

PSU Economic Sustainability Report 2019

Key Performance Indicators of PSU Economic Sustainability 2019

Key Performance Indicators of Strategic Plan 2018-23		2019
6.1	Operating surplus as percentage (%) of turnover	10.74%
6.2	Academic Staff Expenses to Total Operating Expenses	63.20%
6.3	Composite Financial Index (CFI)	7.4
6.4	Financial Responsibility Composite Scores (FRCS)	3

3rd Strategic Plan 2018-2023

Financial performance is the key measurement to understanding economic sustainability and contributes for strategic investment to optimize the achievement of PSU mission.

PSU established an effective financial planning and management control system to sustain the programs and services offered and efficiently managed in keeping with program requirements and institutional priorities. The university also has efficient budgetary and forecasting process, financial delegations and accountability to ensure suppleness, institutional oversight and risk management. Regarding this process, the university prepares annual master budget, annual report and interim report, and engages

stakeholders including senior management, faculty members and admin staff. The economic sustainability of PSU is based upon the following two strategic goals:

Strategic Theme 6: Economic Sustainability

Goal 1	Maintain and enhance overall financial strength
Objective 1	To strive to grow through increasing student numbers and income
	S1: Increase number of academic programs within each college that can attract more students
	S2: Develop a new academic area of discipline
	S3: Marketing activities of existing program
Objective 2	To continually review financial management systems (ERP) and enhance efficiency
	S1: Provide Annual Budget to support Financial Planning
	S2: Working closely with External and Internal Auditors to ensure value for money
	S3: Annual assessment of financial sustainability

