FINANCIAL MANAGERS’ MEETING

October 15, 2019
Welcome/Introductions                Liv Goff                5 minutes
Procurement Automation Update        Liv Goff/Lori Voss      20 minutes
Administrative Transformation Program Update  Susie Maloney         15 minutes
Disbursement Topics                  Mark Domaszek           15 minutes
  • Vendor Refund Deposits
  • W9 for All Vendors
  • Out of Band Vendor Change of Address Validation
Official Functions Policy Update    Rusty Haines             10 minutes
Capital Equipment Positive Approval  Amy Rognsvoog/Jennifer Roltgen  15 minutes
MDS Service Assessment               Dan Purcell             10 minutes
Surplus Exchange                     Matt Thies              15 minutes
Financial Internal Controls          Imad Mouchayleh         Will be re-scheduled
Procurement Automation Update

Liv Goff, Accounting Services - Disbursements
Lori Voss, Purchasing Services
Division of Business Services
Procure-to-Pay Automation

Project Team: Ruth Anderson, Nicki Burton, Barry Dobbs, Kelly Gauthier, Livvia Goff, Dan Langer, Rhonda Loger, Hartley Murray, Dan Purcell, Ron Schwartz, Tom Scrivener, Brent Tilton, Lori Voss
Procure-to-Pay Automation
Current State of Procurement & Payments

- Paper forms
- Limited workflow
- Sub Systems/Shadow Systems and lack of integration
- Internal control issues
- Contract audit findings
- Lack of Standard Business Processes between campuses
- Consolidated detail purchasing data is not available
Procure-to-Pay Automation

Procurement Simplified

PO

INVOICE

us bank

PCard

SHOP@UW
Procure-to-Pay Automation Features

- Cloud-based for authorized users to use it anywhere and anytime to make purchases.
- Integrates sourcing, supplier management, and contract management.
- One-stop-shopping and guided buying.
- Single electronic contract repository and supplier file for the UW System.
Procure-to-Pay Automation Benefits

- Intuitive, improves the user experience through guided buying.
- Reduce time spent searching for goods and services.
- Improve internal controls.
- Create opportunities to negotiate additional volume-based contracts with suppliers.
- Create a contract repository for tracking contract data.
Procure-to-Pay Automation Benefits

**Improved Business Processes**
- Improved data analytics
- Increased buying power
- Gained efficiencies

**Increased Compliance**
- Enhanced controls
- Improved audits
- Decreased risk

**Improved User Experience**
- Reduced frustration
- Reduced cycle times
- Timely data and information
Procure-to-Pay Automation
Next Steps

- The Jaggaer License/Implementation Services contract has been signed.
- Consulting services proposals have been received and negotiations with a third party are underway to fill resource gaps in the JAGGAER and UW System and UW-Madison project teams.
- The project was presented at the October Board of Regents meeting. There were no questions.
- P2P will become part of the February BOR Large and Vital IT report.
# Procure-to-Pay Automation Project Plan

**Estimated Start Date November 1, 2019**

<table>
<thead>
<tr>
<th>Phase 1: Focus</th>
<th>Phase 2: Focus</th>
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</thead>
<tbody>
<tr>
<td><em>Business Process Redesign</em></td>
<td><em>Process Standardization: Central Units</em></td>
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<td><em>Process Standardization: Institutions</em></td>
<td><em>Sourcing Process Coordination with State</em></td>
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<td><em>Training and Communications</em></td>
<td><em>Post Production Support Processes</em></td>
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<td><em>Campus Deployment</em></td>
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<thead>
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<th>Year 1: 2019-2020</th>
<th>Year 2: 2020-2021</th>
<th>Year 3: 2022</th>
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<td><strong>Plan</strong></td>
<td><strong>Execute</strong></td>
<td><strong>Deploy</strong></td>
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<table>
<thead>
<tr>
<th>Phase 1: Functionality</th>
<th>Phase 2: Functionality</th>
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<tr>
<td><em>Buy-To-Pay</em></td>
<td><em>Contract Workbench</em></td>
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<tr>
<td><em>Chemical Inventory Management</em></td>
<td><em>Project Based Procurement</em></td>
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<tr>
<td><em>Contract Repository</em></td>
<td><em>Electronic Sourcing</em></td>
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<td><em>Analytics</em></td>
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</table>
Administrative Transformation Program Update

Susie Maloney
Financial Information Management
Division of Business Services
ATP Update Agenda

• Background
• Timeline
• Team Structure
• Chart of Accounts
• Website
What is the Administrative Transformation Program?

