

**MANAGEMENT REVIEW
IMPLEMENTATION PLAN:**

**A Response
To The State Budget and Control Board's**

**Management Review
for the
South Carolina
Commission on Higher Education**

**Prepared by:
The Staff of the
South Carolina Commission on Higher Education**

December 1997

I. Executive summary

1. Introduction

This document serves as the South Carolina Commission on Higher Education's response to and implementation plan for the Management Review conducted by the South Carolina State Budget and Control Board during September and October 1997. In drafting ideas for implementing the Management Review team's suggestions, the Commission relied on five guiding principles. In short, the Commission must engage in advocacy-based accountability; serve as the chief advocate for higher education in South Carolina; promote collaboration and dialogue with colleges and universities, public officials, the private sector, students and others in the education community; promote collegiality in the Commission's organizational culture; and cultivate innovation and quality as the chief outcomes of statewide coordination.

2. Implementation Strategies

The strategies detailed in the following pages were developed by Commission staff and address each of the forty-one suggestions or recommendations contained in the Management Review document. In many cases, policy, procedure or personnel changes already have been made to implement recommendations. In others, that process is under way or in development. Implementation of all changes suggested in the Management Review will be under way by November 1998.

In some areas, the Commission has established timetables for action, pegged to the General Assembly and meeting schedules. A summary of those dates and actions follows:

December 1997

- Planning and Assessment Committee to consider plan to evaluate impact and effectiveness of performance funding.

Under way, through late 1997

- Commission reviewing all agency regulations, policies and procedures. Approved revisions, and all other policies and procedures, compiled into Commission on Higher Education Policies and Procedures Manual.
- Commission developing audit plan for analyzing data on performance funding measures, Palmetto Fellows and needs-based scholarships, facilities, CHEMIS and other key programs. Funding for additional auditor position requested for fiscal year 1998-99.
- Executive director evaluating Commission staffing requirements.

1998 Legislative session

- Funding sought for new public relations/legislative liaison position to implement communications plan.

- Executive director to work with Council of Public College and University Presidents to help represent higher education institutions collectively before General Assembly.

January 1998

- Updated CHE mission statement considered at January Commission meeting.

May 1998

- Revised Policy and Procedures Manual for New Programs considered at May Commission meeting.
- Evaluation of Access and Equity program's goals, staffing and resource needs presented to Commission.

1999 Legislative session

- Public relations/legislative liaison professional in place to enhance collective representation of higher education institutions before General Assembly.

II. Introduction

Historically, higher education coordinating boards have tread the narrow spaces between regulation and advocacy of public colleges and universities. In recent years the tension inherent in this position has increased in many states, including South Carolina, as state legislatures and other constituency groups have sought to reshape the agendas and missions of public higher education systems. In the wake of these changes, state higher education policy-makers can no longer take for granted the privileged domain that higher education once held within the state budgetary process. They can no longer afford to bypass accountability in the comfortable belief that higher education is uniformly recognized as a common good, no matter its form. And, they can no longer operate in the same well-trodden fashion that may have once proven successful but that surely finds little success in a new policy environment predicated on collaboration and dialogue. In short, higher education coordinating boards find themselves presented with a momentous question: In this new age, can they rethink their processes for setting higher education policy and in so doing take on the leadership role needed for ensuring the welfare of public higher education?

In South Carolina, the Commission on Higher Education has worked diligently in the past several months to seek answers to this question. The Commission has taken an initial approach based on self-study and external peer review. This approach entails a variety of financial and program reviews, some conducted by the Commission staff and others by outside consultants. The current document serves as the Commission's implementation plan for one such external study, a Management Review for the South Carolina Commission on Higher Education, conducted by the South Carolina State Budget and Control Board during September and October 1997.

In drafting its ideas for implementing the suggestions made by the Management Review team, the Commission has relied on a set of guiding principles that call for adaptation and flexibility in a dynamic environment. These principles seek to add clarity and direction to the work of the Commission and to serve as pathways for arriving at the changes needed for making the agency more responsive to its constituencies. In this respect, the principles below represent not only the basis for the responses to the Budget and Control Board's Management Review, but also the foundation for many of the Commission's policy initiatives in the coming months and years.

