Financial Internal Controls
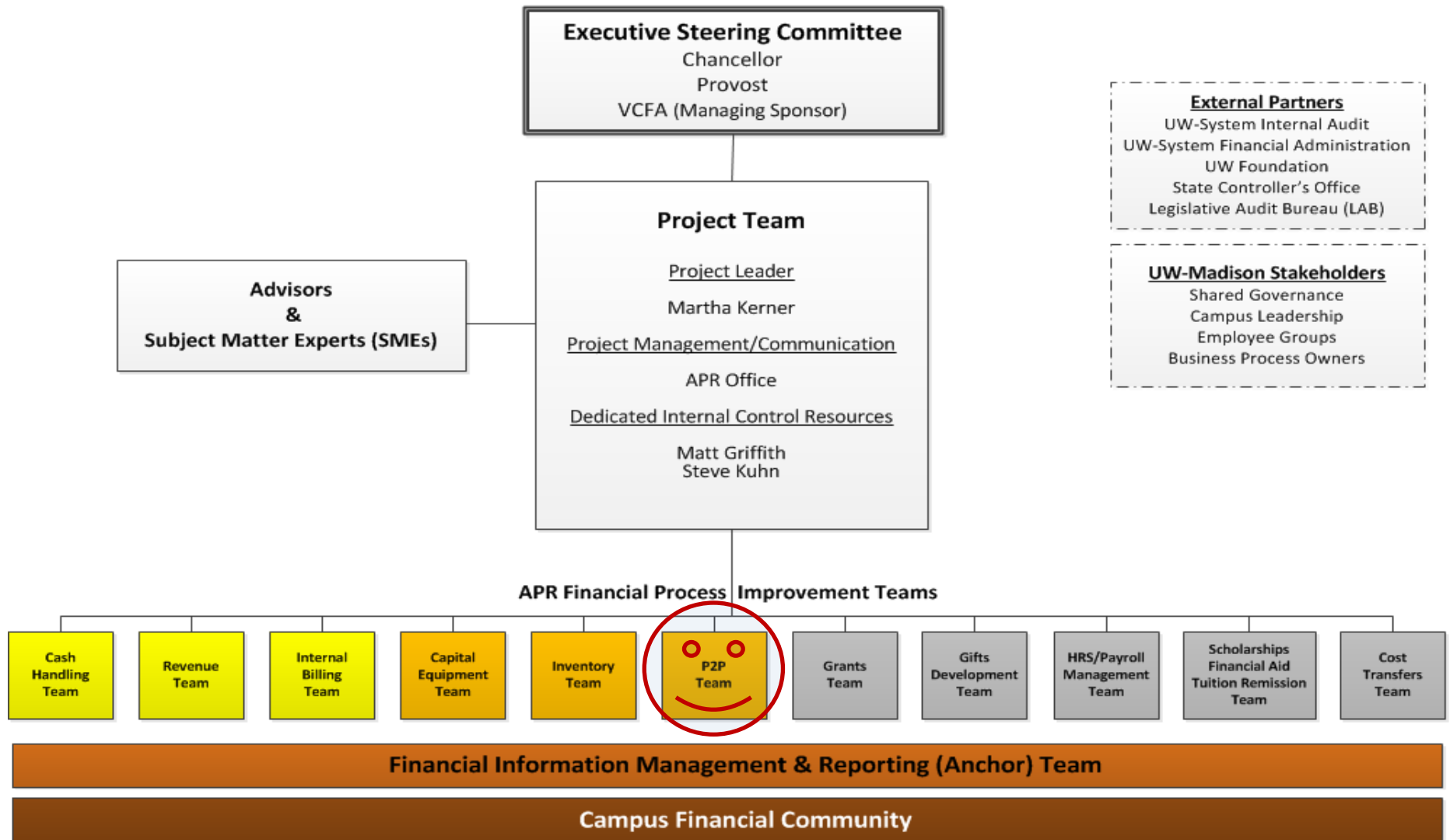
Procure to Pay Team

