

Financial Internal Controls

Inventory Team

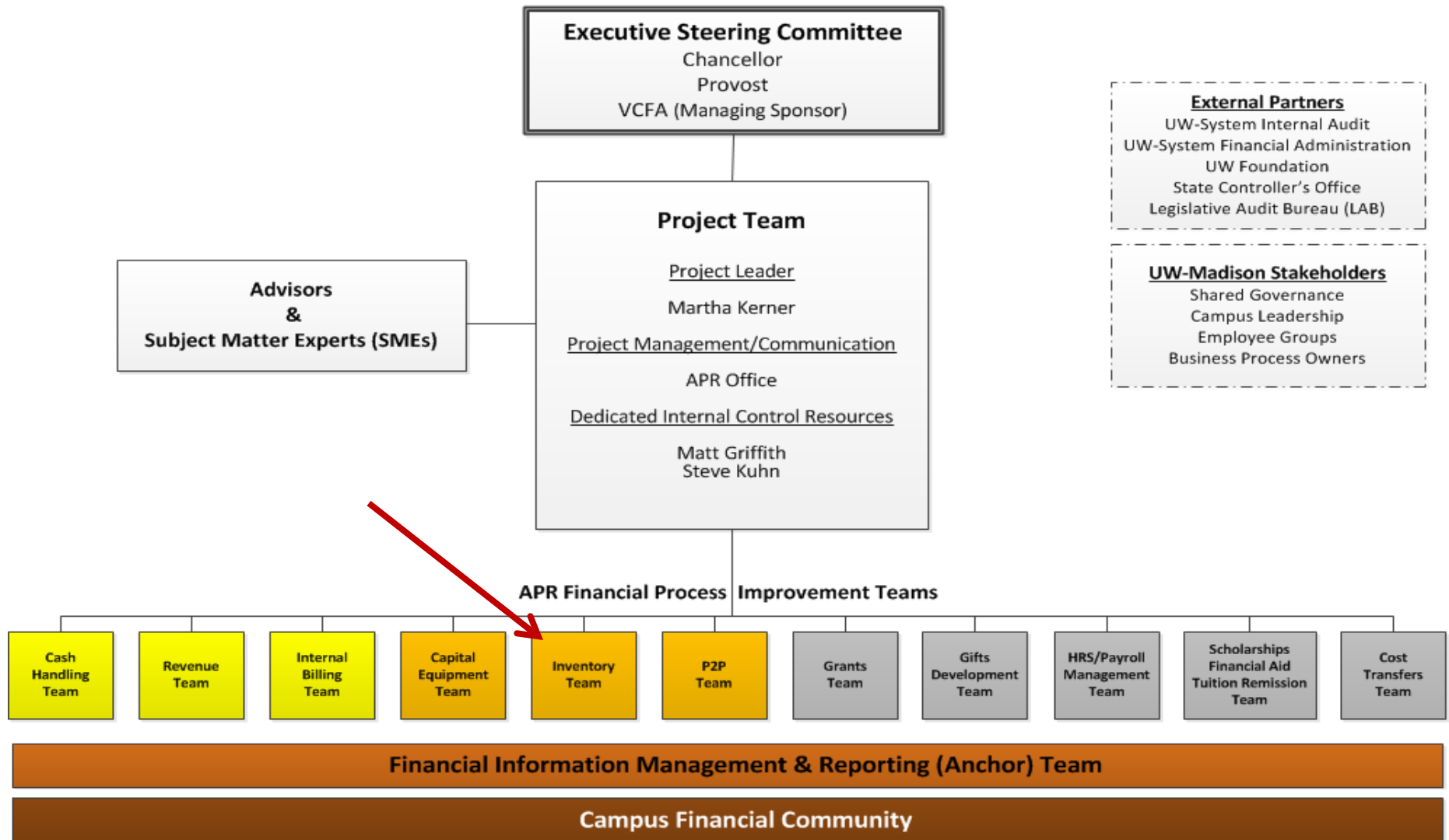
Administrative Council Meeting
June 30, 2016



Agenda

- I. Refresh: “Inventory” Background / Goals
- II. June 21, 2016 Report: Team Discoveries, Observations and Recommendations
- III. Next Steps

Financial Internal Controls Project Structure



Goals from Charter

- Record, safeguard inventory items on hand.
- Provide accurate information for financial reporting .
- Meet managerial cost controls.
- Promote fraud prevention and detection.
- Introduce continuous monitoring and improvement.

Background

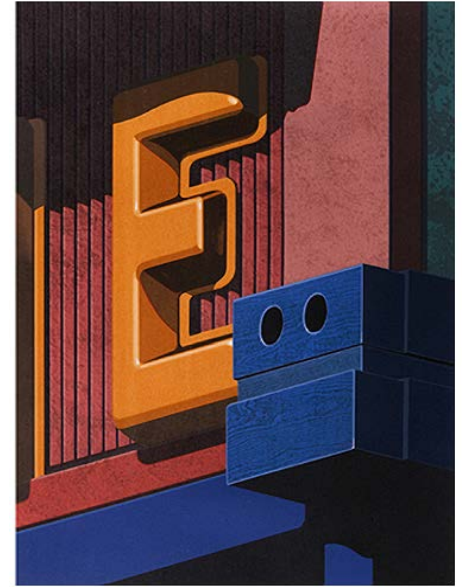
- Inventory: resale items or consumable supplies, sold or consumed within one year.
- Past three fiscal years: UW-Madison reported inventory valuations of \$27.6 to \$29.0 million.
- Values submitted to UW System to fulfill GASB requirement to report GAAP financials.

Discoveries and Observations

- Inventory definition and valuation lack clarity.
- Policies and procedures not well defined.
- Most units observed conduct physical counts, but processes vary.
- Wide variety of inventory types.
- Many wanted to comply but didn't know how.







ROBERT COTTINGHAM



Jim Dine
The Cottonwoods at Night, 2015
Woodcut, etching
and serigraphy
64 x 48 inches
Edition 24





Key Recommendations

- Develop an understanding of inventory.
- Identify a process owner for central oversight.
- Develop policies and procedures.
- Accurately track, value inventory for reporting.
- Establish a new process for year-end reporting.
- Create an electronic workflow for reporting.

What's Next

- Identify dependencies with other teams.
- Align and prioritize recommendations
- Develop implementation plans and timelines.

Questions / Comments