Guiding Principles

1. Engage in Advocacy-based Accountability

By statute, the Commission maintains both accountability and advocacy functions. It is the Commission's intention, whenever possible, to perform both functions in such a manner as

to highlight the positive attributes of the higher education community in South Carolina. This does not mean that the Commission will forsake in any way its important regulatory functions. But, it does mean that the staff will work assiduously with Commission members and with the institutions to find opportunities for “win-win” situations in the process of fulfilling our accountability responsibilities in important areas such as performance funding and program approval.

2. Serve as the Chief Advocate for Higher Education in the State

In keeping with the advocacy-based accountability theme, the Commission sees one of its main roles as that of advocate for public higher education in South Carolina. The Commission can and should act as a supportive force that colleges and universities can rely upon for promoting their needs and publicizing their achievements in appropriate forums. To this end, CHE will actively seek new avenues for gaining widespread public recognition for the quality teaching, research, and service conducted by our colleagues at the institutions.

3. Promote Collaboration and Dialogue with Colleges and Universities, Public Officials, the Private Sector, Students, and Other Sectors of the Education Community

The Commission has always interacted closely with its constituents on important policy issues. The agency intends to continue and actively extend this practice, especially as it applies to serving more prominently as the chief advocate for the public higher education community in the state and as the responsible entity for coordinating statewide strategic planning and performance funding. CHE will also maintain and enhance its role as a resource on higher education issues and in so doing broaden the opportunities for positive interaction with colleges and universities, public officials, the private sector, students, and the K-12 community in South Carolina.

4. Promote Collegiality in the Commission’s Organizational Culture

In order to achieve many of the components of the implementation plan for the Management Review as well as subsequent staff work, the Commission staff will approach its interactions with the Commission members and with representatives from the colleges and universities in a collegial fashion. This means maintaining an open, discursive style of communicating with our constituents, ensuring civility in tone at all times, and relying on sound reason to guide our decision-making.

5. Cultivate Innovation and Quality as the Chief Outcomes of Statewide Coordination

Coordination at the state level should be about planning for higher education’s future success, and it is the Commission’s intention to ensure that this goal remains a central tenet of its mission. As the state’s coordinating board and chief planner for public higher education in South Carolina, the Commission will focus its attention on strategies that enable colleges and universities to serve better the citizens of the State. To this end, the

agency will ensure that innovation and quality serve as the base components of its statewide coordination role in planning and policy development.

As Gordon Davies, the former Director of the State Council of Higher Education for Virginia notes in his recently published Twenty Years of Higher Education in Virginia, "coordination is now a business of ideas, rather than of statutes and regulations." In an age when intense politicization, changing demographics, and the unrelenting pace of technology make life more and more uncertain, rigidity in any form can inhibit the flexibility and creativity needed to change as situations warrant. In addressing the recommendations of the Management Review in the subsequent pages of this implementation plan, the Commission on Higher Education has sought to engage in the "business of ideas." In this way, the Commission hopes to balance advocacy and accountability in a fashion that enables the agency to work successfully with its various constituencies in meeting the social, cultural, and economic development needs of a deserving citizenry.

III. Implementation Strategies

This part of the implementation plan addresses each section of the Management Review document sequentially (see pages 32-37 of the draft document: General Observations, Academic Programs, Access and Equity, etc.). Commission staff have developed strategies that correspond with the bulleted suggestions made by the review team. All are to be implemented by November 1998.

General Observations and Suggestions

1. Recommendation: The Commission should initiate a strategic planning process to include an update to its mission statement that clearly articulates its roles and priorities. Resultant tactical and operational plans should be developed to support the agency's mission.

Response: The Commission's current mission statement was approved in January 1990. Building on this document, staff will draft a new statement that contains language on roles, priorities, and mission appropriate to the agency's current responsibilities. The Executive Committee of the Commission will review the draft Mission Statement prior to its consideration at the January 1998 meeting of the Commission.

2. Recommendation: The Commission should consider systematically reviewing its regulatory requirements to ensure that it does not exceed its legislative mandate for regulating the activities of higher education institutions.

