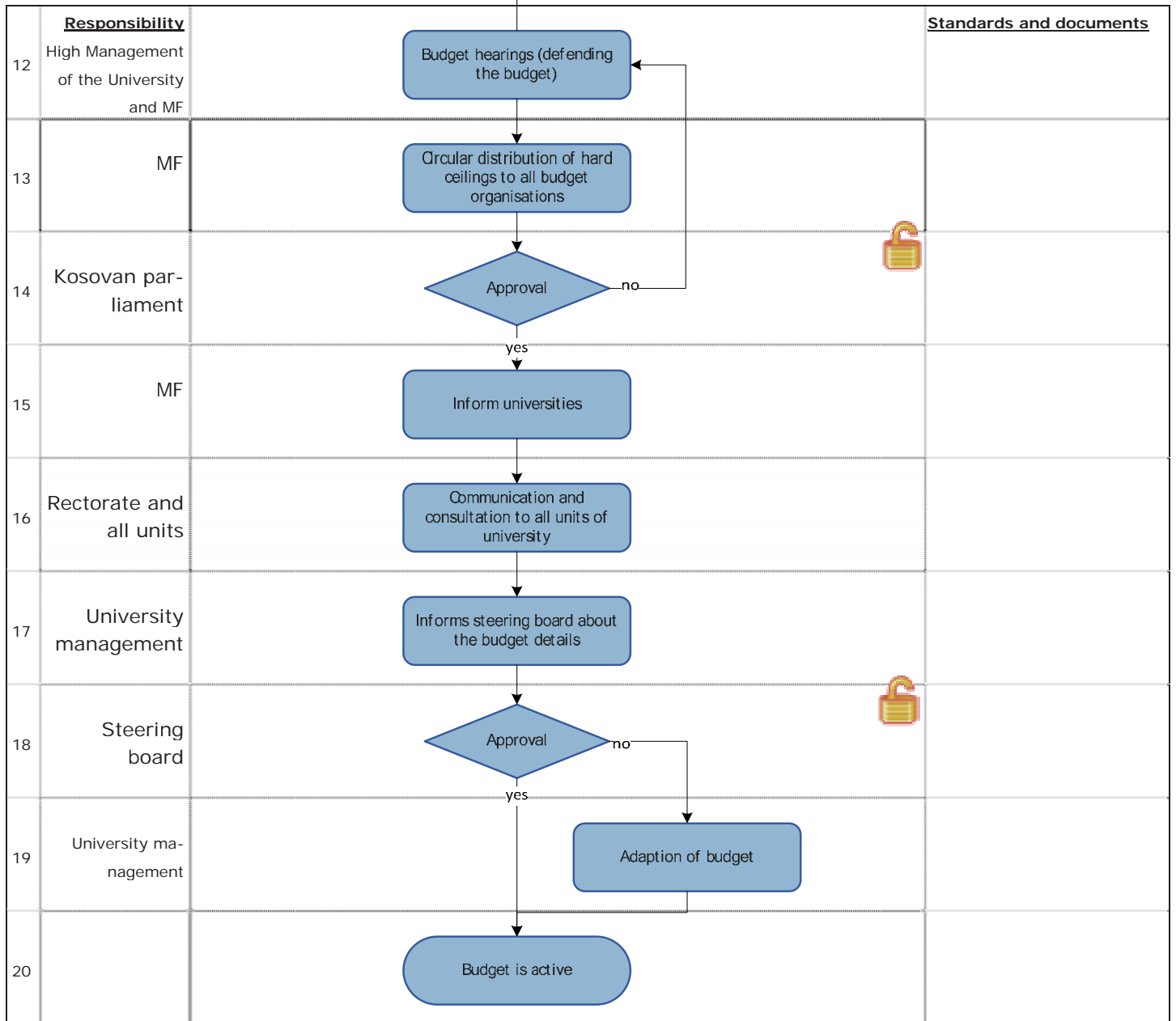
	Fist/Last step of the process		Organizational interface
	Process step		Deadline
	Decision		Meeting required
			Approval required

## Subprocess: Budgeting

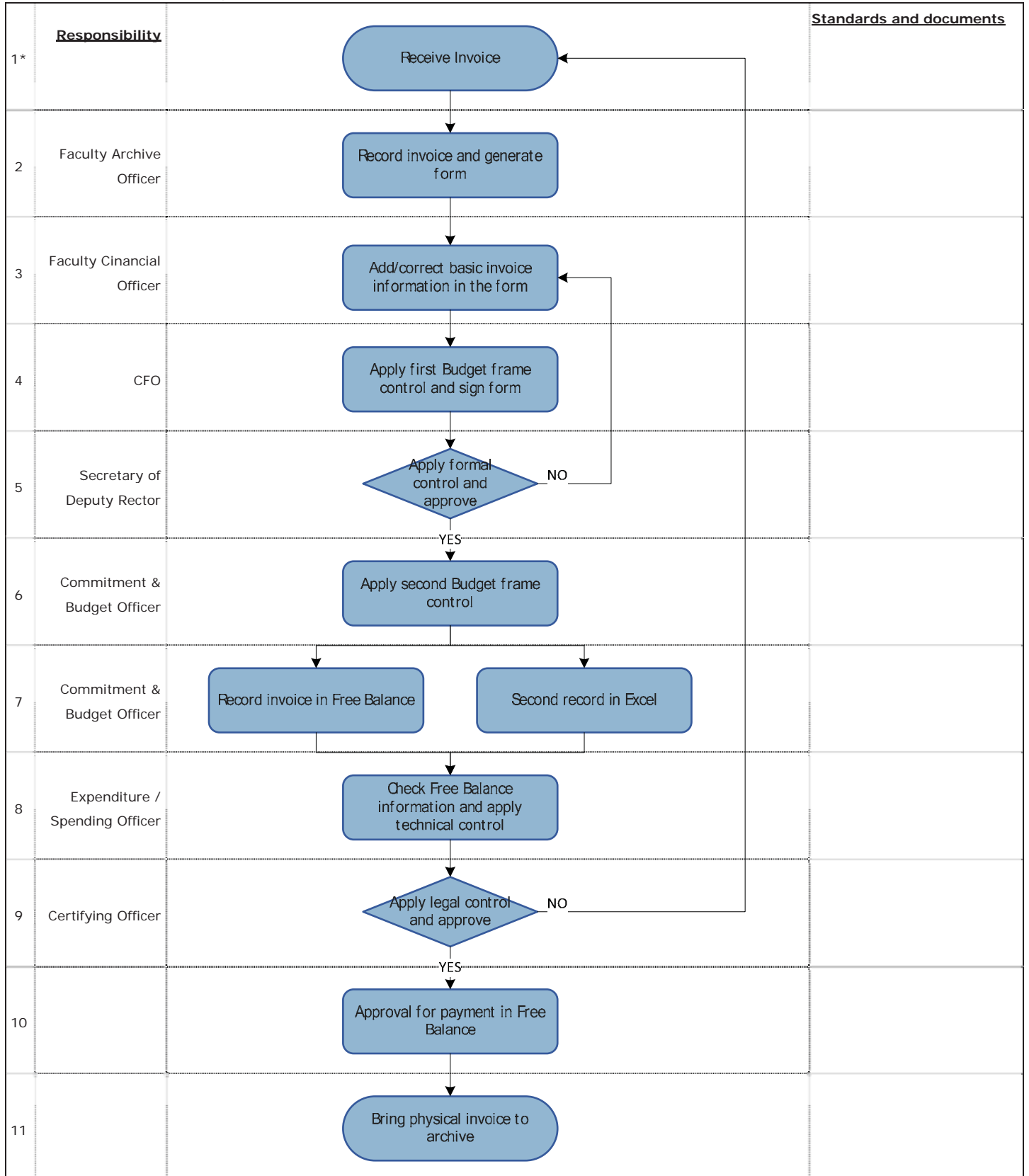


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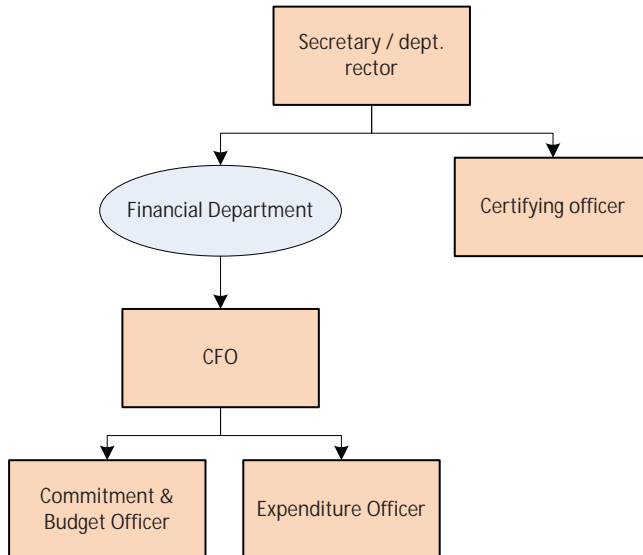
Continued from previous page



### Subprocess: Payment of invoices



Roles in this Process:



## 2.4 Lessons learned

1. Discussing the processes and designing the flowcharts enables us to define clear specifications for the accounting software. Therefore it is necessary to continue and also define the seven other processes of the process landscape
2. In the budgeting process the hole planning and deciding about the allocation of resources is described too short in only two steps: The Budget requests of the units and the consolidation of these requests in one document (steps 3 and 4). This two steps should be discussed more detailed, because they describe some of the key task of an autonomous management
3. The process for payment of invoices is very elaborated. Unfortunately there is no difference in the handling of different kinds of invoices. There should be simpler procedures for invoices of smaller amounts, or for recurring payments, to increase the efficiency of the payment of invoices.



## Fundraising

Training workshop WS4 (Peje, June 2015) worked on the topic of fundraising. The workshop aimed to strengthen the capacities of Kosovan partner representatives in managing the acquisition and handling of external funds. EU partners' input focused on the introduction of the possibilities to acquire EU/international (research) funding programs and on good practice in proposal writing and budget design. Examples of fundraising strategies were introduced to make the participants aware of the framework needed in order to be successful in raising external funds.

In the practical part of the workshop the participants were asked to present and discuss their experiences in managing projects and to develop new ideas for projects.

<b>Materials</b>	<b>Author</b>	<b>Page</b>
Introduction to Fundraising	Carolina Madeleine	273
How to effectively design a project budget: general principles	Noelia López	301

# INTRODUCTION TO FUNDRAISING

8 June – 10 June 2015, Kosovo  
OGPI, UA



## INDEX

- 1. DEFINITION
- 2. ASSESSING THE ADDED VALUE OF HIGHER EDUCATION & ENERGY
- 3. FUNDRAISING BASICS
  - THE PRODUCT
  - COMPETITORS
  - THE CUSTOMER
  - STRATEGY
- 4. OGPI FUNDRAISING MODEL



## ABOUT THE TRAINER.....

- Senior Project Manager
- 8 years experience in drafting project proposals
- 8 years experience in managing projects
- From the donor perspective, part of the Spanish Ministry of advisory group



## BUT BEFORE SOME QUESTIONS....



How could justify the funding of activities in the framework of Higher Education?

What kind of activities could be funded with international projects?

How does it work – fundraising -?

What kind of projects and which activities?



## 1. DEFINITION/S



- **Fundraising or fund raising (also development)** is the process of soliciting and gathering voluntary contributions as money or other resources, by requesting donations from individuals, businesses, charitable foundations, or governmental agencies (see also crowd funding).
- “Fundraising is the noble art of teaching people the pleasure of giving”
- “People do not give to people. They give to people with causes. They give to people who ask on behalf of causes.”



## 2. ASSESSING THE ADDED VALUE / CONTRIBUTION OF HIGHER EDUCATION.....



**In the future, education  
could be your wisest investment.**



The cost of a good education is rising but there's still no better predictor of success in life. Planning with HSBC can help make sure your finances make the grade. After that, it's up to your kids. The future starts here.

There's more on wealth management at  
[www.hsbc.com/inthefuture](http://www.hsbc.com/inthefuture)



Issued by HSBC Holdings plc. AC22957

## HIGHER EDUCATION AND DEVELOPMENT

- “Higher education (HE), including research carried out in universities, has a crucial role in development. It helps generate the human capital needed in key areas such as health, agriculture and engineering, and builds a country's capability for self-reliance” – Sian Lewis
- Skilled labor + Technological capability = > productivity  
= > competitiveness

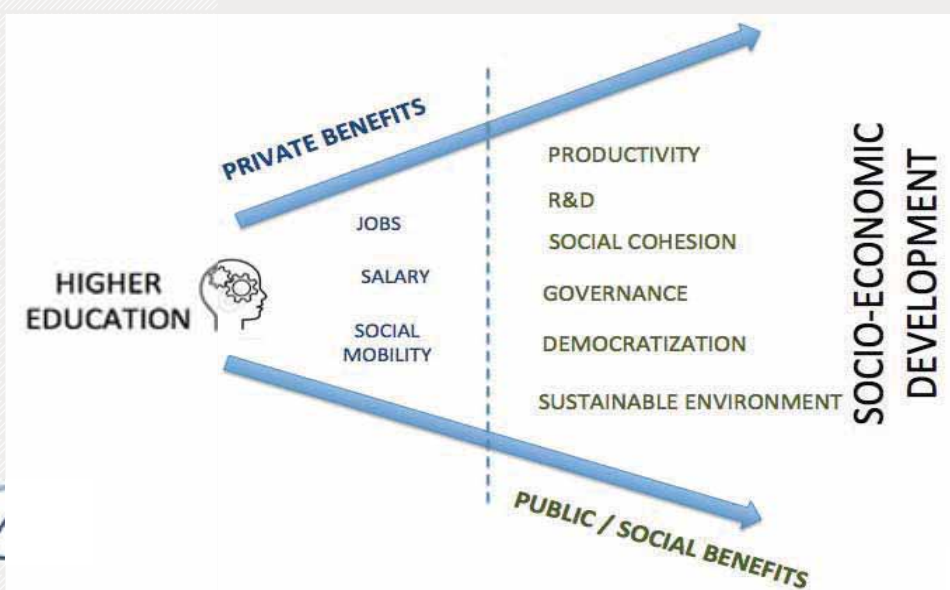


## HIGHER EDUCATION AND DEVELOPMENT

- Universities could drive innovation & entrepreneurship
- “ Higher education is critical because it provides the high-level skills and research to apply current technologies and to assimilate, adapt, and develop new technologies, two drivers of productivity” (Putting Higher Education To Work, World Bank East Asia and Pacific Regional Report. 2012)



## HIGHER EDUCATION AND DEVELOPMENT



## EXAMPLE: NORHED

- = Norwegian programme for capacity development in higher education and research for development
- “Higher education and research are priority areas of Norway’s development cooperation policy. Norad believes that sound, strategic investments in higher education and research in low and middle income countries (LMICs) pay off in the form of strong academic institutions and their societal en-gagement. Such investments have many benefits, not least that they contribute to development of their countries’ intellectual resources, competent workforces, visionary leaders, gender equality and human rights. In the long run it also contributes to evidence-based policies and decisions that en-hance sustainable economic, social and environmental development.”



## ENRICH - ENERGY, R&D AND GROWTH

- EA Region experiences **unsustainable energy practices** which prevents its countries to reach acceptable standards of socio economic development
- Some problems more specifically identified by ENRICH:
  - **Inadequate STI research support from HEIs;**
  - **Low university-industry cooperation;**
  - **Shortage of qualified staff for STI activities at HEIs;**
  - **Lack of funding....**



### 3. FUNDRAISING BASICS



- FUNDRAISING = SELLING  
To sell one idea / project (= product)  
To sell one institution / reputation / intangible
- SELLING means...  
To know our **product**  
To know the possible **customer**  
To know the **trends**



### ... AND ALSO MEANS...



- Before starting our “selling process” we need to...
  - Invest... (HRR Training, etc...)
  - Set up a **strategy**
    - Develop a (fundraising) culture
    - Develop policies / rules (incentives)
- Apply **selling techniques**





## INDEX OF FUNDRAISING BASICS



- THE PRODUCT



- THE CUSTOMER



- COMPETITORS

- STRATEGY



+ WORKFLOW



## THE PRODUCT



## THE PRODUCT

- My project
- My institution
- My Network
- ....

IMPORTANT: ANALYSIS (LFM) + PROPOSAL





## THE CUSTOMER





## WHAT KIND OF CUSTOMERS MAY WE FIND?


- INTERNATIONAL ORGANISATIONS
- NATIONAL ORGANISATIONS
- REGIONAL ORGANISATIONS / AUTHORITIES
- FOUNDATIONS
- NGOs
- UNIVERSITIES
- .....