A person-centered redesign of our Human Resources and Financial systems and services.

A cloud-based tool or set of tools will be selected eventually.

The goal: To greatly simplify and reduce the amount of time the UW community spends on the background business of the university.

The result: Less time completing tasks with antiquated systems so we can spend more time doing what we were hired to do: teach, conduct research and provide campus services.

Implementation will begin with UW-Madison and UW System Administration. In time, the ATP will roll out to other UW campuses.
Guiding Principles

- Start with people, innovate together
- Enable access to data
- Simplify and streamline rigorously
- Just enough complexity
- Design and build for the future
- Make the right decisions in the right way
High-Level Roadmap

PREPLANNING (OCT 2018 – MAY 2020)

- ✔ Business Case for Preplanning
- ✔ Program Vision, Mission, and Principles
- □ High-level Implementation Scope and Budget
- □ Benefit Realization Report
- ✔ Change Strategy
- □ Phasing Strategy
- □ Funding Model Framework
- □ Governance Structure for Preplanning and Implementation
- □ Business Case for Planning and Implementation
- □ Procurement Processes
- □ Chart of Accounts Structure
- □ Future Support, Shared Services, and Continuous Improvement Model
- □ Learning and Research Documentation Repository
- □ Discovery Report
- □ Process Mapping
- □ Team Formation
  - ✔ Office Move
  - ✔ Readiness Assessment
  - □ Related Projects Strategy

PLANNING (JUN 2020 – NOV 2020)

- □ Detailed Implementation Scope, Budget, and Timeline
- □ Research/Admin Pre-award Approach
- □ Data/Reporting Strategy
- □ Conversion Strategy
- □ Integrations Strategy
- □ Implementation Team Formation
- □ Implementation Governance Structure
- □ Support and Continuous Improvement Team Formation
- □ Finalize Scope
- □ Shadow System Disposition
- □ Funding Model
- □ HR Organizational Structure (Departmental Hierarchy)

IMPLEMENTATION (DEC 2020 – TBD)

To be determined in the planning phase.
Timeline
Proposed ATP Functional Teams

Core Team
Oversee, synthesize, recommend work of Design Teams
Ensures all functional program work is in alignment
*Persistent beyond preplanning, chaired by Strategy Leads*

Design Team
Serve as the “doers” to execute work that informs functional strategies
Outlines options, crafts recommendations, maps next steps

Validation Team
Ensures efficacy of functional strategies, designs, and plans
Provides opportunities for broader engagement
Enterprise Directions Council (EDC)

Executive Sponsors
R. Cramer | L. Heller

Program Executive | Program Director
S. Kish | N. Tincher

Operations & Support

Enterprise Committee

Executive Committee

Advisory Committee

Core Team

Design Team

Valiation Team

Program Executive | Program Director
S. Kish | N. Tincher

Change Strategy

Engagement

Communications

Learning & Development

Systemwide Ambassador Coordinator

Chief Ambassador MSN

Program Coordinator

Project Managers

Business Analysts

Technical SMEs

User Experience

Website

Writer

DRAFT 20
Chart of Accounts

Once we’ve received and incorporated feedback appropriately, we will consider the COA prototype design to be final; following the structure we will begin to determine design governance.

