Financial Management Meeting

University of Wisconsin-Madison

June 8, 2021

Agenda

Welcome/Introduction	Dan Langer	5 minutes
Purchasing Card Audit Update	Frank Austin	15 minutes
UATP and TravelWise Resources Available	Graig Brooks	15 minutes
Fringe Allocation and Tuition Remission Changes as a Result of Single Payroll	Lea Erickson	20 minutes
Capital Equipment Fabrications	Amy Rognsvoog Michael Verhagen Jenny Hackel	20 minutes
Procure-to-Pay (P2P) Update	Liv Goff Lori Voss	20 minutes

Purchasing Card Audits

Frank Austin
Travel and Cards
Division of Business Services

Business Services Audit Program

- Use IDEA software to identify potentially non-compliant purchases from across campus; mirrors the exact software and keyword list that is being used by UW System.
  - ➢ Keyword searches (e.g. Bose, Amazon, liquor, gift cards, PayPal, Apple)
  - ➢ Weekend/holiday purchases
  - ➢ Serial Purchases

- Use U.S. Bank's Payment Analytics to identify potentially non-compliant purchases
  - ➢ Serial purchases
  - ➢ Internal vendor spend
  - ➢ Non-contract travel agencies/third party brokers
  - ➢ Ineligible vendor

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Purchasing Card Audit Statistics
Business Services Continuous Audit

The Division of Business Services started conducting a Continuous Audit in January 2019.

- January 2019 – Present: Approximately 3000 transactions from over 900 different cardholders totaling $1.5 million in spend
  - Findings: 295
  - Warnings: 152

- 295/3023 = Roughly 10% of all transactions chosen have resulted in a finding

Purchasing Card Audit Statistics
UWSA Internal Audit Continuous Review

- For transactions posted between 6/27/2020 and 12/28/2020

- Audit includes 186 transactions totaling $207,348.87 across 33 Divisions

- Results:

  ➢ 18 Findings

  ➢ 18/186 = Roughly 10 percent of all transactions resulted in a finding

Top 5 Audit Findings

Business Purpose

A proper business purpose must include a detailed explanation of how a purchase is used to conduct University business.

Personal Purchases

Majority of which are online purchases, after storing purchasing card in profile (e.g. Amazon, Uber, Paypal). Please remove any stored card to avoid personal purchases.

Cardholder Approval (lack of signature and/or date)

Reminder: This should be completed within 30 days of the cycle end date.

Site Manager Approval (lack of signature and/or date or dated outside of 30-day policy requirement)

Documentation Requirements (e.g. missing receipts or other supporting documents)

Signatures/Review during Remote Work

Per policy, a statement must be reviewed within 30 days of the cycle end date by both the cardholder and Site Manager. The signature can be obtained multiple ways while working remotely.

- Option 1: Use Adobe to sign and date digitally- Please keep in mind this comes with a time stamp that is reviewed on audits

- Option 2: Type Name and date. Add justification to the bottom of the statement as to why it was typed. (Example- Typed signature due to working remotely due to COVID)

- Option 3: Send yourself an email stating the transactions were reviewed on XX/XX/XXXX. Save the email with the remainder of the backup documentation.

Not a valid option: Wait until employees return to campus to sign.

Items an Auditor Reviews

Ship-to address
Approval signatures/dates
Separation of duties
Documentation requirements
Identify purchases that should have been made through Shop@UW
Business purpose
Sales tax
Personal use of the card
Non-compliant purchase/policy violations
Ineligible vendors
Designated use
Failure to follow up on fraudulent activity
Duplicate expenses (e.g. airfare paid on purchasing card and reimbursed to traveler as personal expense)

Questions?

UATP and TravelWIse Resources Available

Graig Brooks
Travel and Cards
Division of Business Services

Current Travel Restrictions

- International Travel
  - [Essential Travel Exemption Form](#) required
  - Book by [contacting a consultant at Travel, Inc.](#), send consultant form at time of booking

- Domestic Travel
  - No form required
  - Book through [Concur](#) or by [contacting a consultant at Travel, Inc.](#)
  - Be safe! [CDC Domestic Travel Guidance](#)

- [Chancellor's May 27th Announcement](#)

Booking Travel using UATP Cards

- UATP – Universal Air Travel Plan
  - Gift cards on file with **Travel, Inc.**, who replaced FWT 7/1/2020
  - Balance made up of COVID-related cancelled flights (and some non-COVID-related)
  - American, Delta, United, Southwest, Lufthansa (and some affiliates)

- UATP automatically applied by Travel, Inc.

- Credit card required to pay for Travel, Inc. service fee
  - Concur-profiled travelers should have credit card in profile, activated for airfare

- "TP" means ticket was charged to UATP

Travel, Inc. Invoice

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Reporting Expenses

- **Do Not Reimburse UATP'd Airfare** (Approvers/Auditors)
  - "UATP (UW Prepaid Air Card)" payment type available in e-Reimbursement
  - Service fee is reimbursable

- Record Service Fee
  - P-Card reconciliation
  - Promptly submit e-Reimbursement

- Airfare posts via JET entry 2-4 weeks later
  - Same funding used for service fee

Expense Entry

- **Do Not Reimburse UATP'd Airfare** (Approvers/Auditors)
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Expense Entry

Monetary Amt	Enc Amount	Fund	Dept	Project	Program	Account	Acct Descr	Line Descr	JET Invoice No
$2,800.00	$0.00	144	483200	AAH7463	4	2650	Services - Internal	5103424, RARE GAS	210324
$326.41	$0.00	144	483200	AAH7463	4	2801	Transport Airfare-Out of State	LAST/FIRST.MIDDLE	7622704451
$44.42	$0.00	144	483200	AAH7463	4	2811	Veh Rental/Fleet Gas - Out Sta	MAVERIK #493	2021-05-10
$52.58	$0.00	144	483200	AAH7463	4	2811	Veh Rental/Fleet Gas - Out Sta	MAVERIK #538	2021-05-09
$29.98	$0.00	144	483200	AAH7463	4	2811	Veh Rental/Fleet Gas - Out Sta	MAVERIK #538	2021-05-12
$18.00	$0.00	144	483200	AAH7463	4	2896	Travel Agency Service Fee	TVLINC 7622704451 SALE	2021-04-12

- Yellow = agent fee posted through P-Card
- Orange = ticket expense posted via JET entry

- Line Description = Traveler Name (LAST/FIRST.MIDDLE, max 30 char.)
- JET Invoice No = ticket number (max 12 characters)

Service Fee

- Charged to *traveler's* credit card on file.

