

# **FY15 Year-End Performance Report**

(July 1, 2014 - June 30, 2015)

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**Division of Business Services**

June 30, 2015

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## **VCFA Strategic Priorities**

### **VCFA Strategic Priority 1: EID**

**Division goal/objective statement:** The goal of the Division of Business Services is to cultivate a cohesive quality workforce such that a world-class research institution of the caliber of UW-Madison receives the essential business services it needs and deserves.

**Baseline measure:** In FY15, the division did not identify a specific baseline measure for this goal.

**Performance target:** Performance indicators were the completion of activities and milestones (see below). Additional information can be found in the 2015 update of the division's EID Plan.

**Milestones Accomplished:**

- Kicked off the division's EID Team in January 2015.
  - The EID Team organized and hosted three divisional focus groups to get personal feedback and a better understanding of what the division is doing well and where opportunities can be found to improve the overall employee experience.
  - The themes gained from the 2014 VCFA EID Survey and the internal focus groups helped guide the division's 2015 EID Plan.
- Participated in the RISE Online Job Fair in April 2015.
- The division continues to have representation on the VCFA Student Employment Initiative Team.
- Accounting Services welcomed their first PEOPLE program intern in June 2015.
- The 2014 EID Plan, EID Survey results and a digest of the themes from the survey has been posted on the division's intranet page.
- The division has a representative on the VCFA EID Council who helped to organize registration for four campus conversations held this spring, and who is also a member of the EID Council's Sub-Committee for Communications/Web.
- The division's intranet continues to be an important tool to provide division staff with information on noteworthy events, training opportunities and resource materials.

### **VCFA Strategic Priority 2: Student Leadership Development**

**(1) Division goal/objective statement:** Conduct initial WiGrow conversations with all new student employees in the Division of Business Services within 45 days of employment start dates. In FY14 (first year of participation), the average number of days between the first day on the job and the initial WiGrow conversation for student employees was 228 days.

**Baseline measure:** In FY14, 6.25%, or two out of 32 student employees in the division, received their initial WiGrow conversation within 45 days of employment.

**Performance target:** 100% of the division's new student employees will receive their initial WiGrow conversation during their first 45 days of employment.

**Milestones accomplished:**

- In the last half of FY15, 86% (6/7) of new student employees had their initial WiGrow conversations within 45 days of employment.
- In Spring 2015, 82% (32/37) of student employees participated in WiGrow conversations.
- 28% (9/32) of student employees from the Division of Business Services attended the Spring 2015 WiGrow Student Employee Retreat.

- 36% (5/14) of student employee supervisors participated in the Spring WiGrow Supervisor Forum.
- Final numbers for FY15 will be available in July.

**Challenges:**

- One student supervisor was unable to have WiGrow conversations with seven students due to demands around workload and unfilled vacancies in her area.

**(2) Division goal/objective statement:** Increase the number of student employees that moderately or strongly agree with the following WiGrow survey statement, *“My supervisor helps me make connections between my current work and my academic pursuits.”*

**Baseline measure:** In FY14, 75% of student employees in Business Services moderately or strongly agreed with the survey statement.

**Performance target:** In FY15, 80% of the student employees in Business Services will moderately or strongly agree with the survey statement.

**Milestones Accomplished:**

- In Spring of FY15, 82% of student employees in the Division of Business Services completed the WiGrow survey (up from 50% in FY14).
- In Spring of FY15, 71% of the student employees in Business Services moderately or strongly agreed with the survey statement.

<b>Baseline</b> % who moderately or strongly agreed in 2014	<b>Target</b> % who will moderately or strongly agreed in 2015	<b>Actual</b> % who did moderately or strongly agree in 2015	<b>Change from 2014</b>
75%	80%	71%	↓4%

**Challenges:**

- 18% of student employees did not participate in Spring WiGrow conversations due to the challenge cited in Goal #1.
- A significantly higher participation rate in the student survey may reveal a broader range of experiences and perspectives among student employees.

**(3) Division goal/objective statement:** Increase the number of student employees that moderately or strongly agree with the following WiGrow survey statement, *“My supervisor helps me see connections between skills gained/used in my current work that are transferable to a future occupation.”*

**Baseline measure:** In FY14, 87% of student employees in Business Services moderately or strongly agreed with the survey statement.

**Performance target:** In FY15, 90% of the student employees in Business Services will moderately or strongly agree with the survey statement.

**Milestones Accomplished:**

- In Spring of FY15, 82% of student employees in the Division of Business Services completed the WiGrow survey (up from 50% in FY14).
- In Spring of FY15, 86% of the student employees in Business Services moderately or strongly agreed with the survey statement.

<b>Baseline</b> % who moderately or strongly agreed in 2014	<b>Target</b> % who will moderately or strongly agreed in 2015	<b>Actual</b> % who did moderately or strongly agree in 2015	<b>Change from 2014</b>
87%	90%	86%	↓1%

**Challenges:**

- A significantly higher participation rate in the student survey may reveal a broader range of experiences and perspectives among student employees.

### VCFA Strategic Priority 3: Resource Allocation through Process Improvement

**(1) Division goal/objective statement:** Improve the process for capital equipment inventory tracking and valuation. The current process does not adequately ensure that capital equipment is accurately tracked physically from the point of purchase through disposal. Additionally, it is uncertain if the capital equipment is appropriately valued or depreciated in the University's financial records. Although process efficiencies will be considered when recommending changes, the primary objective of this process improvement project is to eliminate errors.

**Baseline measure:** There currently is not a well-defined process for capital inventory tracking and valuation, therefore baseline measures do not exist.

**Target performance indicator:** Performance indicators for FY15 will be the completion of identified milestones within schedule (see below).

**Milestones accomplished:**

- Project charter was finalized and project was kicked off in August 2014.
- Internal review of capital equipment inventory system (CEIMS) reporting capabilities was completed in September 2014.
- Current capital equipment inventory process mapped from point of purchase through disposal in September 2014.
- Measured compliance rates and identified process problems that required solutions in September 2014.
- Assessed capabilities of information technology solutions (e.g., PeopleSoft module) to accurately track and report capital equipment inventory in October 2014.
- Developed solutions and control plan recommendations.
- On January 29, 2015, an APR team with representatives from across campus, including Business Services, delivered a final report with recommendations to improve efficiency of this process and enhance internal controls.
- On May 12, 2015, the VCFA approved the charter for a new APR team to implement the recommendations of the first team. On May 22, 2015, the new APR team officially launched with a kick-off meeting.

**Challenges:**

- The implementation team, expected to launch by March 2015, was not launched until May 2015. Delay was necessary to ensure that the team launched in coordination with other teams as part of the Financial Internal Controls Initiative.

## **Division Strategic Priorities & Goals - Overview**

The Division of Business Services supports UW-Madison's institutional responsibilities of higher education and research through the delivery of business services to campus. The division's service areas are accounting, purchasing, materials distribution and surplus, internal audit, risk management, and student account, payment and loan services.

Services have historically focused on compiling data and processing transactions. While these services are essential, last fiscal year (FY14), the division began a transformation. As a central unit, the division is expanding its role to position itself at the forefront of managing and coordinating business functions and services across campus. In order to do so, the division will need to develop the infrastructure and staff capabilities to assess and oversee financial internal controls, prepare financial reports for internal and external constituencies, identify and mitigate risk, and advance strategic sourcing.