• **Next Steps for COA Prototype Structure**

1. Presented to CBOs – September 19th

2. Present to UW System Controllers – October 15th

3. Incorporate CBO/Controller Feedback, as appropriate

4. Cloud ERP Vendor Selection

5. Confirm COA Prototype Structure

6. Determine COA values and Governance
Website

https://atp.vcfa.wisc.edu
ADMINISTRATIVE TRANSFORMATION PROGRAM
Disbursement Topics

Mark Domaszek
Disbursement Services
Division of Business Services
W9 or W8-BEN for All Suppliers

- Transitioning to SHARE supplier file as part of Procurement Automation
- Required even if tax de minimis
- Unique identifier
- Validates who we are doing business with
- Prevents duplicate supplier creation
- Internationals with no US TIN: We still want a completed form
UWSA Policy 363 Change Requests of Bank and Contact Information

- Issued August 20, 2019
- Out of Band verification required for contact information and bank account changes
  - Out of Band: A secondary verification method through a separate communication channel or network
  - Contact Information: Address, phone, email
- Contact information is required for all new suppliers set up
- Update to the DP/PIR form
Vendor Refund Deposits

• Previous state: Refunds were returned directly to funding
  ○ No record in Accounts Payable module
  ○ No encumbrance restored to Purchase Orders

• New state: Refunds are run through AP module
  ○ Refunds are deposited into a clearing account
  ○ Two offsetting vouchers are created to credit the original payment and debit the clearing account
  ○ Better reporting
  ○ More accurate PO encumbrance
Official Functions Policy Update

Rusty Haines
Disbursement Services, Travel & Cards
Division of Business Services
50% Reduction

WFAA Transactions Per Week

- FY 17: 114
- FY 18: 101
- FY 19: 102
- YTD FY 20: 49

50% Reduction
Accounts Payable
Positive Approval Requirements for Capital Equipment

Jennifer Roltgen – Accounts Payable
Amy Rognsvoog – Property Control
Capital Equipment
Audits, Accountability & Authority

- Audit Exceptions: Not found, not in the proper building, not in the proper room. Prior audit exceptions led to the capital equipment initiative for UW Madison campus.
  - After an invoice is paid, the cost posts to the general ledger and a capital asset is created.
  - Auditors are able to pull data from our asset system for audits.
  - Invoices paid when receipt is not confirmed will lead to “fake” assets in our system.
Capital Equipment Audits, Accountability & Authority

- Accountability: Many assets are jointly funded by sponsors. With projects, many times both capital and non-capital items are purchased using different departmental and project funds.
  - Uniform guidance requirements exist which document the need to track percentage of cost to a project level.
  - An auditor must be able to review an invoice and match the capital expense from an invoice to an asset. Purchase orders including capital and non-capital which are coded to different projects must be evaluated to confirm the proper project receives accurate credit.
Authority: Many assets are jointly funded by several campus departments. Proper review of the invoice is necessary in order to confirm that assets are appropriately coded so that custodial rights over capital are acknowledged appropriately in our system.

Rights of asset movement, transfer, disposal, reporting and physical inventory responsibilities rely on the proper evaluation and coding of split funded and bulk buy invoices.
Accounts Payable Positive Approval Standard Guidance

- Standard WI State Prompt Payment Law (s.16.528 and 16.53 (11))
  - Payment mailed within 30 days after the later of the receipt of a properly completed invoice or the receipt of goods or services.
  - Good faith disputes allowable when goods or services not received in accordance with the terms of the contract.
  - To stop interest rate calculation on unpaid invoice, good faith dispute must be received by vendor within the 30 days.
Accounts Payable Positive Approval Notifications

- Update to standard positive approval communication.

“At the bottom of this email is a link to an invoice we recently received for payment. You requested the purchase order referenced be issued as positive approval or this is a Capitol Equipment purchase, to enable you to view the invoice prior to payment.

*For Capital Equipment purchase, please make sure you have received the item and it is in good working order before you approve the invoice for payment.*

*Please look over the invoice as soon as possible because this invoice is still subject to the 30 day Prompt Payment Legislation. If you do not approve of paying the invoice we need to formally dispute the invoice so include the reason for not approving.”
Accounts Payable Positive Approval Notifications

- Payments of purchase orders with multiple funding strings or split payments.