- Form of Payment = "VIxxxx43418"
  - ➢ Central campus credit card used as a "catch all"
  - ➢ Email uwtravel@bussvc.wisc.edu with funding information. Be proactive!

How to Update Credit Card Information in a Concur Profile

1) Sign into Concur.
2) Click on the *Profile* icon in the upper right corner, then select the **Profile Settings** link.
3) Under *Profile Options*, select **Credit Card Information**.
4) Choose one of the following options:
   a. If no credit card is listed, click **Add a Credit Card**. Follow the prompts on the screen and ensure you select the card as the default for *plane tickets*.
   b. If a credit card is already listed, verify the account is active (not expired) and the payment defaults selected (circled below). If edits to the account are required, click the *Edit* tool icon and follow the prompts on the screen.
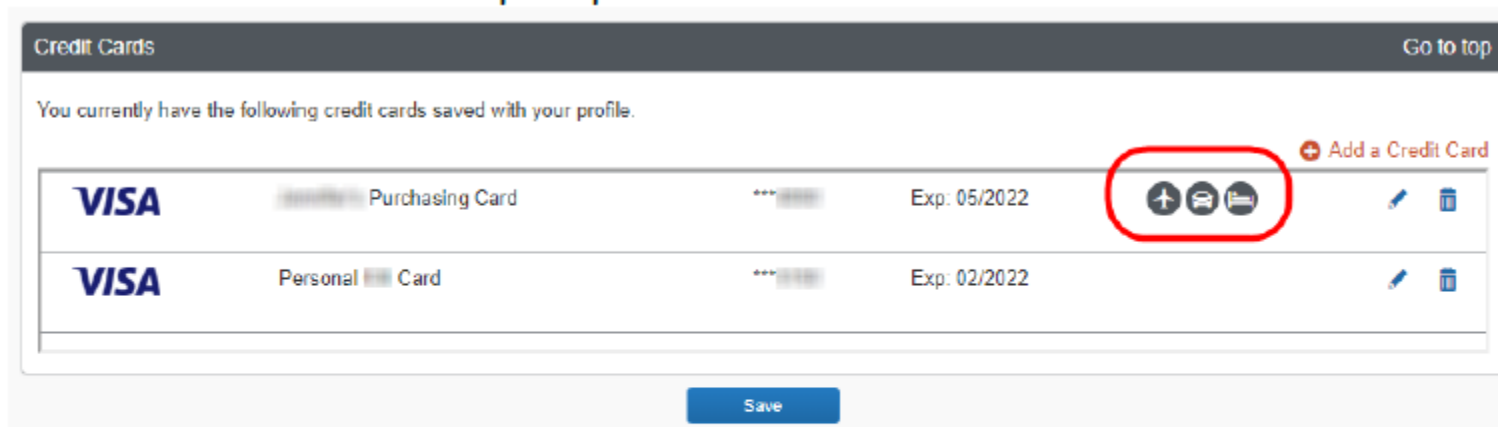
5) Click **Save** upon return to the profile page.
6) Travelers are encouraged to take this opportunity to also update other elements of their Concur profile such as demographic information, contact information, emergency contacts, and travel preferences.

TravelWIse Resources

- TravelWIse Home: https://www.wisconsin.edu/travel/

- Unused Ticket Guide: https://www.wisconsin.edu/travel/covid-19/unused-ticket-guide/

- Travel, Inc.: https://www.wisconsin.edu/travel/booking/book-with-an-agent/travel-incorporated/

- Concur: https://www.wisconsin.edu/travel/booking/concur/

Training Available

- Sign up: https://hr.wisc.edu/professional-development/courses/?q=uatp

- Topics include
  - How to handle cancelled flights from 2020 and earlier
  - How to book new flights using the UATP cards
  - Accounting for everything

- Recommended for Alternates, Approvers, Auditors, Travel Arrangers, financial personnel

- Sessions being added as needed

- Graig Brooks – graig.brooks@wisc.edu

Fringe Allocation and Tuition Remission Changes as a Result of Single Payroll

Lea Erickson
Financial Reporting, Analysis, and Systems
Division of Business Services

Background – What is the Single Payroll Project?

System-wide initiative impacting all campus locations

Standardize payroll by moving all monthly paid employees to biweekly payroll schedule

Effective July 18, 2021 – including summer contracts pay beginning July 18

Fringe Allocations

- Reminder of Current Fringe Allocation process:
  - Fringe Allocations run for funds 133, 135, 142, 143, 144, 161, and 233. All other funds use actual fringe costs based on each employee's elections and post directly to the same funding as the payroll costs on the FBxxxxxx journal.

  - Run once a month on last business day of each month

  - The allocation looks at how much salary posted to each project ID in that month and applies the appropriate fringe rate based on employee type/salary account code. (ie, $1,000 in University Staff salaries*48.4% fringe rate = $484 fringe charge)

  - Credits the fringe pool

  - RSP publishes new fringe rates for each employee type each fiscal year.

Fringe Allocations

New Fringe Allocation Process (starting August 1st):

- Changing to run fringe allocations DAILY!

- Only the frequency of the allocations are changing. The funds, rates, account codes and calculations currently used are staying the same.

- UWSA met with University of Louisville to learn about their daily allocation process.

- For a clean transition, we are planning on running the "old" monthly process through the end of July 2021. Then we will start the "new" daily process starting August 1st, 2021.

- Fringe journals will still use the same Journal ID Mask: FXxxxxxxx

- When payroll or payroll transfers are posted, the related fringe allocation will then post the following day.

Fringe Allocations

Benefits to Running Daily Fringe Allocations:

- Fringes allocated early in each month would be picked up in RSP's project mid-month draws

- Improved accuracy of fringe encumbrance vs actual fringe expense. If fringe allocations are only run monthly, the fringe expense will lag compared to the liquidation of fringe encumbrances when payroll posts. This would result in an understatement of encumbrances during the month.

- When salary cost transfers are processed, the fringe adjustments will process the next business day, instead of at month end. This will allow projects to be closed in a more timely fashion.

