

EUROPEAN UNIVERSITY ASSOCIATION

Towards a more efficient and effective funding and control environment

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Focus

- Understanding the funding environment
- Trends at national and European level
- Estonia in a European context
- Appropriate frameworks
- Institutional development

Who we are



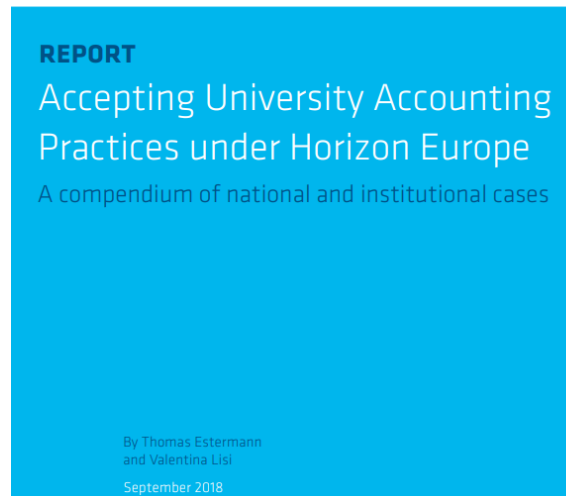
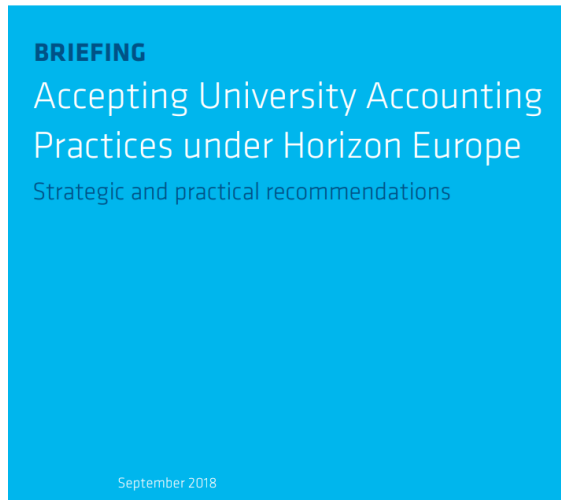
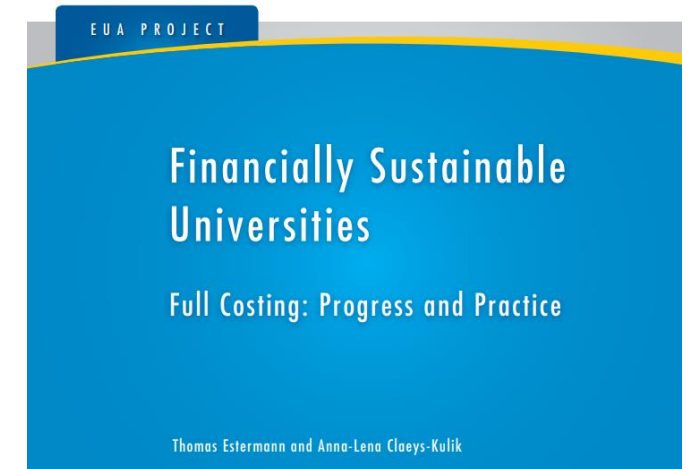
Largest university network in Europe

Unique membership:

800+ universities and university associations

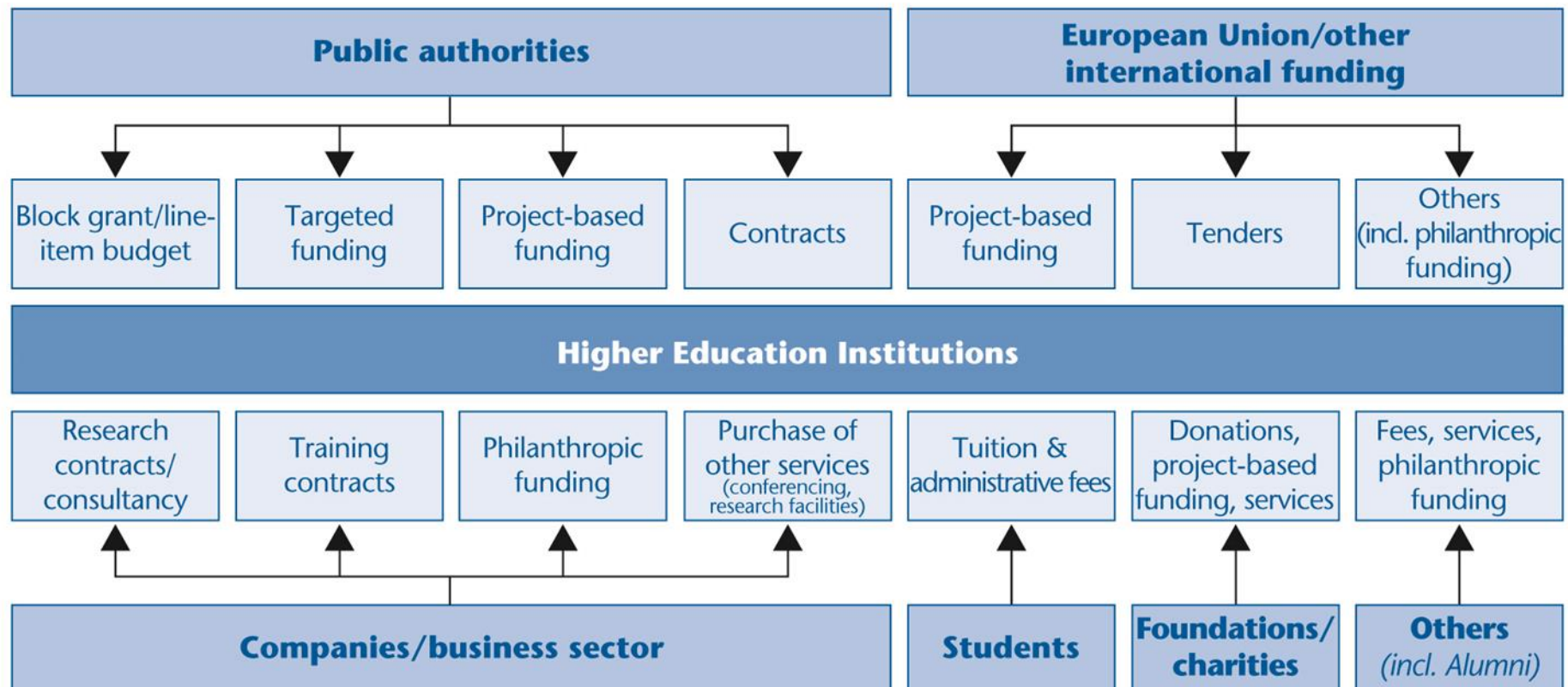
40 staff in Brussels and Geneva

EUA Funding Work



Understanding the environment

- Funding universities has become highly complex
- Universities have up to 300 different funding sources



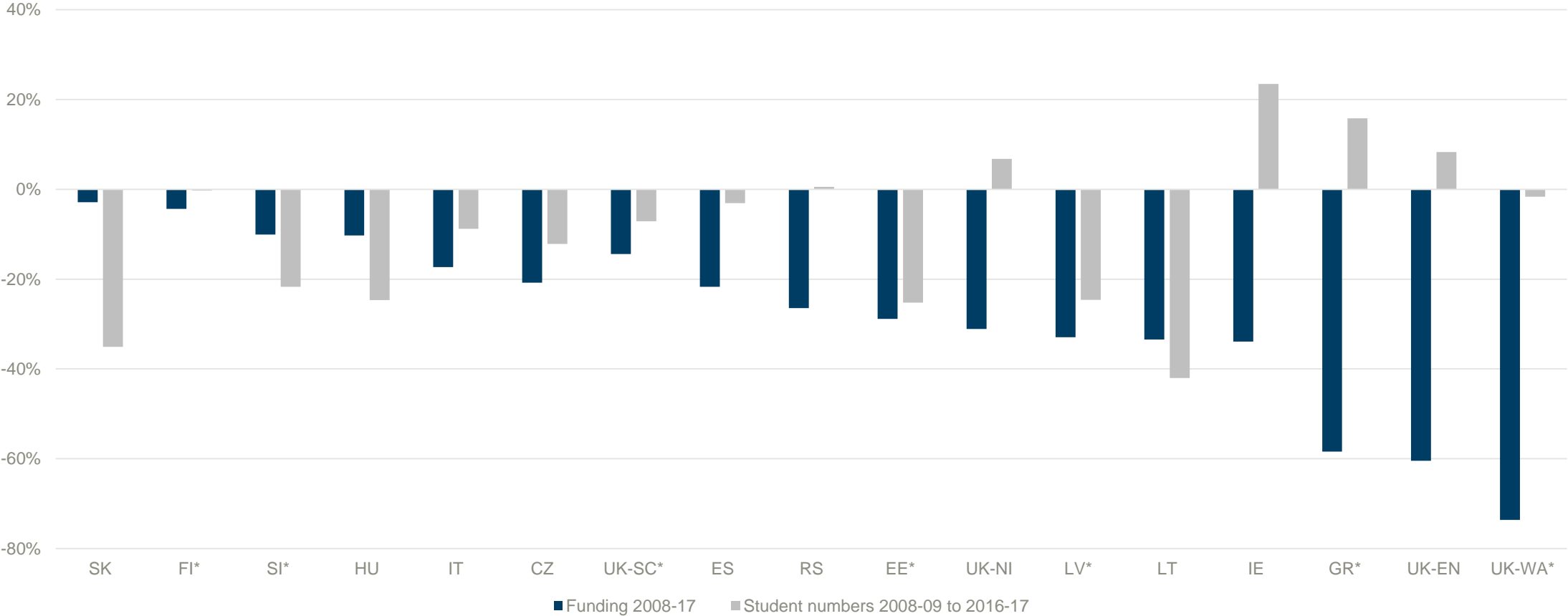
Varying public funding across Europe (I)