In FY15, the division strived towards five long-term strategic priorities (highlighted in red below). For the FY15 Annual Plan, the division measured performance for a total of twelve goals related to four of the strategic priorities:

### **Division Strategic Priority 1: Cultivate a Quality Workforce**

#### **Division Strategic Priority 2: Serve as an Effective Campus Partner**

**Goal:** Maintain a Timely Aggregate Average Purchase Order Processing Cycle

**Goal:** Maintain the Timely Re-Delivery of Packages Received Centrally

#### **Division Strategic Priority 3: Ensure Financial Integrity and Preservation of Campus Assets**

**Goal:** Improve the Property and Liability Claim Process

**Goal:** Formalize a Campus Workers Compensation Return-to-Work Program

**Goal:** Improve Data and Information to Clients on Identified Risks in Internal Audit Reports

**Goal:** Reduce Travel Expense Report Processing Time

**Goal:** Increase the Number of Vendors Paid by ACH

**Goal:** Increase Electronic Cash Receipts

**Goal:** Develop a Campus Financial Internal Control Framework

#### **Division Strategic Priority 4: Promote Strategic Sourcing and Demand Management**

**Goal:** Increase E-Commerce Transactions

**Goal:** Increase Managed Spend

#### **Division Strategic Priority 5: Enrich the Student Experience**

**Goal:** Increase E-Refund Payments to Students

It is important to note that many of the division's goals are strategic in nature and required the cooperation of campus partners, stakeholders and customers in order to be successful. They also relate to the division's transformation to a central unit at the forefront of managing and coordinating business functions and services across campus and, therefore, will involve a significant paradigm shift. Other goals are operational and are aimed at monitoring and improving the division's existing functions and processes.

Finally, in keeping with the VCFA's mission and strategic priority of resource stewardship, all of the goals are intended to enhance services and result in administrative cost savings from more efficient operations.

## Division Strategic Priorities & Goals - Summary Chart

Priority	Goal/Objective	Baseline Measure	Performance Target	Qtr 1 Actuals	Qtr 2 Actuals	Qtr 3 Actuals	Qtr 4 Actuals
Serve as an Effective Campus Partner	Maintain a Timely Aggregate Average Purchase Order Processing Cycle	5.0 Avg Business Days	5.0 Avg Business Days	4.9 Avg Business Days	3.7 Avg Business Days	6.5 Avg Business Days	4.3 Avg Business Days
(same as above)	Maintain the Timely Re-Delivery of Packages Received Centrally	Avg of 5.9 Hours per Package	Less than Avg of 8 Hours per Package	4.7Avg Hours per Package	6.8 Avg Hours per Package	7.1 Avg Hours per Package	6.3 Avg Hours per Package (April 1 - May 31, 2015)
Ensure Financial Integrity and Preservation of Campus Assets	Improve the Property and Liability Claims Process	Liability Claims: Avg 92 Days  Property Claims: Avg 130 Days	Liability Claims: Avg 60 Days  Property Claims: Avg 60 Days	Liability Claims: Avg 47 Days  Property Claims: Avg 64 Days	Liability Claims: Avg 42 Days  Property Claims: Avg 53 Days	Liability Claims: Avg 47 Days  Property Claims: Avg 58 Days	Liability Claims: Avg 32 Days (April 1 - June 17, 2015)  Property Claims: Avg 26 Days (April 1 - June 17, 2015)
(same as above)	Formalize a Campus Workers Compensation Return-to-Work Program	Do Not Currently Exist	Completion of Milestones	- Developed metrics to track return to work efforts		- Developed snapshot metrics effectively monitor return-to-work efforts on campus. - Established a baseline measure for a campus-wide return to work program.	
(same as above)	Improve Data and Information to Clients on Identified Risks in Internal Audit Reports	Do Not Currently Exist	20% of Audit Recommendations have Relevant Data and Information Incorporated	- Goal not acted upon.		- Goal not acted upon.	

Priority	Goal/Objective	Baseline Measure	Performance Target	Qtr 1 Actuals	Qtr 2 Actuals	Qtr 3 Actuals	Qtr 4 Actuals
(same as above)	Reduce Travel Expense Report Processing Time	11% over 60 days	5% over 60 days	11.5% over 60 days	7.8% over 60 days	13.0% over 60 days	8.8% over 60 days
(same as above)	Increase Number of Vendors Paid by ACH	0.02% Paid by ACH	10% Paid by ACH	0.26% Paid by ACH		3.05% Paid by ACH (July 1, 2014 to June 2, 2015)	
(same as above)	Increase Electronic Cash Receipts	88% of Total Cash Receipts	90% of Total Cash Receipts	88% of Total Cash Receipts (July 1 – Dec. 31, 2014)		90% of Total Cash Receipts (July 1, 2014 to May 31, 2015)	
(same as above)	Develop a Campus Financial Internal Control Framework	Do Not Currently Exist	Completion of Milestones	<ul style="list-style-type: none"> <li>- Business Services website has been updated with complete information about the internal controls initiative.</li> <li>- Launched first internal controls process improvement project (Capital Equipment Inventory Tracking and Valuation).</li> <li>- Partnered with PwC to complete the review and analysis of campus financial data, audit reports, SOD for relevant IT systems, and results of interviews with campus financial leaders and staff.</li> <li>- Partnered with PwC to identify major risk themes present on campus.</li> <li>- Developed a communication strategy to close the loop with financial leaders and build consensus.</li> <li>- Finalized and prioritized financial and administrative processes most critical to effective financial internal controls.</li> <li>- Finalized assessment tools and risk matrices for use during process improvement projects.</li> <li>- Performed a 100% capital equipment inventory of 6 of the largest departments representing 56% of net book value and Federally funded equipment.</li> </ul>		<ul style="list-style-type: none"> <li>- Developed and finalized campus internal controls project structure and framework.</li> <li>- Organized 2<sup>nd</sup> Annual Financial Forum.</li> <li>- Finalized charters for 6 of the 12 APR financial process improvement teams.</li> <li>- Launched 3 of the 12 APR financial process improvement teams.</li> </ul>	
Promote Strategic Sourcing and Demand Management	Increase E-Commerce Transactions	35.4% E-Commerce Transactions	40% E-Commerce Transactions	36.3% E-Commerce Transactions	33.1% E-Commerce Transactions	34.9% E-Commerce Transactions	37.5% E-Commerce Transactions
(same as above)	Increase Managed Spend	73.8% of Addressable Spend (Reset Baseline)	80% of Addressable Spend	69% of Addressable Spend	66.8% of Addressable Spend	71.5% of Addressable Spend	74.9% of Addressable Spend
Enrich the Student Experience	Increase E-Refund Payments to Students	45.96% E-Refund Payments	56% E-Refund Payments	- 57.68% in first half		- 62.31% in second half	