Fringe Allocations

Next steps/challenges:

- Looking at creating same daily process for Terminal Leave allocations if Fringe Allocation testing goes well.

- Looking into the possibility of needing to shut down the daily fringe processing during Period 13 of each fiscal year and run ad-hoc at the end of the period, as both Period 13 and Period 1 payroll transactions could both be posting during that time. We are only able to use one fiscal year rate in the allocations at a time.

Tuition Remission

Reminder of Current Tuition Remission Calculation

- Surcharges are processed monthly based on the Cumulative Semester FTE and funding sources

- A Basis Employees: 12 Month Full Time Annual Rate/12 = Monthly Rate

- C Basis Employees: 9 Month Full Time Annual Rate/195 (Number of Work Days in Academic Calendar) * Number of Work Days in Pay Period = Daily Rate

- PA Hourly Employees: Hourly comprate will be calculated by taking the PA's hourly rate * 8 hours * number of working days in the month being processed.

Tuition Remission

New Tuition Remission Calculation (starting September 2021)

- It was decided to take the yearly comprate for monthly and 9 month and convert them to an hourly rate

- The hourly rate will then be used (just like for hourly and bi-weekly) to calculate the number of working days in the month. The number of working days will then be multiplied by (8* hourly rate) to come up with the monthly comprate.

- Continuing as a monthly process

- Standardized surcharge calculation for all eligible RA/PA/TA/LSAs

- No January split issues going forward

- FTE may fluctuate month to month as a result of the number of working days and timing of payroll postings varying each month, which will also result in the monthly surcharge varying each month if student is funded from multiple sources

Tuition Remission

Next Steps

- Update tuition remission surcharge workbook to help with forecasting monthly surcharge expenses. This is a helpful tool for students with multiple appointments and funding sources.

Helpful Tool → **Tuition Remission Surcharge Workbook**

Capital Equipment Fabrications

Co-Presented By:

Michael Verhagen & Amy Rognsvoog: Business Services Property Control
Jenny Hackel: Research and Sponsored Programs

UW-Madison Capital Initiatives

- UW Madison maintains over 32,000 capital assets with cost values over one billion dollars.

- 38% (11,893) are associated with sponsored projects that have contributed $471 million dollars.

- Capital equipment is audited on an annual basis for the following
  - Associated capital values follow standard UW thresholds and are supported by invoice documentation
  - Active assets are reviewed for the following
    - ✓ Asset found in the proper building and room listed in the central office system
    - ✓ Asset has a tag adhered representing the proper titling of the equipment.
  - Disposed assets have documentation supporting the processes and conversations conducted prior to disposal. This includes a contract review of projects which funded the equipment to confirm restrictions in movement and potential monetary allowances owed back to the sponsor.

Fabrications

- Equipment that is built from scratch by the University. Purchases of component parts and third-party direct labor are combined to create an asset with a value greater than $5,000 and intended to have use to the University for greater than one year.

- Component parts must work together to perform one function. Removal of any part would result in the asset not operating at capacity. Software can be considered a component if it is integral to the control and operation of the equipment.

- Required Fabrication Account Code: 4670

- [Procedure 3008.4 Fabricated Capital Equipment](#)

UW-Madison Fabrication Data

- Fabrications in Progress by Division

Division		Title	Asset ID Count	Est. Costs
A07	CALS	UW-Titled	2	$29,165
A19	ENGINEERING	Fed/Sponsor Titled	7	$1,030,000
		UW-Titled	81	$14,048,536
A34	VCRGE	Fed/Sponsor Titled	60	$10,230,416
		UW-Titled	4	$1,325,000
A48	L&S	Fed/Sponsor Titled	4	$7,007,660
		UW-Titled	117	$31,932,322
A53	SMPH	UW-Titled	2	$600,000
(blank)		UW-Titled	5	$228,619
Grand Total			**282**	**$66,431,718**

- Average Build Time: 3 years

- Estimated Cost Values: $5K to $12 million

- Fabrication Examples: Robotics, Vehicle Upfits, Spectrometer System, Laser Systems, Wave Tanks, Scanning Machines, International Collaborations such as IceCube & CERN

The Complex Nature of Fabrications

Title Considerations:

Fabrications may require collaborations of several departments, sponsors, and countries. For Federal grants/cooperative agreements, Uniform Guidance provides conditional title to the University for equipment on federal grants. Conditional title is not free ownership to allow us to use and dispose as we please. The sponsor retains the rights to transfer title to them, and can limit the use of property, and/or may require a return of proceeds to the sponsor upon disposition. Each federal agency imposes their own additional flexibilities, restrictions and reporting requirements. Comingling sponsor funds can create term conflicts even if title vests with the University for both sponsors.

- If any portion of the asset is funded with a project that includes terms allowing the title to remain with the sponsor, the entire asset will become sponsor titled regardless of the portion of total cost.

The Complex Nature of Fabrications (Cont.)

Budgetary F&A Considerations:

Fabrications qualify as capital equipment for indirect cost calculations. These costs are reviewed by central office for compliance and therefore it is best to fully understand the proper account coding of your purchases. Capitalization of equipment is based on the definitions of UW-Madison capital standards and not based on terms of a sponsor.

Purchasing Components:
The purchases of component pieces may be processed through purchase orders, PCard and direct payment transactions. Each individual involved in the purchase needs to understand the University procedures for proper recognition at the point of requisition.

# The Complex Nature of Fabrications (Cont.)

Annual Reviews:
Once a fabrication is initiated, annual reviews towards impairment and costs are to be completed by the department. Any reclassifications necessary should be made prior to fiscal year-end. If impairment leads to an asset not reaching minimum cost thresholds, a reclassification to a non-capital account code will be required.

Financial Recognition:
Accounting standards require the University to recognize fabrications only after the completion and activation of the build. For this reason, the department is to review all costs and communicate the completion of the build to Property Control at its earliest opportunity so that proper financial transactions and tagging processes may be initiated.

Fabrication Trends

- 61% of active fabrications have exceeded their estimated build duration.
  - ➢ The fabrications had estimated cost values of $8 million dollars
  - ➢ Several have not accumulated the required $5K cost

- Without proper closure from the department
  - ➢ The asset is unable to be recognized financially
  - ➢ The asset remains untagged and open to audit risk
  - ➢ There is potential that projects have closed without a reconciliation of cost account codes. Variances to projects found outside of the project term will not be exempt from reclassification. Correction by cost transfer will be completed and likely have F&A implications to either cause the award to over or underspend.