## FUNDRAISING SOURCES - EXAMPLES

### NATIONAL SOURCES

- Governmental Funding (Public HEIs)
- Public Funding (national/regional);
- Funding from private Foundations;
- Fees with Students;
- Contracts with enterprises;
- Contracts from Consultancy of the teaching staff;
- Courses for the local industry, etc...



## HEI FUNDRAISING SOURCES

### INTERNATIONAL

- Courses or International Congresses;
- **Calls from International Organisations** (EC, World Bank, etc.);
- **Calls from international private Foundations** (Ford, Rockefeller, Bill & Melinda Gates, etc.);
- Other international sources;



## COMPETITORS



## COMPETITORS

- DO KOSOVO HEIs COMPETE BETWEEN THEMSELVES?
- WITH WHICH COUNTRIES DO YOU COMPETE?
- WHICH ARE YOUR COMPARATIVE ADVANTAGES?
- WICH ARE YOUR COMPARATIVE DISADVANTAGES?



## STRATEGY



## STRATEGY

- ☞ Fundraising is neither a spontaneous or individual activity; it requests an articulated system of actors, regulations, organisational issues and functions.
- ☞ At higher education level the requests of international fundraising justify the need of a specific university policy, together with a strong institutional commitment.
- ☞ An international fundraising strategic plan is the usual answer to organise the fundraising of a HEI and a way to improve its effectiveness at different levels (department, Faculty, institutional)



## POSSIBLE OBJECTIVES

- Contributing to the funding of the international activities of the institution
- Training Human Resources;
- Developing a Fundraising culture at institutional level;
- Strengthening the links with donors;
- Improve the positioning of the university at international level;





## POSSIBLE STEPS

- 1. Analysis. Online survey about possible international activities which could be funded by international donors, together with training needs analysis
- **MACRO ANALYSIS**
  - Internationalisation policies (strategic plan)
  - Measures and policies to boost fundraising
  - Regulations for the participation in international projects



## POSSIBLE STEPS


- **MICRO ANALYSIS**
  - International publications
  - Patents
  - Contacts
  - PhDs
  - International Contracts
  - International networks
  - Availability to work abroad
  - Languages
  - ....
  - ....





## POSSIBLE STEPS

- 4. Development of a Database of International Donors



## POSSIBLE STEPS

- 5. Matching Document (Projects / Donors)

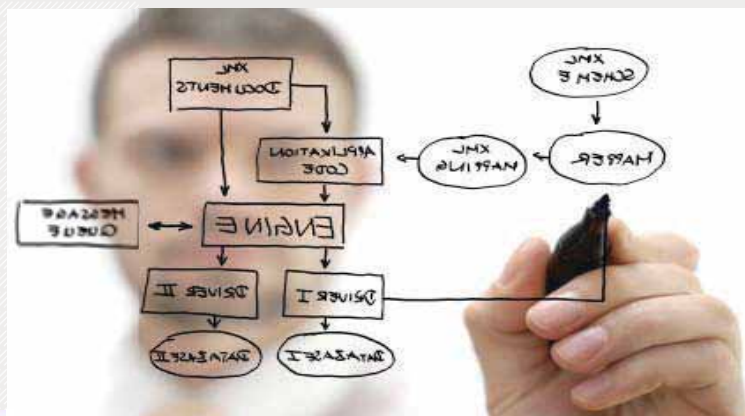


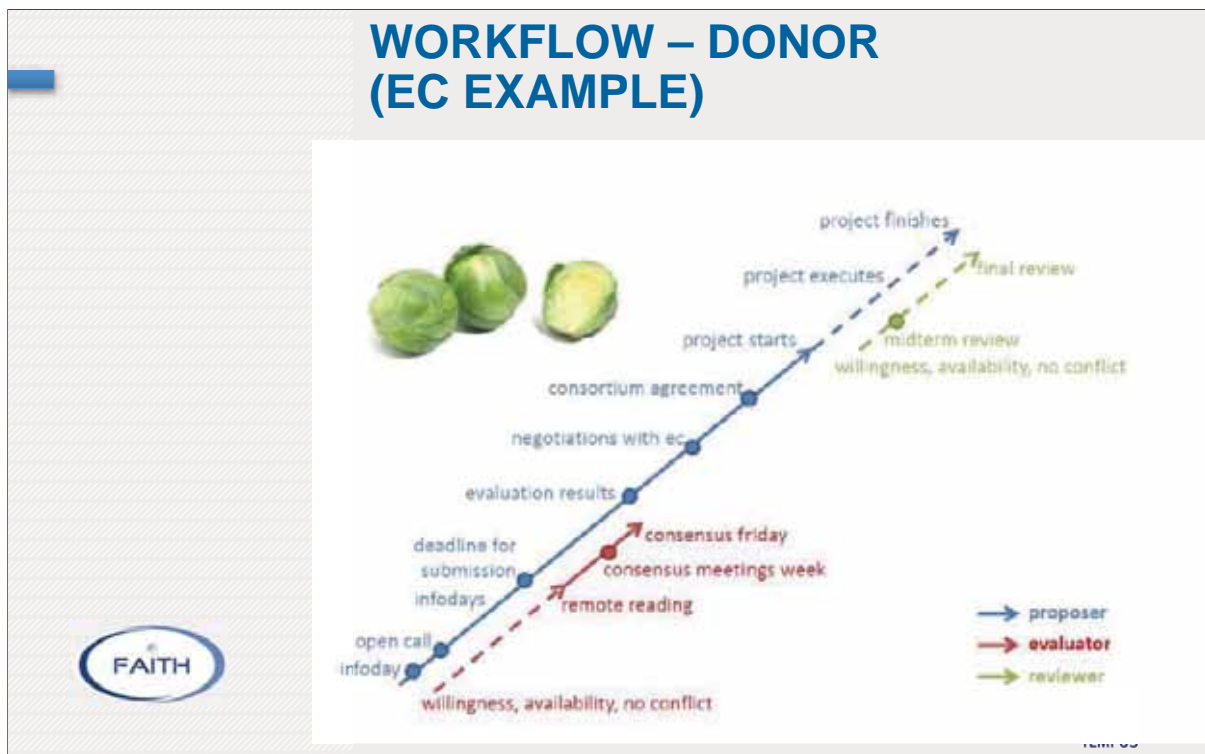
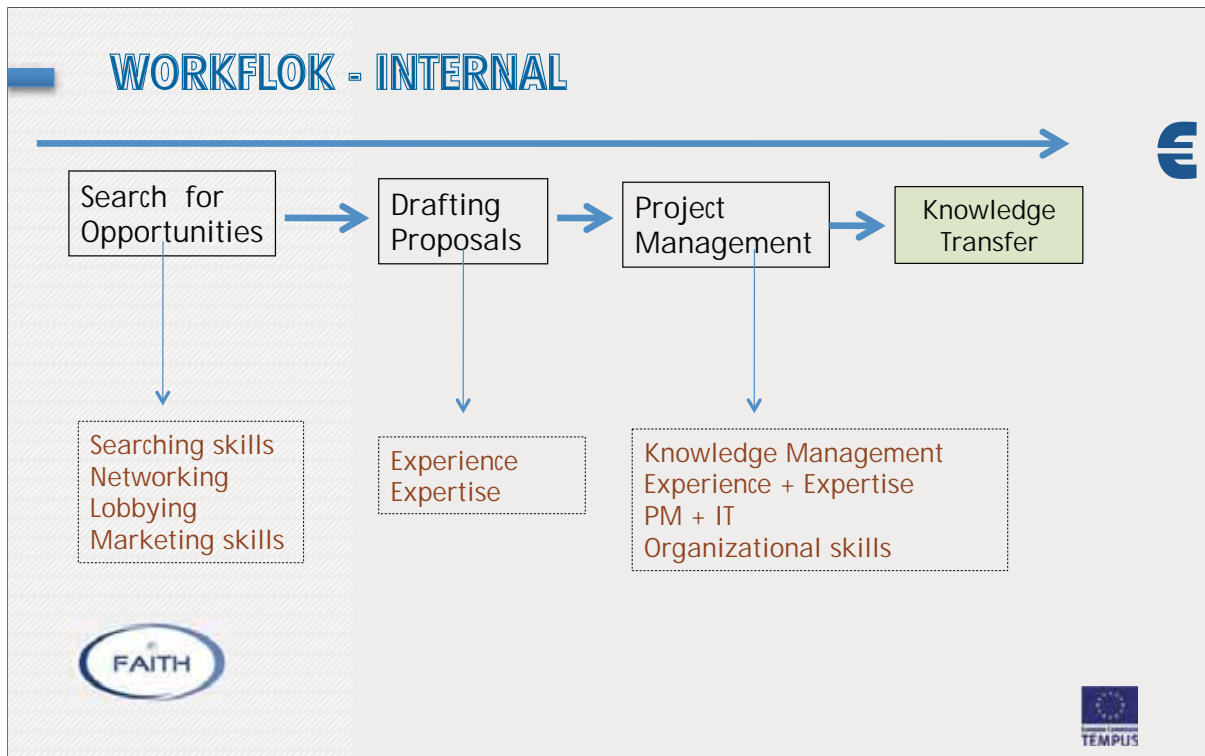
## POSSIBLE STEPS

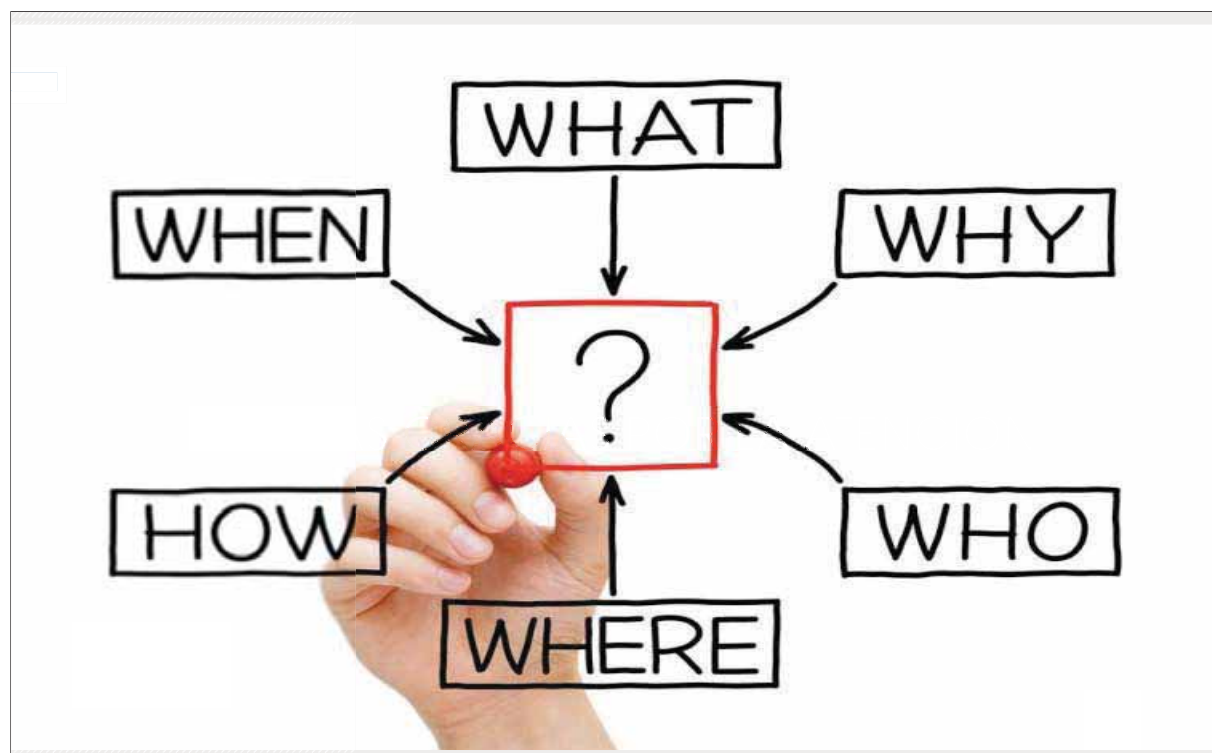
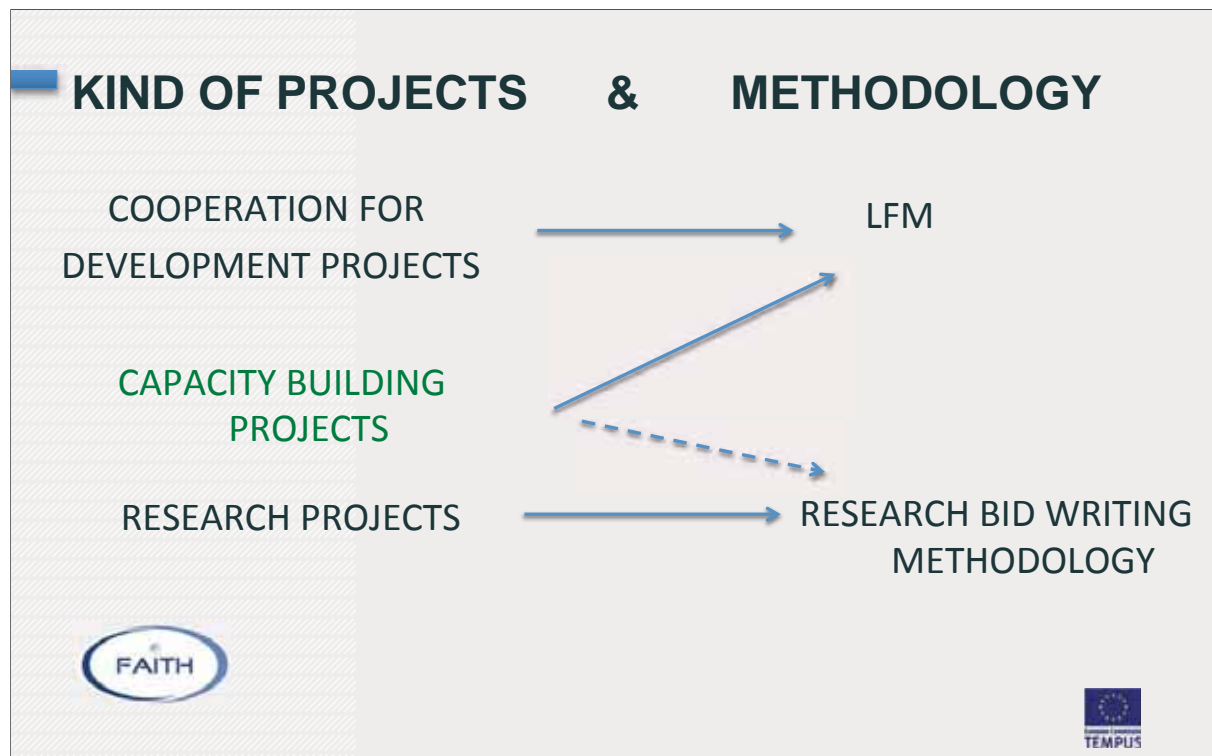
- 6. Operation Programme. Organisation of project by call, donor, calendar, manager, etc.



## FUNDRAISING WORKFLOW







# FUNDRAISING CASE STUDY: OGPI THE UNIVERSITY OF ALICANTE



## INTERNATIONALISATION AT UA

UA develops different international activities:

**International Mobility activities** (in & out)

**International Curriculum activities**

**International Research activities**

**International cooperation activities** (international projects)



## EXPERIENCE OF UA IN INSTITUTIONAL MANAGEMENT AND CAPACITY BUILDING PROJECTS FOR HIGHER EDUCATION

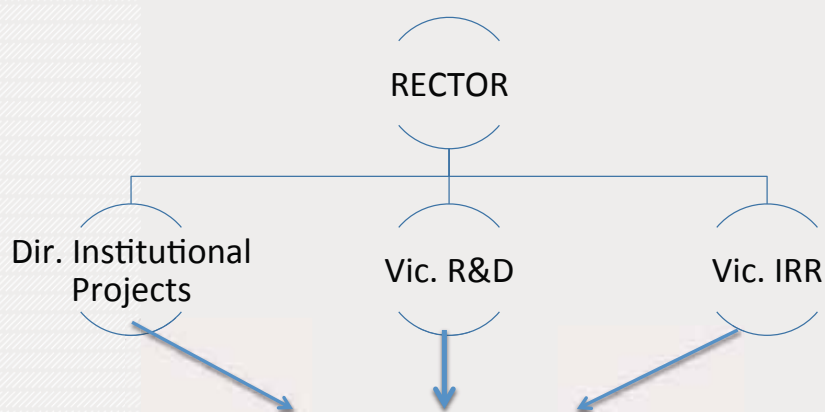
The International Project Management Office (OGPI) of the University of Alicante has had an intense level of activity in the last decade in **capacity** and **institutional building** projects in third partner countries

These projects have been principally developed under the EuropeAid umbrella, presenting UA as a European-level leader in different programmes (Tempus, ALFA, Edulink, etc.)