## Division Strategic Priority 2: **Serve as an Effective Campus Partner**

### **Goal: Maintain a Timely Aggregate Average Purchase Order Processing Cycle**

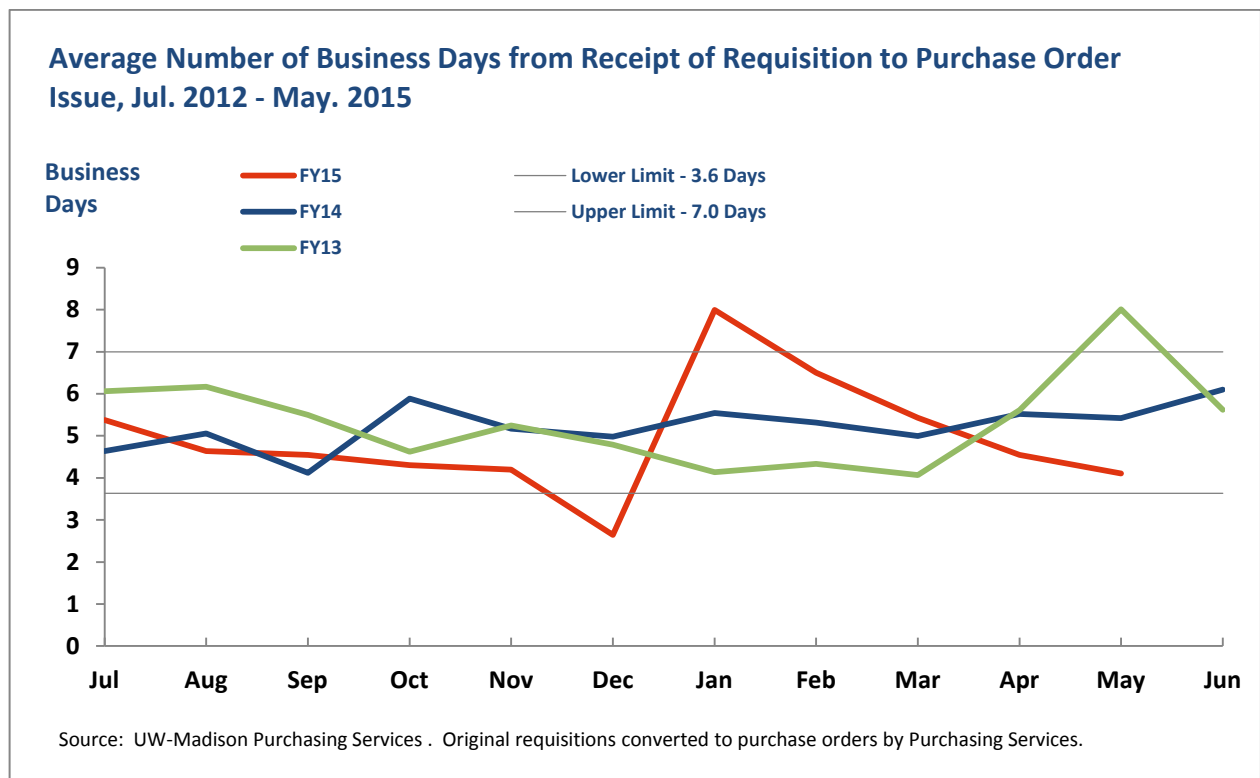
**Baseline Measure:** In FY14, Purchasing Services staff converted purchase requisitions into purchase orders in an average of 5.0 business days.

**Performance Target:** Maintain the average of 5.0 business days.

#### **Milestones Accomplished:**

- The average number of business days from receipt of requisition to purchase order stayed within the lower and upper limit in 9 out of 11 months, and averaged 4.3 business days in Qtr4 of FY15.
- Of all purchase orders, 13% exceeded the upper limit of 7 days, demonstrating good process consistency. Causes for exceeding 7 days were not compiled; however, anecdotal information suggests that most are due to the need for a competitive process to be performed by a purchasing agent to confirm the source, internal control (signature or other), RSP, Legal Affairs, or Risk Manager review.
- Benchmarks were collected from peers (e.g., CIC, Big10) on Pcard, category spend, staffing, procurement systems, eProcurement and bid thresholds.

#### **Illustration:**



#### **Challenges:**

- Purchase requisition/order processing clerical staff has been reduced from 4 to 2.5 staff in the last year however; requisition volumes have remained roughly the same.
- Federal Uniform Guidance (2CFR215) proposed micro purchase limit of \$3,000 will drive significantly increased transactional purchase order activity when implemented unless COGR is successful negotiating change.

## Division Strategic Priority 2: **Serve as an Effective Campus Partner**

### **Goal: Maintain the Timely Re-Delivery of Packages Received Centrally**

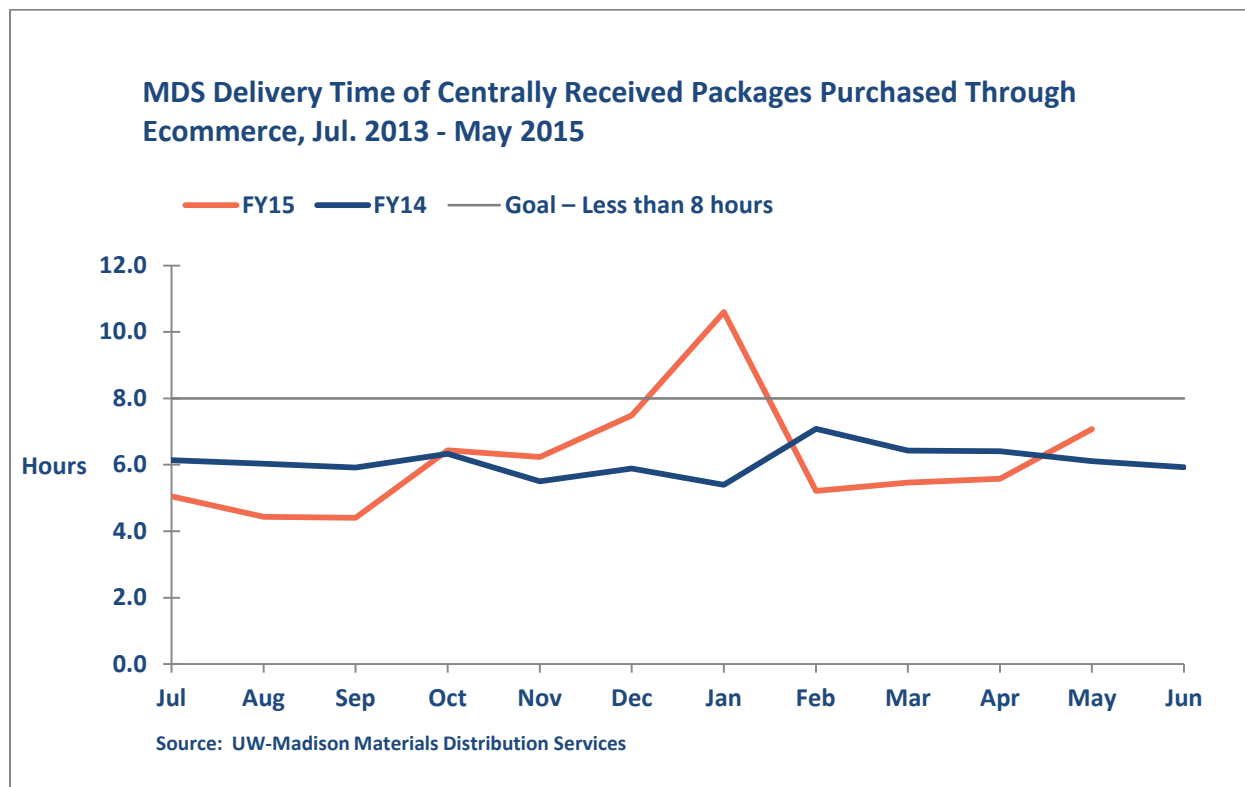
**Baseline Measure:** In FY14, the average delivery time was 5.9 hours per package.