- Departments are listing build durations over 10 years
  - ➢ Impairment risk
  - ➢ Financial recognition limitations
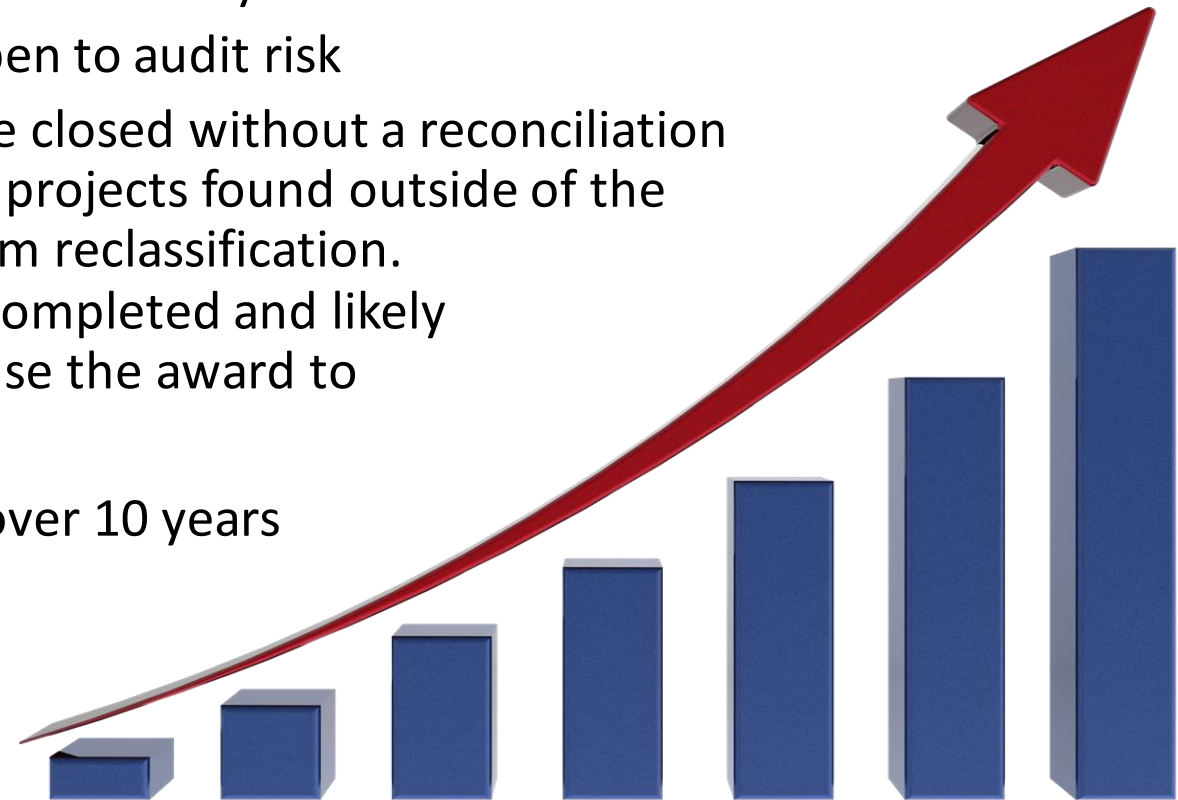
Decision Steps for Research Projects

Project Proposal
- Budget capital equipment and fabrications. If known that the potential build will be in collaboration with other awards/sponsors, attempt to review project terms for capital title considerations or contact RSP for guidance how to best address it.
- Assist with counseling PI about capital equipment expectations.

Award Set Up
- Consider if an award is needed in advance to start a fabrication. The anticipated sponsor equipment terms should be understood when deciding to take the risk to proceed in advance. Contact RSP for guidance in these decisions.

During Award
- Review the funding strings associated with purchasing equipment to ensure there is no change in scope, to identify and complete any needed prior approvals, and review awards for conflicting terms if multiple funding strings exist.
- Review posted materials, supplies and service expense to see if any charges were incorrectly coded to non-fabrication accounts.

Award Close Out
- Review posted materials, supplies and service expense to see if any charges were incorrectly coded to non-fabrication accounts.
- Assis with conversations to confirm any associated fabrications have completed and are properly documented with Property Control and the Departmental Property Administrator.
- If the fabrication is not complete, are there scope changes to address with the sponsor?
- If the fabrication will continue under a new award, review new funding strings for titling conflicts and cost allowability. The DPA should communicate the details of the new funding to Property Control.

My project will fabricate equipment.
What are the Property Control requirements?

1. Connect with your Departmental Property Administrator to complete the [Fabrication Request Form](#) prior to any purchases.

2. Confirm that all individuals involved in the purchasing of component parts are advised of the proper fabrication identification number to reference on purchases.

3. Confirm that an annual review of costs/impairment is completed and any necessary reclassifications are made by fiscal year-end

4. Contact Property Control & DPA upon the completion of the build to initiate a financial review and close out.

5. Confirm that a tag with proper title designation is received and adhered to the asset.

6. Communicate any changes to funding or the status of the build to Property Control in a timely manner.

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Meeting

40

University Resources

- When you have questions regarding sponsored project terms and process, contact your RSP Post Award Accountant for the impacted award.

- Utilize these resources for questions regarding fabrication qualifications and processes:
  - Capital Equipment Website

  - Capital Equipment Email Account: property@bussvc.wisc.edu

  - Capital Equipment Training Opportunities: https://businessservices.wisc.edu/accounting/capital-equipment/#CapitalEquipmentTraining

Procure-to-Pay Automation Project Update

Liv Goff and Lori Voss
Accounting Services and Purchasing Services
Division of Business Services

SHOPUW+ PROJECT UPDATE 6/8

- Following the launch of ShopUW+ on April 16, project work has shifted to "stabilization." At present, activities focus on addressing ShopUW+ platform issues, updating training and supporting user adoption

- Around 9,000 users across the UW System started their ShopUW+ training courses, with ~30% having completed all courses and passed a final test

- Transitions in project leadership have been managed seamlessly

- The ShopUW+ Governance team launched and is meeting twice weekly to discuss issue resolution and enhancements

