



WISCONSIN
UNIVERSITY OF WISCONSIN-MADISON

Financial Internal Controls Update

***Administrative Council Meeting
June 26, 2014***



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Initiative Objective & Approach

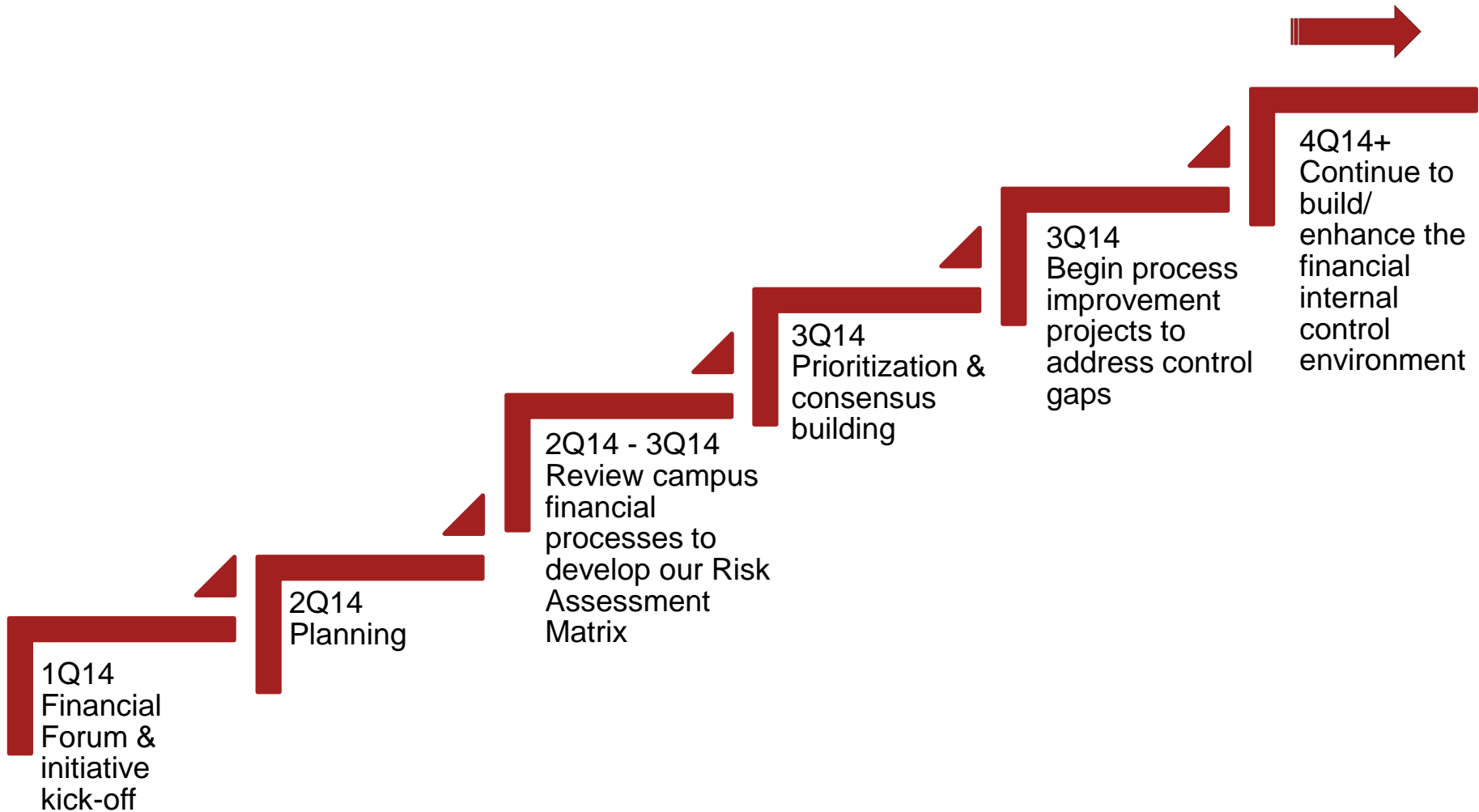
Objective

- Establish a “UW-Madison Financial Internal Controls Framework” to support risk reduction in relation to our campus financials, ensure the integrity of our financial data and help maintain compliance with financial laws and regulations. Doing so is also critical to building long-term protections for our reputation and resources.