**Performance Target:** Maintain a level of timeliness for package re-delivery of less than an average of 8 hours per package.

#### **Milestones Accomplished:**

- Overall package delivery time was 6.1 hours in FY15.
- The target of package delivery within 8 hours of materials receipt of product at MDS was achieved in 10 out of 11 months.
- MDS became fully staffed for drivers and this helped enable redelivery within 8 hours of receipt of product consistently through the year.
- Data analytic team has calculated monthly statistics and performance on redelivery times, exceeding goal of measuring quarterly.
- Current scanning system allows missing packages to be located and redelivered within one day of contact by the end-user.
- Core stock is fully scanned.

#### **Illustration:**



	Q4FY15	Q3FY15	Q2FY15	Q1FY15	FY14
Number of packages	24,249*	41,005	43,500	47,300	181,900
Average Delivery time in hours	6.3*	7.1	6.8	4.7	5.9

\*April 1 - May 31, 2015

**Challenges:**

- More packages are being delivered to MDS by UPS and Fed Ex which is slowing the redelivery time given the unpredictability of when packages arrive at the MDS warehouse. MDS delivers to each campus building once daily and if that run is missed on a given day, the packages will be delivered next day.
- Current scanners tend to have problems with syncing to the computer/program, thus giving the impression packages are not delivered timely some days.
- GPS units are beginning to fail due to age.

## Division Strategic Priority 3: Ensure Financial Integrity and Preservation of Campus Assets

### Goal: Improve the Property and Liability Claim Process

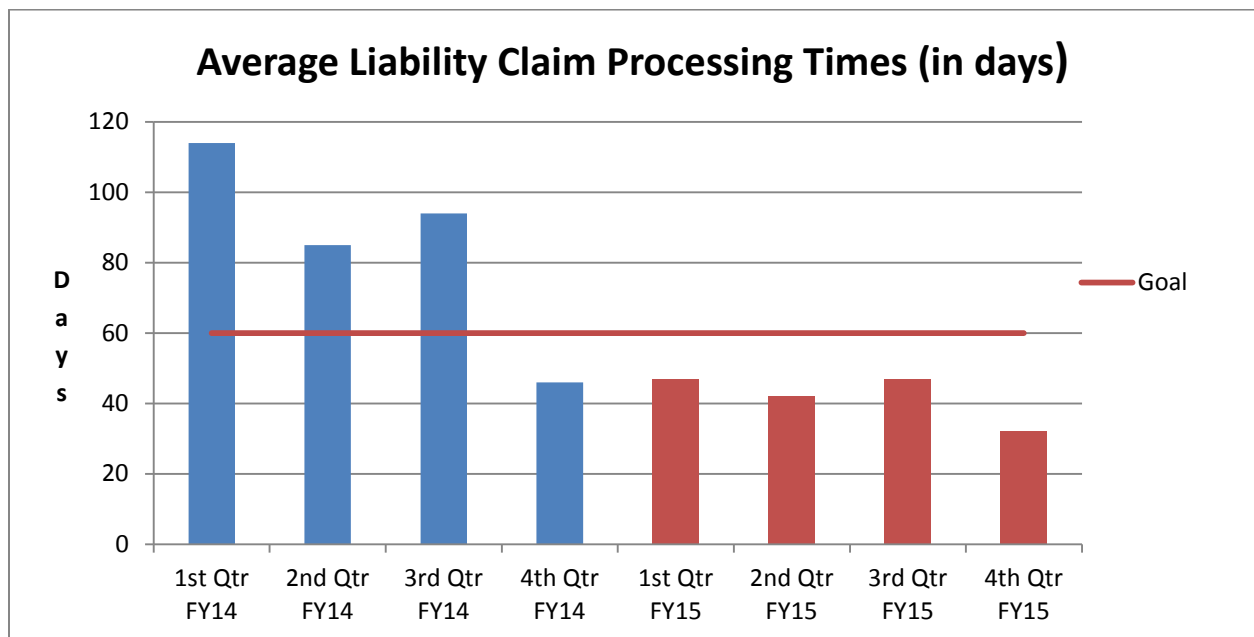
**Baseline Measure:** The baseline for processing liability claims is an average of 92 days, and baseline for processing property claims is an average 130 days, which represents the experience in FY14.

**Performance Target:** Less than an average of 60 days for both liability and property claims.

**Milestones Accomplished:**

- The processing time for liability claims dropped from an average of 92 days in FY14 to an average of 42 days in FY15. The processing time for property claims dropped from an average 130 days in FY14 to an average of 50 days in FY15.
- Check Handling procedures incorporating scanning and minimization of physical handling of checks was implemented in April 2015.

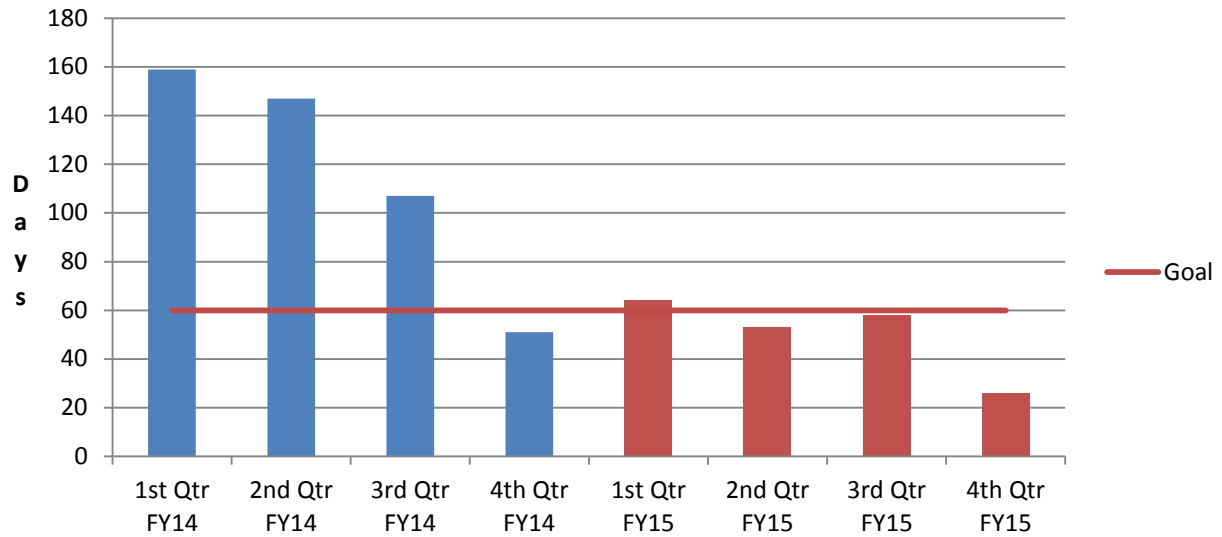
**Illustration:**



Liability Claims		
Qtr / FY	Avg Processing Times (in days)	Claims Paid
1 <sup>st</sup> Qtr FY14	114	\$21,709
2 <sup>nd</sup> Qtr FY14	85	\$34,058
3 <sup>rd</sup> Qtr FY14	94	\$25,497
4 <sup>th</sup> Qtr FY14	46	\$5,203
1 <sup>st</sup> Qtr FY15	47	\$5,387
2 <sup>nd</sup> Qtr FY15	42	\$5,152
3 <sup>rd</sup> Qtr FY15	47	\$13,484
4 <sup>th</sup> Qtr FY15	32	\$400