- A new page on the ShopUW+ Essentials website was created to list updates to the Quick Reference Guide. That's where the most up-to-date Quick Reference Guide can be accessed too

- Pre-planning workshops for Phase II started
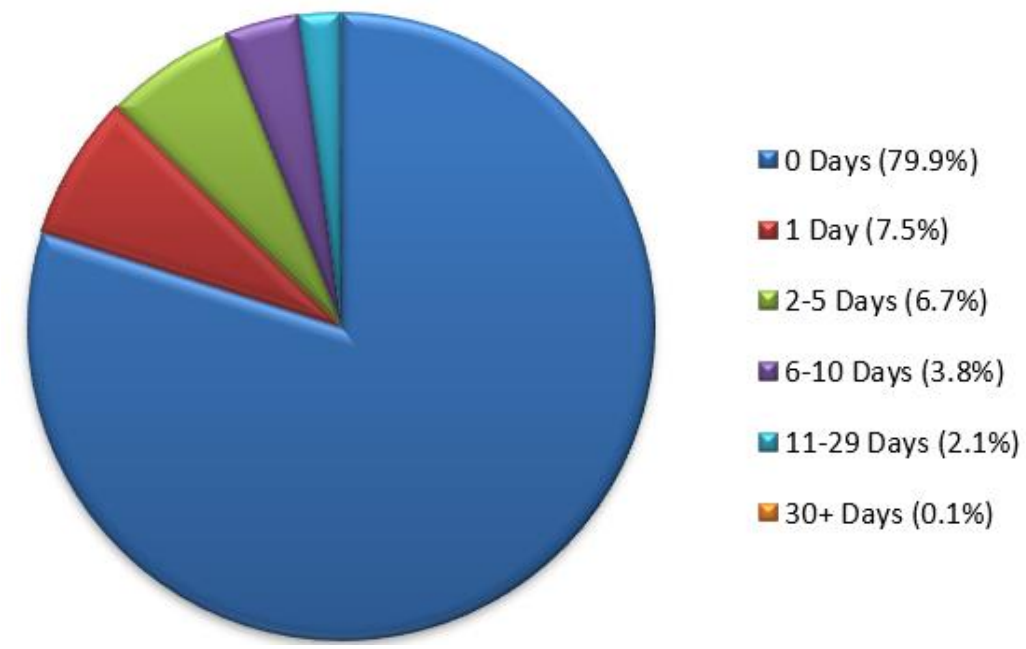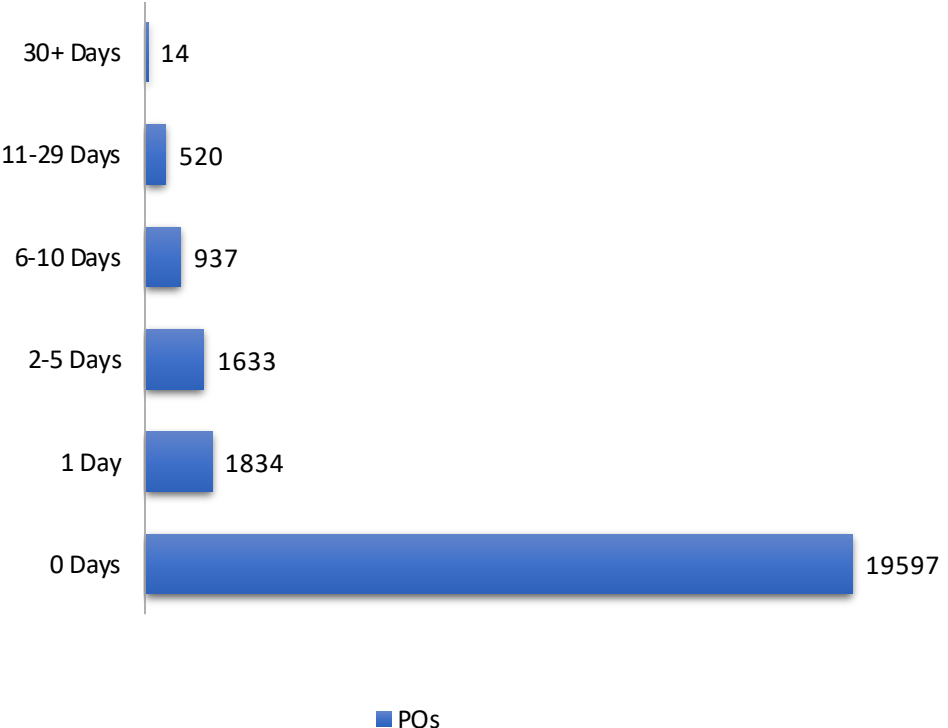
Lori Voss

ShopUW+ Transaction Data 4/8-6/6

As of 6/6/21:

- 23,481 Purchase Orders have been completed

- Total of All POs Completed: $46,663,332

UW-Madison
PO Count – 18,712 (80%)
PO $ Value: $29,960,506 (64%)

Note: Includes data for all campuses

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ShopUW+ PO Cycle Time 4/8-6/6

Total number of documents for this period: 24,535

(PR submit date to PO original revision date)

Note: Includes data for all campuses

Bar chart (POs):
- 30+ Days: 14
- 11-29 Days: 520
- 6-10 Days: 937
- 2-5 Days: 1633
- 1 Day: 1834
- 0 Days: 19597