Response: The Commission will conduct an agency-wide review of all regulations, policies, and procedures to ensure that they are not unduly burdensome on or regulatory of the institutions. The Commission staff will employ a three-pronged strategy to carry out this review. First, it will conduct a comprehensive policy analysis with two components: a) compilation of all regulations, policies, and procedures currently in use by the Commission together with the legislation underlying the policies; and, b) creation of a CHE Policy Review Committee, composed of institutional and Commission staff representatives, to review and make recommendations on revising regulations, policies, and procedures. Second, the staff will integrate the ideas of the Policy Review Committee with its own analyses and revise existing policies and procedures where appropriate. Each Commission advisory committee will then review the re-drafted policies and procedures. The third and final phase of the strategy will involve Commission approval of revised policies and procedures through the existing committee structure. Once revisions are approved, the agency will compile all policies and procedures into a comprehensive Commission on Higher Education Policies and Procedures Manual. This process, coordinated by David Loope, will begin immediately and continue over the next nine to twelve months.

In terms of planning and student assessment, the Commission is aware that some of the requirements of the Act 629 institutional effectiveness program (1988) and of Act 255 (1992) may be excessive in light of the passage of Act 359 (performance indicators). Commission staff will work with the Council of Public College and University Presidents to review the requirements of Acts 629 and 255 and to determine which elements of these should be modified or deleted to prevent duplication of effort on the part of the institutions. Key members of the General Assembly and their staffs will be consulted throughout this process.

3. Recommendation: The Commission should consider developing strategies for publicizing and recognizing the successes and accomplishments of institutions. This effort may be directed toward the General Assembly and other parties interested in higher education.

Response: The Commission has requested funding for a new public relations/legislative liaison position during the 1998 session of the General Assembly to implement a staff-produced communications plan, and will integrate public relations strategies into the Statewide Plan for Higher Education. The Commission staff also is working with institutions to find useful methods to publicize and recognize the successes and accomplishments of those institutions. In addition, the Commission publishes "Exemplary Programs" brochures and coordinates the "Professor of the Year" program and will continue to do so.

4. Recommendation: *The Commission should consider developing strategies for enhancing its ability to represent higher education institutions collectively before the General Assembly regarding funding issues and other matters of interest to the broader higher education community.*

Response: During the 1998 session of the General Assembly, the Commission's executive director will work with the Council of Public College and University Presidents to implement this recommendation. By the 1999 session, the Commission will employ a public relations/legislative liaison professional to assist the executive director with this function.

5. Recommendation: *The Commission should consider strategies for partnering with colleges and universities to encourage and assist them in maximizing financial contributions from outside sources. The Commission may also consider coordinating corporate support for particular programs or initiatives that might benefit a group of institutions in a particular geographic region of the state.*

Response: The Commission staff has entered into discussions with the institutions' chief development officers on how best to implement the Academic Endowment Incentive Act, passed in the last legislative term. This Act provides for state matching funds for private funds raised by public institutions to support teaching and to enhance statewide economic development through higher education institutions. Additionally, the Commission requested \$2.5 million from the General Assembly to be used for faculty "seed money" for larger projects, for matching grants, and for basic as well as applied research. Finally, the new funding plan for colleges and universities includes substantial incentives for the institutions to generate federal and corporate research and public service grants.

6. Recommendation: *The reasons for the Commission's regulatory decisions should be clearly communicated to colleges and universities.*

Response: As part of the Commission's overall advocacy-based accountability strategy, the agency will ensure that the institutions are involved to the greatest extent possible in the process of developing regulations required by law. In this way, colleges and universities will be made fully aware of the policy context for any regulations the Commission promulgates. The Commission's agency-wide review of all regulations, policies and procedures, described in the response to Recommendation #2 under General Observations and Suggestions, will play a key role in this process.

7. Recommendation: *The Commission should ensure that colleges and universities are fully aware of the factors considered in their program reviews.*

Response: The Commission program approval and review procedures will be streamlined wherever possible. The time required for review and approval of program modifications and approvals will be shortened to the maximum extent possible. In addition, the agency will develop appropriate components of the newly-designed Commission web page pertaining to both new program development and existing program review.

8. Recommendation: *The Commission should consider establishing an audit function to ensure the validity and reliability of data which is reported by the institutions for the performance funding measures and to audit the funds disbursed under the Palmetto Fellows and needs-based scholarship programs.*

Response: Charles FitzSimmons has been assigned to develop and implement the audit function recommendations made in the Management Review. He will coordinate development of an audit plan for analyzing data used by the major functions of CHE, including performance funding measures, Palmetto Fellows and needs-based scholarships, facilities, and CHEMIS. Funding for an additional auditor position has been requested in the Commission's budget for fiscal year 1998-99.