Our projects intend in the main to facilitate the **transfer of know-how** of diverse areas of management of higher education institutions



## ORGANISATION (1)



## HUMAN RESOURCES

**STAFF:** about 18

**COUNTRIES:** Hong Kong, Italy, Spain, France, etc.

**LANGUAGES:** English, French, German, Chinese, Italian, Spanish

**BACKGROUND:** International Relations, Economy, Translation, Public Relations, Marketing, Law, Sociology, Education



## PROFILES

PROJECT MANAGERS (JUNIOR & SENIOR)  
ADMINISTRATIVE MANAGER  
IT STAFF (IT)

RESEARCHERS & ADMINISTRATIVE STAFF (UA)

FREE-LANCE EXPERTS



## UA OGPI TOPICS & SUBTOPICS

1. Access to Higher Education
2. Educational Development
3. Innovation and Research Management
4. Internationalisation
5. Quality and accreditation
6. Curriculum development
7. Planning and management of HEIs
8. University-Industry Cooperation
9. Funding of HEIs
10. International Project Management

UNIVERSITY SERVICES  
GENDER ISSUES  
INCLUSIVE EDUCATION

TEACHERS TRAINING  
E-LEARNING  
INNOVATION IN EDUCATION

TECHNOLOGY TRANSFER  
INTELLECTUAL PROPERTY  
INNOVATION SUPPORT SERVICES

PROCESSES DEVELOPMENT  
EFQM

INTELLECTUAL PROPERTY  
FOOD SECURITY  
ENVIRONMENT  
.....

STRATEGIC PLANNING  
UNIVERSITY AUTONOMY  
SERVICES DEVELOPMENT  
HUMAN RESOURCES MANAGEMENT

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IROs DEVELOPMENT  
TRENDS AND STRATEGIES  
FUNDRAISING

INTELLECTUAL PROPERTY  
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UNIVERSITY AUTONOMY  
SERVICES DEVELOPMENT  
HUMAN RESOURCES MANAGEMENT

OOL FOR COOPERATION  
CONTRACT DEVELOPMENT

DRAFTING PROPOSALS  
PROJECT MANAGEMENT  
IMPACT ANALYSIS

FUNDRAISING STRATEGIES  
CAPACITY BUILDING  
HUMAN AND ECONOMIC MANAGEMENT

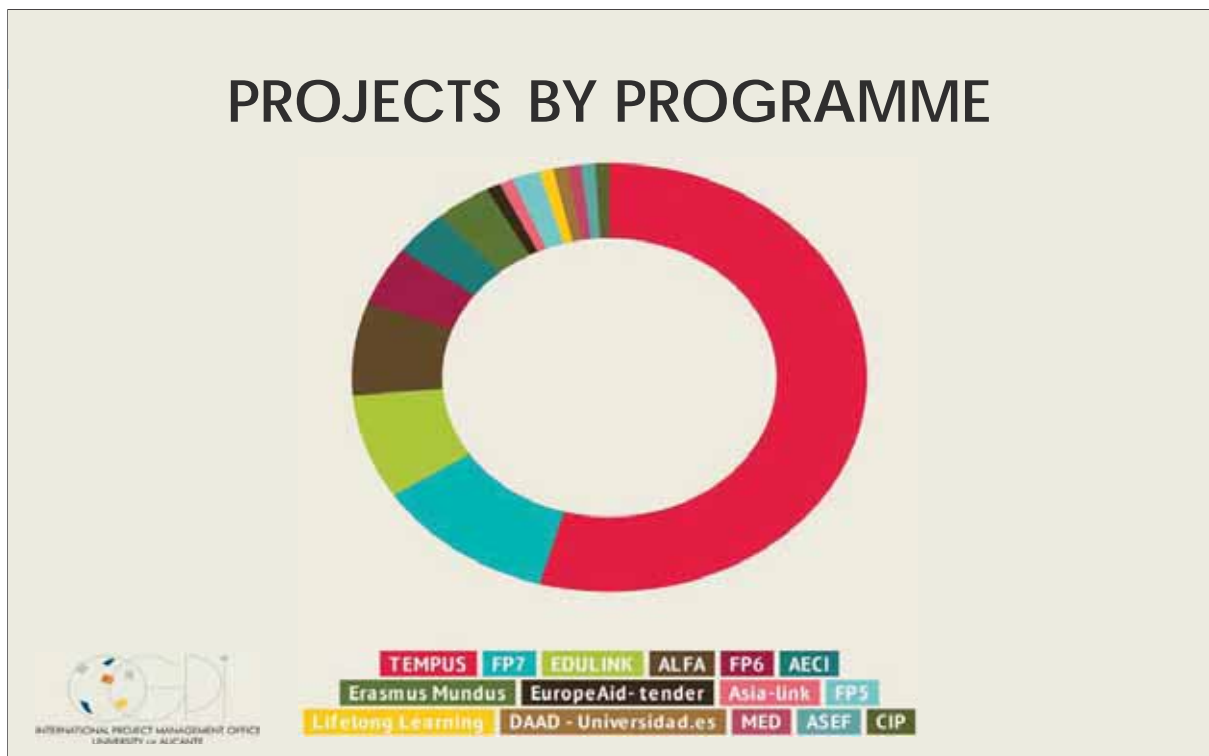
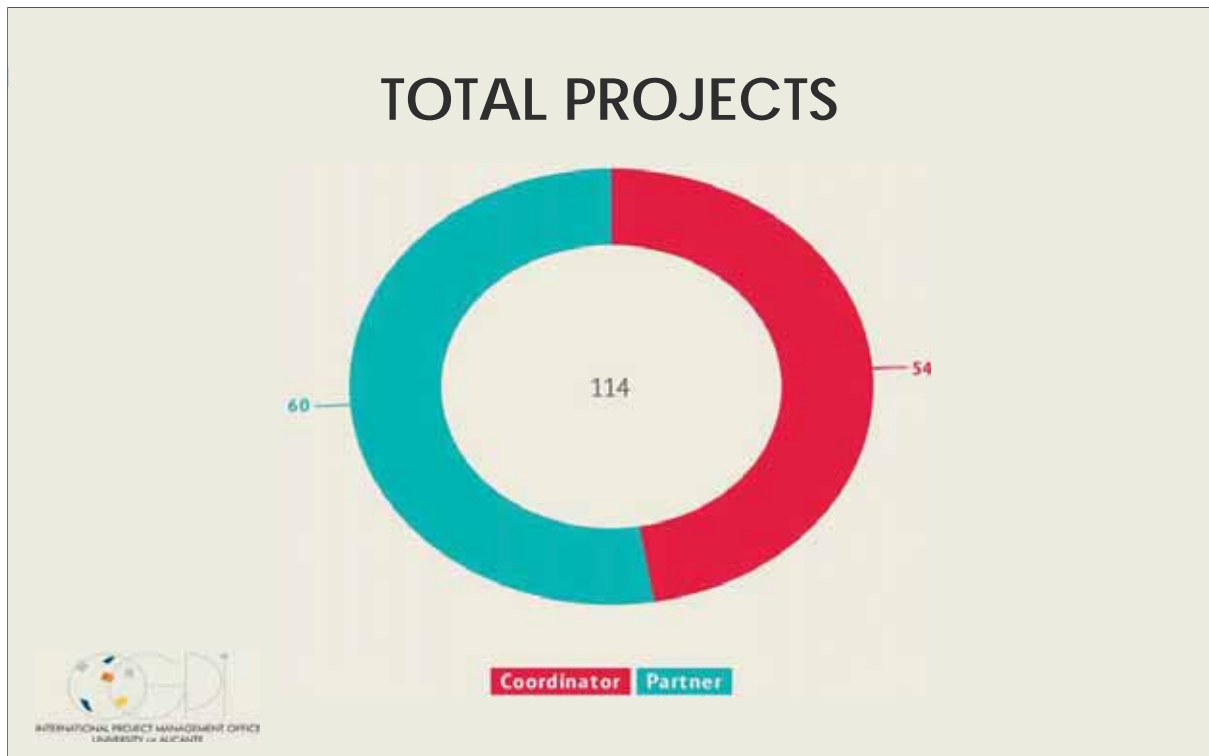
INTERNATIONAL PROJECT MANAGEMENT OFFICE  
UNIVERSITY & ALUMNI

## Project Experience

RUNNING	ARARAT	EDUCA	HONDURAS	STEP	ADEQUAL	CREDIT	INCA	IRIS	PIHE	TEC-WEB
	BUILD	EPIC	IDEAL	SUCCEED	AECI-PERU	DCISS	INCOME	KNOWLEDGE2INN	PILA	TRIUMPH
	CAP4INNO	EQOPP	INOVEST	SUCCEED	AERQUAL	DELCO	INNO-VENTION	OVATION	PLASTIVAL	UNCOFIN
	CAPACITY4FOOD	EQUALITY	IP4GROWTH	Network	AFOLM	DICSIM	INNOVALL	MAP2ERA	PROMETHEUS	UNI4INNO
	CIBELES	ERAMIS	JERA CENTER	SUMA	AFRIQ/UNITS	ELAN2LIFE	INTAS	MERCURY	PROMINENCE	UNILINK
	CLIMADAPT	FIRST	KNOWTS	SWAN	ALTAIR	EQUALISM	IP UNILINK	MOLDINCLUD	PROTECT	UNIVENT
	CUBRIK	FISHERMAN	MAPB	TIES	BIRD	ESHA	IP-SMES	MOSAIC	QATMI	
	CUP	FIT4HEALTH	MEDAWEL	TLOAA	BUILD	ESTTIM	IP4INNO	NANO2MARKET	SAFIRO	
	DEMETER	FOCUS	MEDINNOALL	UNAM	CBNE	EUCANET	IP4EUROPAWARE	OLMT	SAFIRO II	
	DEPOCEI	GADGET	NORIA	UNIGOV	CLUSTERPLAST	EXPRESS	IPNET	PCI SALVADOR	SEASCAPE	
DEVETER	GREF-NMA	DICOA	UNIMIC	CREATE	FOPT	IPB-HELPER	PCI SALVADOR II	SEAFORD		

FINIALIZED







## TOPICS & SUBTOPICS

1. Access to Higher Education
2. Educational Development
3. Innovation and Research Management
4. Internationalisation
5. Quality and accreditation
6. Curriculum development
7. Planning and management of HEIs
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INTELLECTUAL PROPERTY  
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HUMAN RESOURCES MANAGEMENT

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CONTRACT DEVELOPMENT

FUNDRAISING STRATEGIES  
CAPACITY BUILDING  
HUMAN AND ECONOMIC MANAGEMENT

DRAFTING PROPOSALS  
PROJECT MANAGEMENT  
IMPACT ANALYSIS

## GOOD PRACTICES- PUBLICATIONS

- ▶ Intellectual Property Rights:
  - ▶ Research.eu (Nano2Market)
  - ▶ IPHandbook of Best Practices (Concept Foundation)
  - ▶ EU-Asia Higher Education Platform (Links that matter: Recurring themes in EU-Asian Higher Education Cooperation Guides for EU Industry (Innovaccess)....)
- ▶ HEIs internationalisation
  - ▶ “Prácticas y tendencias para la internacionalización y la cooperación entre universidades de América Latina y UE”
  - ▶ “Casos prácticos para la gestión de la internacionalización de universidades....”












## GOOD PRACTICES- PROJECTS ON IP



IPR Helpdesk  
Bin EU funded projects

InnovAccess  
Preparing Europe for global competition

HEIlink

n2no  
MARKET

Unilink IP

FAITH

PILA

1500 MEMBERS OF THE  
PILA COMMUNITY !!  
> 1000 participants in courses



## GOOD PRACTICES- TRAINING

- ▶ Training for Spanish HEIs/ TEMPUS programme / Spanish Ministry of HE (2009-10-11) + 2012
- ▶ Training for Columbian HEIs/ Fundraising / Columbian Ministry of HE (2012)
- ▶ Online course for Latin America on Univeristy/Industry CEDDET (2008-2012)
- ▶ DIES programme, Training for latina America deans/ DAAD (2012-13)  
→ 2013-14



CEDDET

TEMPUS

Education and Culture DG

FAITDAAD  
Deutscher Akademischer Austausch Dienst  
German Academic Exchange Service

Fundación universidad.es



INTERNATIONAL PROJECT MANAGEMENT OFFICE  
UNIVERSITY OF ALICANTE

Home About OGPI Services Team Projects Career Contact UA Researchers

## Capacity Building in Higher Education

More than 20 years and 180 projects around the globe of recommendation, fundraising, projects and consultancy. A dedicated area of expertise with a wide range of quality services and management.

Services

145 PROJECTS

40 MILLION €

108 COUNTRIES

500 PARTNERS

55

# Thank you!




# **FAITH PROJECT**

## **HOW TO EFFECTIVELY DESIGN A PROJECT BUDGET**

### **GENERAL PRINCIPLES**

**Noelia López**  
Senior Project Manager

8<sup>th</sup>- 10<sup>th</sup> June 2015,  
University of Peja  
Peja, Kosova



## **PRESENTATION OBJECTIVES**

- I. SOME BASICS ON BUDGET DESIGN**
- II. USUAL BUDGET HEADINGS & HOW TO BUDGET A PROJECT ACTIVITY**
- III. HOW THE UNIVERSITY OF ALICANTE PREPARES A PROJECT BUDGET**
- IV. SOME TIPS ON**
  - a. HOW TO MANAGE A PROJECT BUDGET**
  - b. HOW TO RUN A DRAFTING PROPOSAL PROCESS**
- V. PARTICIPANT PORTAL**



## I. DESIGNING THE PROJECT BUDGET: BASIC CONCEPTS

- ✓ They are necessary
- ✓ Incurred during the project period
- ✓ Real, identifiable and verifiable
- ✓ Reasonable
- ✓ Directly related to the project:
  - Staff costs allocated to the project
  - Travel costs from project partners that are working in the action
  - Purchase of equipment
  - Consumables
  - Subcontracting
  - Other Costs: organisation of seminars, etc.

**What is a budget?**



**Eligible Costs:**



## I. DESIGNING THE PROJECT BUDGET: BASIC CONCEPTS

### Ineligible Costs

- ✓ Return of capital
- ✓ Debt and debt service charges
- ✓ Provisions for losses or debts
- ✓ Interest owed
- ✓ Doubtful debts
- ✓ Exchange losses
- ✓ Costs of transfers from the Agency charged by the bank of a beneficiary
- ✓ Costs declared by a beneficiary in the framework of another action receiving another grant from the Union budget



## I. DESIGNING THE PROJECT BUDGET: BASIC CONCEPTS

Required documentation when starting to design the project budget:

- Programme guidelines and FAQs
- Budget template
- Grant Agreement or Grant Contract (template) + General conditions that would run the project in case the draft proposal is selected
- Other annexes as templates, etc.

**Call helpdesk!!!!**

Essential document:

**PROJECT PROPOSAL**



## II. COMMON BUDGET HEADINGS

1. STAFF COST
2. TRAVEL COST
3. EQUIPMENT
4. OTHER COST
5. **INDIRECT COST**
6. TOTAL PROJECT COST
7. FINANCING

**DIRECT COSTS**

**Max. depending on the call!!!!**





## 1. STAFF COSTS

### Main Characteristics:

- Staff costs per categories (depending on the programme) (Gross Salary, Social Charges and statutory costs included)
  - Salary defined by the working tasks foreseen in the project
  - Person *month/days* cannot be higher than what is stated in the Programme rules (always check annexes) \*
  - Always follow the coordinator/partner remuneration policy

### Steps:

1. To know all your partners daily/monthly costs (categories)
2. Define all partner's effort for each project activity
3. Calculate the staff costs



## STEP 1: To find out the daily/monthly salary cost of each partner

- Check the monthly salary cost of each partner: Monthly Salary + Social Charges
- Define the salary per each category (usually technical & administrative staff) or real costs per person (depending on the programme)
- Not all partners have all categories, check first with each partner
- Find out hours per month and hours per year for each partner

*1 person/month = 1 person working full time during 1 month*

**P/M -> hours per month & year !!!!**



**STEP 2: To define the effort that each partner must devote to the project activity**

		PERSON MONTHS								Total
		RWANDA		BURUNDI		KENYA		TANZANIA		
		ADMIN	TEC	ADMIN	TEC	ADMIN	TEC	ADMIN	TEC	
DEV	ACTIVITY 0		2,5		2,5		2,5		2,5	10
DEV	ACTIVITY 1		7		7		7		7	28
QUALI / DIS (15%)	ACTIVITY 2		2		2		2		2	8
MANAG (10%)	ACTIVITY 3	0,2	1	0,2	1	0,2	1	0,2	1	4,8
		0,2	12,5	0,2	12,5	0,2	12,5	0,2	12,5	50,8



**STEP 3: To calculate the Staff Cost**

PARTNER UNIV.	STAFF	STAFF COST								
		RWANDA		BURUNDI		KENYA		TANZANIA		
		ADMO	TEC	ADMO	TEC	ADMO	TEC	ADMO	TEC	
	COST	500	1000	500	1000	500	1000	600	1200	
	ACTIVITY 0	0	2.500	0	2.500	0	2.500	0	3.000	10.500,00
	ACTIVITY 1	0	7.000	0	7.000	0	7.000	0	8.400	29.400,00
	ACTIVITY 2	0	2.000	0	2.000	0	2.000	0	2.400	8.400
	ACTIVITY 3	100	3.000	100	3.000	100	3.000	120	1.2000	4.620
		100	12.500	100	12.500	100	12.500	120	15.000	
		12.600		12.600		12.600		15.120		52.920,00



## 2. TRAVEL & SUBSISTANCE COSTS

### **Main Characteristics:**

- Beneficiaries: staff members that works at the partner institutions
- Funded activities: trainings, project management meetings, dissemination activities, etc.
- Prior EC authorisation: for travel expenses related to travels done to countries not covered by the project

### **Steps:**

1. To define which activities implies a travel
2. When and where the travel will take place
3. Total number of travel flows per activity: total number of participants per each partner institution
4. Travel duration



## 2. TRAVEL COSTS & PER DIEM

### **Travel Cost:**

- Define the unitary cost for each type of mobility
- Travel Cost should cover all costs from point of origin (home) to final destination (meeting place) by any means of transport (train, bus, taxi, flight, etc.)
- Other Costs that are also included: airport taxes, travel insurance
- Cheapest mean of transport!

