Treasurer’s Town Hall

J. Michael Gower
Executive Vice President, University Finance and Administration
University Treasurer

November 8, 2018
College Avenue Student Center
Nimish Patel
Chief Procurement Officer
Topics to be Discussed

- Voice of the Customer
- Purchasing and Travel Cards
- RU Marketplace
- Expense Management
University Procurement Service’s (UPS) Mission

- Provide customer service to meet function’s purchasing needs
- Identify and deliver value to the organization as a whole

Voice of the Customer

Universitywide assessment to baseline UPS against our goals to become a customer-focused, strategic service organization.
About the Voice of the Customer (VOC) Initiative

Comprehensive review of UPS operations to understand the **perception, needs and expectations** of the organizations we serve

**Face-to-face interviews** with Deans, Chancellors and Business Managers

**Online survey** among University community

**Benchmarking** against Big10 peer groups and leading practices
Leading Practices

- Multi-channel stakeholder engagement
- Deep analytics capabilities
- Separate strategic sourcing and purchasing operations
- Supplier relationship management
- Centers of Excellence
- Dashboard, performance metrics, and reports

University Benchmarks

- The University of Iowa
- The University of Kansas
- University of Colorado
- University of Minnesota
- University of Washington
- Berkeley
- New York University
- The Ohio State University
- Finance Procurement Services, University of Michigan
- Maine's Public Universities
- University of Maine System
- University of California Office of the President
### VOC: Key Findings

<table>
<thead>
<tr>
<th>Category</th>
<th>Findings</th>
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<tr>
<td><strong>Perceptions</strong></td>
<td>▪ Unresponsive (black hole), inaccessible, rigid, no expertise</td>
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<td>▪ No data reporting available</td>
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<td></td>
<td>▪ Policing instead of helping and partnering</td>
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<td><strong>Campus Relationship/Alignment</strong></td>
<td>▪ Campus Liaison program is well-received</td>
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<td>▪ UPS staff (Newark, Camden) drive collaboration</td>
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<td><strong>Communications</strong></td>
<td>▪ Limited, inconsistent updates and recommendations</td>
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<td>▪ Confused by new policy, procedures, forms</td>
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<td><strong>Data / Reporting</strong></td>
<td>▪ Lack expertise regarding data/reporting and analytics</td>
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<td>▪ Unit-level spend data is needed</td>
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<td><strong>Strategic Sourcing Value Creation</strong></td>
<td>▪ Universitywide spend not leveraged</td>
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<td>▪ Lack of sourcing mindset, v. purchasing mindset</td>
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<td>▪ Want consultative approach, more flexibility and speed</td>
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<tr>
<td><strong>Systems / Process</strong></td>
<td>▪ Operational issues with requisitions, travel and expense</td>
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As a forward-leaning, customer-focused organization, UPS will be in position to contribute to the bottom line and top line, propelling us forward from a buying to a sourcing organization.

To become a forward leaning, customer-focused organization, UPS will

- Partner with campuses, including cross-campus collaborations
- Align with department’s priorities
- Encourage customer-focused decision making
- Simplify business processes
- Adopt an “enabler for success” mindset
### VOC: Recommendations and Benefits

<table>
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<tr>
<th>Key Recommendations</th>
<th>Benefits</th>
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<tr>
<td><strong>People</strong></td>
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</table>
| Deploy a **consolidated** organization in support of strategic goals | ▪ Improved customer service  
▪ Value creation (cost reduction)  
▪ Continuous improvement  
▪ Development opportunities |
| **Process**                                 |                                               |
| Deepen **relationships** with campuses, schools, and units | ▪ Improved collaboration  
▪ Strategic planning  
▪ Reduction in transactions  
▪ Operational efficiencies, rebates |
| **Systems and Data Analytics**              |                                               |
| Develop stronger **linkages** between data systems | ▪ Improved performance  
▪ Operational efficiencies  
▪ Strategic insights, risk management  
▪ Transparency and accountability |
| **Governance**                              |                                               |
| Build strategic partnerships with campuses and units | ▪ Value creation (cost reduction)  
▪ Shared goals / team benefits  
▪ Greater, mutual accountability  
▪ Improved spend, budget controls |

**Realign operating model to address unmet and evolving University needs**
- **Purchasing Card**
  - Pilot with Athletics, Mason Gross School of the Arts (completed)
  - Phase 1
    - Diners Card replacement (started)
    - Usage analysis for high-impact purchasing (in progress)
    - Target launch 4Q18 (200+ cards)

- **Travel Card**
  - Launched pilot with President’s Cabinet (Oct 1, 2018)
  - Replaced American Express cards with Bank of America Visa cards
  - Replace JP Morgan cards (planned)
Jaggaer applications
- Mobile application release on Apple iOS (Available Nov. 1, 2018)
  - Contact Procurement help desk for account activation
- Android application (TBD)