NOTE: FY15 data through June 17, 2015

### Average Property Claim Processing Times (in days)



Property Claims		
Qtr / FY	Avg Processing Times (in days)	Claims Paid
1 <sup>st</sup> Qtr FY14	159	\$ 46,147
2 <sup>nd</sup> Qtr FY14	147	\$ 46,829
3 <sup>rd</sup> Qtr FY14	107	\$ 22,276
4 <sup>th</sup> Qtr FY14	51	\$ 4,331
1 <sup>st</sup> Qtr FY15	64	\$ 45,910
2 <sup>nd</sup> Qtr FY15	53	\$ 9,267
3 <sup>rd</sup> Qtr FY15	58	\$ 89,707
4 <sup>th</sup> Qtr FY15	26	\$639,747

NOTE: FY15 data through June 17, 2015

#### Challenges:

- UW-Madison's Office of Risk Management was unable to formalize a timeline with the State Bureau of Risk Management to review claim handling methodologies due to DOA's project to convert to PeopleSoft.

## Division Strategic Priority 3: **Ensure Financial Integrity and Preservation of Campus Assets**

### **Goal: Formalize a Campus Workers Compensation Return-to-Work Program**

**Baseline Measure:** Baseline measures do not currently exist.

**Performance Target:** Performance targets for FY15 will be the full completion of identified milestones within schedule (see below).

#### **Milestones Accomplished:**

- Worked with the Office of Administrative Process Redesign (APR) to:
  - Develop snapshot metrics to effectively monitor return-to-work efforts on campus. Snapshot metrics will allow for the proactive assessment of campus units that have a claim lag time (length of time between when claim occurs and when it is reported to the Workers Compensation unit) outside of campus average. The current overall lag time average is 3.26 days.
  - Established a baseline measure of a campus wide return-to-work program as “the average time to place an employee on duty after being released to light duty by a treating physician.” The current average is 23.9 days which will be used as the baseline average for FY16.
- Held meetings with FP&M’s Department of Environmental, Health and Safety and Occupational Health to develop a safety and employee wellness program.
- Presented Workers Compensation claim reporting and overview to School of Medicine, Division DDR Supervisors, and met individually with Union and Housing senior management to discuss individual claims situations.

#### **Challenges:**

- The number of data points to establish the cost savings of a return to work program are limited.
- The application to the State Bureau of Risk Management for grant monies to fund “Its Safe to Talk to Me About my Safety” initiative was denied.

## Division Strategic Priority 3: **Ensure Financial Integrity and Preservation of Campus Assets**

### **Goal: Improve Data and Information to Clients on Identified Risks in Internal Audit Reports**

**Baseline Measure:** This is a new initiative and comparable data is not available, therefore no baseline measures exist.

**Performance Target:** 20% of audit recommendations have relevant data incorporated in the report.

**Illustration:**

	<b>Fiscal Year 2015 Completed Audit Reports</b>	<b>Number of Recommendations</b>	<b>Data Recommendations</b>
1	NCAA Compliance	0	0
2	COE - Civil and Environmental	24	0
3	COE - Chemical and Biological	23	0

**Milestones:** This goal was not acted upon in FY15.

## Division Strategic Priority 3: **Ensure Financial Integrity and Preservation of Campus Assets**

### **Goal: Reduce Travel Expense Report Processing Time**

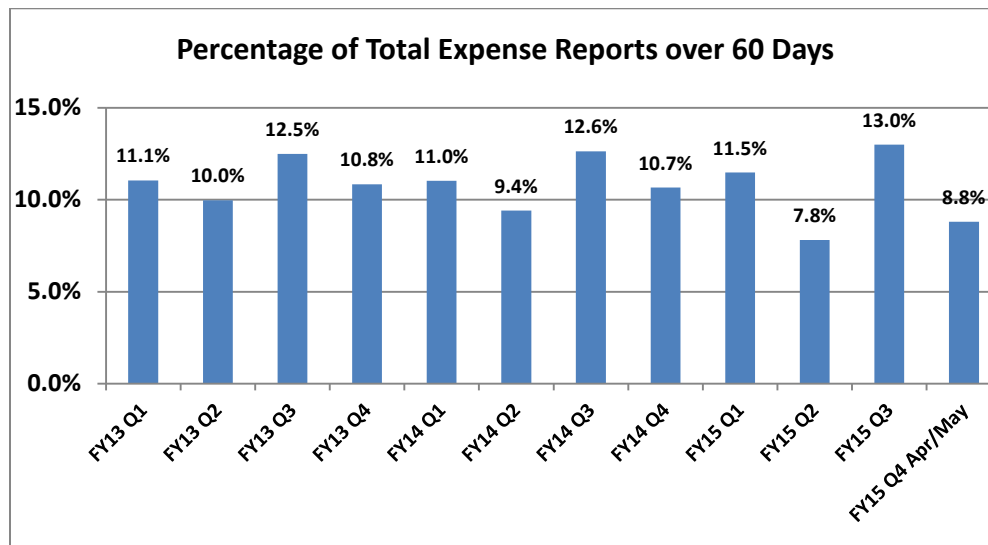
**Baseline Measure:** Expense reports processed in over 60 days averaged 11% in FY14 (from the time travel concluded to submission of the expense report by the traveler).

**Performance Target:** Less than a 5% of expense reports processed in over 60 days.

#### **Milestones Accomplished:**

- The percentage of total expense reports submitted over 60 days averaged 10.3% for FY15 Q1 through May, which was some improvement over 11% for FY14. However, the data is not yet indicative of a trend towards improved submissions. Expense reports using the Guided Expense Tool (GET) represented 40% of the submissions.
- A UW-System draft General Travel Policy requiring expense reports be submitted within 90 days from the end of travel or reimbursement is currently under review by institutional leadership. The policy recognizes the need to formalize requirements for IRS Accountable Plan purposes. UW System is currently intending for the policy to be effective on October 1, 2015.
  - UW-Madison has shared the policy change for review and comment with a number of governance groups and other constituents including the Administrative Council, Vice Chancellor for Finance and Administration's Directors, the University Committee, the Academic Staff Executive Committee, Financial Managers, and the Research Administrators.