“At the bottom of this email is a link to an invoice we recently received for payment.

Please approve you have received the Capitol Equipment purchase and it is in good working order by adding the approval stamp.

Identify the Capitol Equipment purchase on this invoice by allocating the correct funding string and the dollar amount for each line on the invoice using the text box tool.

After adding the correct dollar amount and funding string(s), and your approval, route the invoice back to Accounts Payable.”
Questions on Capital Contact

- Property Control Team: property@bussvc.wisc.edu

Questions on Positive Approval Process & Requirements

- Accounts Payable Team: acctg@bussvc.wisc.edu
FedEx Updates

– FedEx is not applying payments
– Use P-card to pay invoices
– UPS is still our preferred shipper
MDS Service Assessment

Dan Purcell
Purchasing – Verona Operations
Division of Business Services
UW-Madison Settles Federal Research Dispute For $1.5M

Spokesman Said Matter Was A 'Technical Accounting Issue'

By The Associated Press
Published: Friday, March 22, 2019, 9:35am
MDS Cost Recovery

Previous Methodology

• All pricing displayed on Shop@UW was negotiated competitively at the time contracts were awarded.

• In addition to competitive pricing, vendors provided negotiated discounts or rebates to MDS for eCommerce support and services. (i.e. Prompt Payment, Batch Processing, Customer Management, electronic invoicing etc.)

• Vendor rebates and discounts were collected and retained by MDS and used to help cover operating expenses. (MDS Facilities, Trucks, Drivers, Shop@UW software, etc.)

• The amount of these rebates and discounts were not disclosed to the customer.
MDS Cost Recovery

Current Methodology

• Vendor pricing on Shop@UW remains negotiated by contract.

• In accordance with Federal guidance, all discounts and rebates negotiated with vendors are passed on to the customer. These discounts and rebates are applied at the time of purchase during the final cart review.

• MDS now recovers its operating costs by applying an overhead cost recovery rate to each purchase (MDS Service Assessment). The rate of the MDS Service Assessment is calculated based on actual financial results and will be adjusted every two years (at a minimum) to prevent over/under recovery of expenses.
## MDS Service Assessment Rates

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<tr>
<th>Company</th>
<th>Old Rate</th>
<th>New Rate</th>
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<tr>
<td>STAPLES</td>
<td>7.50%</td>
<td>2.85%</td>
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<tr>
<td>FISHER</td>
<td>5.77%</td>
<td>1.77%</td>
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<tr>
<td>VWR</td>
<td>6.55%</td>
<td>2.85%</td>
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<tr>
<td>DOT SCIENTIFIC</td>
<td>3.87%</td>
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<td>APPLE</td>
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<tr>
<td>GRAINGER</td>
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<td>SIGMA ALDRICH</td>
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<tr>
<td>DELL</td>
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<tr>
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<tr>
<td>PROMEGA</td>
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<tr>
<td>INTEGRATED DNA</td>
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<td>ANIXTER</td>
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<td>KRANZ</td>
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<td>EIS</td>
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<td>CRESCENT ELECTRIC</td>
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<td>VERITIV (UNISOURCE)</td>
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<td>NEWARK</td>
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<tr>
<td>ROCHE DIAGNOSTICS</td>
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<td>AIRGAS CYLINDER RENTAL</td>
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<tr>
<td>MDS CORE STOCK</td>
<td>17.15%</td>
<td>14.02%</td>
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Surplus Exchange Program

Matthew Thies
Verona Operations, SWAP Surplus
Division of Business Services
Previous Repurposing Strategies

• Expanded store hours to Mon – Fri
• Cancelled auctions for desired items
• Created “UW-Madison Only” auction category
A new strategy to address an old problem

