

# Financial Internal Controls

## Procure to Pay Team

Administrative Council Meeting

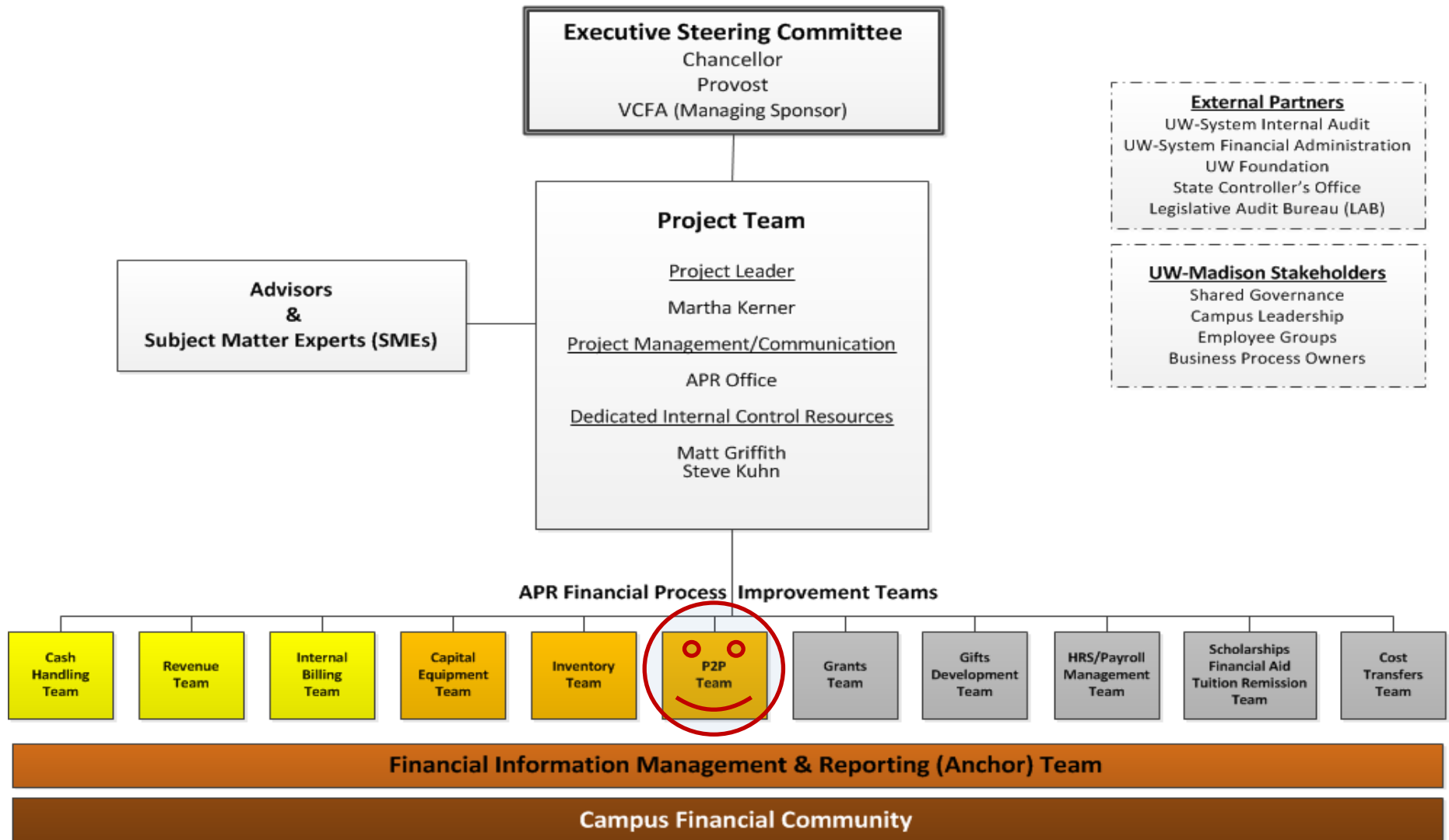
July 14, 2016



# Agenda

1. Refresh: Team Background / Goal
2. June 28, 2016 Report:
  - A. Current State
  - B. Recommendations
  - C. Future State
3. Next Steps

# Financial Internal Controls Project Structure



# P2P Team Goal

Deliver a redesigned process recommendation for managing purchasing and vendor payments which aligns with the objectives of UW-Madison's internal controls framework but also offers improved cost savings, efficiencies and internal customer service.