#### **Illustration:**



#### **Challenges:**

- May not receive UW-System's finalized policy with sufficient time to ensure effective campus-wide communication in advance of formal deadlines for implementation.
- Will need to develop compliance monitoring using system data extracts in advance of policy change.



## Division Strategic Priority 3: Ensure Financial Integrity and Preservation of Campus Assets

### Goal: Increase the Number of Vendors Paid by ACH

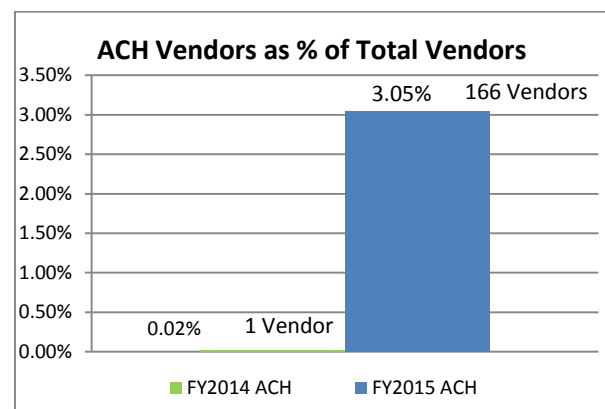
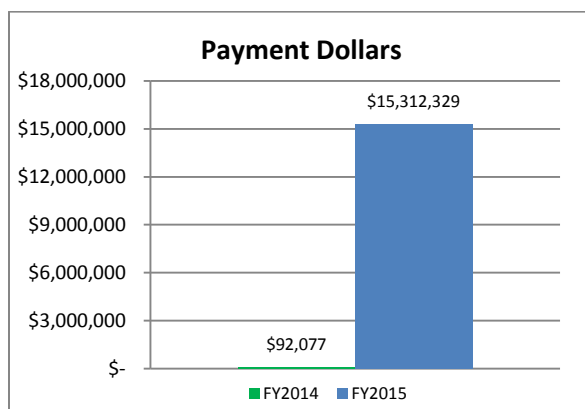
**Baseline Measure:** At the end of FY14, there were 0.02% of purchase order contract vendors paid by ACH (1/5447).

**Performance Target:** By the end of FY15, increase the number of purchase order contracted vendors receiving payment by ACH to 10% (546/5447).

#### **Milestones Accomplished:**

- Engaged with Purchasing Department to communicate progress towards conversion of selected vendors from check payment to ACH and ensure their concerns were addressed.
- Finalized vendor validation approval documentation to be completed by vendor payee for vendor validation with their financial institution prior to disbursing funds via ACH, and finalized and implemented ACH account validation internal control process.
- Converted second pilot group of 33 vendors to ACH.
- To date, Accounting Services Accounts Payable unit has converted 3.05% (166/5447) external vendors to direct payment through ACH instead of generating manual checks as compared to one external vendor at the end of FY14.
  - In addition, the unit to date has transitioned 105 internal recipients of replenishment funds from manual redeposits to direct ACH deposits including Bursars and research subject contingent fund accounts. To date, there were \$122 million of these internal replenishments paid via ACH.
- These changes provide Accounting Services with process efficiencies through reduced document movements and data entry steps.

#### **Illustration:**



Note: FY15 data through 6/26/15

#### **Challenges:**

- Purchasing Department stated they intend to use ACH payment method as a component to negotiate better pricing. This may cause delays to conversion for some targeted vendors until vendor contracts are due for negotiation.
  - Although there has been significant increase in the number of vendors and dollars paid by ACH during FY15, the goal of achieving 10% of all vendors being paid by ACH will be influenced by a coordinated Accounting Services and Purchasing teamed vendor strategy.

## Division Strategic Priority 3: Ensure Financial Integrity and Preservation of Campus Assets

### Goal: Increase Electronic Cash Receipts

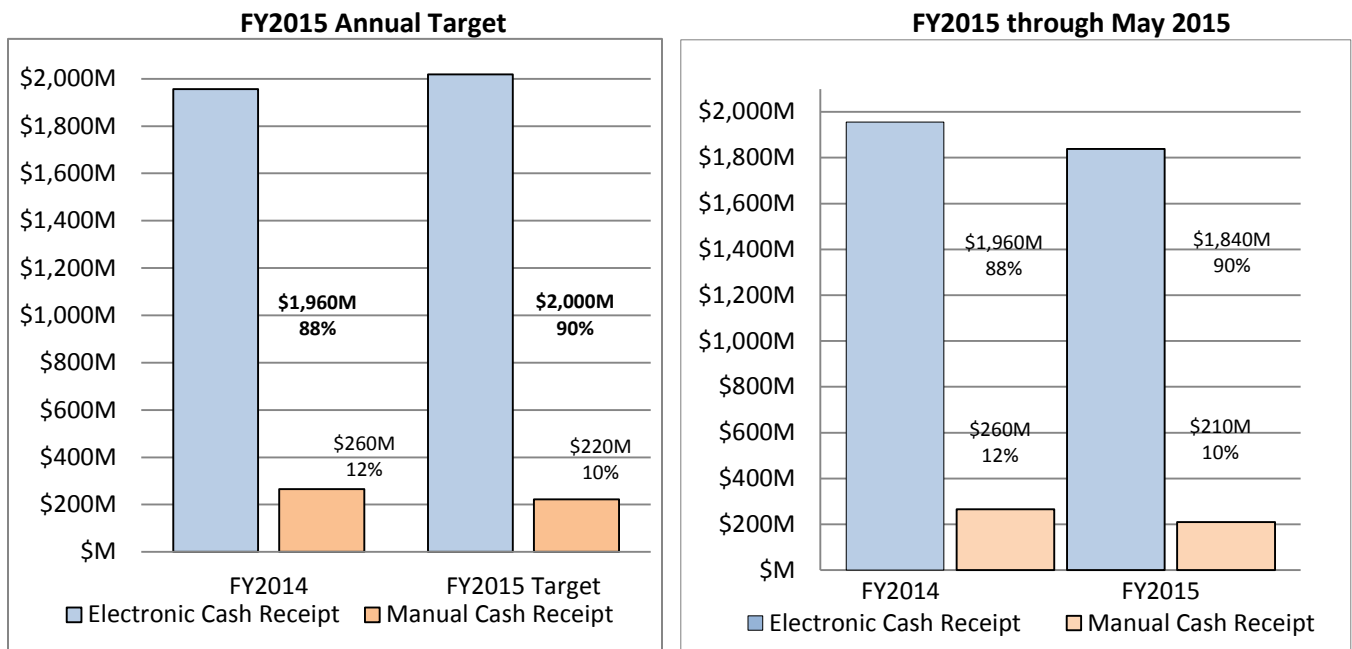
**Baseline Measure:** In FY14, electronic cash receipts were \$1.96 billion out of \$2.2 billion, or approximately 88% of total cash receipts.

**Performance Target:** Increase the dollar value of electronic cash receipts to \$2 billion during FY15, or 90% of total cash receipts.