Pie chart legend:
- 0 Days (79.9%)
- 1 Day (7.5%)
- 2-5 Days (6.7%)
- 6-10 Days (3.8%)
- 11-29 Days (2.1%)
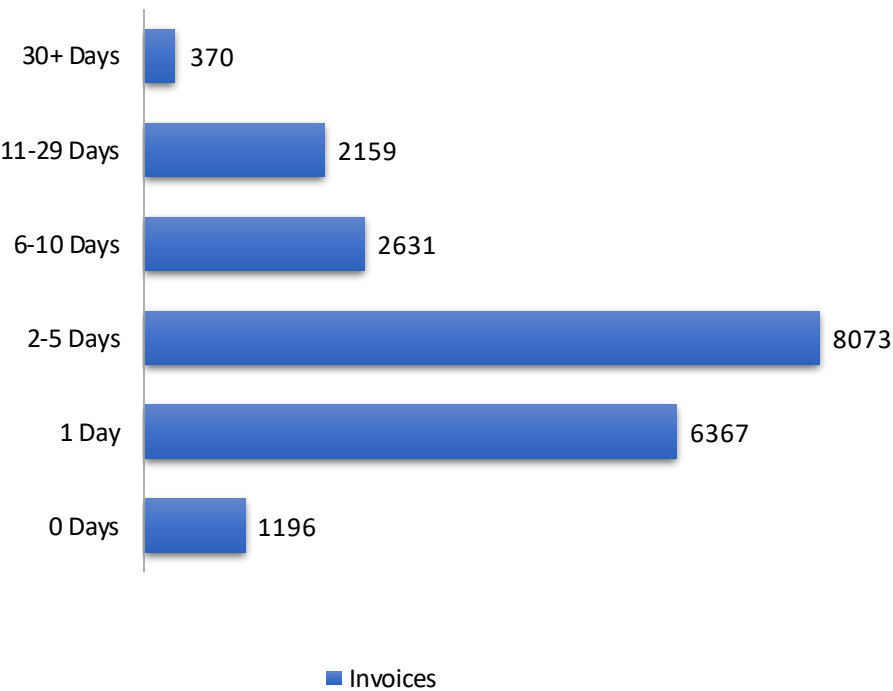- 30+ Days (0.1%)

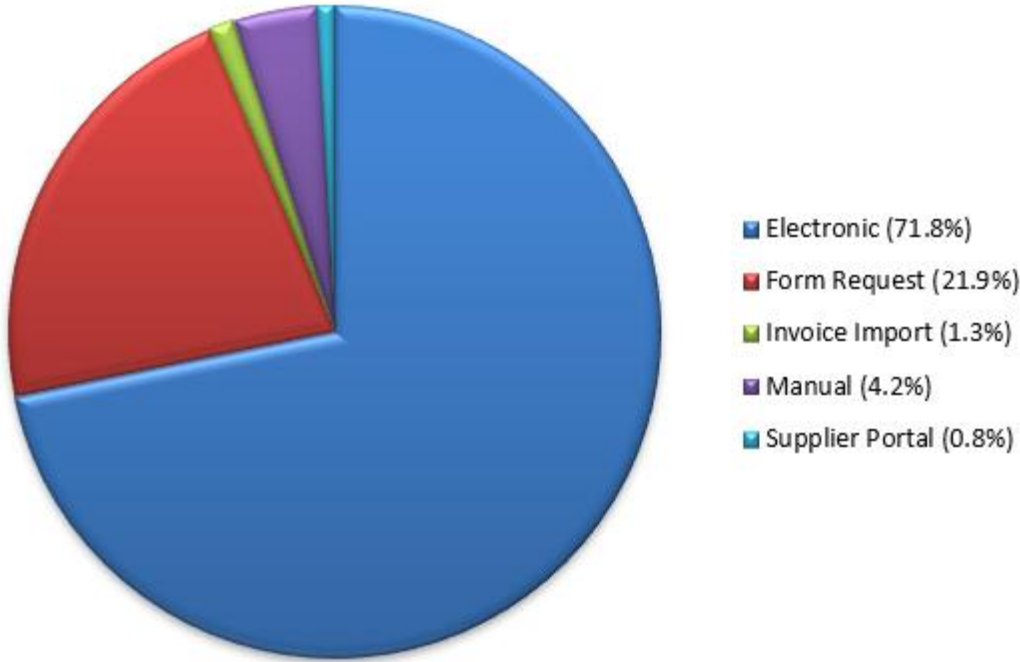# ShopUW+ Invoice Cycle Time 4/8-6/6

Total number of documents for this period: 20,796
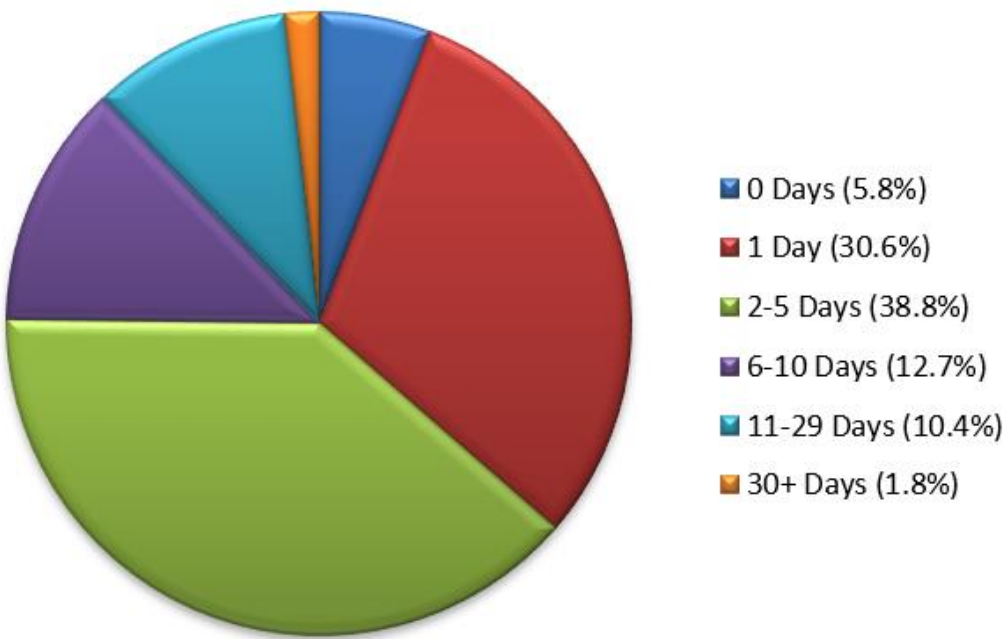
(PR submit date to Invoice export date)