Changes in public funding to universities and student numbers between 2008 and 2017

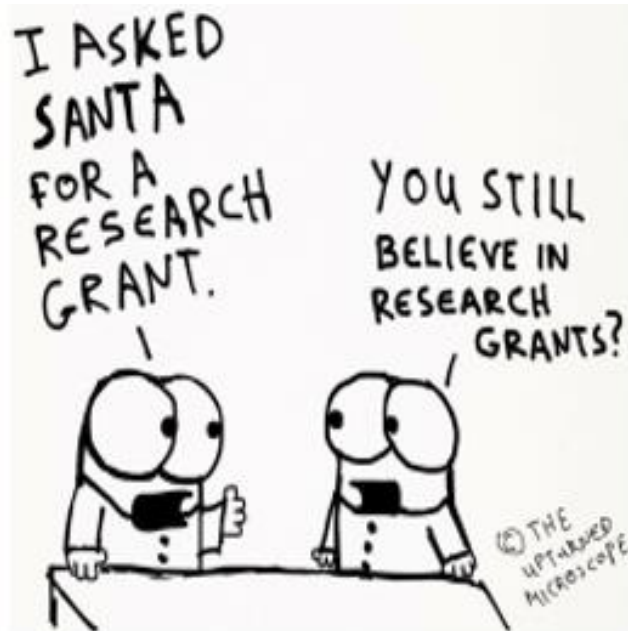


Varying public funding across Europe (II)

Changes in public funding to universities and student numbers between 2008 and 2017



Common trends at national and European level



- Higher competition for scarce resources
- Increased focus on efficiency and funding concentration
- Discussion on performance, impact and innovation capacity of universities
- Tensions increase on:
 - Grants vs financial instruments
 - Quantitative vs qualitative control and evaluation / input vs output
 - Simplification vs financial sustainability
 - National vs EU funding



Public expenditure on higher education

Estonian universities continue operating with considerably less resources (about -30%) than in 2008, after budget cuts cancelled out relative improvements achieved in the middle of the period. The country is also faced with the issue of a shrinking student population. GDP growth has been sustained since 2011 and offers space for reinvestment.



-16%
in nominal terms
(2008-2016)

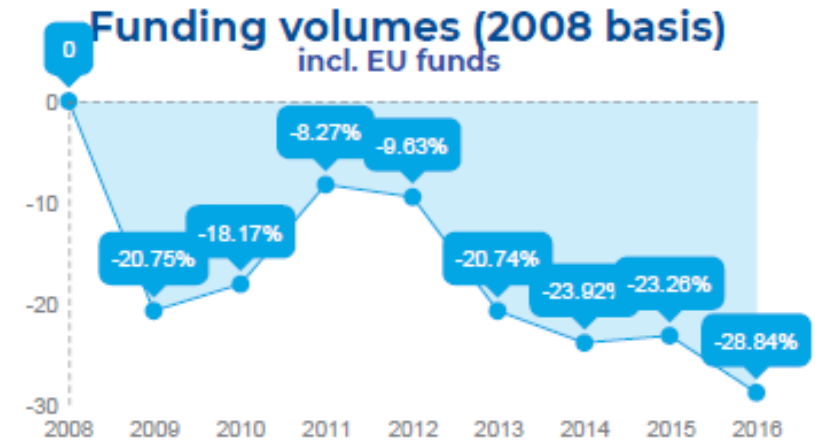


Declining system under pressure

Funding cuts outpacing
decline in student numbers



-29%
in real terms
(2008-2016)