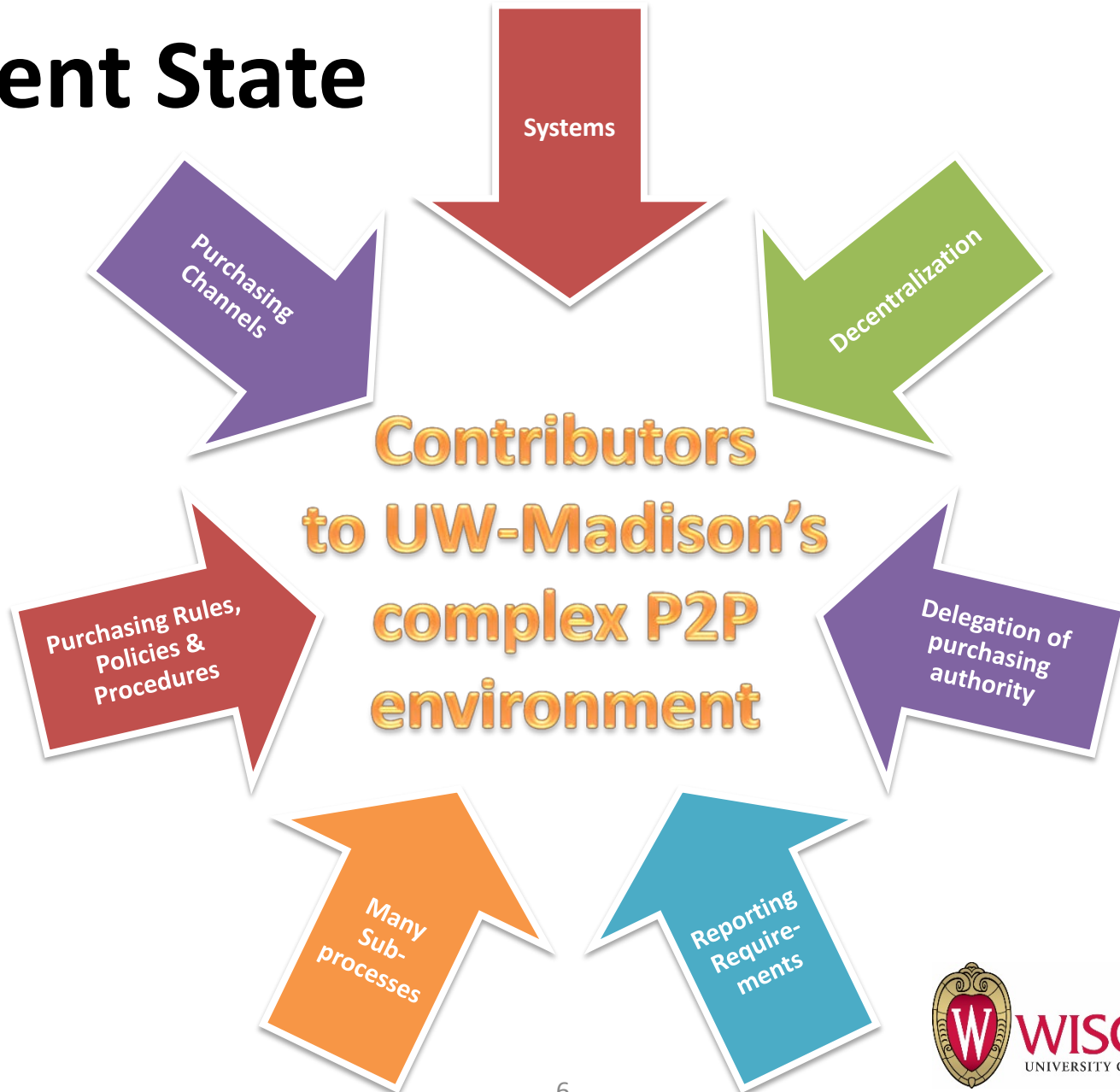


# P2P Snapshot – Fiscal Year 2015

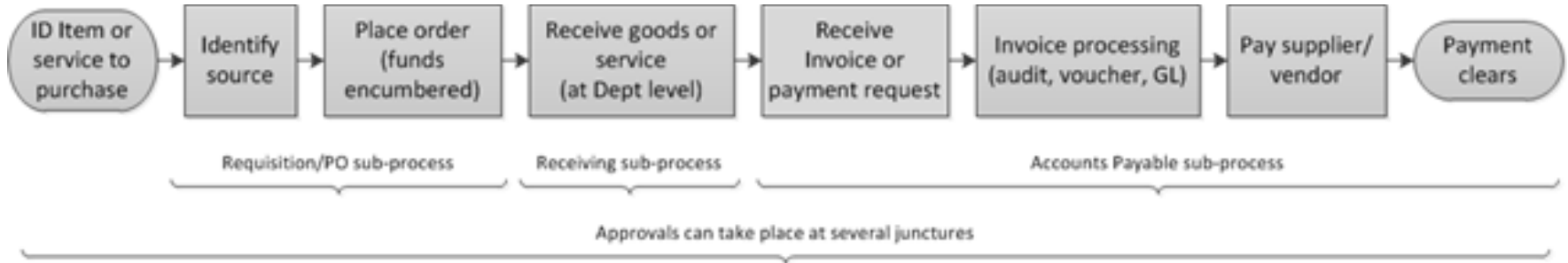
- \$720 MILLION WERE PAID TO INDEPENDENT THIRD PARTIES FOR GOODS AND SERVICES BY UW-MADISON.
- 153,630 VOUCHERS WERE ISSUED AGAINST 14,404 PURCHASE ORDERS FOR A TOTAL OF \$370 MILLION.
- THOSE 14,404 PURCHASE ORDERS WERE CREATED AGAINST 1,028 CONTRACT/BIDS AND 133 WAIVERS FROM THE COMPETITIVE BID PROCESS.
- 237,972 P-CARD TRANSACTIONS FOR \$78M SPEND WERE PROCESSED
- 251,856 SHOP@UW TRANSACTIONS FOR \$38M SPEND WERE EXECUTED
- 26,451 DIRECT PAYMENTS FOR \$191M SPEND WERE MADE
- 13,917 PIRs (PAYMENT TO INDIVIDUALS) FOR \$12.3M SPEND WERE PROCESSED
- STAFF PURCHASED WILDLY DIVERSE PRODUCTS AND SERVICES THAT RANGED FROM PAPER AND STAPLERS, TO AXOLOTLs AND ZEBRAFISH.



# Current State



# High Level Process



Examples:



# Recommendations

1. Strengthen and expand central P2P resources to better support campus users.
2. Develop an institutional centralized purchasing system or “portal.”
3. Simplify and automate the invoice payment process.
4. Develop consistent guidelines for granting, application, and enforcement of delegation. These include delegation of vendor set-up, signature authority, purchasing authority, PCard, payables voucher upload and invoice audit.
5. Restructure campus Purchasing and Corporate card programs to minimize risk while maintaining ease of purchasing.
6. Implement an institutional, desktop receiving tool and related policy, procedures and training to support receipts for verification of vendor payment.
7. Review in depth the area of blanket orders to bring greater control without negatively impacting business operations.
8. Update existing, and develop new policies and procedures.