### **Per diems:**

- Usually is a Flat rate suggested & approved by the EC
- Includes: subsistence cost, accommodation, daily transportation costs, etc.



## STEP 1: To compile all the Key Info

- What? Definition of the activity
- When? See project calendar
- Where? In which partner institution
- Who? Number of participants
- Duration = number of meeting days

	PARTICIPANTES					
	RWANDA	BURUNDI	KENYA	TANZANIA	TOTAL	DAYS
ACTIVITY 0						
ACTIVITY 1	2	2		2	6	5
ACTIVITY 2	2	2	2		6	5
ACTIVITY 3		2	2	2	6	5
ACTIVITY 4	2		2	2	6	5



## STEP 2: To calculate the travel and Subsistence Cost

	DIETAS				
	RWANDA	BURUNDI	KENYA	TANZANIA	TOTAL
ACT.0					
ACT.1	2.000	2.000		2.000	6.000
ACT.1.1	2.000	2.000	2.000		6.000
ACT.1.2		2.000	2.000	2.000	6.000
ACT.1.3	2.000		2.000	2.000	6.000
	<b>6.000</b>	<b>6.000</b>	<b>6.000</b>	<b>6.000</b>	<b>24.000</b>

PER DIEM	200
----------	-----

	TRAVEL				
	RWANDA	BURUNDI	KENYA	TANZANIA	TOTAL
ACT.0					
ACT.1	2.000	2.000		2.000	6.000
ACT.1.1	2.000	2.000	2.000		6.000
ACT.1.2		2.000	2.000	2.000	6.000
ACT.1.3	2.000		2.000	2.000	6.000
	<b>6.000</b>	<b>6.000</b>	<b>7.000</b>	<b>9.000</b>	<b>24.000</b>

EA/EU	1.500 €
EU/EA	1.500 €
EA/EA	1.000 €
EU/EU	600 €
Local	150-400€



### 3. EQUIPMENT

#### Main Characteristics:

- Relevant for the completion of project objectives
- Limited amount, as stated in the budget
- Equipment usually covers: books, fax, photocopy machine, software, laptops, PC's, video projector, installation costs, maintenance and transport, etc.
- The beneficiary and responsible of the equipment – Partner Institution



### 4. OTHER COST

#### Main Characteristics:

- Usually includes: organizational costs (meetings, workshops..), rental of exhibition space, conference fees, project web design, translation, audit costs, bank charges, etc.

#### Steps:

- Think wisely which other costs are really needed for a specific activity
- Avoid unnecessary costs.



## 5. PRINTING

### Main Characteristics:

- Usually includes: printing of dissemination materials (leaflet, posters..), publications, reports, etc.

### Steps:

- Think wisely which printing costs are really needed for a specific activity
- Avoid unnecessary costs.



## 6. INDIRECT COSTS

**Depending on the call!!!!**

**% of the Total Direct Costs**

Type of costs: Water, electricity bills, office supplies, etc.

How is usually calculated:

$$\sum (\text{Staff Cost} + \text{travel} + \text{equipment} + \text{printing} + \text{other cost})$$



Max. % of the Eligible Costs




**(% established in the call guidelines)**



## 7. TOTAL PROJECT COST

$\Sigma$  (Staff Cost + travel + equipment + printing + other cost + Indirect Costs)

Total Project Costs



## 8. FINANCING




Types of Funding

Total project Costs  
1.000.000€ (100%)

↙ ↘

<b>EC Funds</b> 800.000€ (80%)	<b>Consortium</b> 200.000€ (20%)
-----------------------------------	-------------------------------------

*TEMPUS 90%*  
*EDULINK+ACP: 85%*  
*OTHER PROGRAMMES: 75%-100%*



## SELF-EVALUATION WHEN SUBMITTING A PROJECT PROPOSAL (BUDGET)

- Does the relation between the total estimated costs and the project expected results make sense?
- Are the foreseen expenses really needed in order to develop a project activity?
- Are all project activities represented by the project budget?

**REALISTIC BUDGET**  
**good relation COST - EFFECTIVENESS**



## COMMON MISTAKES

Common mistakes if we fulfil the budget data directly into the form:

- To overvalue the project cost
- To undervalue the project costs
- To forget necessary costs

In order to prepare a REALISTIC and CHEAP budget

Templates!!





## BUDGET TEMPLATE

- The budget is develop in a separate file (Excel file)
- The budget is detailed by including several budget lines
  - Categories of staff cost, number of working months (per each partner)
  - Tasks to be subcontracted
  - Travels: number of flows / destination + per diem
  - Equipment
  - Printing
  - Other Cost



## III. UA METHODOLOGY

- **Working document (template)**
  - An Excel file
  - Each project budget should be design in one excel template
  - EC template integrated in the working template
  - Each budget line (or WP, depending on the size of the project) should be breakdown in a single excel sheet
  - Use double entry – system: activities – partners or budget headings – partners
- **When we start working the project budget?**
  - Partnership is closed
  - Drafting project is completed



## MAIN CONCLUSIONS

- Supporting documents
- Templates! Detailed budget
- Work out the budget together with the person that drafted the project idea
- Get familiarised with the project activities
- Budget = realistic and cost-effectiveness



## IV. UA TIPS ON HOW TO MANAGE THE BUDGET FUNDS

As a Project Coordinator – Centralized Management of the Total Project Funds

As a Project Partner – Check the budget & Tasks (KICK-OFF)



## OUR USUAL DRAFT PROPOSAL TIMING AND ROLES

New published Call!!!

How we organize our work when drafting?

UA Case Study



## HOW WE DISTRIBUTE THE WORK LOAD (ROLES)

Depending on the total number of project proposal to be submitted and UA's role in each project proposal = Work Team

Roles: Project Manager (technical) / Financial Manager / Administrative

Define roles & responsibilities:

- Project Manager: Only Drafting Proposal!
- Financial Manager: Budget
- Administrative: Contact partners, gather docs, and assemblies the project proposal

Regular Meetings (weekly, etc.) All the team!!!

**We all share the responsibility! Work performance must be perfect!**

**No one can fail!**



## HOW WE ORGANIZE THE PROJECT PARTNERS

Identify the right person (Technical / Administrative Staff)

Start well in advance!!!

Short deadlines – Avoid last minute documents!

Daily Mail and Phone contact

All partners must understand from the beginning what is expected from them!! All partners also shares the responsibility of submitting the required info and docs!!!



## COMMON RISKY SITUATIONS

### Internal:

- Submission: Online
- Wrong Deadline (Online, never the last day)
- We compile all partner's info and docs and ours is missing!
- Lack of internal coordination
- Overlapping – Gaps (Tasks)
- Max number of characters (working on the on-line vs word doc.)
- Type of project and different requirements (i.e. Structural Measure y Joint Projects).

### External:

-Mistakes at Partnership Statement (signature, stamps.... Ask for a Pdf version before sending the original!!)



## V. PARTICIPANT PORTAL

<http://ec.europa.eu/research/participants/portal>

- The **Participant Portal** is the single gateway to funding-related interactions between applicants and the Commission/Agencies
- New ways of presenting calls
- New ways of presenting documentation and guidance
- New integrated Grant Management System
- Paperless exchanges – no more blue ink signatures



## V. PARTICIPANT PORTAL

RESEARCH & INNOVATION  
Participant Portal

European Commission • Research & Innovation • Participant Portal • More

HOME • FUNDING OPPORTUNITIES • HOW TO PARTICIPATE • EXPERTS • SUPPORT • Search FP7

Horizon 2020 Funding  
Starting from 1/1/2014

On this site you can find and secure **funding** for projects under the following EU programmes:

- 2014-2020 Horizon 2020 - research and innovation framework programme
- 2007-2013 7th research framework programme (FP7) and Competitiveness & Innovation Programme (CIP)
- Research Fund for Coal & Steel, COSME, JTI Health Programme, Consumer Programme

**Non-registered users**

- search for funding
- read the H2020 Online Manual & download the legal documents
- check if an organisation is already registered
- contact our support services or check our FAQs

**Registered users**

- submit your proposal
- sign the grant
- manage your project throughout its lifecycle
- register as expert advising the Commission

WHAT'S NEW? FUNDING OPPORTUNITIES HOW TO PARTICIPATE WORK AS AN EXPERT MY PERSONAL AREA INFORMATION AND SUPPORT

## V. PARTICIPANT PORTAL

The information needed is the following:

- 1- **PIC** number of all partners: institution registered, documentation uploaded and official documents (DECLARED vs VALIDATED)
- 2- **Contact Person** and **email** of the person responsible of administrative issues in the participant portal (this person must have an **ECAS** account)  
<http://ec.europa.eu/research/participants/data/support/manual/urf.pdf>
- 3- Other documentation depending on the call



## WHAT IS “ECAS”?

**ECAS**  
Single sign-on  
(1 ECAS account = 1 e-mail  
address = 1 person)

**ECAS** means **E**uropean **C**ommission **A**uthentication **S**ystem. It is the system for logging on to a whole range of web sites and online services run by the Commission.

This ensures a **secure, “single sign-on” approach**:

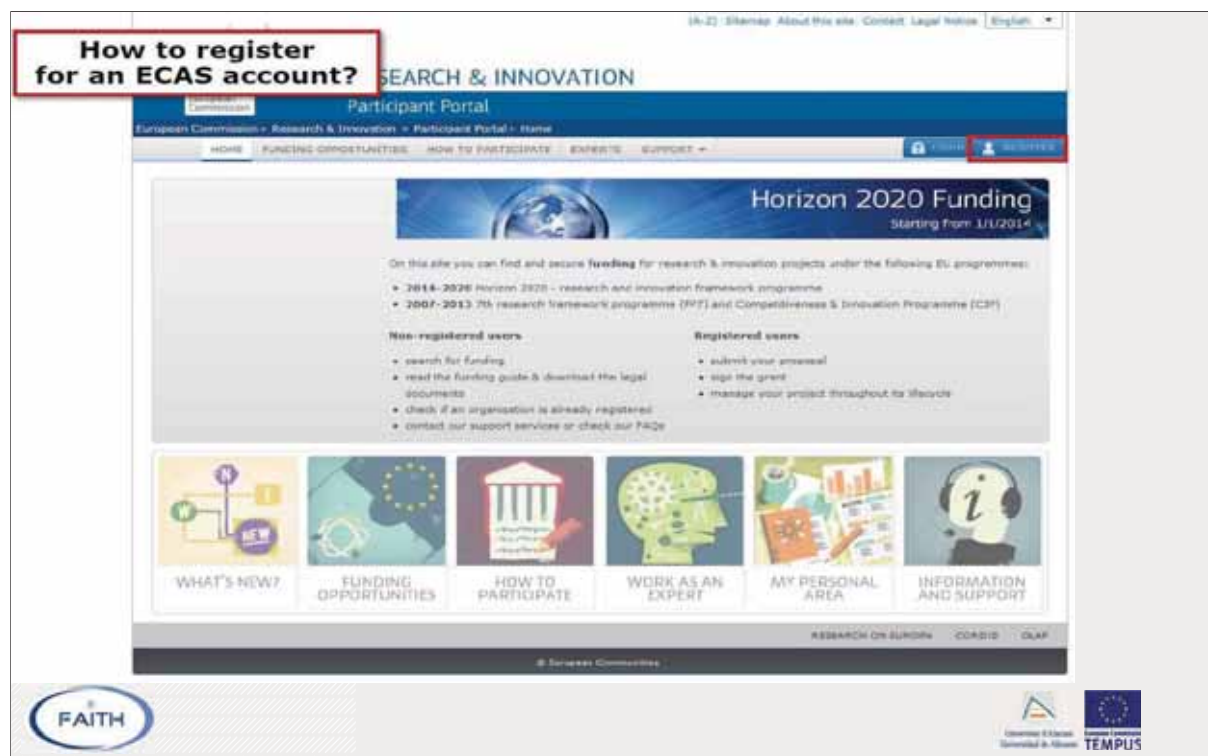
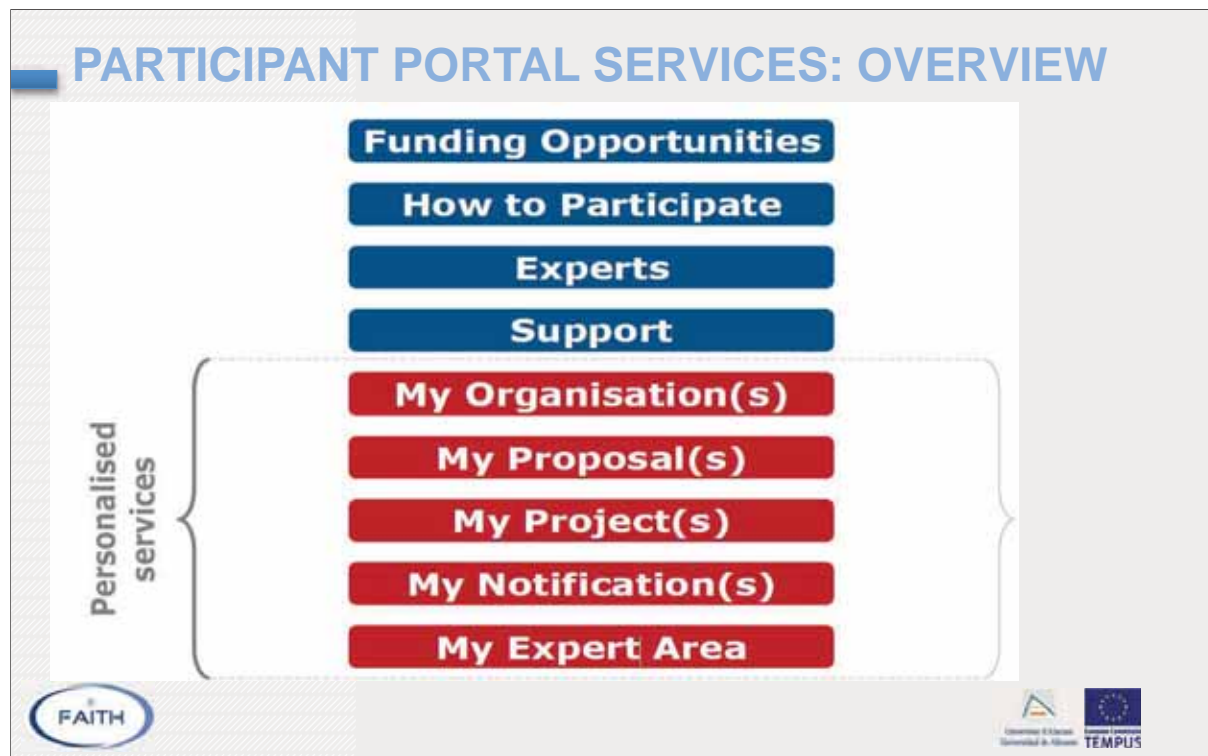
**1** person = **1** e-mail address = **1** ECAS account.