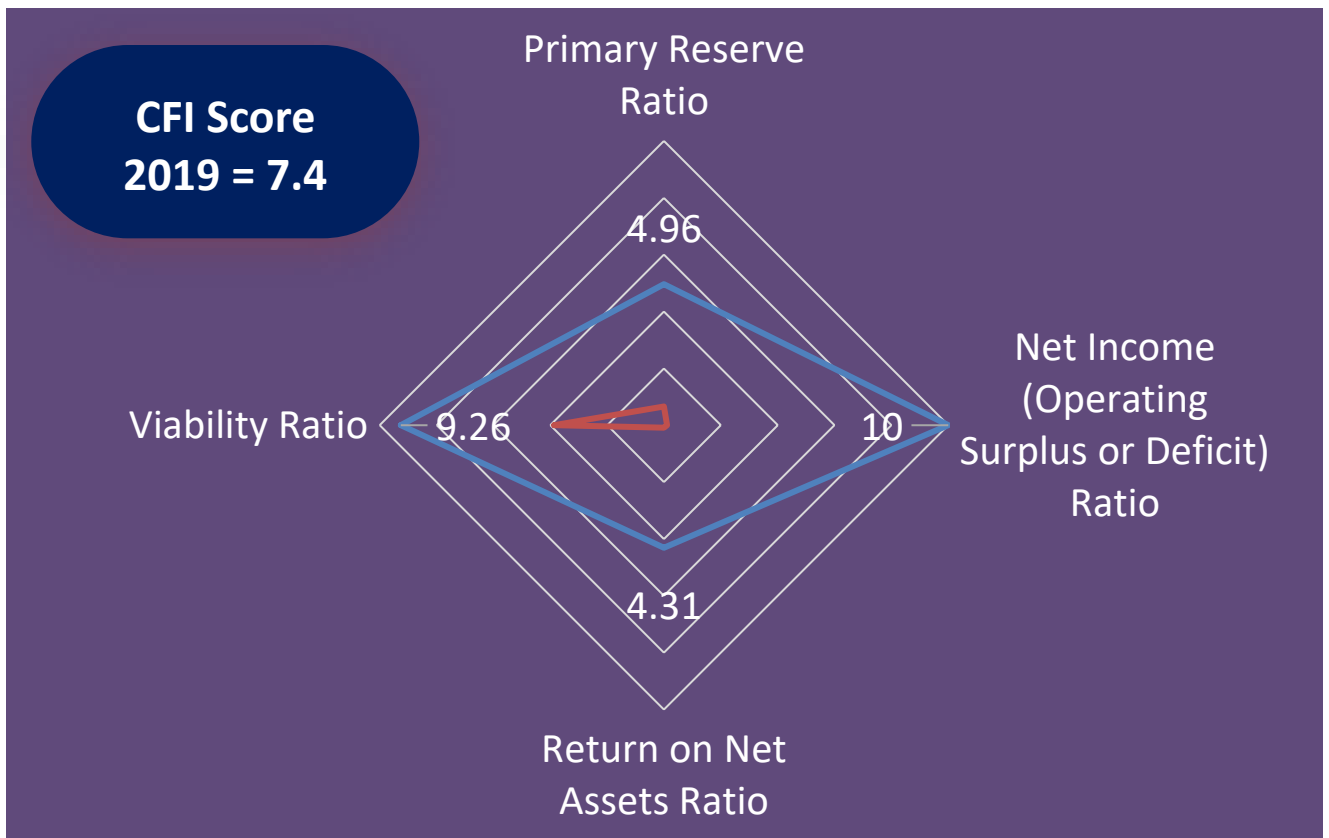
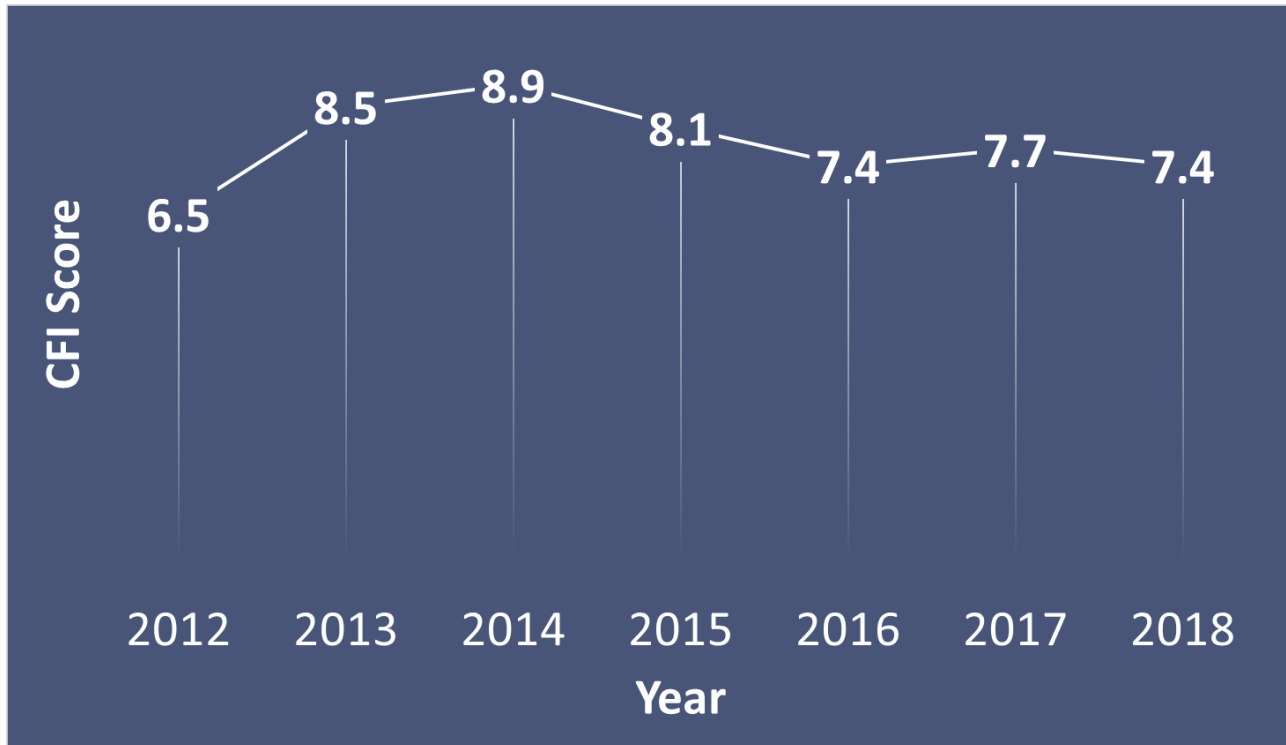
Goal 2	Maintain comprehensive and effective risk management, internal audit and assurance framework
Objective 1	To diversify revenue sources to decrease reliance on tuition fees
	S1: Income generating research through local and international funding
	S2: Develop partnerships with business and industry solicit donations
	S3: Deliver bespoke training for organizations in the public and private sectors where PSU expertise allows
	S4: Provide executive education
Objective 2	To manage risks to ensure continued sustainability
	S1: Enhance the implementation of risk management policy through stakeholder engagement
	S2: Annual assessment of Risk Management

Financial performance is the key measurement to understanding PSU's economic sustainability. In 2017-18, the Vice President for Administrative and Financial Affairs approved a set of Key Performance Indicators (KPIs) for Economic Sustainability including Quantitative Ratios, and Qualitative Indicators. These KPIs serve as indicators of PSU's financial strengths and weaknesses. Overall financial highlights are shown is based on the Composite Financial Index (CFI) Score.