Academic Programs

1. Recommendation: *The Commission should consider reviewing all CHE policies and procedures to determine if they meet the intent of the laws affecting the CHE and if they meet the needs of the colleges and universities.*

Response: Please refer to the response for Recommendation #2 under General Observations and Suggestions.

2. Recommendation: *The Commission should consider performing a review of all requests for data to ensure that the data are required and used. Either the information requested is specifically required by South Carolina law or it is assumed to be required by a staff interpretation of the law. Where required by law, compliance is not a question. When the requests made of the colleges and universities are the result of staff interpretations, the data may or may not be essential to accomplishing the agency's mission. If the information is not necessary, then the burden for supplying the data should be removed.*

Response: Using a strategy outlined in the response to Recommendation #2 under General Observations and Suggestions, the review of policies and procedures pertaining to academic programs for which data is requested (e.g., approval of new programs, evaluation of existing programs, performance indicators, institutional effectiveness, etc.) will include an examination of the requested data to determine whether it is essential. Moreover, staff will

seek to determine whether the data is duplicated elsewhere and whether processes are in place or should be put in place to assure consistency of data.

3. Recommendation: *The CHE may want to consider evaluating the costs and benefits of an audit function within the CHE. The Commission should determine if this can be accomplished with existing staff through restructuring agency priorities.*

Response: Please refer to the response for Recommendation #8 under General Observations and Suggestions.

4. Recommendation: *The Commission should evaluate opportunities for eliminating CHE review functions by deeming colleges and universities in compliance if they receive certain national accreditation of their academic programs.*

Response: Toward this end, the Commission has begun consolidating its reviews of existing programs with those of specialized accreditation agencies. Review materials used are those prepared for the accrediting agencies, and the site visits occur simultaneously. A Commission-hired consultant works with the accreditation team and examines certain state-level issues not typically considered by accreditation bodies such as program productivity, enrollment of minority students, availability of sufficient numbers of programs in the state, identification of exemplary programs, etc. State partnerships have been formed with the National Council for the Accreditation of Teacher Education and with the American Assembly of Colleges and Schools of Business, and other partnerships have been explored.

The staff will work with the Advisory Committee on Academic Programs to determine which specialized accreditations can substitute for existing program reviews and develop for consideration by the Commission an appropriate policy for such substitution.

5. Recommendation: *The Commission should consider streamlining the program review process and establishing goals for the time frames associated with reviewing existing programs and approving requests for new programs.*

Response: The Commission's Policies and Procedures Manual Concerning New Programs was last revised in 1994. The Commission will initiate the next revision immediately by the taking the following steps: 1) solicit suggestions from institutions and others for changes that might streamline the approval process and clarify the approval time frames; 2) submit a new draft version of the Policy and Procedures Manual to the Advisory Committee on Academic Programs at its 1998 Spring Quarter Meeting for review and approval; and, 3) submit the new Policy and Procedures Manual to the Committee on Academic Affairs for

review and approval at its April 1998 meeting and to the Commission at its May 1998 meeting.

The program review process was last revised, in consultation with the Advisory Committee on Academic Programs, in 1995. Regarding new revisions to program review, the Commission will use a process comparable to that described above for new program approval to analyze any needed changes in procedures and time frames. The revision process should consider ways to link program review to performance indicator funding, especially indicator 1B (mission focus) and indicator 2A (academic and other credentials of professors and instructors).

Access and Equity

1. Recommendation: The Commission should re-evaluate the goals of the Access and Equity program and determine the most strategic direction the program should take within the context of the mission of the agency.

AND

2. Recommendation: In light of updated program goals, the Commission should re-evaluate the staffing and resource needs of the program.

Response: The Commission reaffirmed its commitment to the Access and Equity program at its October 1997 retreat, but will evaluate the goals of the program. This evaluation will take into consideration factors such as performance funding indicators related to access and equity. The evaluation will include external input from higher education institutions, other state entities concerned with access and equity issues, and consultants. After the evaluation is complete, an analysis of staffing and resource needs will take place under the direction of the executive director, with appropriate staff support. This phase should be completed by the executive director and reported to the Commission by May 1998.