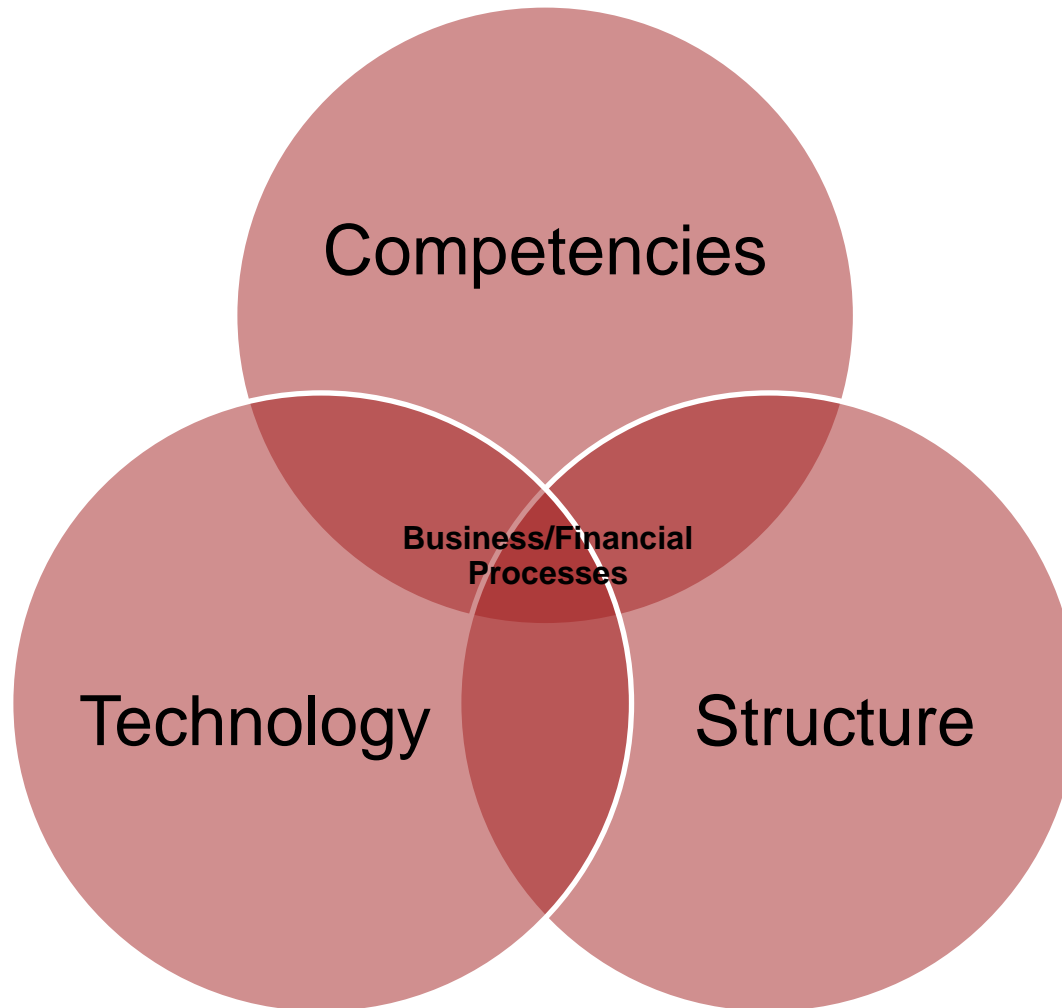
Approach

- A significant component of the Financial Internal Controls Initiative is identifying our key business processes and understanding which ones present significant risk to the University. A preliminary list of processes has been compiled and risk assessment interviews will be conducted throughout campus with a representative population from Business Services, campus leadership and staff in financial roles.