#### Milestones Accomplished:

- For FY15 to date, 90% (\$1.84 billion) of total receipts (\$2.05 billion) were electronically deposited.
- Implemented two additional campus locations for electronic receipting using on-site check scanners at campus locations during the second half of 2015 for a total of eight implementations in FY15 in place of armored car services.
- Held four additional interviews and campus unit site visits for additional locations which would benefit from electronic receipting.
- Worked with all campus units receiving manual deposits in excess of \$1 million to develop and implement electronic receipt options.
- Continued to improve centralized receipting by implementing electronic deposit which includes ACH and wire receipting, credit card processing, campus electronic check depositing locations, and centralized cash collection locations.

#### Illustration:



Note: FY15 data through May 31, 2015

#### Challenges:

- Developing policies and procedures which would shift the institution towards campus-wide electronic receipts may need to be furthered through the Financial Internal Control Initiative.

## Division Strategic Priority 3: **Ensure Financial Integrity and Preservation of Campus Assets**

### **Goal: Develop a Campus Financial Internal Control Framework**

**Baseline Measure:** Baseline measures do not currently exist.

**Performance Target:** The completion of identified milestones within schedule.

**Milestones Accomplished:**

- Business Services website has been updated with complete information about the internal controls initiative.
- Launched first internal controls process improvement project (Capital Equipment Inventory Tracking and Valuation).
- Partnered with PwC to complete the review and analysis of campus financial data, audit reports, SOD for relevant IT systems, and results of interviews with campus financial leaders and staff.
- Partnered with PwC to identify major risk themes present on campus.
- Developed a communication strategy to close the loop with financial leaders and build consensus.
- Finalized and prioritized financial and administrative processes most critical to effective financial internal controls.
- Finalized assessment tools and risk matrices for use during process improvement projects.
- Performed a 100% capital equipment inventory of 6 of the largest departments representing 56% of net book value and Federally funded equipment.
- Organized the 2<sup>nd</sup> annual campus-wide financial forum.
- Finalized charters for six of the twelve APR financial process improvement teams.
- Formally launched three of the twelve APR financial process improvement teams (i.e., Financial Information Management & Financial Reporting, Capital Equipment Implementation, and Cash Handling).

**Challenges:**

- Staying on schedule given the breadth and complexity of the initiative.
- Ensuring that staff who have volunteered to serve on the APR financial process improvement teams are able to devote sufficient time and attention to the effort.

## Strategic Priority 4: Promote Strategic Sourcing and Demand Management

### Goal: Increase E-Commerce Transactions

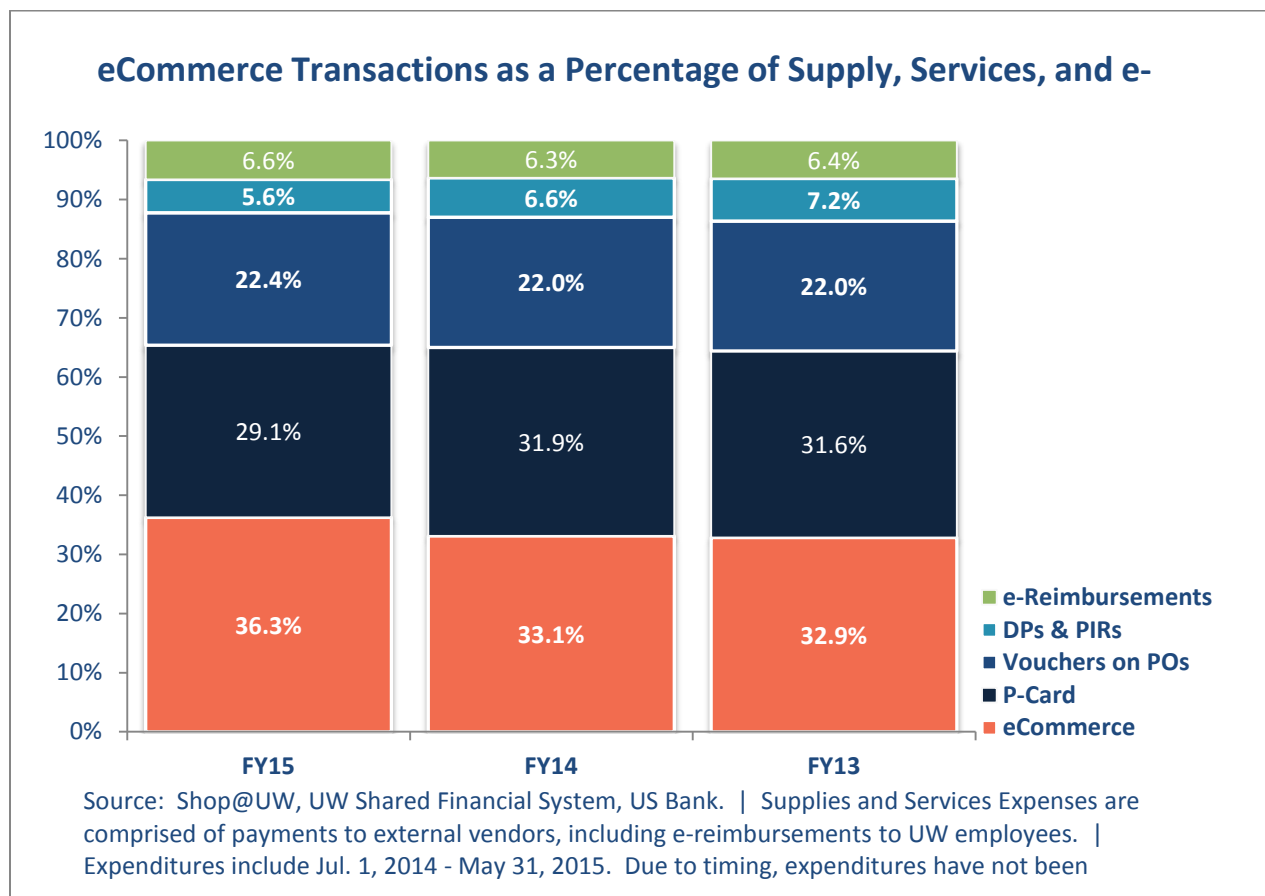
**Baseline Measure:** At the end of FY14, e-commerce transactions totaled 35.4% of all payment transactions for non-payroll expenditures.

**Performance Target:** The performance target for FY15 is 40% of all payment transactions for non-payroll expenditures.

#### **Milestones Accomplished:**

- The percentage of eCommerce transactions reached 36% in FY15, which was an increase over FY14 (33%) but less than target of 40%.
- Four new suppliers were enabled on Shop@UW: Rainin in July, Unisource in November, Newark in December, Eppendorf in January, and Roche is in process to go live in July.
- Core Stock was incorporated into Shop@UW and went live in May 2015.
- Eight Shop@UW training sessions, including three UW-System sessions, were held with 91 participants from 53 departments.
- Shop@UW was highlighted during Showcase 2015.
- Shop@UW was presented as a key topic at UW-System Spring Purchasing conference.
- A monthly Shop@UW newsletter was consistently published and delivered.
- A Shop@UW Improvement Strategy/Plan is in draft form.