9. Develop a comprehensive purchasing training program.
10. Create a control plan for monitoring the efficiency of the portal, satisfaction with new procurement solutions and ensure accountability.





# Future State



## Robust search functionality

- General search
- Specific search
- Historical purchases
- View catalogue
- Pull from MDS storerooms

- Default spend authority
- Drop down & free-form
- Different payment methods are available

- Department approvals
- Department purchasing agent review
- Dean approval

- Requisition follows appropriate workflow e.g. simplified bid, bid, RFP, waiver, contract

- Vendor receives PO
- Vendor ships item

- Receipt of goods and services is logged

- Vendor sends electronic invoice
- Automated matches
- AP pays vendor
- Journal entry created
- Payment issues

# What's Next

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

Payment Bids Audit Automation  
 metrics future state partnership Efficiency  
 control environment Receiving leadership Internal Financial Controls Contract  
 portal responsibility purchasing channels eCommerce new process Process  
 Procure to Pay  
 Accountability authorization Training Voice of Customer  
 Data Satisfaction ease  
 Approvals manual Process Mapping Vouchers quotes  
 support authority simple Questions?  
 information oversight Delegation order status Accounts Payable information & communication control activities Shop  
 Purchasing Services teamwork recommendations Delivery support Vendors  
 Customer Service  
 Transactions Reporting Policy & Procedure current state Staff  
 Solutions service PO  
 Blanket Orders Invoice Reporting Portal Controls Pcard  
 workflow simplify Technology Waivers Goods & Services Expenses