VCFA Directors Meeting

July 18, 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.
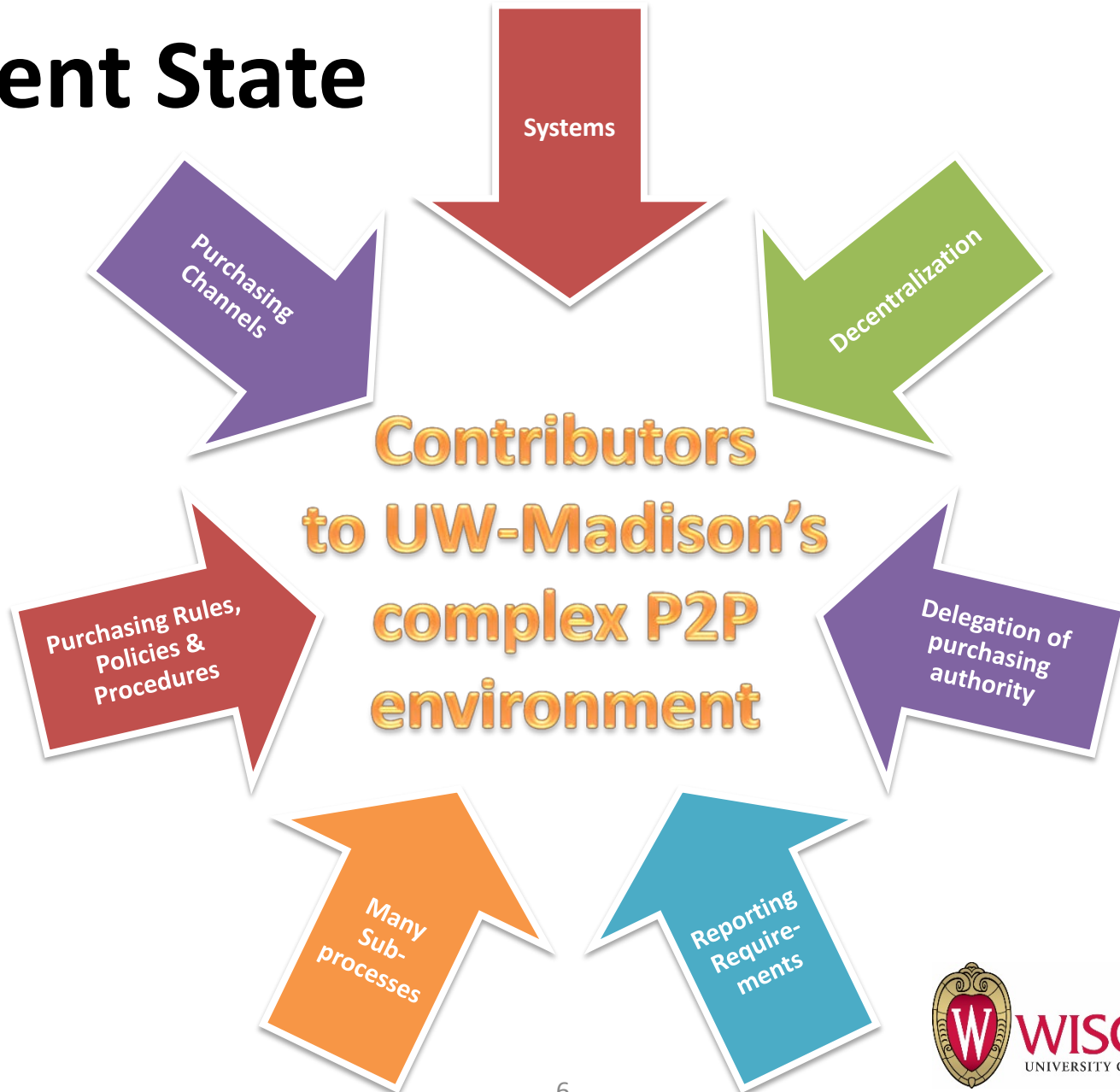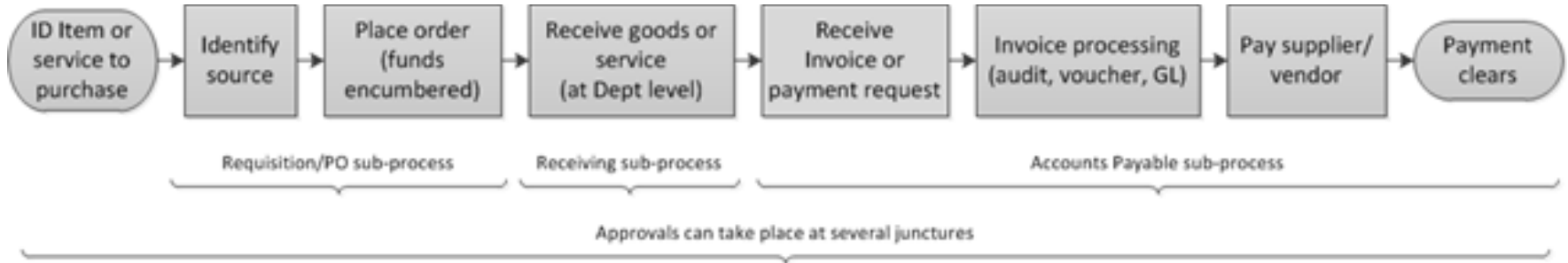
P2P Snapshot – Fiscal Year 2015