Human Resources

1. Recommendation: The Commission may wish to conduct a staffing analysis of its various programs to determine if staff are allocated in the most appropriate and strategic manner in light of the agency's mission.

Response: The executive director is in the process of evaluating the staffing requirements of the Commission. Three staff adjustments have been made: Charles FitzSimmons is developing the Commission's audit function (please see response to Recommendation #8 under General Observations and Suggestions); David Loope will coordinate the Commission's internal policy review process; and Aileen Trainer will work primarily on

performance funding initiatives. Additional staff reassignments and adjustments to organizational structures will be made as appropriate.

2. Recommendation: *The Commission should establish procedures to address the personnel-related deficiencies identified in the most recent State Auditor's Report.*

Response: Procedures to address these deficiencies have been in place for some time, and Finance division staff will continue to monitor the procedures to ensure that they remain current. More specifically:

1. Notices of upcoming and overdue Employee Performance Management Systems (EPMS) are forwarded to directors monthly. Resignation letters, or suitable documentation, are secured from all employees leaving the agency and are maintained on file.
2. Appropriate adjustments have been made to the Commission's sick leave pool account, which will be kept current.
3. Nonexempt employees are completing time sheets, which will be maintained by the Personnel Officer.

3. Recommendation: *The Commission should move the two employees in the positions supporting the Palmetto Fellows scholarship program to temporary positions or permanent state-funded positions. Also, the Personnel Officer should contact representatives of the Office of State Budget and the Office of Human Resources for an orientation to the proper use of temporary grant positions.*

Response: The two employees in the positions supporting the Palmetto Fellows scholarship program have been moved into permanent state-funded positions. Also, the staff has reviewed the state regulations governing the use of temporary grant positions and is now fully knowledgeable in this area.

4. Recommendation: *The Personnel Officer should be encouraged to ensure timely reporting of all employee benefits changes and should attend training offered by the Office of Insurance Services on the administration of benefits programs.*

Response: Staff members directly involved in personnel matters have been scheduled for all training classes not previously completed and will attend the annual Benefits Administrator Conference. All information pertaining to benefits will be forwarded promptly to employees. Amendments to employee benefit profiles will be mailed promptly to the responsible agency upon completion of the required documents. The process of reconciling the Office of Insurance Services records and the Comptroller General's record's will be performed monthly.

5. Recommendation: *For the next year, the Commission should closely monitor its requirements for legal counsel to determine if there is adequate demand to support a part-*

time or full-time attorney. If the Commission determines that an attorney position is needed, it should coordinate a request for this with the Attorney General's Office.

Response: The Commission will monitor the need for legal counsel over the next year and will, if necessary, consult with the Attorney General's Office regarding means to address this need.

6. Recommendation: *The Commission should determine the need for a permanent legislative liaison and public information officer and evaluate the priority for these functions in light of other needs within the agency.*

Response: Please refer to the response for Recommendation #4 under General Observations and Suggestions.

7. Recommendation: *When future federal or other grants are obtained and associated positions are needed, the Commission should consider hiring employees into temporary grant positions. This will give the Commission greater flexibility to determine the on-going need for these employees should the funding level be reduced or eliminated.*

It is the Commission's policy to hire temporary employees into grant positions. The Commission will continue to operate under this policy if additional grants are acquired.

Internal Budget Administration

Budget Monitoring and Projections:

1. Recommendation: *CHE should not make any recurring state funds expenditure obligations which cannot be sustained by the agency's current recurring state funds appropriations base (which excludes any carry-forward funds).*

Response: CHE has reviewed its operations budget for 1997-98, and all obligations contained in the budget are from recurring state funds.

2. Recommendation: *CHE should consider adopting procedures to periodically (at least quarterly) prepare a consolidated budget status report which includes items such as projected surpluses/deficits based on YTD spending patterns. This report should be prepared for, and reviewed by, the Executive Director, with consideration given to providing such a report to the Commission (or the Finance and Facilities Committee).*

Response: This recommendation has been implemented. Finance division staff are meeting weekly with the executive director to review the status of the budget. Beginning on October 27, 1997, the status reports will be shared and discussed with the directors on a monthly

basis. Also, as of November 1997, the staff has started sharing and discussing quarterly consolidated budget status reports with the Commission.