Note: Includes data for all campuses

ShopUW+ Invoice Source 4/8-6/6

Supplier Portal 223
Manual 1115
Invoice Import 345
Form Request 5888
Electronic 19286
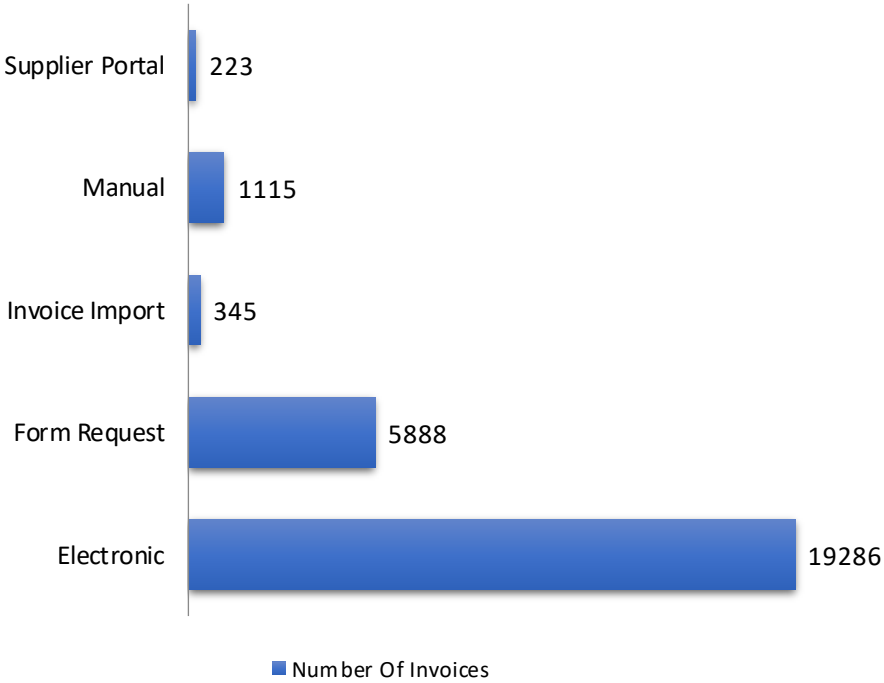
■ Number Of Invoices

Total number of Invoices this period - 26,857

- ■ Electronic (71.8%)
- ■ Form Request (21.9%)
- ■ Invoice Import (1.3%)
- ■ Manual (4.2%)
- ■ Supplier Portal (0.8%)

(PR submit date to Invoice export date)

Note: Includes data for all campuses

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ShopUW+ - Training

Course	Roles that Should Complete	Time to Complete	Topics Covered
ShopUW+ Foundations	All Roles	25 Minutes	Section 1: ShopUW+ Foundations and Benefits Section 2: Key Terms and Roles
ShopUW+ Process Updates	All Roles	5 Minutes	Section 1: ShopUW+ Process Updates
ShopUW+ Shopper Skills	All Roles	70 Minutes	Section 1: First Sign-On and Setting Defaults for Speed and Accuracy Section 2: Generating Orders: Shopping, Carts, and Requisitions Section 3: Documenting a Receipt of Goods or Services Section 4: Searching and Creating Reports Section 5: Special Procedures and Troubleshooting Tips
ShopUW+ Requester Skills	Requester, Approver, Procurement/AP	25-30 Minutes	Section 1: Submitting Requisitions, Processing Assignments, and Change Requests Section 2: Direct Payment Section 3: Payment to Individual Request Section 4: Refund of Receipts Section 5: Check Action Form
ShopUW+ Approver Skills	Approver, Procurement/AP	10 Minutes	Section 1: Processing and Assigning Approvals

P2P Transformation Partners receive training reports every Monday.
Reports can be filtered by Department.

Access training: https://shopuwplus.wisc.edu/getting-started/

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ShopUW+ Training Data

Liv Goff

ShopUW+ Canvas Training Enrollment by Course 5/31/21

Course	Enrolled/In Progress	Complete
ShopUW+ Foundations	59%	41%
ShopUW+ Process Updates	61%	39%
ShopUW+ Shopper Skills	72%	28%
ShopUW+ Requester Skills	74%	26%
ShopUW+ Approver Skills	76%	24%