- $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 PCARD 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

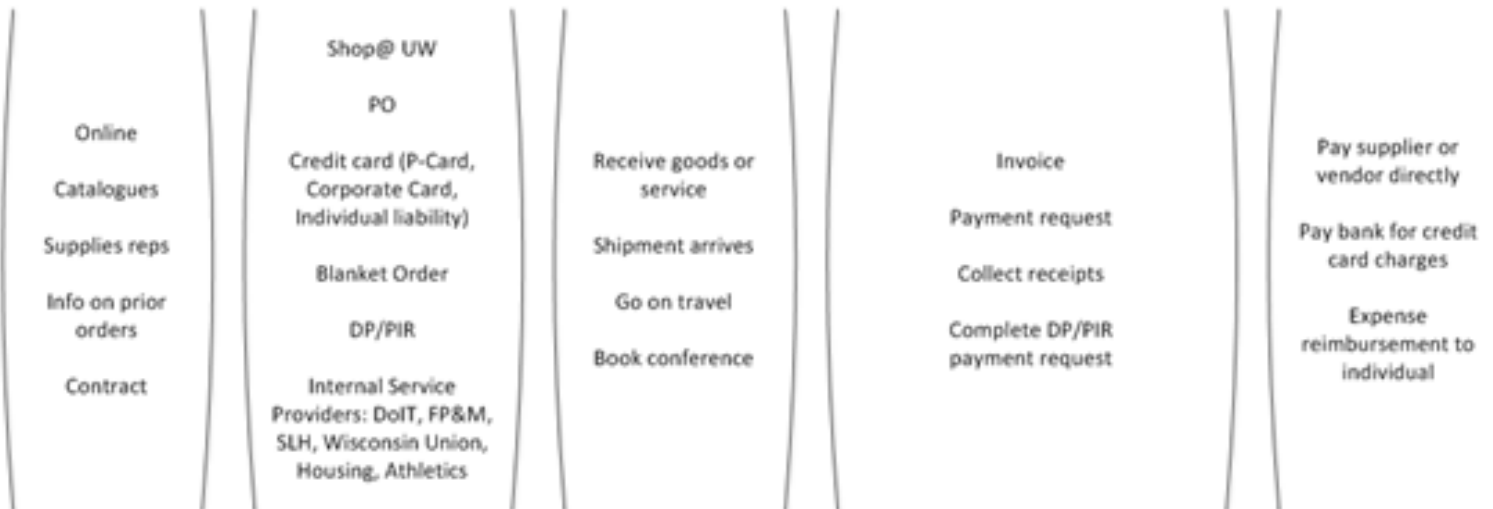- STAFF PURCHASED WILDLY DIVERSE PRODUCTS AND SERVICES THAT RANGED FROM PAPER AND STAPLERS, TO AXOLOTLS AND ZEBRAFISH.

Current State

Systems

Purchasing Channels

Decentralization

Contributors to UW-Madison's complex P2P environment

Purchasing Rules, Policies & Procedures

Delegation of purchasing authority

Many Sub-processes

Reporting Require-ments

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High Level Process

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

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Shop in portal  →  Default funding  →  Department Funding & Approval workflow  →  Purchasing workflow  →  PO to Vendor  →  Receiving workflow  →  AP Workflow
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Shop in portal

Robust search functionality

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

Default funding

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

Department Funding & Approval workflow

- Department approvals
- Department purchasing agent review
- Dean approval

Purchasing workflow

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

PO to Vendor

- Vendor receives PO
- Vendor ships item

Receiving workflow

- Receipt of goods and services is logged

AP Workflow

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

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What's Next

- Identify dependencies with other teams.

- Align and prioritize recommendations

- Develop implementation plans and timelines.