Surplus Exchange features:
- Online “Craigslist”-type marketplace of reusable non-capital property
- Inventory page with restricted NetID access
- Flat Handling & Listing Fee
- Online request form and dock delivery
Lot of 2 Sofa Chairs
Item #52014
Fee: $50
38” X 33” X 33”
Good condition – will need a few spot treatments

Lot of 3 KI Shelving Units
Item #51833
Fee: $50
12” X 36” X 67” – Each includes 4 adjustable shelves
Very good cosmetic condition

Large Mail Sorter
Item #52435
Fee: $50
5 partitions wide X 14 partitions down
Each shelf comes with a metal label
Dimensions: 65”L X 16.5”D X 75”H
LAB EQUIPMENT & SUPPLIES

700C Vertical Pipette Puller
Item #52332
Fee: $50
By David Kopf Instruments; model 700C
Powers on; observed orange LED for power illuminate; no further tests

Foxy 200 Fraction Collector
Item #52333
Fee: $50
ISCO Inc. – Model # Foxy 200
Powers on; unit appears to initialize

Welch 8907 Vacuum Pump
Item #53334
Fee: $50
Welch – Model #8907A
Powers on; observed mechanical whirring noise; no practical tests performed

NEED ASSISTANCE?
SWAP@BUSSVC.WISC.EDU
Financial Managers’ Meeting

SHOP EQUIPMENT

Flammables Safety Storage Cabinet by Secur-All Cabinets
Item #: 52362
Fee: $50
Overall weight: 200#
Model #: A330
Overall dimensions: 45.5”H/46”W/19.5”D
Functionality: appears to function correctly

Port-A-Torch by Lincoln
Item #: 52373
Fee: $50
Includes:
- Blue Beast gloves
- Regulators (qty. 2)
- Storage assembly
- Eye wear
- Torch head by Harris (model / part #: 71-3)
- Cylinders (qty.: 2)
Overall dimensions: 24.5”H/13.25”W/9”D
Functionality: untested

Flammables Safety Storage Cabinet by Justrite Mfg.
Item #: 52485
Fee: $50
Weight: 290#
Overall dimensions: 62.5”H x 45”W x 19.5”D
Cosmetic condition: very good; scratches/scuffs, residual adhesive, tape, few stains, minor observable wear; overall nice clean unit
Functionality: appears to function correctly
# TONER CARTRIDGES

To Request Toner:
1. Search for toner cartridge(s) needed
2. Go to Request An Item form
3. Enter toner model number OR part number
4. Enter Item #53000
5. Enter Fee: $10 per cartridge

<table>
<thead>
<tr>
<th>MAKE</th>
<th>MODEL NUMBER</th>
<th>PART NUMBER</th>
<th>COLOR</th>
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<td>CYAN</td>
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</tbody>
</table>

Showing 1 to 10 of 99 entries.
Advantages

• Easy access to inventory
• Property no longer in public view
• Designated storage space
• Consistent charges
Exchange Policies

- Non-capital University property ONLY
- Restricted to UW-Madison Faculty and Staff
- Property acquired for programmatic-use only
- Surplus disposal policies apply
- All items acquired AS-IS
- H&L Fee is non-refundable
What is documented?

- Transaction in Great Plains
- Opportunity cost – foregone revenue
- Estimated cost savings for UW
- Property type
Phase II:

1. Explore Posting and Wish List features
2. Link to similar campus repurposing efforts:
   a. Campus Art Exchange
   b. EHS’ Chemical Redistribution site
   c. Tech Partners List Serve
3. Larger storage area
4. Promotion of delivery program
Questions or Comments?

Matthew Thies
matthew.thies@wisc.edu
608-497-4436
Thank you for attending.

Future Financial Managers’ Meetings*
Rooms 1106 & 1108, 21 N Park Street
9:30 a.m.

Tuesday, December 10, 2019
Monday, February 10, 2020
Tuesday, April 14, 2020
Tuesday, June 9, 2020
Tuesday, August 11, 2020
Tuesday, October 13, 2020
Tuesday, December 15, 2020

*2020 Dates are subject to change