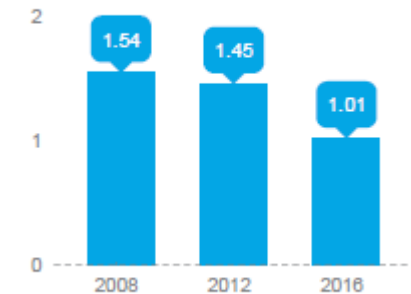
Demographics



-25% students

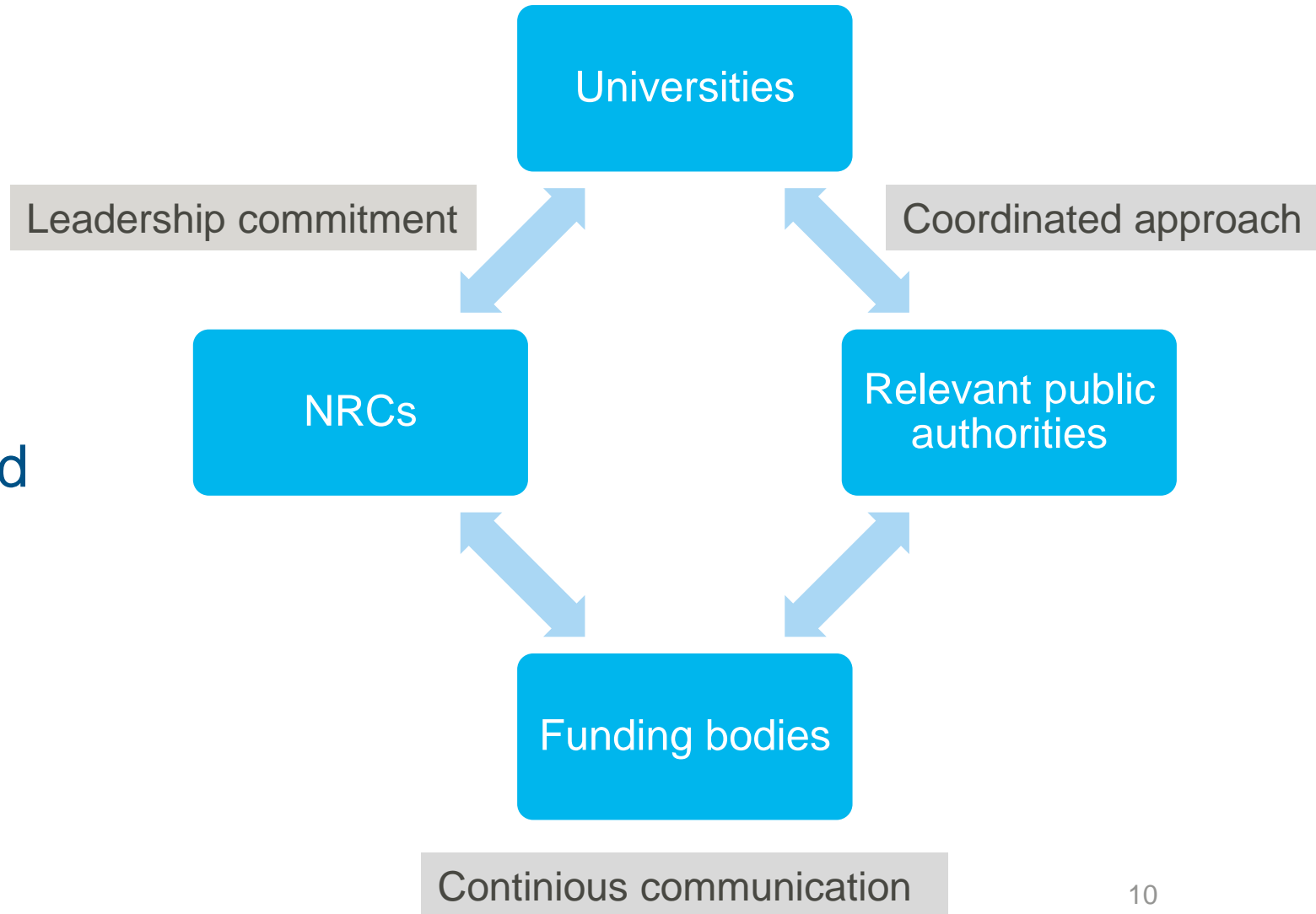
between 2008/09
and 2015/16
(-32% from 2008/09
to 2017/18)