I-Expense (mobile) application
- Mobile application in testing (TBD)
Ruth Stevens
Chief Audit Executive
Topics to be Discussed

• Who is Audit and Advisory Services (formerly Internal Audit)?
• What does Audit and Advisory Services Do?
• What is our Audit Process?
• Contact Us
WHO IS AUDIT AND ADVISORY SERVICES?
Adding value across Rutgers by providing services and guidance that result in effective management.
Audit and Advisory Services at-a-Glance

- Interactive Audit Process
- Senior Leadership Team and Management
- Big Ten and Ivy Plus Peers
- University Ethics and Compliance
- Follow-up on Recommendations
- Data Analytics and Visualizations
- Collaboration Tools
- Integrated Team Approach
- Collaboration
- Technology
- Process
- People
WHAT DOES AUDIT AND ADVISORY SERVICES DO?
Our Services

- Continuous improvement of departmental operations
- Increased effectiveness of controls and governance practices to mitigate risk
- Proactive response to compliance, fraud, cyber security and data privacy concerns
- Support of informed decision-making through data mining and analytics
- Serve in an advisory capacity on committees
- Facilitate communication between departments
### Audit and Advisory Projects

- 14 internal audit reports presented to Audit Committee
- Rutgers Hotline monitoring
- Procure-to-Pay Data Analytics
  - Continuous monitoring scripts
  - Interactive T&E dashboard
  - Newark 2020
- Annual NCAA compliance reviews in Division of Intercollegiate Athletics
- Reduced past due audits (2+ years) from 16 to 1
- 219 recommendations closed/implemented since May 2017

### Universitywide Initiatives

- Cornerstone Finance Committees
- Chart of Accounts Initiative
  - Cross validation rules
  - Accounting procedures
- University Budget Office
  - Enterprise Tableau server
  - Data warehouse
- Reporting Optimization
- Reporting and Analytics Center of Excellence
Evaluate internal and external inputs to develop an initial plan that aligns audit’s priorities with Rutgers’ overall objectives and risk areas.

<table>
<thead>
<tr>
<th>Key Inputs</th>
<th>Process</th>
<th>Results</th>
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<tr>
<td>- Senior leader strategic objectives</td>
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<td>- Enterprise Risk Management data</td>
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<td>- Compliance concerns</td>
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<td>- Prior year audit findings</td>
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<td>- Management requests</td>
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<td>- Hotline activity</td>
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<td>- Data incident response / investigations</td>
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<td>- Higher education trends and best practices</td>
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<td>- Understand institutional objectives, initiatives</td>
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<td>- Interview senior leaders, management</td>
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<tr>
<td>- Identify and assess key risk areas</td>
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<td>- Develop potential audit and advisory activities to evaluate control environment for high priority areas</td>
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<td>2019 Audit and Advisory Plan</td>
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<td>High-level objective, scope, timeline</td>
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<td>Framework to update management and audit committee throughout 2019</td>
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# 2019 Audit Plan Highlights

## Finance and Operations
- Employee off-boarding and employee transfer process
- Cash management operations (petty cash, wire transfers, gift cards)
- Treasury management (review of active bank accounts)
- Purchasing card program (review of procedures, data analytics)
- University Finance and Administration review of human resource and procurement procedures and communications

## Healthcare, Research and Compliance
- Sponsored Research (Post-Award Billing/Collection, Service Centers)
- Annual Athletics Audit and Compliance Program (NCAA Year 3)

## Information Technology and Systems
- System Implementation Quality Assurance and Advisory Support
- Cornerstone Advisory Support
- IT Security and Support Assessment
WHAT IS OUR AUDIT PROCESS?
Audit Process: Research and Planning

On-Request Project

Scoping the audit

Determine client need and develop audit scope and objective

Annual Audit Plan

Planning the audit

Conduct background and best practice research

Develop internal audit work plan

Request documentation from client

Create or update audit file
Audit Process: Conducting the Audit

1. Hold kick off meeting with client
2. Complete RCM matrix and develop testing strategy
3. Draft observations, risk impact and recommendations
4. Analyze and assess
5. Perform testing of key controls
6. Meet with client to review finding and recommendations (closing meeting)
Audit Process: Reporting the Audit

1. Finalize observations and recommendations
2. Draft final report for AAS Manager/CAE review and approval
3. Hold exit meeting with client to finalize report
4. Create executive summary and appendices
5. Send final report draft to client for management response
6. Issue final report
Engagement results reported to:
- Client (Management for units involved)
- Board of Governors Committee on Audit
- President
- Senior Leadership Team
- External Audit Firm (currently KPMG)

Types of Communications:
- Audit Reports (with Management Responses)
- Memorandums
- Emails
- Verbal Consultations
Welcome from Ruth Stevens, Chief Audit Executive

Read the CAE's message to our clients.

https://internalaudit.rutgers.edu
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