The Composite Financial Index (CFI) [2012-2019]

A CFI score of 3.0 is considered the threshold for institutional financial health by the developers of the tool; a score of less than 3.0 suggests the need to address the institution's financial condition; and a score of greater than 3.0 indicates an opportunity for strategic investment to optimize the achievement of institutional mission. Comparing the CFI scores of PSU for the last seven years (2012-2019), it was found that **PSU is, overall, a very financially healthy organization**. The CFI score was 7.4 in 2018; 7.7 in 2017; 7.4 in 2016; 8.1 in 2015; 8.9 in 2014; 8.5 in 2013, and 6.5 in 2012. This indicates PSU's capacity to take strategic initiatives and deploy resources effectively to achieve the overall mission of PSU.

Figure 1: Composite Financial Index (CFI) scores of PSU (2012-13 to 2018-19)



Financial Responsibility Test

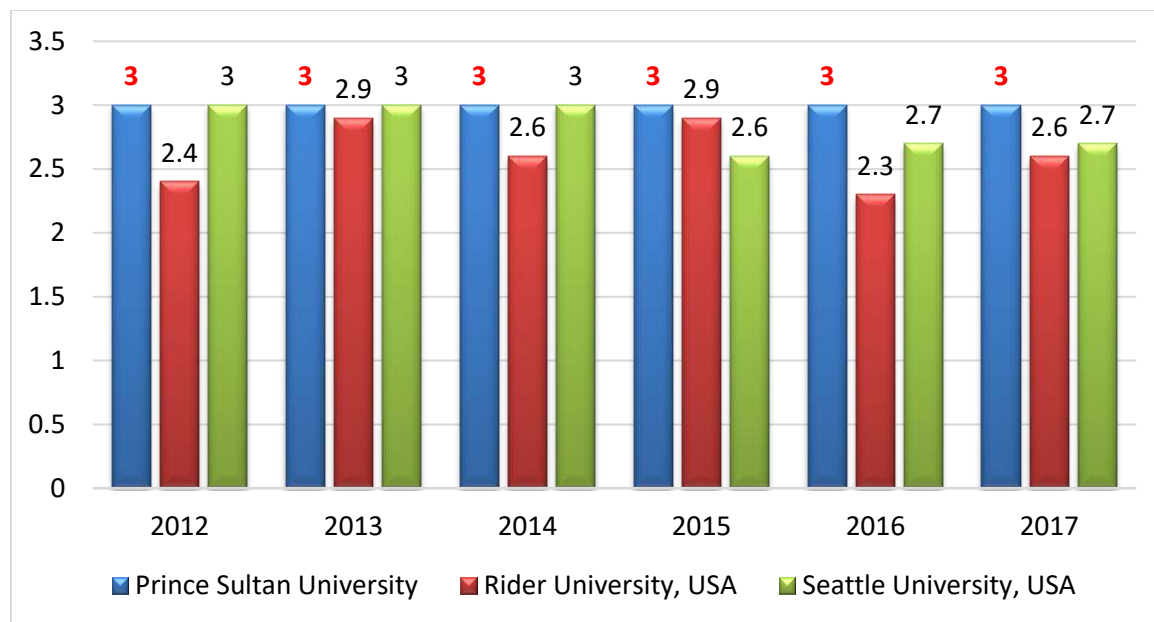
Financial Responsibility Composite Scores (FRCS)

The composite score reflects the overall relative financial health of institutions along a scale from - 1.0 to positive 3.0. For PSU, for the last seven years, the score has been consistently above 1.5 (achieved the highest score of 3) which indicates significant financial health of an institution (see Figure 2).

Benchmarking

Comparative Financial Responsibility Composite Scores 2012–2019 of Prince Sultan University, Rider University, USA, and Seattle University, USA are presented in Figure 2. PSU consistently scores the highest one (3) over the last seven years.

Figure 2: Comparative Financial Responsibility Composite Scores 2012 – 2017*



Note: *2018-19 data is not available from U.S. Department of Education

(<https://studentaid.ed.gov/sa/about/data-center/school/composite-scores>)