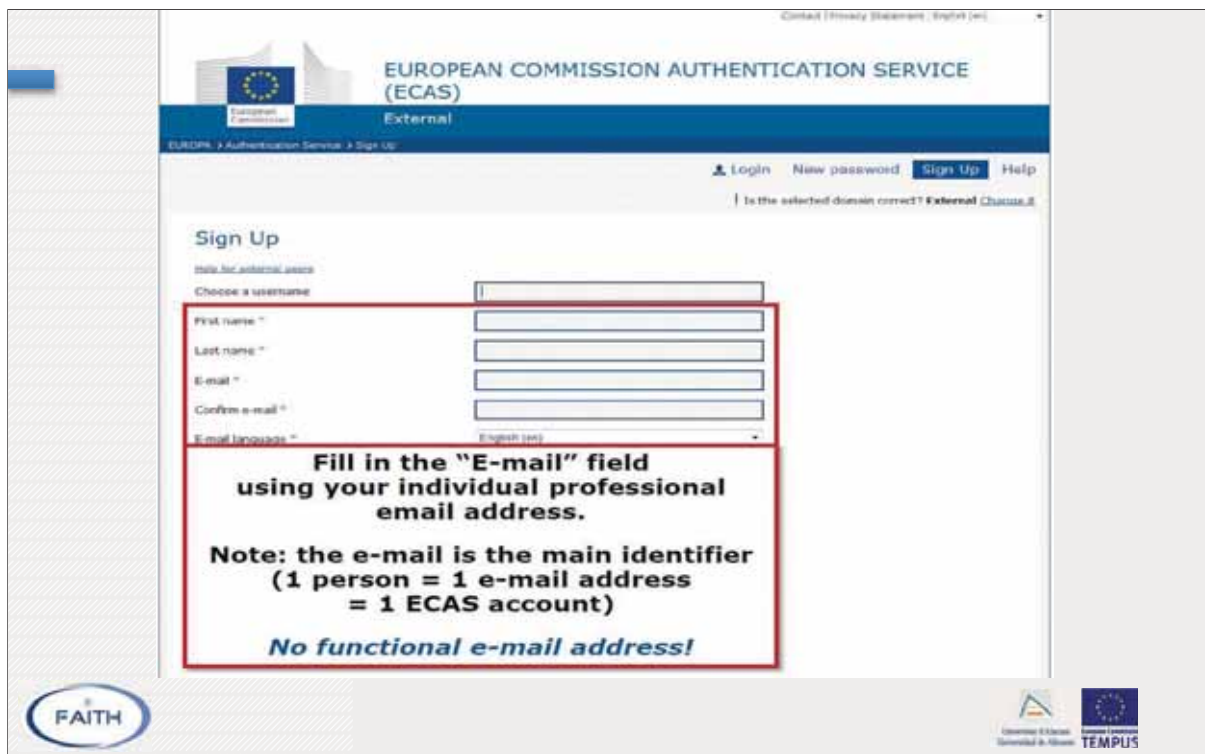
The creation of an ECAS account is free and easy.

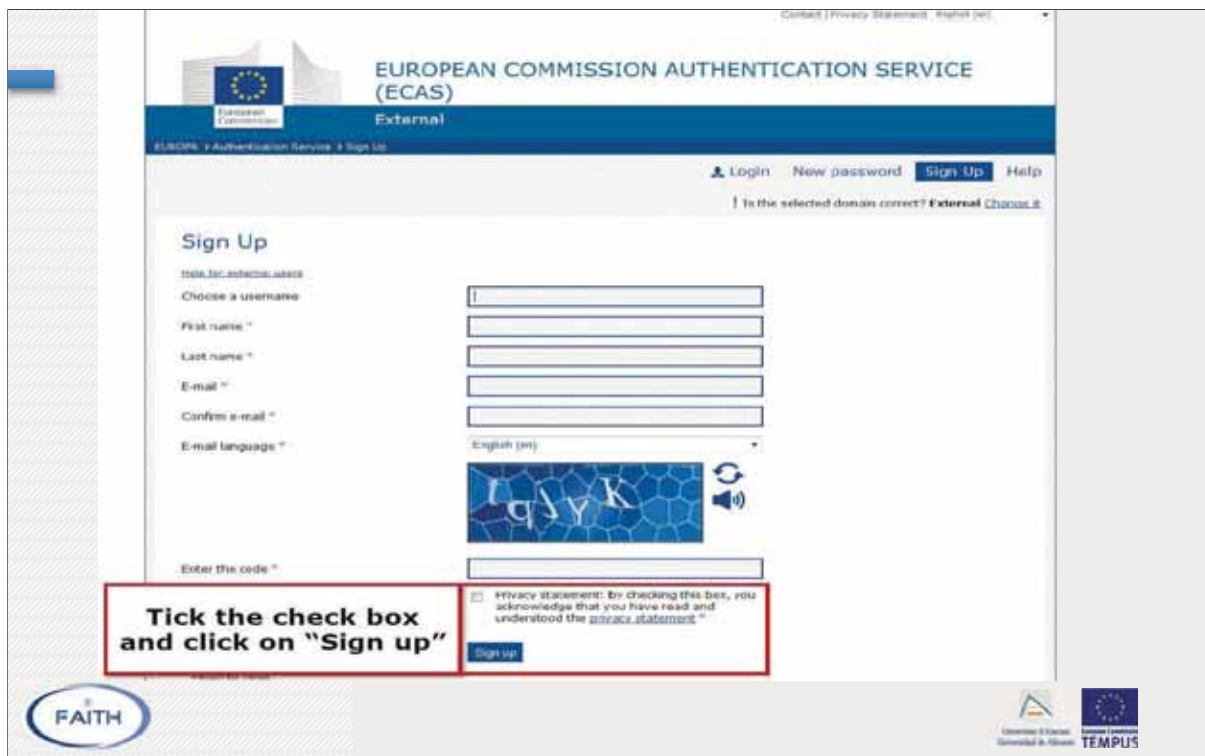
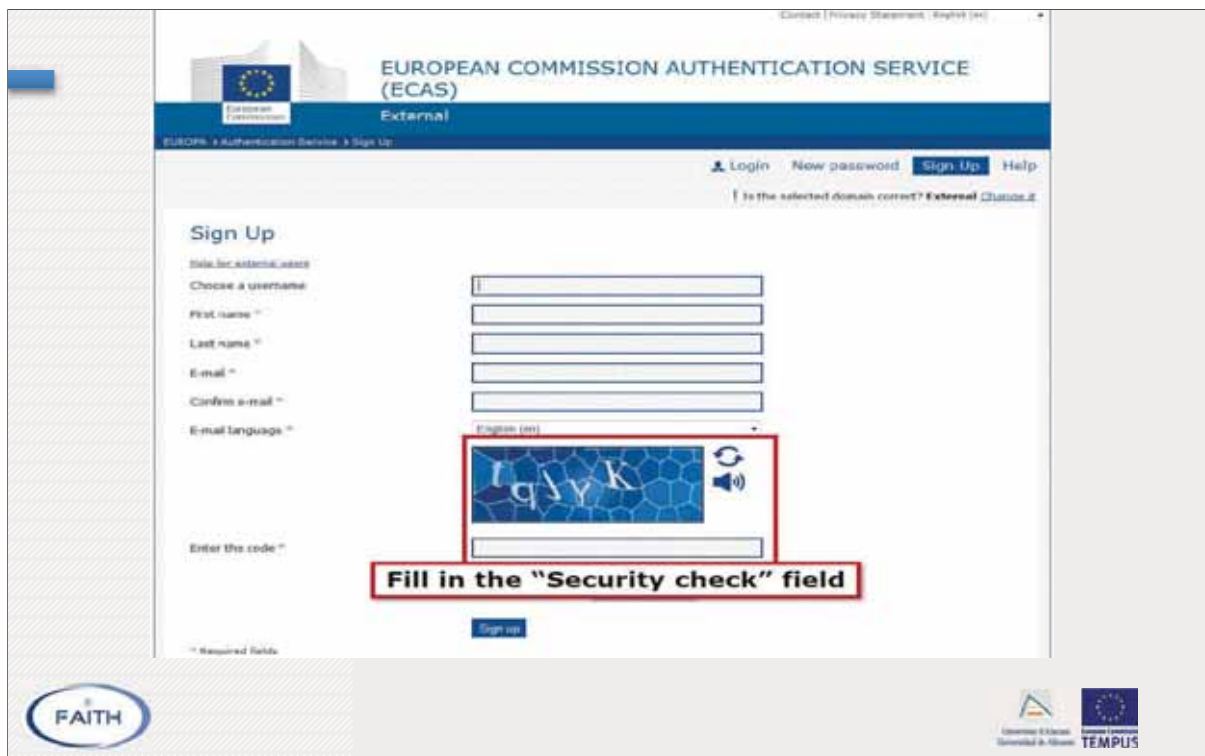


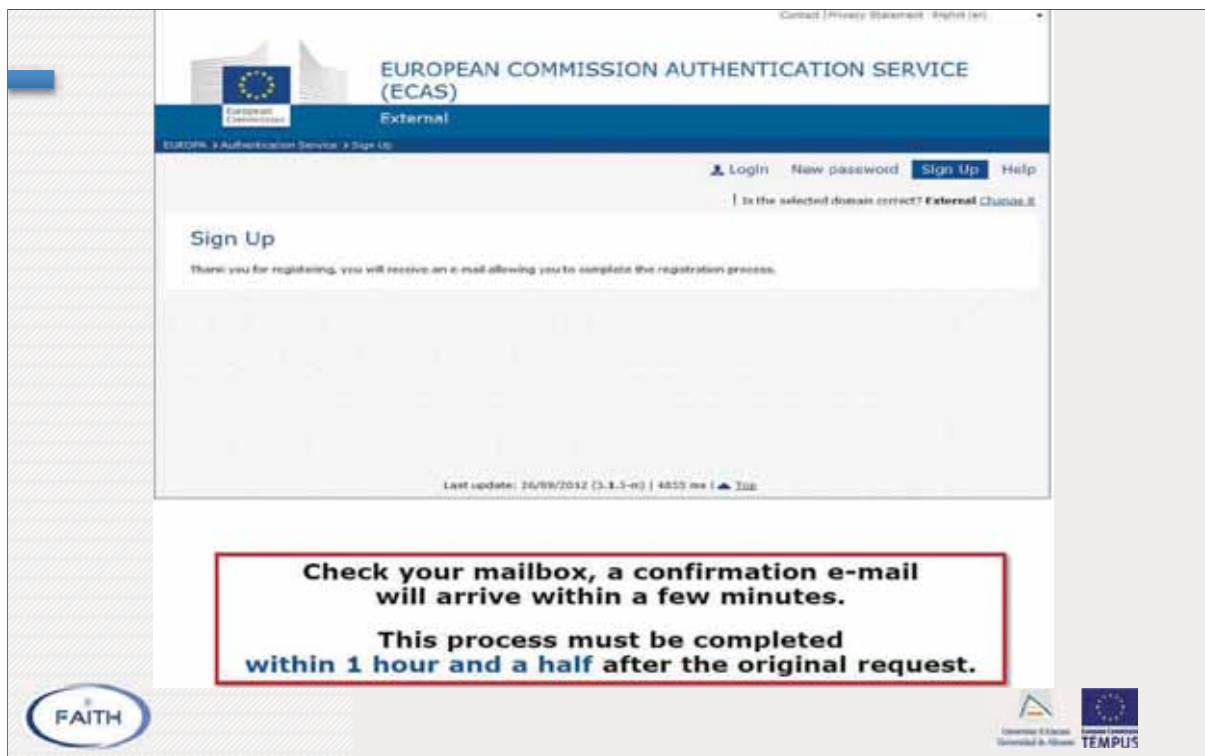




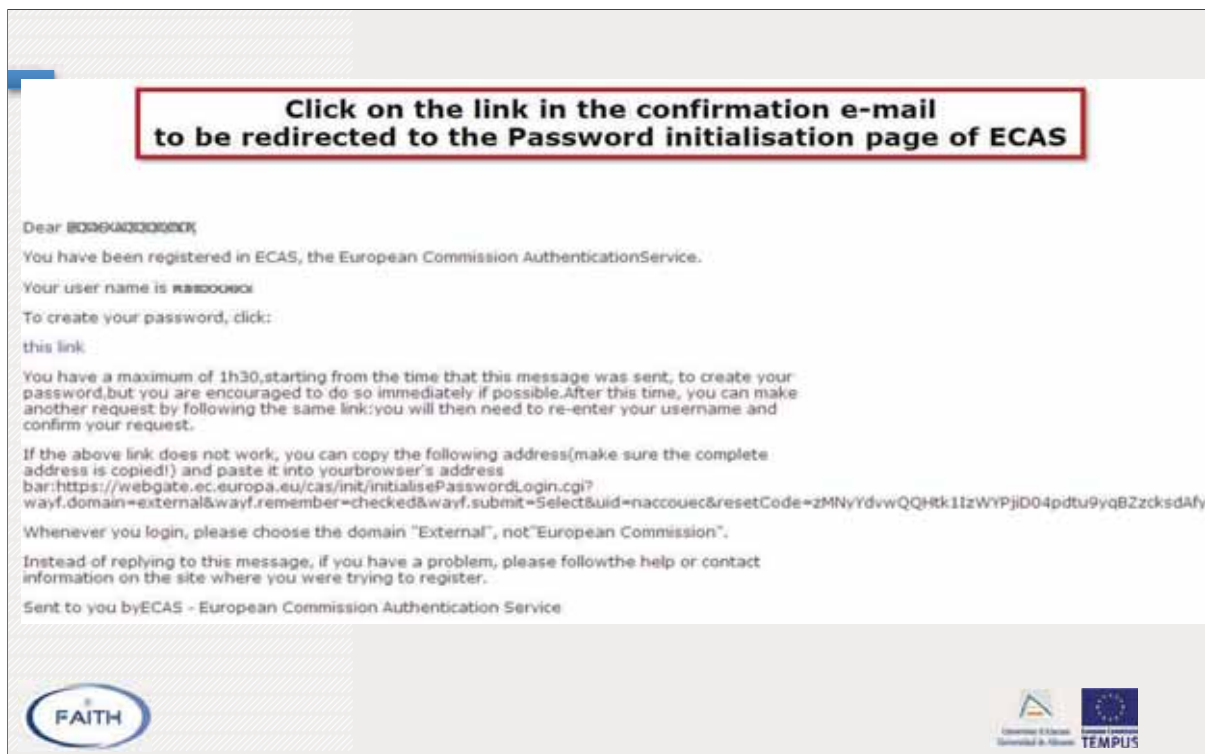








The screenshot shows the 'EUROPEAN COMMISSION AUTHENTICATION SERVICE (ECAS) External' sign-up page. At the top, there are navigation links for 'Contact', 'Privacy Statement', and 'English (en)'. Below the header, there are links for 'Login', 'New password', 'Sign Up', and 'Help'. A message reads: 'Thank you for registering, you will receive an e-mail allowing you to complete the registration process.' At the bottom of the page, there is a red-bordered box with the following text: 'Check your mailbox, a confirmation e-mail will arrive within a few minutes. This process must be completed within 1 hour and a half after the original request.' Logos for FAITH, the European Commission, and TEMPLUS are visible at the bottom.



The screenshot shows a confirmation email from ECAS. At the top, there is a red-bordered box with the text: 'Click on the link in the confirmation e-mail to be redirected to the Password initialisation page of ECAS'. The email body contains the following text: 'Dear [redacted], You have been registered in ECAS, the European Commission AuthenticationService. Your user name is [redacted]. To create your password, click: this link. You have a maximum of 1h30, starting from the time that this message was sent, to create your password, but you are encouraged to do so immediately if possible. After this time, you can make another request by following the same link; you will then need to re-enter your username and confirm your request. If the above link does not work, you can copy the following address (make sure the complete address is copied!) and paste it into your browser's address bar: https://webgate.ec.europa.eu/cas/init/initialisePasswordLogin.cgi?wayf.domain=external&wayf.remember=checked&wayf.submit=Select&uid=naccouec&resetCode=zMNyYdvwQQHtk11zWYPjD04pdtu9yqBZzcksdAfy. Whenever you login, please choose the domain "External", not "European Commission". Instead of replying to this message, if you have a problem, please follow the help or contact information on the site where you were trying to register. Sent to you by ECAS - European Commission Authentication Service'. Logos for FAITH, the European Commission, and TEMPLUS are visible at the bottom.

The screenshot shows the 'New password' page of the European Commission Authentication Service (ECAS). The page includes the ECAS logo, navigation links (Login, New password, Sign Up, Help), and a form with fields for 'Username', 'New password', and 'Confirm new password'. A red box highlights the 'Submit' button, and a callout box contains the text: 'Create a new password and click on "Submit"'. Below the form, there are instructions on password requirements and a 'Generate a new password' link.

**Create a new password and click on "Submit"**

The screenshot shows the 'New password' page of the European Commission Authentication Service (ECAS) after a successful password change. A message states: 'Your ECAS password was successfully changed.' Below this message is a 'Proceed' button. A red box at the bottom of the page contains the text: 'Your new ECAS password is successfully created. You can now log in to the Portal. Important: ECAS credentials are strictly confidential'. The page also includes the ECAS logo, navigation links, and a footer with the date 'Last update: 26/09/2012 (3.1.0-m) | 73 ms | Top'.