Steps to Building UW-Madison Financial Internal Controls Framework



Critical Requirements to having an Effective Business Process



Conducting the Risk Assessment

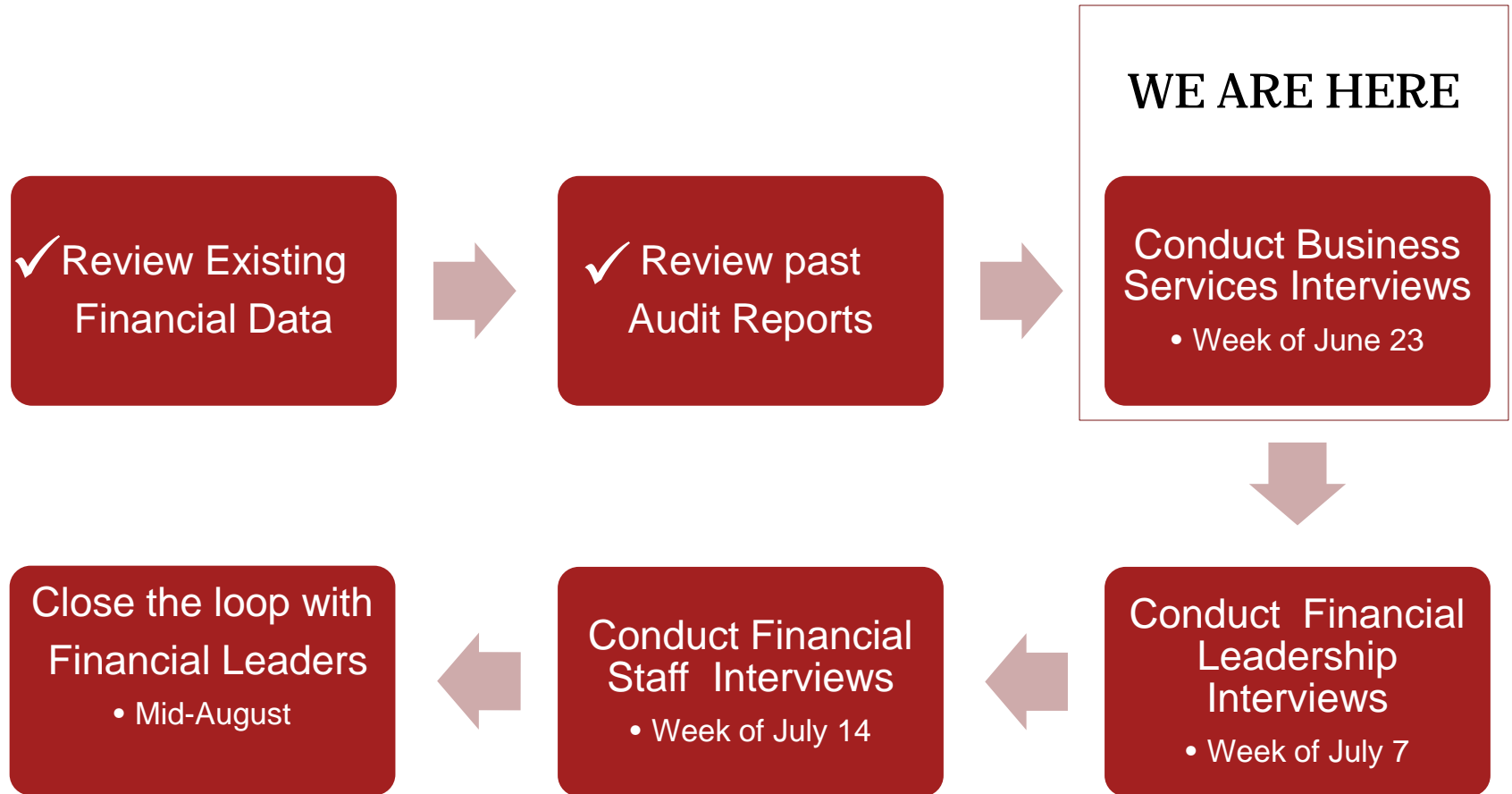
Risk Assessment Objectives

- Identify and prioritize significant financial risks facing the institution
- Understand the key processes impacted by those risks
- Identify the departments where the processes are resident
- Understand quantitative and qualitative factors influencing risk
- Identify opportunities to improve the management of these risks through internal controls and/or process improvement recommendations, and
- Help prepare UW Madison to perform risk assessments in the future

Risk Assessment Partners

- Office of the VCFA - Executive Sponsor
- Business Services - Business Owners
- Administrative Process Redesign - Project Management
- PricewaterhouseCoopers (PwC) - Consultants
- Representation from across campus - Stakeholders

Preparation for the Risk Assessment



Preliminary Key Business Processes Identified



Preliminary Process Definitions

Capital Equipment

- Includes requisition/approval, purchasing, titling, tagging, tracking, and disposal of all equipment owned federally or by the UW-Madison in accordance with applicable federal/state requirements.

Gifts/Development

- Includes expenses incurred and requests of funds from the Foundation to cover the expenses.

Revenue

- Includes billing, accounts receivable, collection, cash, credits and write-offs.

Procure to Pay

- Includes purchase requests, receipts of goods and services and subsequent payments made to third parties.
- Includes payments through purchase orders, Shop@UW, P cards, e-reimbursements, corporate cards, direct payments, and payments to individuals.

Grants

- Includes pre-awards, post-awards and close.

Preliminary Process Definitions

Inventories

- Includes physical safeguard of inventories, counts, recording and reconciliation.

Payroll System Management

- Includes new employee setup, time approval, employee record management (direct deposit information, address, etc.), and employee termination.