#### **Illustration:**



**Challenges:**

- To enable new suppliers takes time and resources. At this time the cost/benefit justification to enable new, lower spend suppliers is decreasing.
- Office supplies and MRO supplies in a hosted catalog provide challenges to end-users.
- Some end-users are reluctant to adopt Shop@UW as the preferred way to purchase products.
- Some departments don't allow end user decision makers access to purchase using Shop@UW.
- Many users believe Shop@UW is not the cheapest place to shop for all items.
- There are gaps in product categories offered through Shop@UW.
- State mandatory contract requirements impact the ability to adapt contract use to UW-Madison that could drive increased user satisfaction and Shop@UW use.

## Strategic Priority 4: Promote Strategic Sourcing and Demand Management

### Goal: Increase Managed Spend

**Baseline Measure:** Managed spend amounted to 73.8% of addressable spend in FY14. [Reset Baseline]

**NOTE:** The baseline was reset after further discussion about the methods to calculate addressable and managed spend. E-reimbursements are now included addressable spend, which added approximately \$27.1 million to addressable spend in FY14, dropping the managed spend percentage to 73.8%.



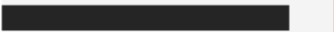
**Performance Target:** Managed spend that amounts to 80% of addressable spend in FY15.

#### **Milestones Accomplished:**

- Managed spend as a percentage of addressable spend reached 73.7% in FY15, which did not change from FY14 and was still less than the target of 80%.
- Addressable and managed spend was defined and repeatable protocols and methods to identify and measure addressable and managed spend were developed and utilized.
- Improved methods and tools to analyze purchased spend were developed and deployed. Addressable spend was categorized using industry standard supplier and commodity classifications, further refining those classifications to UW-specific categories. Purchase spend was categorized and analyzed to a degree not previously possible nor achieved and delivered for use by purchasing agent category strategy development.
- Spend category strategies assessing external market and internal environment, current state purchasing and recommended strategy/plan were drafted for over 15 key spend categories by each purchasing agent for the first time.
- Cost savings resulting from strategies being used to manage spend in two categories (Laptop & Desktop Computers, Remanufactured Toner) were highlighted as part of Showcase 2015.

#### **Illustration:**

### **Managed Spend as a Percentage of Addressable Spend**

Period	Spend Category	Spend (millions)	Percentage **	
FY15	Non-Payroll Expenditures *	\$ 624		
	Addressable Spend	\$ 467		
	Managed Spend	\$ 344	73.7%	
FY14	Non-Payroll Expenditures	\$ 924		
	Addressable Spend	\$ 527		
	Managed Spend	\$ 389	73.8%	
FY13	Non-Payroll Expenditures	\$ 924		
	Addressable Spend	\$ 522		
	Managed Spend	\$ 361	69.2%	

\* Expenditures include Jul. 1, 2014 - May 31, 2015. Due to timing, expenditures have not been validated against Accounting Services Data Digest. Expenditures will be validated and updated when the fiscal year closes.

\*\* Addressable Spend as a percentage of Non-Payroll Expenditures; Managed Spend as a percentage of Addressable Spend

**Challenges:**

- Draft category strategies have highlighted the many internal challenges in developing and executing impactful such strategies in an environment of tight state procurement oversight and control coupled with an autonomous, decentralized campus culture.
- Potential procurement flexibilities open up opportunities for the UW to design more flexible, efficient and effective procurement processes; however, such flexibility also encourages/reinforces a perception on campus that individual campus units will have even greater purchasing autonomy/freedoms. A communication strategy will be needed within the first few weeks of FY16.

## Priority 5: Enrich the Student Experience

### Goal: Increase E-Refund Payments to Students

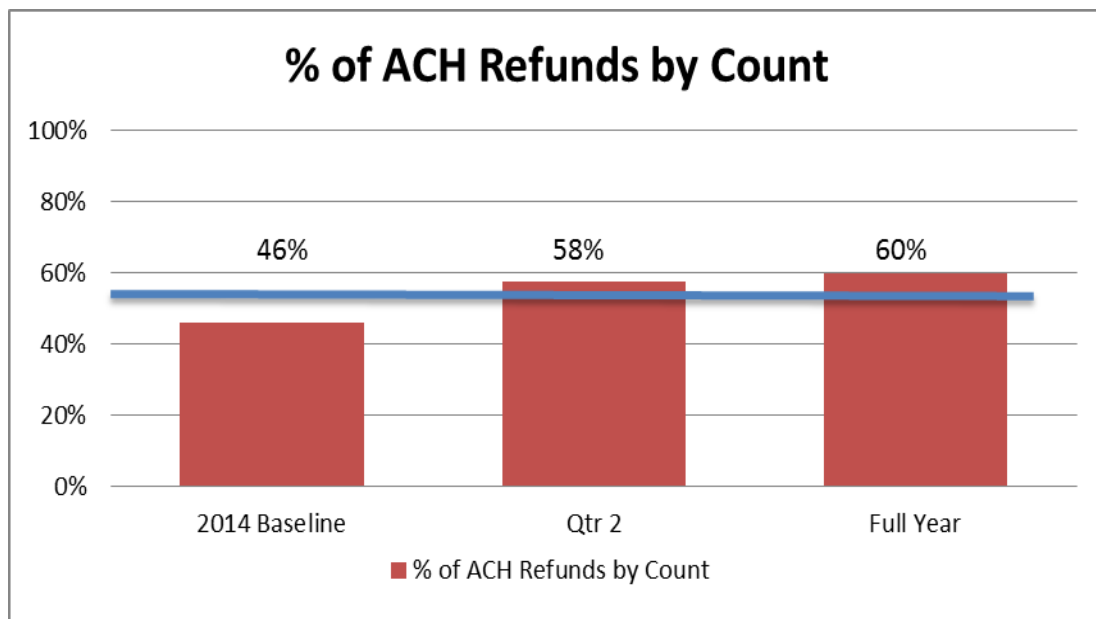
**Baseline Measure:** The baseline measure for eRefund payments is 45.96%, which is the data point at the end of FY14.

**Performance Target:** The performance target for FY15 is 56% of refund payments disbursed by eRefund.

#### **Milestones Accomplished:**

- For FY15, 59.94% of refund payments were disbursed as eRefunds.
  - Qtr 1&2 FY15, 57.68% student refunds were processed as eRefunds.
  - Qtr 3&4 FY15, 62.31% student refunds were processed as eRefunds.
- A sign up link was provided to students from the MyUW portal.
- Communications were sent to all students on campus to encourage sign up for eRefund prior to the first refunds for the Fall and Spring terms.
- Bursar's Office staff presented information about eRefunds to parents and students in the *How to Pay* sessions for incoming freshmen and transfer students at SOAR sessions. A total of 25 training sessions were completed through January 2015.
- The Bursar's Office partnered with the Office of Student Financial Aid to encourage students to sign up for eRefunds as the final step in their financial aid application.
- Promotional materials are included in envelopes with all paper refund checks mailed to students.
- Students needing a reissue of a lost or stale paper check are provided additional instructions and information about the benefits of signing up for eRefund.

#### **Illustration:**



#### **Challenges:**

- The Bursar's Office was challenged with how to get the message to students effectively and timely. In this area, there is not one right answer. In brainstorming sessions, some professional best judgment was used in the development of a communication plan which helped achieve the performance target.