**Your new ECAS password is successfully created. You can now log in to the Portal. Important: ECAS credentials are strictly confidential**

RESEARCH & INNOVATION  
Participant Portal

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- contact our support services or check our FAQs

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- submit your proposal
- sign the grant
- manage your project throughout its lifecycle

WHAT'S NEW? FUNDING OPPORTUNITIES HOW TO PARTICIPATE WORK AS AN EXPERT MY PERSONAL AREA INFORMATION AND SUPPORT

RESEARCH ON EUROPE COVID-19

© European Commission

**Login with your ECAS account**

FAITH

European Education, Youth and Sports Programme  
TEMPUS

EUROPEAN COMMISSION AUTHENTICATION SERVICE (ECAS)  
External

EUROPEAN COMMISSION AUTHENTICATION SERVICE (ECAS)  
External

Log in | New password | Sign Up | Help

**Login** not registered yet

External

Username or e-mail address

Password

**Login** | Last your password!

\* Required fields

Or log in with your

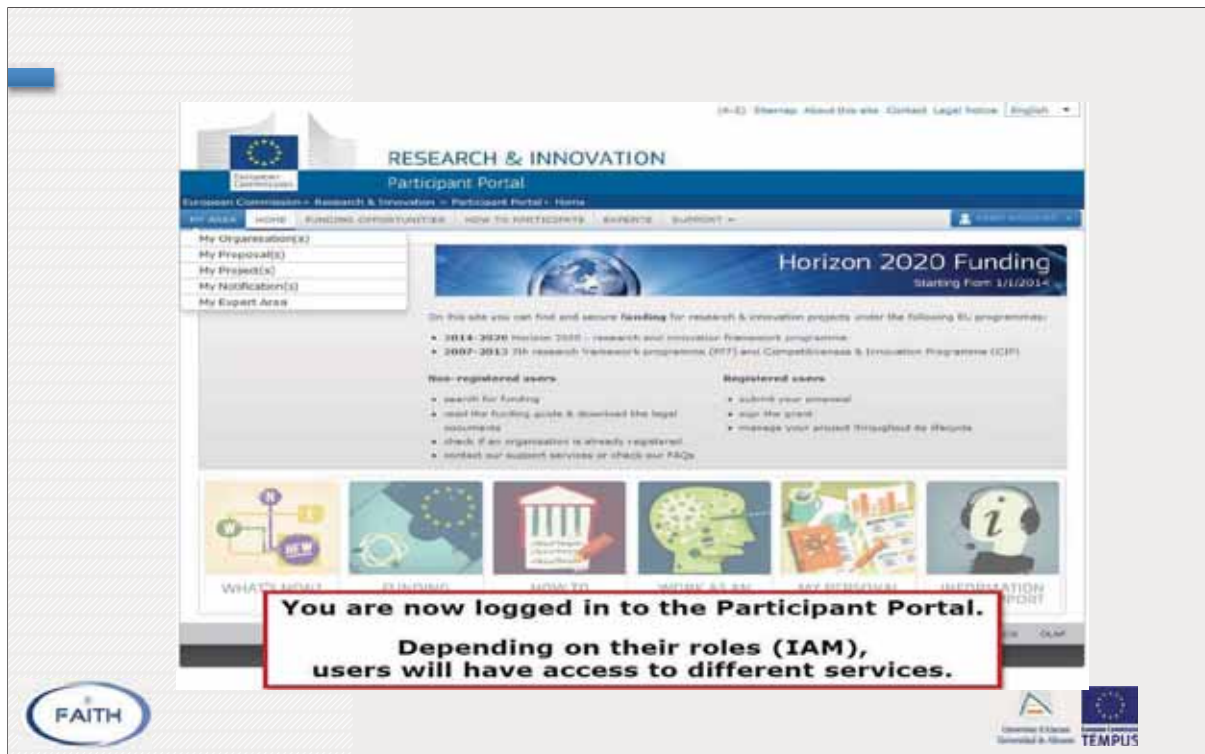
mobile phone | tablet | email

Last update: 26/09/2012 (3.1.5-m) | 7 ms | [?] [?]

**The Login page (ECAS authentication) appears**

FAITH

European Education, Youth and Sports Programme  
TEMPUS



## PERSONALISED SERVICES

The Participant Portal allows each user to have access to a personalised space, based on 3 main elements:

Each user is supposed to have a **unique ECAS account**, which is the **unique identifier for persons** (linked to their professional email address).

Each ECAS account is linked to one (or more) **PIC number(s)**, which are the **unique identifier for organisations**.

Each ECAS account is linked to all the roles that the user has in projects and/or organisations through IAM. **One user can have as many roles as necessary.**



## THE NOMINATION PROCESS: “ORIGINAL ROLES”

Some roles are automatically provisioned in the early stages of the Project (“original roles”) as follows:

The **proposal initiator in the proposal submission phase** will automatically be recognised by the Commission as the **Primary Coordinator Contact**.

The **contact persons of the participating organisations** identified during **proposal submission** will become **Participant Contacts** at the beginning of negotiations.

The **LEAR (Legal Entity Appointed Representative)** is validated by the **Commission** during the validation process of his/her organisation.



## PARTICIPANT PORTAL SERVICES: AFTER LOGIN

### My Organisation(s)

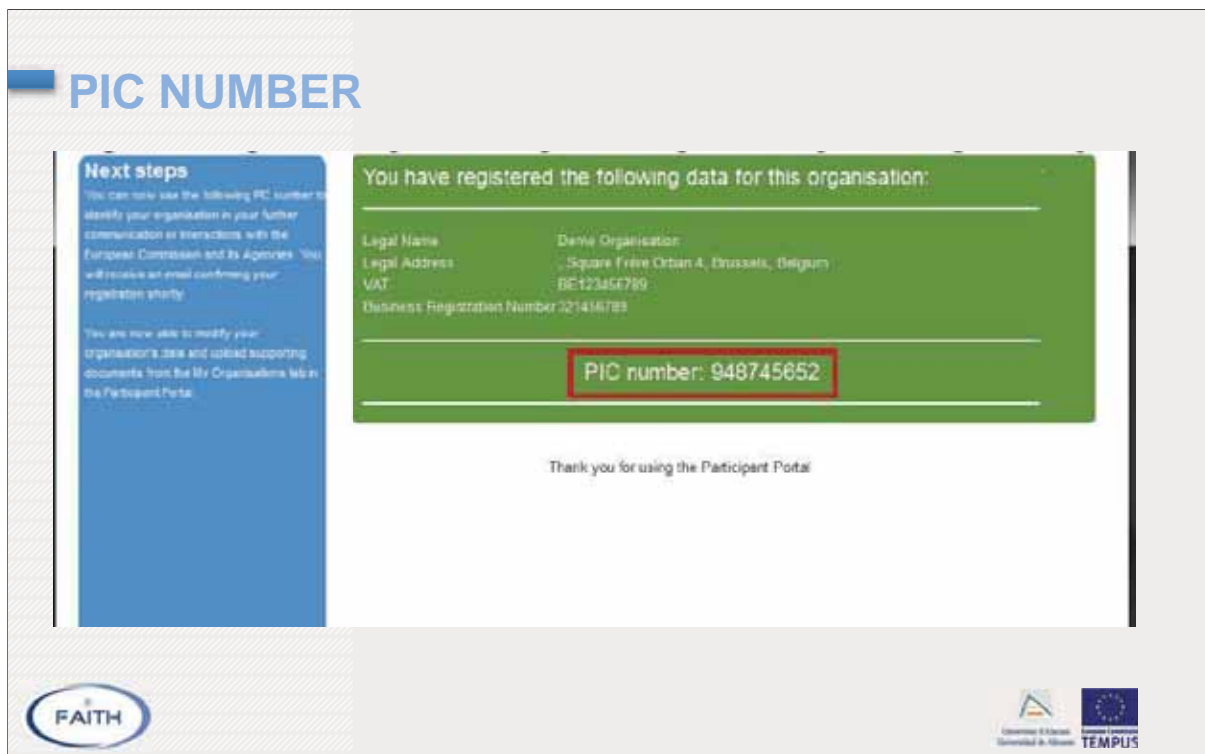
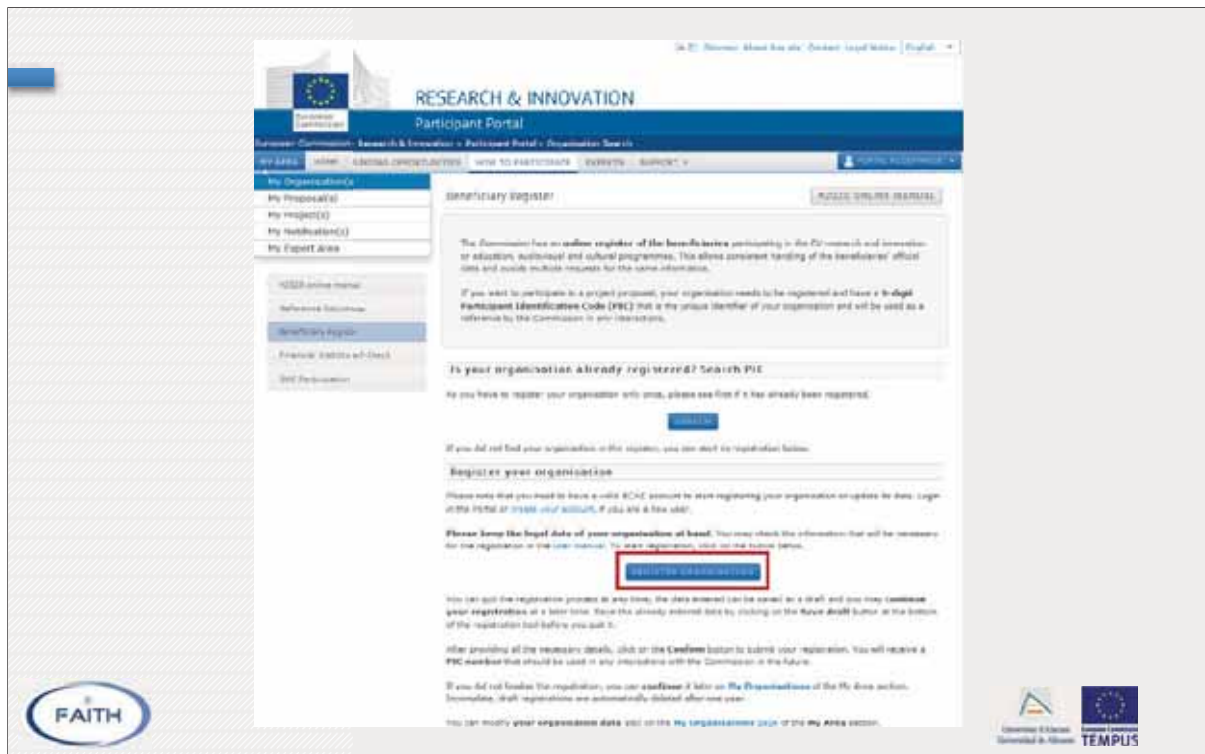
#### 1. Registration of organisations

- The person registering the data (Self-Registrant) receives online the PIC number for his/her organisation.
- Participants are encouraged to register their organisations as soon as possible before drafting a proposal.
- Possibility to register an organisation on behalf of someone else.
- Management of multiple PICs is possible.

#### 2. Access to organisation-related data

#### 3. Update of organisation's data








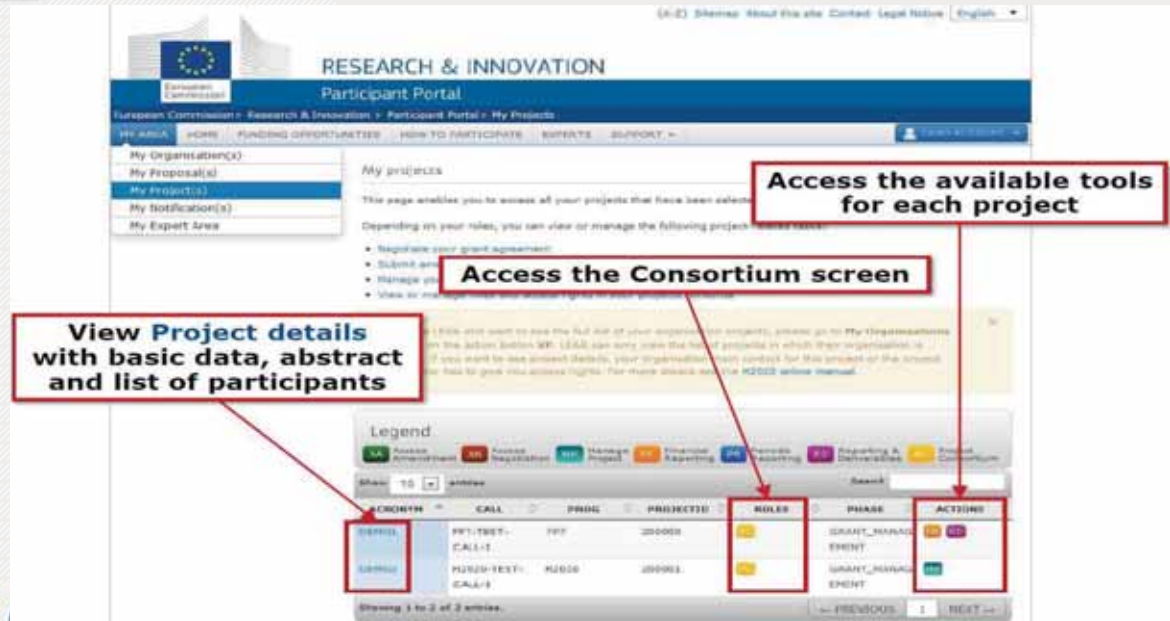


## PARTICIPANT PORTAL SERVICES: AFTER LOGIN

### My Project(s)

- 1. Access to the list of projects the user is involved in**
- 2. Access to the project-related services:**
  - Grant preparation
  - Amendments
  - Reporting tools
- 3. View of the consortium's roles for a given project**
- 4. Grant/revoke roles for a given project (provided the user has the authorisation to do so)**



The screenshot shows the 'My Projects' section of the Participant Portal. A table lists projects with columns for ID, CALL, PRG, PROJECT ID, ROLES, PHASE, and ACTIONS. Annotations with red boxes and arrows point to specific features:

- View Project details with basic data, abstract and list of participants:** Points to the first row of the project table.
- Access the Consortium screen:** Points to the 'ROLES' column in the table.
- Access the available tools for each project:** Points to the 'ACTIONS' column in the table.

Legend:

Icon	Label
	Access Project
	Access Negotiation
	Manage Project
	Financial Reporting
	Financial Reporting
	Reporting & Deliverables
	Project Completion

Table Data:

ID	CALL	PRG	PROJECT ID	ROLES	PHASE	ACTIONS
00000	FP7-TST-CAL-1	FP7	20000		GRANT_MANG	
00000	FP7-TST-CAL-1	FP7	20000		EVENT	
00000	FP7-TST-CAL-1	FP7	20000		GRANT_MANG	
00000	FP7-TST-CAL-1	FP7	20000		EVENT	

Showing 1 to 2 of 2 entries.

www.EU-JordanNet.eu 56

The screenshot displays the 'RESEARCH & INNOVATION Participant Portal' interface. A sidebar on the left contains navigation links: 'My Organisation(s)', 'My Proposals(s)', 'My Notifications(s)', and 'My Export Lists'. The main content area shows a 'Project File' for a specific organization. A red box highlights the 'Edit roles' button, with a callout stating: 'Edit roles (only if you are Primary Coordinator Contact, Coordinator Contact or Participant Contact)'. Another red box highlights the organization's name, with a callout: 'View the organisation's basic details and full list of project roles'. Below this, a table lists roles and their corresponding contacts:

Role	Contact Name	Contact Email
Primary Coordinator	Juan Jose	juan.jose@europa.eu
Coordinator Contact	Juan Jose	juan.jose@europa.eu
Coordinator Contact	William DICE	william.dice@europa.eu
Team Member	David DICE	david.dice@europa.eu

At the bottom of the page, there are logos for FAITH, www.EU-JordanNet.eu, and the European Commission (57) and Erasmus+ (58) programs.

## PARTICIPANT PORTAL SERVICES: AFTER LOGIN

### My Notification(s)

- 1. View all personal notifications for the services of the Participant Portal**
  - **Examples: change of roles, forms ready to be signed, availability of e-receipts, etc.**

The slide features the FAITH logo, the website www.EU-JordanNet.eu, and logos for the European Commission (58) and Erasmus+ (58) programs.