Share of GDP



Key aspects of holistic funding reforms

- Public authorities: Right frameworks and funding tools and appropriate reporting and audit procedures
- Universities: Professional financial management and appropriate costing systems



Appropriate and effective frameworks

Need to

- Find the right balance between public and private funding
- Find the right mix of public funding tools
- Right balance between block grant and competitive funding shares
- Take account of high percentage of fixed costs of universities
- Ensure efficiency of competitive funding
- Synergies between European and National funding

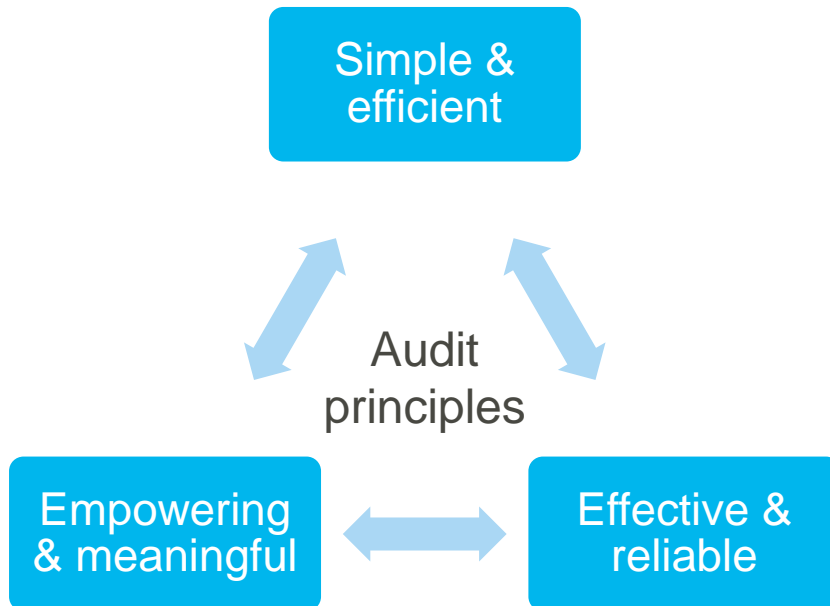
Efficient national competitive research funding models: Three examples



Acceptance of national costing methodology	✓
System & Process Audit	✓
Cross reliance in audit procedure	✓

Principles of efficient and effective control

POLICY INPUT
Achieving high-quality audit
in European research
Propositions on simplification and
alignment of funders' practices



- Increasing alignment of auditing and funding frameworks
- Moving towards ex-ante system and process audit (evaluation of controls vs. specific expenditures)
- Increasing cross-reliance with previous audits
- Conducting joint audits
- Improving audit sequencing
- Developing empowering audits

Universities' human resources and costing models



1. Developing a resource allocation model
2. Budgeting and financial planning
3. Developing a basic costing model
4. Reviewing organisational structures and responsibilities
5. Establishing human resource development
6. Developing an income diversification strategy

Key elements:

- ✓ Challenges in university environment and increased autonomy require strategic HR management
- ✓ New responsibilities require new skills
- ✓ Professional development of all staff (academic and administrative)
- ✓ Leadership plays a key role in developing strategic HR management

Basic steps of developing a costing model (I)

1. Define objectives:

- Allocation
- Steering by incentives
- Activity analysis
- Benchmark with other institutions
- Decision basis for investments
- External reporting
- Negotiation with external partners and funders

2. Manage data

- Define necessary data
- Modalities of data collection
- Define time span

3.1 Basic steps of the development



Basic steps of developing a costing model (II)

4. Define Costing Methodology:

- Activities
- Cost objects
- Cost drivers
- Allocation method
- Cost basis

5. Adapt IT infrastructure

6. Adapt methodology

7. Develop appropriate reporting procedures

Developing HR

- Appropriate structure and staff profiles
- Long-term recruitment strategy
- Staff training (Leadership, financial expertise, project management, ICT, Communication, Team building ,change management,...)
- Attractive working conditions
- Career progression pathways for administrative staff
- Appropriate succession planning
- Motivation
- Appropriate salaries



Recommendations for Estonia

System level

- Establish an appropriate balance between block grant and competitive funding
- Support a joint working group between national research funders and universities to develop a systemwide appropriate costing system for universities

Institutional level

- Develop an appropriate costing system
- Professionalisation of financial management
- Ensure appropriate accountability systems

Conclusions

Key factors of success:

- Appropriate regulatory frameworks
- Professional Institutional Development
- Efficient costing systems based on trust

THANK YOU! QUESTIONS?

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