PPMO-0068B Engineering IT Accounting and Inventory Control [UIUC]
Executive Summary

Business Case

The funding model for Engineering IT Shared Services is a function of the annual budget cycle. It is how the Engineering IT Shared Services remains a self-supported function. One piece of the funding model includes the accounting for all equipment and property. This includes scrap/surplus (going forward, now known as Scrap/Realignment) of old equipment and the re-alignment of machines to other units. The management, tracking, and logistics is cumbersome and property is staying on the books when it doesn't belong to that unit any longer. This creates an accounting issue for the Engineering IT Shared Service.

Goal

The Engineering IT Inventory Scrap/Realignment process is a continuous process that consumes approximately 10% of the Business Office's time in a fiscal year. The Inventory Scrap/Realignment project is high priority for Engineering IT because of the lack of process efficiency. By increasing efficiency within this process, IT staff will be able to spend less time processing equipment and the business office will spend less time gathering data on inventory items to be transferred.

Metric	Current	Target	% Change	Cost Saving
Business Office time spent on overall process	400 hrs/yr	300 hrs/yr	25%	$2932
Student worker time spent on overall process	1920 hrs/yr	1700 hrs/yr	12%	$1146

Approach

After mapping the current Scrap/Realignment processes, we discussed issues and causes with the Scrap/Realignment process improvement team. We identified opportunities for improvement and brainstormed potential solutions, developing a plan to prioritize potential solutions. Lastly, we created a future state process map for what the new process could look like. Future work will depend on acceptance of the recommendations by the Engineering IT Sponsors.

Outcome

Identified 6 recommendations, expected to result in faster and more accurate equipment processing. This will provide the Business Office with more time to focus on other job duties. Recommended the creation of an equipment pickup process, which may include an "intake" form that collects information up front. Recommended internal and external communication of single procedure for Scrap/Realignment process. Recommended modifications to existing Inventory App to track available equipment and transfer ownership with reduced turnaround time. Recommended dedicated physical space for realigned equipment.

Key Findings

- There is no single, authoritative process for equipment to be processed (at all points in the process).
- Equipment languishes on Inventory accounting books extending the time it takes to move equipment out of physical storage space.
- There are inconsistencies in who and where realigned equipment is allocated.
- There are errors in scrapping equipment that is in fact, still useful

Short-term Improvement Recommendations

1. **Provide a method for internal staff or external customers to request equipment pickup**
   Creates a standardized request process, making it clearer to student workers, staff, and outside units the expectation of equipment pick up and reduce mistakes and increase efficiency.
2. **Dedicate physical space for realigned equipment**
   By using current storage space more effectively, this will allow staff to have better awareness of available inventory and reduce mistakes in scrapping equipment that could be realigned.

Medium and Long-term Improvement Recommendations

1. **Create and communicate one procedure for the Scrap/Realignment process**
   This will more clearly specify how equipment is to be processed from beginning to end of lift-cycle with detailed documentation internally and externally. This would include DRP and EWS machines for a fully inclusive procedure. A well-defined procedure would allow for a more balanced reallocation of equipment resources both internally and externally. It is recommended that this procedure include standardization on the labeling of equipment (scrap, realign, and destination, working/nonworking status) to further enhance efficiencies in the process.
2. **Train Engineering IT staff on the scrap/realignment process**
   By training staff, it could reduce errors and longer timeframes for processing equipment by students. It could also result in machines being available more quickly for realignment and free up physical space from the processing/storage areas.
3. **Modify existing Inventory App (in portal) for realignment and scrap tracking features**
   This will solve the confusion of what equipment is available, accepting requests, and prioritization of realigned equipment and the transfer of ownership.
4. **Review the current DRP process to improve efficiencies in tracking DRP equipment**
   This service could become more efficient from the Inventory Tracking features that would allow for a more balanced reallocation and tracking of equipment.

Implementation of Recommended Improvements

Short term and long-term recommendations will be reviewed by the Engineering IT Project Management Office. Resources and timelines will be reviewed and assigned by the Engineering PMO.