Scholarships/Financial Aid/Tuition Remission

- Includes receipt, distribution, and return of the funds. Elements of this process are also relevant in Procure to Pay and Payroll.

Cash Receipts/Deposits (Point of Sale)

- Includes various points of cash inflows (e.g., receipts by schools/colleges, Bursar, etc.), safe-guarding of cash, recording, deposit and reconciliation.

Financial Reporting

- Includes month-end and year-end close, non-salary cost transfers, and financial system capabilities to ensure that accounts are correctly reported and valued.

Internal Billing

- Primarily related to billings for services between units within UW-Madison; mechanism commonly cost transfers and/or other internal billing tools.

Interviews

- Interviews started in Business Services on 6/23.
- A representative group of leadership from the Administrative Council, VCFA and Auxiliaries will be the next group to be interviewed by PwC.
- You may be contacted to participate in the this round of interviews.
- Interviews will be 1-2 hours in length depending on the process PwC meets with you to discuss.
- Following leadership interviews and with leadership concurrence, interviews will take place with the next level - those in financial roles. Interviews will focus on workflow, processes and approvals.
- Who else?

Interview Questions

Representative of the types of questions that will be asked at financial leadership interviews:

- Please provide a high-level overview of your area including mission, key goals and objectives.
- What events or other factors influence your ability to achieve goals and objectives?
- What does your unit do to identify, assess, and manage financial risks?
- Are you aware of any recent control breakdowns or “near misses”?
- What is the biggest challenge your unit experiences that might result in greater financial risk?
- What processes would you like us to consider that you perceive as risky or vulnerable?
- Who else in your unit should be interviewed?
- How can this project best serve your unit in the short-term?
- Do you have any insights that may further assist us in our risk assessment process?

Questions / Feedback