**Thank you!**  
**VISIT US ON**  
**[www.tempus-faith.eu](http://www.tempus-faith.eu)**

**Any Questions???**  
**Thanks for you attention!!!**

[noelia.lopez@ua.es](mailto:noelia.lopez@ua.es)



## University place Management

Based on the development of the white paper, which describes per-capita funding as a possible model for financing Kosovan Higher Education Institution, the topic of the training workshop WS5 (Prizren, September 2015) was designed to focus on the management of study places at Higher Education Institutions. The workshop gives attention to the question on how to effectively manage the student capacities of Higher Education Institutions and how to calculate the number of study places of study programs. EU partners introduced the calculation methodology that is used at German Universities. Besides that, the second focus of the input was the question on how to determine the costs of one study place.

In the practical part of the workshop participants were asked to do sample capacity calculations for study programs of Kosovan partner Institutions.

Materials	Author	Page
The methodology of calculation student capacities at German Universities	Jörg Hormann	332
Learner centered Educational Management	Luis Ramos	354




# The methodology of calculating student capacities at German Universities





Jörg Hormann, Assistant of the Vice-president for planning and strategy

FAITH, 5th Workshop, Prizren, 08 September 2015




## Calculating student capacities - Agenda





1. Introduction
2. Basic Principles – Economic Theory
3. The Supply of teachings
4. The Demand for teachings
  - Curricular values
  - Standard group sizes
5. Loss of students: drop out
6. Multiple study programs
7. More applications
8. Summary

FAITH, 5th Workshop, Prizren


Seite 2



 Introduction


- Legal Situation in Germany
  - Strict regulations (by law) for setting up admission limits
  - Admission limits must always be based on maximum capacities
  - All Higher Education Institution must do capacity calculations if they want to set up admission limits
  - Rejected applicants can sue HEIs → HEIs have to prove that their calculations are correct!
- Methodology of Capacity Calculation
  - Developed in the 1970s
  - Calculation of capacities on the basis of available academic staff
    - only marginal consideration of other limiting factors (e.g. rooms)
  - Calculation model with medium-level abstraction
    - Easy to use, but partly away from reality



FAITH, 5th Workshop, Prizren Seite 3

 Basic Principles – Economic Theory


economic good





**SUPPLY (S)**   **DEMAND (D)**

**S = D**  
(Economic equilibrium)

FAITH, 5th Workshop, Prizren Seite 4


 Basic Principles – Economic Theory

(1)  $S = D$


(2)  $D = d * N$



**The total demand (D) is composed of:**  
- the demand of one person (d)  
- multiplied by the number of persons (N)



(3)  $S = d * N$

FAITH, 5th Workshop, Prizren Seite 5

 Basic Principles – Capacity of a study program

  Calculation of student capacities: Basic formula

$$N = \frac{S}{d}$$

*N: Maximum number of students*  
*S: Total supply of teachings*  
*d: Demand for teachings of one student*

FAITH, 5th Workshop, Prizren Seite 6

Economic Theory – Ice-cream Example

**1st assumption:**

There is a total supply (S) of Ice-cream of 10 kg

**2nd assumption:**

One child needs 0,1 kg of Ice-cream to be happy  
(= demand of one person d)

HOW MANY CHILDREN CAN YOU MAKE HAPPY ?

Solution:

$$S = d \times N \Rightarrow N = \frac{S}{d} = \frac{10 \text{ kg}}{0,1 \text{ kg}} = 100 \text{ Children}$$

FAITH, 5th Workshop, Prizren
Seite 7

Basic Principles – Economic Theory

Economic good:  
**Teaching hours**

SUPPLY (S)

DEMAND (D)

S = D

→ Capacities are fully utilized!

**Supply of teachings:**  
Total number of hours, that can be provided by teaching staff

**Demand for teachings:**  
Number of hours needed by all enrolled students in order to graduate

FAITH, 5th Workshop, Prizren
Seite 8



The supply of teachings

Total Supply of teachings  
= Total number of hours provided by teaching staff

*Basis: One academic unit (e.g. Faculty)*

**Example: Faculty of Economics, University of Pristina**

Category	Headcount	Teaching obligation	Total supply
Regular Professors	12	10 hrs.	120 hrs.
Associated Professors	17	10 hrs.	170 hrs.
Assistant Professors	16	10 hrs.	160 hrs.
Assistants	20	5 hrs.	100 hrs.
<b>TOTAL SUPPLY OF TEACHINGS</b>			<b>550 hrs.</b>

FAITH, 5th Workshop, Prizren
Seite 9

The supply of teachings

Calculation of student capacities: Basic formula

$$N = \frac{550 \text{ hrs.}}{d}$$

*N: Maximum number of students*

✓ *S: Total supply of teachings*

*d: Demand for teachings of one student*

FAITH, 5th Workshop, Prizren
Seite 10

The demand for teachings

How many teaching hours does ONE STUDENT consume in order to pass a study program until graduation?

**Example:**  
 Lecture: Mikroekonomika I  
 Duration: 3 hours  
 Standard group size: 100 students

$$d_{Mikroekonomika\ I} = \frac{\text{Hours}}{\text{group size}} = \frac{3\ \text{hrs.}}{100} = 0,03\ \text{hrs}$$

FAITH, 5th Workshop, Prizren
Seite 11

The demand for teachings – Curricular Value

**Ekonomiks**

**Viti parë – Semestri parë**

Nr.	Lënda	Orë	ECTS	Obligative	Profesori
1	Mikroekonomia I	3+2+0	8	1 O	Dr.Florentina Xhelili
					Dr.Drita Konxheli
					Dr.Isa Mustafa
					Dr.Ramiz Livoreca
					Dr.Mrika Kotorri
2	Matematika për ekonomistë	3+2+0	8	1 O	Dr.Gazmend Qorraj
					Dr. Ajet Ahmeti
					Dr.Nimete Berisha
3	Informatika	1+1+1	5	1 O	Dr.Aferdita Berisha
					Dr.Vehbi Rama
					Dr.Ferid Idrizi
4	E drejta biznesore	2+1+0	5	1 O	Dr.Armand Krasniqi
					Dr.Arberesha Raça
					Dr.Mazllum Baraliu
5	Gjuhë e huaj I-angleze	1+1+0	4	1 O	Dr. Shpresa Hoxha
	Gjuhë e huaj I-gjermane				
	Mr.Hali Asllani				
<b>Totali</b>			<b>30</b>		Dr.Sadete Pllana Mr.Arlinda Kotorri

FAITH, 5th Workshop, Prizren
Seite 12

The demand for teachings – Curricular value

How many teaching hours does ONE STUDENT consume in order to pass a study program until graduation?

One student would need to pass **all courses** scheduled in the curriculum of the study program:

$$d_{Mikroekonomia I} = \frac{Hours}{group\ size} = \frac{3\ hrs.}{100} = 0,03\ hrs$$

+

$$d_{Matematika\ për\ ekonomistë} = \frac{Hours}{group\ size} = \frac{3\ hrs.}{100} = 0,03\ hrs$$

+

$$d_{Informatika} = \frac{Hours}{group\ size} = \frac{1\ hrs.}{100} = 0,01\ hrs$$

+

...

FAITH, 5th Workshop, Prizren
Seite 13

The demand for teachings – Curricular value

How many teaching hours does ONE STUDENT consume in order to pass a study program until graduation?

One student would need to pass **all courses** scheduled in the curriculum of the study program:


The sum of these quotients of all academic courses of a study program is called the

**CURRICULAR VALUE (CV)**

of the study program.

This value expresses the total consumption of teaching hours of ONE STUDENT to pass the study program

FAITH, 5th Workshop, Prizren
Seite 14


 The demand for teachings – Curricular Value

Tempus  
FAITH

**Ekonomiks**  
Viti parë – Semestri parë

Nr.	Lënda	Orë	ECTS	Obligative	Profesori
1	Mikroekonomia I	3+2+0	8	1 O	Dr. Florentina Xhelili Dr. Drita Konxheli Dr. Isa Mustafa Dr. Ramiz Livoreka Dr. Mrika Kotorri Dr. Gazmend Qorraj
2	Matematika për ekonomistë	3+2+0	8	1 O	Dr. Ajet Ahmeti Dr. Nimete Berisha
3	Informatika	1+1+1	5	1 O	Dr. Afërdita Berisha Dr. Vehbi Rama Dr. Ferid Idrizi
4	E drejta biznesore	2+1+0	5	1 O	Dr. Armand Krasniqi Dr. Arbëresha Raça Dr. Mazllum Baraliu
5	Gjuhë e huaj I- angleze	1+1+0	4	1 O	Dr. Shpresa Hoxha
	Gjuhë e huaj I- gjermane				Mr. Hahli Asllani Dr. Sadete Pllana Mr. Arlinda Kotorri
<b>Totali</b>			<b>30</b>		

FAITH, 5th Workshop, Prizren Seite 15

 The demand for teachings – Curricular Value

Tempus  
FAITH

Calculation of the curricular value of a complete study program:

	A	B	D	E	F	G	H	I	
	Semester	Course	Type	Compulsory / Elective	student portion	Hours	Group Size	Curricular value	
1	1	Mikroekonomia I	Lecture	C	100%	3	100	0,0300	
2	1	Mikroekonomia I	Exercise course	C	100%	2	20	0,1000	
3	1	Matematika për ekonomistë	Lecture	C	100%	3	100	0,0300	
4	1	Matematika për ekonomistë	Exercise course	C	100%	2	20	0,1000	
5	1	Informatika	Lecture	C	100%	1	100	0,0100	
6	1	Informatika	Exercise course	C	100%	1	20	0,0500	
7	1	Informatika	Practical training	C	100%	1	15	0,0667	
8	1	E drejta biznesore	Lecture	C	100%	2	100	0,0200	
9	1	E drejta biznesore	Exercise course	C	100%	1	20	0,0500	
10	1	Gjuhë e huaj I- angleze / gjermane	Lecture	C	100%	1	100	0,0100	
11	1	Gjuhë e huaj I- angleze / gjermane	Exercise course	C	100%	1	20	0,0500	
12	...	...	...	...	...	...	...	...	
80	...	...	...	...	...	...	...	...	
81	<b>SUM</b>								<b>2,3587</b>

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Standard group sizes

The use of standard group sizes is an important input parameter for the calculation of capacities!

- The group sizes have a strong influence on the result of the calculation
- The group sizes influence the quality of study programs
- They should be related to didactic aspects of individual types of academic courses
- They may also vary related to the academic discipline

Group size Capacity Less care for individuals Quality

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Seite 17

Standard group sizes

Standard group sizes (Example Saarland University)

Type of academic course	Group sizes (range)
Lecture	100 – 180
Exercise courses	20 – 60
Workshop, colloquium	15 – 30
Field trip	15 – 20
Practical training (e.g. Laboratory)	10 - 15

FAITH, 5th Workshop, Prizren
Seite 18

The demand for teachings – Compulsory / Elective

Tempus Calculation of the curricular value of a complete study program:

FAITH

A	B	D	E	F	G	H	I	
Semester	Course	Type	Compulsory / Elective	student portion	Hours	Group Size	Curricular value	
1	1 Mikroekonomia I	Lecture	C	100%	3	100	0,0300	
2	1 Mikroekonomia I	Exercise course	C	100%	2	20	0,1000	
3	1 Matematika për ekonomistë	Lecture	C	100%	3	100	0,0300	
4	1 Matematika për ekonomistë	Exercise course	C	100%	2	20	0,1000	
5	1 Informatika	Lecture	C	100%	1	100	0,0100	
6	1 Informatika	Exercise course	C	100%	1	20	0,0500	
7	1 Informatika	Practical training	C	100%	1	15	0,0667	
8	1 E drejta biznesore	Lecture	C	100%	2	100	0,0200	
9	1 E drejta biznesore	Exercise course	C	100%	1	20	0,0500	
10	1 Gjuhë e huaj I- angleze / gjermane	Lecture	C	100%	1	100	0,0100	
11	1 Gjuhë e huaj I- angleze / gjermane	Exercise course	C	100%	1	20	0,0500	
12	...	...	...	...	...	...	...	
80	...	...	...	...	...	...	...	
81	<b>SUM</b>							<b>2,3587</b>

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The demand for teachings – Compulsory / Elective

Tempus

FAITH

Lënda	Orë	ECTS	Zgjedhore	Profesori
1 Ekonomia e Kosovës dhe BE	2+1+0	6	1 Z	Dr. Gazmend Qorraj Dr. Adriatik Hoxha
2 Matematika financiare	2+2+0	6	1 Z	Dr. Ajet Ahmeti Dr. Numete Berisha
3 Hyrje në biznes	2+0+0	6	1 Z	Dr. Ismet Begu Dr. Nagip Skenderi
<b>Totali</b>		<b>6</b>		

A student can choose 1 module out of three → The probability that one particular module will be chosen is  $1/3 = 33\%$

A	B	C	D	E	F	G	H	I
Semester	Course	Lloj	Type	Compulsory / Elective	student portion	Hours	Group Size	Curricular value
2	2 Ekonomia e Kosovës dhe BE	L	Lecture	E	33%	2	100	0,0067
3	2 Ekonomia e Kosovës dhe BE	U	Exercise course	E	33%	1	20	0,0167
4	2 Matematika financiare	L	Lecture	E	33%	2	100	0,0067
5	2 Matematika financiare	U	Exercise course	E	33%	2	20	0,0333
6	2 Hyrje në biznes	L	Lecture	E	33%	2	100	0,0067

FAITH, 5th Workshop, Prizren Seite 20

The demand for teachings – Curricular value

Calculation of the curricular value of a complete study program:

A	B	D	E	F	G	H	I
Semester	Course	Type	Compulsory / Elective	student portion	Hours	Group Size	Curricular value
1	1 Mikroekonomia I	Lecture	C	100%	3	100	0,0300
3	1 Mikroekonomia I	Exercise course	C	100%	2	20	0,1000
4	1 Matematika për ekonomistë	Lecture	C	100%	3	100	0,0300
5	1 Matematika për ekonomistë	Exercise course	C	100%	2	20	0,1000
6	1 Informatika	Lecture	C	100%	1	100	0,0100
7	1 Informatika	Exercise course	C	100%	1	20	0,0500
8	1 Informatika	Practical training	C	100%	1	15	0,0667
9	1 E drejta biznesore	Lecture	C	100%	2	100	0,0200
10	1 E drejta biznesore	Exercise course	C	100%	1	20	0,0500
11	1 Gjuhë e huaj I- angleze / gjermane	Lecture	C	100%	1	100	0,0100
12	1 Gjuhë e huaj I- angleze / gjermane	Exercise course	C	100%	1	20	0,0500
80	...	...	...	...	...	...	...
81						<b>SUM</b>	<b>2,3587</b>

„Curricular value“ of a study program  
= Demand (better: consumption) for teachings of one student

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Seite 21

Capacity Calculation: Result

Calculation of student capacities: Basic formula

$$N = \frac{S}{d} = \frac{550 \text{ hrs.}}{2,3587 \text{ hrs./Stud}} \approx 233 \text{ Students}$$

*N: Maximum number of students*

- ✓ *S: Total supply of teachings*
- ✓ *d: Demand for teachings of one student*

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Seite 22

Loss of students: drop out

Tempus > simplified model: Input = Output

FAITH

The result of the calculation is not a capacity for first-year students, it is an average maximum capacity per semester!