3. Recommendation: *The Finance Office should assist Program Coordinators by establishing a formal means of communication concerning the status of "flow through" funds appropriated for specific initiatives. CHE should also establish policies and procedures which minimize the amount of these funds which remain unspent at year end and/or are carried forward.*

Response: Program coordinators have begun receiving monthly reports on the status of flow-through funds and the expenditure of operating funds under their supervision. In addition, the staff will continue to remind institutions that have not requested their flow through funds to submit requests. Also, Finance staff will develop a formal policy and procedures report that will outline clearly to the institutions the methodology and time-table for requesting flow-through funds.

Accurate Posting of Expenditures:

4. Recommendation: *CHE should ensure that funds are spent or distributed to the institutions in accordance with legislative requirements and that all expenditures are posted against the most appropriate account. If there are any questions concerning the proper use of State funds, CHE should seek a formal opinion from either the Attorney General or the appropriate legislative committee(s).*

Response: CHE has employed a coordinator of internal operations and grants who has as a major part of his responsibility the review of all policies and guidelines governing the posting of receipts and expenditures. The business office staff has received appropriate instructions concerning the issues covered in the recommendation from the coordinator. Further, the staff will continue to seek the advice of the Attorney General and the appropriate legislative committees whenever questions arise concerning the appropriate expenditures of state funds.

Resources:

5. Recommendation: *CHE should determine if additional resources are needed to carry out all of its responsibilities or if resources can be reallocated to accommodate newly acquired duties. If it is determined that additional resources are essential, then CHE should continue to request additional resources (funding and/or FTEs) as was done during the latest budget cycle.*

Response: CHE has made a request for two staff positions in the 1998-99 budget request. CHE will also request at the beginning of the legislative session that it be given the authority to use a portion of unused program funds in its existing budget for administration.

Grants Administration

1. Recommendation: *CHE should consider not making any additional expenditure obligations for implementation of the Veteran's Education program until it is informed by the Department of Veteran's Affairs of its contract reimbursement amount for federal FY 1997-98. Upon being informed of its contract amount, CHE should immediately assess the impact on its budget and plan accordingly.*

Response: The executive director, working with appropriate veteran's education and finance staff, has assessed the impact on the CHE budget of the contract reimbursement amount. The staff has developed a revised annual budget and staff projection subsequent to the assessment.

2. Recommendation: *CHE should be more diligent in pursuing supplemental funds for implementation of the Veteran's Education Program if additional funds are needed.*

Response: The staff has prepared and submitted a supplemental funding request to the Veteran's Administration for additional expenditures incurred in the operation of the program. The staff has also met with a program director at the Department of Veteran's Affairs to discuss the request, and it appears likely that the additional funds will be received.

3. Recommendation: *For each federal grant, the Commission should clearly identify the positions that are responsible for administering the grants and ensure that the amount of time and the nature of duties each is performing are in accordance with the grant guidelines and are supported by proper documentation as verification of the amount of time and nature of duties.*

Response: The newly appointed coordinator of internal operations and grants reviews all grant guidelines and personnel needs to ensure that the assignments of employees at CHE are in accordance with grant needs and guidelines.

Capital Budgeting and Facilities Review

1. Recommendation: *In addition to fulfilling its legislative mandate, CHE should continue to develop its role as an advocate for institutions, thereby encouraging institutions to seek Commission review of special funding requests.*

Response: Finance division staff are currently working with institutional representatives through the advisory committee structure to ensure that the special funding requests from institutions are submitted first to the Commission for its consideration before being submitted to the General Assembly.

2. Recommendation: *CHE should work with institutions to develop a process for conducting periodic audits of facilities data on CHEMIS to ensure accurate information for funding and analysis purposes.*

Response: Although desk audits of facilities data have been conducted since the implementation of CHEMIS, a more formal process for auditing facilities data for consistency in reporting and accuracy of data will be developed as a part of the agency's overall audit plan. This process will clearly outline methods and edits that can be put in place to highlight potential problems with data reported from institutions.