Legend: ■ Enrolled/In Progress ■ Complete

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49

ShopUW+ Training Data

ShopUW+ End User Canvas Training Week by Week Completion and Learner Data

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50
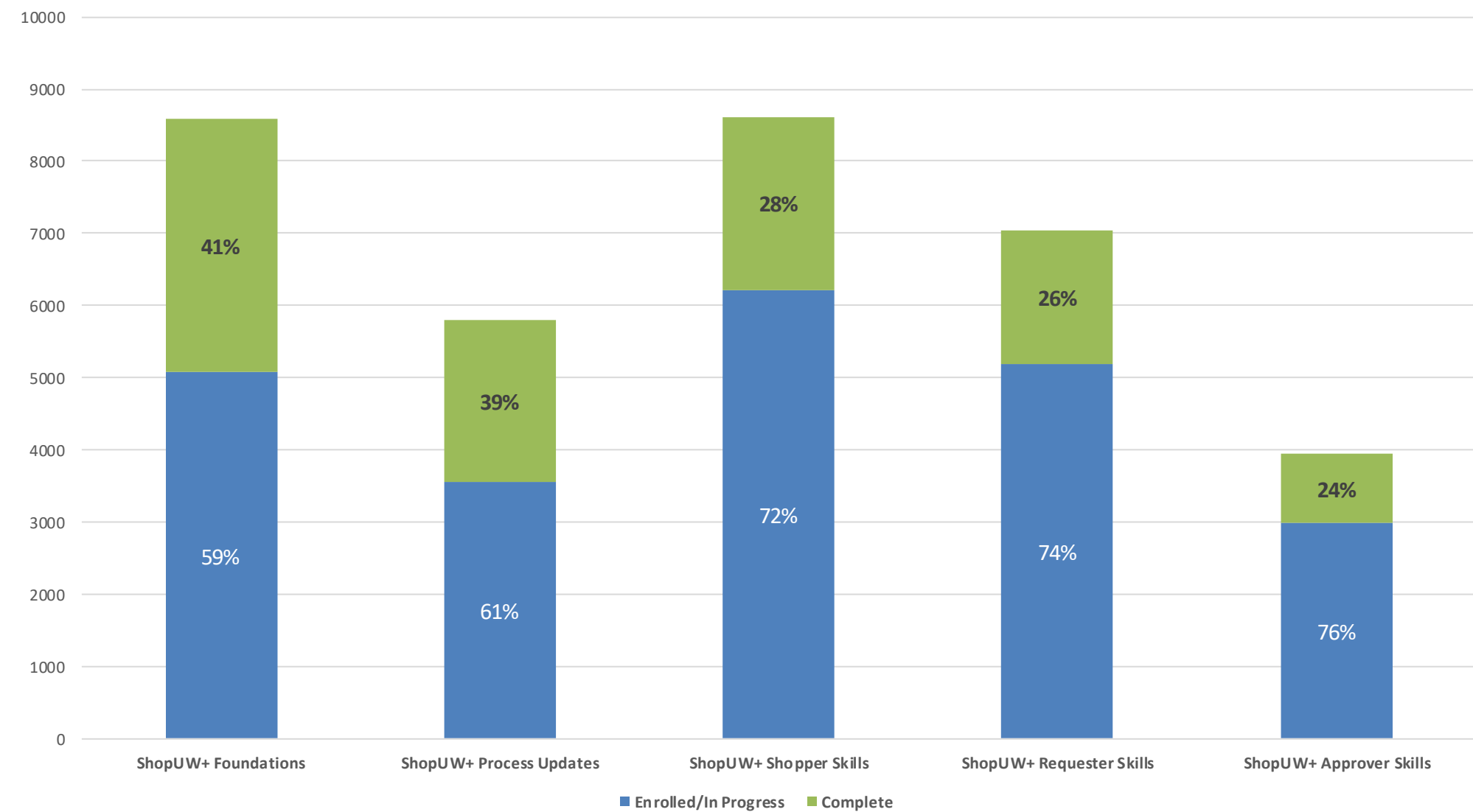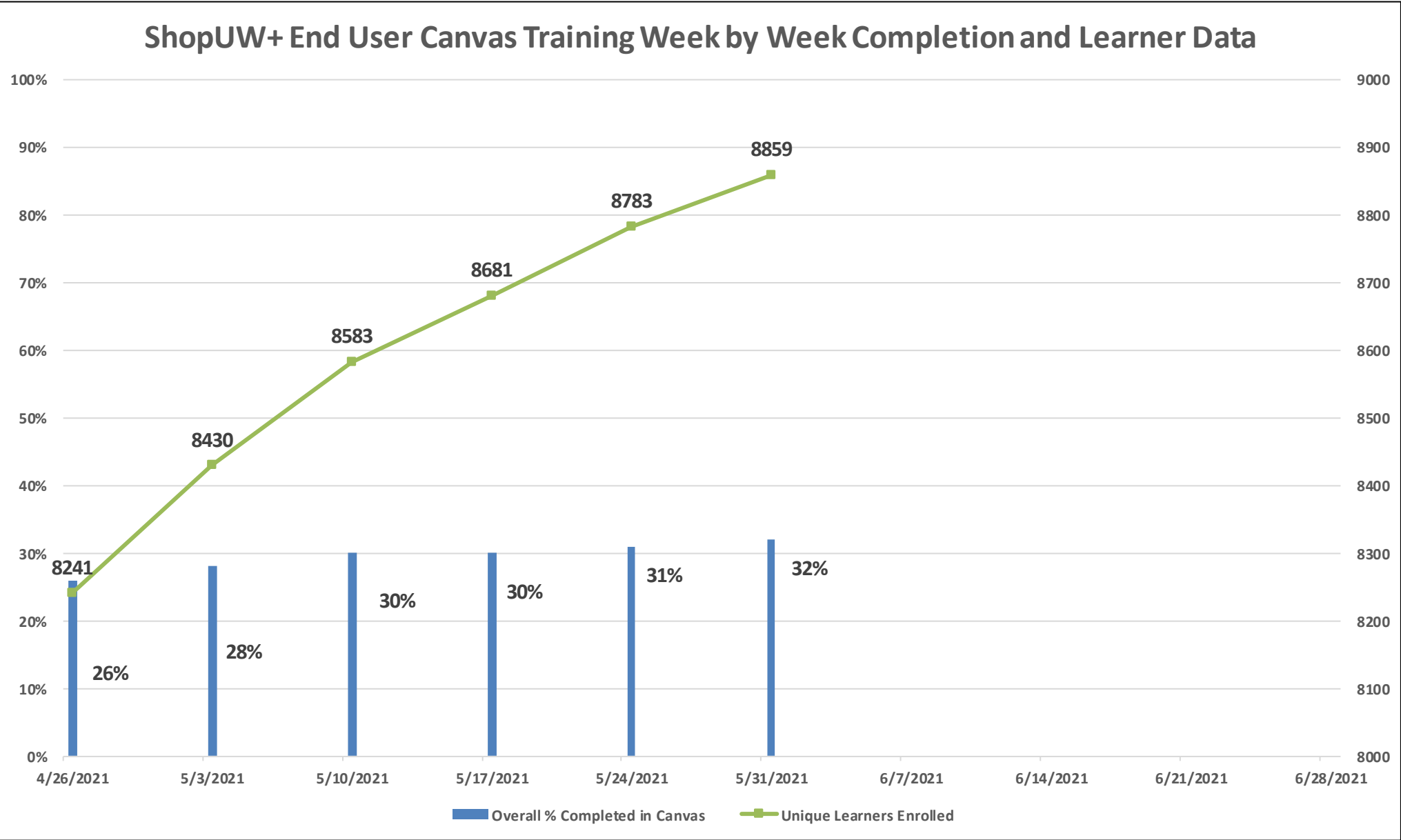
Known Issues and Work in Progress

- Addresses on shipping labels (vendor specific)

- Pre-payment

- Form modifications

- Supplier set-up and modification

- Discounts in WISER but not in ShopUW+

- Multiple journal entry lines per line item in WISER

Upcoming: Seven-day approval reminder notifications will be turned on in July

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As information is received about issues, we are working through them.

In addition to the technology change, we've navigated significant process change.

Your support has been invaluable in this effort. Thank you.

Enhanced Financial Internal Controls and other Improvements

- Supplier set-up/W9s

- Required approvals on payment requests (DPs, PIRs)

- Receiving and 3-way match over $5,000

- Increased supplier discounts

- Elimination of $1 Blanket Orders (unencumbered)

- All documents are linked

- History of all document changes by username is available

- Automated workflow

- Purchase pre-approval

We've fixed significant controls issues.
These improvements will support compliance.

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Lori Voss

ShopUW+ Customer Support – Problem Solvers Group

Telephone: **608-263-3100**

Email: uwsaproblemsolvers@uwsa.edu

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Questions

Thank you for joining!

Future Meeting Dates:
    Tuesday, August 10, 2021
    Tuesday, October 12, 2021
    Tuesday, December 14, 2021