Students

233

Maximum capacity per semester

First-year students

Graduates

Semester

1 2 3 4 5 6

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Seite 23

Loss of students: drop out

Tempus > simplified model: Input = Output

FAITH

Input: water flowing out of the tap

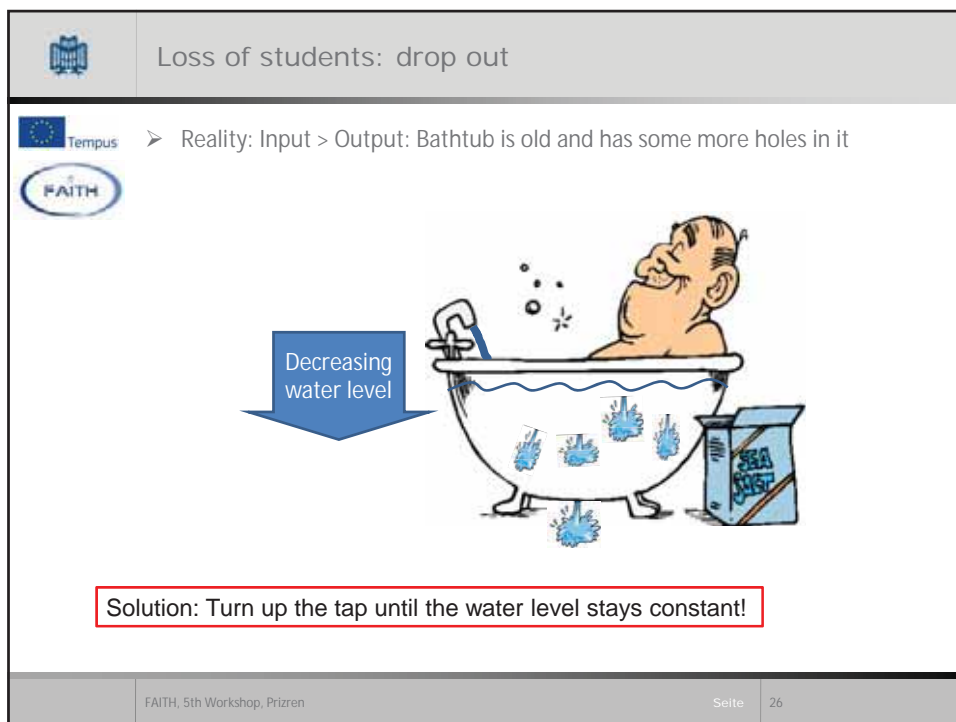
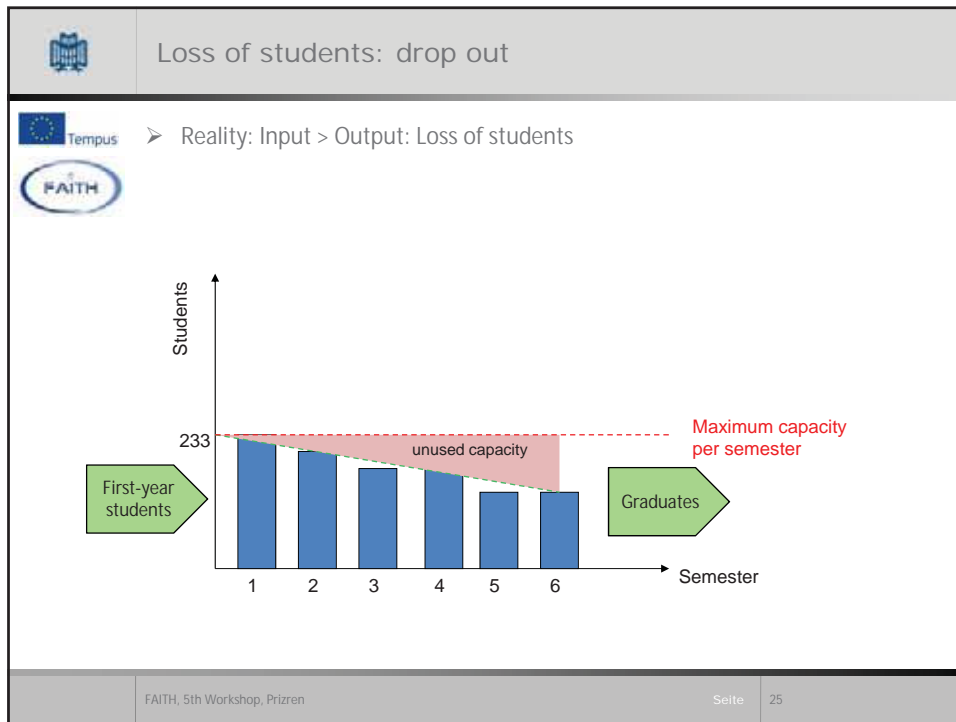
Input = Output: constant water level


Output: water flowing out of the drain with missing stopper



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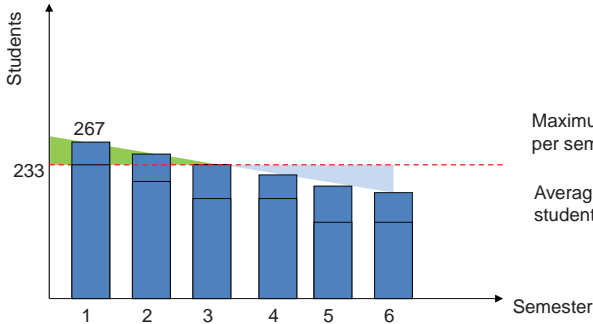
Seite 24





 Loss of students: drop out

  > Reality: Input > Output: Loss of students



Students

267

233


Maximum capacity per semester = Average number of students per semester



Semester

1 2 3 4 5 6

**Solution: Raising the number of first-year students**

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 Loss of students: Correction

Semester	Students	Stay-in	%
1: Winter 2012	233	233 / 233	1,00
2: Summer 2013	218	218 / 233	0,94
3: Winter 2013	204	204 / 233	0,88
4: Summer 2014	199	199 / 233	0,85
5: Winter 2014	186	186 / 233	0,80
6: Summer 2015	180	180 / 233	0,77
<b>Sum</b>			<b>5,24</b>

Cohort

The whole cohort of beginners from Winter 2012 did not stay for 6 semesters (as intended), it stayed for 5,24 semesters!

$$\text{Rate of loss: } r_L = \frac{\text{actual duration of studies}}{\text{regular duration of studies}} = \frac{5,24 \text{ semesters}}{6 \text{ semesters}} = 0,8733$$

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Loss of students: Correction

The maximum capacity for first-year students can be calculated as follows:

$$N_{Semester\ 1} = \frac{\text{Calculated capacity}}{\text{Rate of Loss}} = \frac{N}{r_L} = \frac{233}{0,8733} = 267\ \text{Students}$$

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Seite 29

Loss of students: Correction

Extending the statistical database → Considering more than one cohort

Calculation of the rate of loss						
Semester	Students per Semester					
	1	2	3	4	5	6
Winter 2012	233	0	206	0	174	0
Summer 2013	0	233	0	201	0	163
Winter 2013	233	0	204	0	188	0
Summer 2014	0	224	0	195	0	183
Winter 2014	233	0	216	0	186	0
Summer 2015	0	230	0	203	0	180
Sum 1	699	442	626	400	548	346
Sum 2	466	672	420	603	374	526
stay-in (in semesters)		0,961373	0,950226	0,961259	0,935	0,959854
stay-in (in total)	1	0,961373	0,913527	0,879958	0,822761	0,78973
actual duration of studies	5,3673					
regular duration of studies	6					
Rate of loss	0,8946					

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Seite 30

Multiple study programs

Calculation of student capacities:

Study program: **Ekonomiks Bachelor**

$$N = \frac{S}{d} = \frac{550 \text{ hrs.}}{2,3587 \text{ hrs./Stud}} \approx 233 \text{ Students}$$

*N: Maximum number of students*

- ✓ *S: Total supply of teachings*
- ✓ *d: Demand for teachings of one student*

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Seite 31

Multiple study programs

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Fakulteti Ekonomik

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BALLINA
DEKANI
LAJME DHE NGJANJE
GENOVA-GJLAN
GENOVA-MITROVICE
KONTAKT

**Bachelor - Programet**

**Master - Programet**

Këtu shfaqet e mëqendshme për të parë afishuarat për secilin program studimi.

1. Banka, financa dhe kontabilitet
2. Menaxhimet dhe informatica
3. Marketing
4. Ekonomiks
5. Komercialit



**Bachelor - Programet**



**Master - Programet**

Këtu shfaqet e mëqendshme për të parë afishuarat për secilin program studimi.

1. Banka, financa dhe kontabilitet
2. Menaxhimet dhe informatica
3. Marketing
4. Ekonomiks
5. Informatica dhe zbatimet e saj

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Seite 32

Multiple study programs								
 								
Curricular Value: Economics Bachelor:								
A	B	D	E	F	G	H	I	
Semester	Course	Type	Compulsory / Elective	student portion	Hours	Group Size	Curricula value	
1	1 Mikroekonomia I	Lecture	C	100%	3	100	0,0300	
2	1 Mikroekonomia I	Exercise course	C	100%	2	20	0,1000	
3	1 Matematika për ekonomistë	Lecture	C	100%	3	100	0,0300	
4	1 Matematika për ekonomistë	Exercise course	C	100%	2	20	0,1000	
5	1 Informatika	Lecture	C	100%	1	100	0,0100	
6	1 Informatika	Exercise course	C	100%	1	20	0,0500	
7	1 Informatika	Practical training	C	100%	1	15	0,0667	
8	1 E drejta biznese	Lecture	C	100%	2	100	0,0200	
9	1 E drejta biznese	Exercise course	C	100%	1	20	0,0500	
10	1 Gjuhë e huaj I- angleze / gjermane	Lecture	C	100%	1	100	0,0100	
11	1 Gjuhë e huaj I- angleze / gjermane	Exercise course	C	100%	1	20	0,0500	
12	...	...	...	...	...	...	...	...
80	...	...	...	...	...	...	...	...
81						<b>SUM</b>	<b>2,3587</b>	

Multiple study programs								
 								
Curricular Value: Economics Master:								
A	B	D	E	F	G	H	I	
Semester	Course	Type	Compulsory / Elective	student portion	Hours	Group Size	Curricula value	
1	1 Metodologjia e hulumtimit	Exercise course	C	100%	2	20	0,1000	
2	1 Mikroekonomia e avancuar	Exercise course	C	100%	2	20	0,1000	
3	1 Mikroekonomia e avancuar	Exercise course	C	100%	2	20	0,1000	
4	1 Metodimet ekonomike evropiane	Exercise course	E	50%	1,33333333	20	0,0111	
5	1 Metodat e aplikuar matematikore dhe analizat statistikore	Exercise course	E	50%	1,33333333	20	0,0111	
6	2 Ekonomiku industrial	Exercise course	C	100%	2	20	0,1000	
7	2 Globalizimi dhe tregu i punës	Exercise course	C	100%	2	20	0,1000	
8	2 Ekonomiku i zhvillimit të kushtetuar	Exercise course	C	100%	2	20	0,1000	
9	2 Ekonomiku i zhvillimit të kushtetuar	Exercise course	C	100%	2	20	0,1000	
10	2 Politikat ekonomike dhe financiare publike	Exercise course	E	50%	1,33333333	20	0,0111	
11	2 Politikat ekonomike dhe financiare publike	Exercise course	E	50%	1,33333333	20	0,0111	
12	3 Ekonomiku i tregut ndërkombëtar 2	Exercise course	C	100%	2	20	0,1000	
13	3 Ekonomiku i tregut dhe zhvillimit	Exercise course	C	100%	2	20	0,1000	
14	3 Ekonomiku i tregut dhe zhvillimit	Exercise course	C	100%	2	20	0,1000	
15	3 Ekonomiku i tregut dhe zhvillimit	Exercise course	C	100%	2	20	0,1000	
16	3 Politikat ekonomike të BE	Exercise course	E	50%	1,33333333	20	0,0111	
17	4 Tezat e masterit							
						<b>SUM</b>	<b>1,1000</b>	

Multiple study programs

Supply of teaching (Faculty of Economics):  $S = 550$  hrs.

Curricular values:

Study program	CV	Portion (z)	CV x z
Ekonomiks BSc	2,3587	60 %	1,4152
Ekonomiks MSc	1,1000	40 %	0,4400
...	...	...	...
Sum			1,8552

Weighted average:  $\overline{CV}$

$$N_{Faculty} = \frac{S}{\overline{CV}} = \frac{550 \text{ hrs.}}{1,8552 \text{ hrs./Stud}} \approx 296 \text{ Students}$$

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Multiple study programs




Capacity of one study program:




$$N_P = N_{Faculty} \times Z_p$$

$$N_{BSc} = 296 \times 60\% = 178 \text{ Students} \div \text{Rate of Loss (0,8733)} = 204 \text{ Students}$$

$$N_{MSc} = 296 \times 40\% = 118 \text{ Students} \div \text{Rate of Loss (0,8730)} = 135 \text{ Students}$$

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	More Applications
 	$N = \frac{S}{d}$ <p>Application 1 (N is unknown):</p> <ul style="list-style-type: none"><li>➤ Determination of capacities (e.g. for setting admission limits)</li></ul> <p>Application 2 (S is unknown):</p> <ul style="list-style-type: none"><li>➤ Determination of academic staff needed (e.g. for new study programs)</li></ul> <p>Application 3:</p> <ul style="list-style-type: none"><li>➤ Determination of capacity utilization</li></ul>
FAITH, 5th Workshop, Prizren	Seite 37

	More Applications
 	<p>Example Application 2 – Determination of staff needed:</p> <p><b>Task:</b> You plan to start a new study program. You already developed a curriculum, so you are able to calculate a curricular value, and you want to admit 100 students each semester.</p> <p><i>d: Curricular value (based on curriculum): 2,8467</i> <i>N: 100 Students (per semester!)</i></p> <p>Now you can calculate the needed Supply (hours):</p> $S = N \times d = 100 \times 2,8467 \approx 284 \text{ hours (per semester!)}$ <ul style="list-style-type: none"><li>➤ You would need about 28 new professors (teaching obligation 10 hrs.)</li></ul>
FAITH, 5th Workshop, Prizren	Seite 38

More Applications

Example Application 3 – Capacity utilization:

**Task:**  
 You know the amount of hours that the whole academic staff of one faculty is able to provide (S: Supply of teachings). You also have statistics of the number of students in all study programs of this faculty. You want to determine the grade of capacity utilization of this faculty.

*S: Supply of teachings: 550 hrs.*

**Student statistics - Winter 2015**

Study Program	Sem 1	Sem 2	Sem 3	Sem 4	Sem 5	Sem 6	Total
Ekonomiks BSc	208	199	191	186	180	174	1138
Ekonomics MSc	94	91	88	80	--	--	353

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More Applications

(1)  $S = D$

(2)  $D = d * N$

**The total demand (D) is composed of:**  
 - the demand of one person (d)  
 - multiplied by the number of persons (N)

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More Applications

Tempus

Example Application 3 – Capacity utilization:

(2)  $D = d * N$

Study Program	Regular duration	Total Students
Ekonoms BSc	6 Semesters	1312
Ekonoms MSc	4 Semesters	353

$$Utilization = \frac{Actual\ Demand}{Supply} = \frac{D}{S} = \frac{544,4\ hrs.}{550\ hrs.} = 98,9\ \%$$

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Summary

Methodology:

- Quite simple methodology, that uses data which should anyway be available at HEIs
- Necessity to establish some assumptions (definitions), e.g. standardized group sizes

Advantages:

- Easy to use
- Generalized approach, no need to plan single academic courses

Disadvantages:

- Static approach → substantial changes (e.g. in the number of staff) lead to problems / mistakes
- Some aspects are not considered (e.g. students, who need more time than the regular duration of a program or attend courses more than once)


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16.10.2015

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Thank you very much for your Attention!

Feel free to ask your questions!



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# LEARNER CENTRED EDUCATIONAL MANAGEMENT

Nothing that can not be measured, can be improve



1



## PRINCIPLES OF EDUCATIONAL ECONOMIC MANAGEMENT

- equity
- efficiency
- Sufficiency



2



## THE COST OF STUDENT AS AN INDICATOR OF INDICATORS

- Direct effect on the productive capacity and economic competitiveness ;
- Competition between economic systems ;
- Trends and economic scenarios ;
- Openness and transparency.



3



## WHY AN INFORMATION SYSTEM IS ESSENTIAL ?

- Comparability with other systems ;
- Instrument to convince :
- EU Project : Full cost
- Distribution of resources
- Main tool for decision making.



4



## COSTS AS PART OF THE STRATEGY

- The information about the cost will become part of the institutional intelligence of universities
- Costs as part of the strategy



5



## Criteria for cost evaluation (1)

- The implementation of a cost system is a project towards the transparency, knowledge, control and visibility of what the university does in and out
- It is essential to carry out a preliminary feasibility analysis
- Having the maximum political support of the university authorities: is an institutional project
- Having a team prepared and competent



6



## Criteria for cost evaluation (II)

- Assign personal, technical and financial resources that consume system implementation
- Properly socialize the project and prioritize it
- Reviewing management systems to analyze what they can give and what not, with regard to costs
- Focus systems to automate information.



7



## Goals

- Offer a comprehensive solution combining :
  - Customizing the accounting model
  - with IT software
- That consider the problems and offer solutions for the University
- That is feasible and graduable
- Keep it "alive" in time



8



## WHAT IT IS REQUIRED OF SYSTEM COSTS

- A cost system is heavily dependent on other information systems
- Requirements:
  - **Flexibility:** open enough to allow sufficient use even if original systems are unknown
  - **Independence with other systems:** must be operational from a technical point of view, by itself
  - **Automated integration:** between himself and the origins of the information systems
  - **Information analysis:** large query capabilities on all data residing on it, from the most general to the smallest detail



9



## THE 4 STEPS FOR DETERMINING THE COST OF STUDENT

- a. Cost location
- b. cost secondary
- c. Imputation activities
- d. Allocation of final cost objectives



10



## THE ESTIMATED COST MARGINS IN STUDENT

- Determining rates
- Policy scholarships



11



**Thank you!**  
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[Luis.ramos@ua.es](mailto:Luis.ramos@ua.es)





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