3. Recommendation: *CHE should clarify the authority by which it reviews and approves leases of space by institutions. If the Commission determines approving leases is within its authority, it should consider providing conceptual approval of the need for the leases prior to solicitation, rather than approving the terms and conditions after the lease documents are completed.*

Response: A formal opinion from the State Attorney General's Office will be sought, and clarification of the Commission's lease approval authority will be included in the Facilities Operations Manual, which is currently being revised.

4. Recommendation: *The reactivation of this committee has been positively received by the institutions, and CHE staff should consider holding regular meetings of the Facilities Advisory Committee to advise on facilities matters.*

Response: The Facilities Advisory Committee has been reactivated and quarterly meetings are being scheduled. In addition, special meetings are called to address issues of particular urgency and/or concern.

5. Recommendation: *CHE staff should request a review of the Facilities Operations Manual by the Facilities Advisory Committee to ensure the manual is complete and meets the needs of all users.*

Response: Commission staff will submit a draft of the revised Facilities Operations Manual to the Facilities Advisory Committee for review and comment.

6. Recommendation: *CHE should consider delegating more approval authority to staff for routine repair and maintenance and for A&E projects to reduce the approval time on these, while also providing staff more time for project reviews. After staff approval, these items could be reported regularly to Commission members for information purposes.*

Response: The staff will discuss increasing/expanding staff approval levels with the Facilities Advisory Committee and will present recommendations to the Commission for

consideration. Staff approvals for the previous quarter are currently presented to the Commission's Committee on Finance and Facilities at each quarterly Committee meeting.

Management Information Systems and Resources

1. Recommendation: To assist in the development and analysis of performance indicators from CHEMIS data, the Commission should consider the need for additional expertise in data analysis, modeling, and forecasting, as well as in data processing. Although the Commission's AS400 computer does not support needed software tools for such activities, such tools can be readily applied to data downloaded from the AS400 onto a PC/LAN platform. Should the Commission require this additional expertise, the software could be acquired and made available for ad hoc data analysis, modeling, and forecasting by staff with expertise in this area.

Response: Finance/MIS staff are in the process of reviewing all of the software and hardware needs to support data required by CHE in light of performance funding and the many other data requests received by the agency. Staff will submit a report on the status of software and hardware to the executive director and, if desired, to the Commission.

2. Recommendation: As suggested previously, the Commission may wish to conduct a thorough review of the specific types of information it requires from institutions. Where duplicate data is required, efforts should be made to streamline data requirements to ease the reporting burden on institutions.

Response: Finance/MIS staff are conducting a thorough review of all data requirements from institutions and are determining the need for and the authority under which the data are collected. That assessment will be submitted to the executive director and, if desired, to the Commission for review.

Compliance with Recent Audit Findings

1. Recommendation: The Commission should give priority attention to addressing the issues cited in the most recent State Auditor's Report.

Response: The staff has given priority attention to addressing these items. First, it should be noted that according to the Auditor's Report, tremendous improvement had been made when compared with the FY 1995 Report. Some findings re-occurred because of insufficient time to remedy previous issues. The following items have been implemented to address the concerns:

1. In April 1996, a personnel specialist was employed to ensure compliance with State Human Resource regulations and to ensure timely submission of annual employee evaluations.

2. In August 1996, CHE employed a qualified business manager.
3. In July 1997, a coordinator for internal operations and grants was hired.
4. Weekly budget sessions are conducted with the executive director to review operations, personnel, and other issues.
5. A formal process has been established to review budget, procedures, and unexpended balances on a monthly basis.
6. Beginning in November 1997, quarterly activity reports will be submitted to the Finance and Facilities Committee.

Organizational Issues

1. Recommendation: In light of Act 359, the Commission should consider systematically evaluating the purpose, focus, and the program content of all of the functional areas in the organization to determine if the structure and specific responsibilities in each program area are consistent with the purpose and mission of the Commission.

Response: Please refer to the response for Recommendation #1 under Human Resources.

2. Recommendation: The Commission may wish to develop a means for evaluating the impact of performance funding and determining if performance funding is accomplishing its objectives.

Response: After completion of refinements to the new funding plan (the Mission Resource Requirement), the staff will consult with MGT of America, which assisted in development of the MRR, to develop ways and means for evaluating the impact of performance funding. Depending on the cost of implementing the evaluation plans, the Commission may explore possible funding sources with the Executive Director of the Budget and Control Board.