

Financial Internal Controls Initiative

Deans Council

January 11, 2017



Presentation Objectives:

- I. Report on Work to Date
- II. Highlight Discoveries & Benefits
- III. Next Steps
- IV. Questions and Feedback

Why Internal Controls?

Because Internal Controls are a framework - supported by policies, processes and procedures - which an organization uses to:

- Accomplish its goals and objectives;
- Protect its resources, both tangible (e.g., property, funds) and intangible (e.g., reputation, good will);
- Maintain compliance with laws and regulations; and
- Ensure the reliability of financial information.

Where we've been...

2014

- Initiative kick-off at the 1st Financial Forum
- Financial data and audit reports reviewed
- Internal controls interviews
- Risk assessment completed
- Capital equipment team launched & recommendations approved

2015

- 2nd Financial Forum
- Capital equipment begins implementation
- 6 process improvement projects identified & teams launched
- Fall current state conversation campus update

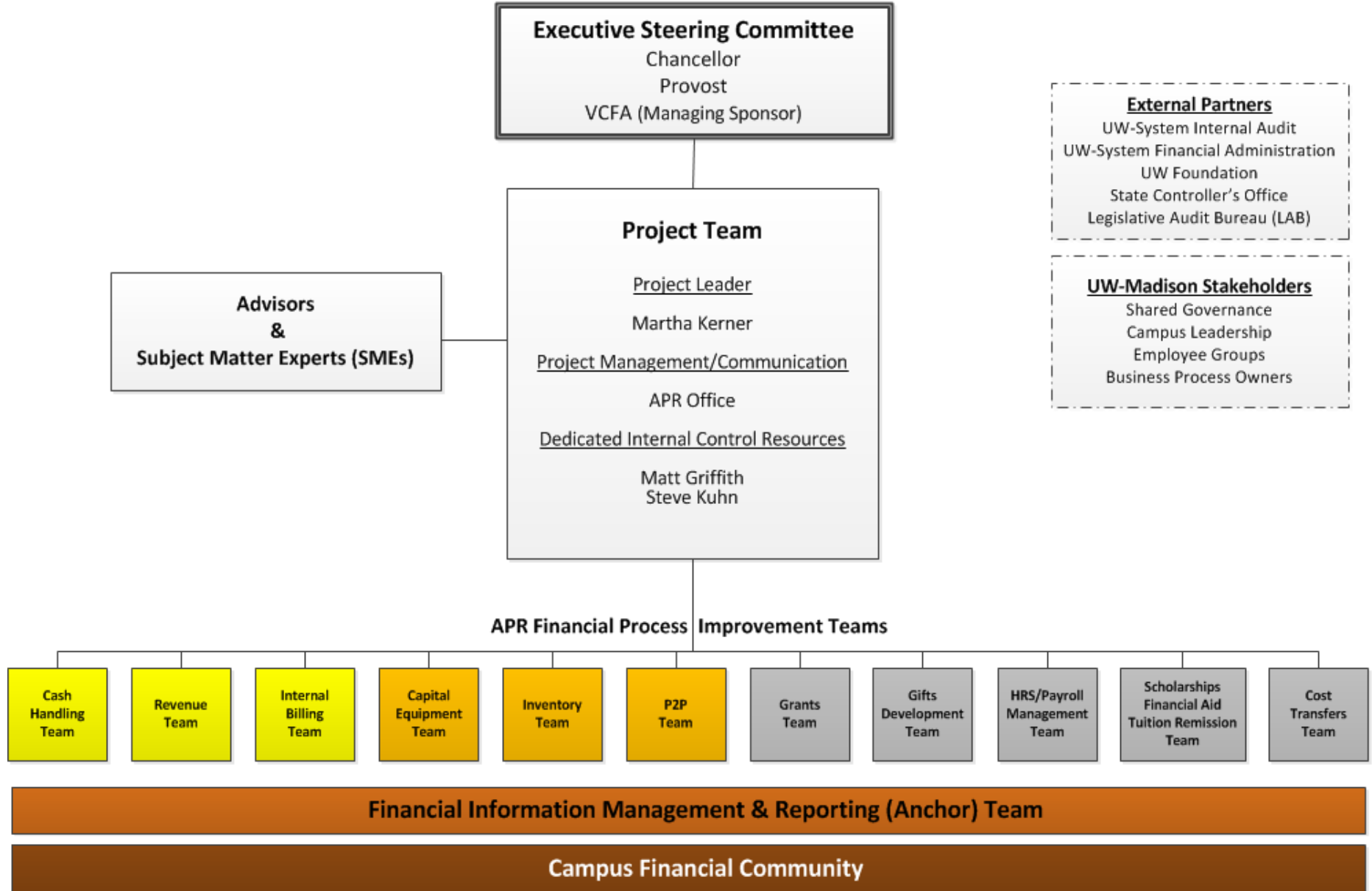
2016

- 3rd Financial Forum
- Financial glossary published
- Recommendations accepted for 6 process improvement teams
- Capital equipment asset management software launched

Work to Date:

- ❑ 3 annual Forums (so far) to engage / inform campus
- ❑ Retained PwC to conduct a comprehensive risk assessment
 - 3 campus-level recommendations
 - 12 process-level recommendations
- ❑ Created a project structure and launched 7 process improvement teams
 - 1 team in implementation phase (Capital Equipment)
 - 6 other teams have completed initial reports

Financial Internal Controls Project Structure



Campus-Driven Insights & Collaboration

- The 7 teams launched were comprised of over 75 individuals from across campus.
- Individuals were selected from large and small schools and colleges, auxiliaries, and administrative units
- Staff volunteered their time to contribute to the effort
- A process redesign approach was taken to the projects -- desired outcomes in terms of efficiencies or cost savings are balanced with internal control standards

For example.....

Financial Information Management & Reporting Team

- Natalie Feggstad (School of Human Ecology)
- Alice Gustafson (Administrative Process Redesign)
- Donna Halleran (Auxiliary Operations Analysis)
- Tammie Hodgson (Information Technology)
- Arnie Jennerman (University Health Services)
- Martha Kerner (Business Services)
- Dan Langer (Accounting Services)
- Ken Mount (School of Medicine and Public Health)
- Tim Norris (Budget Office)
- Adam Whitehorse (School of Pharmacy)

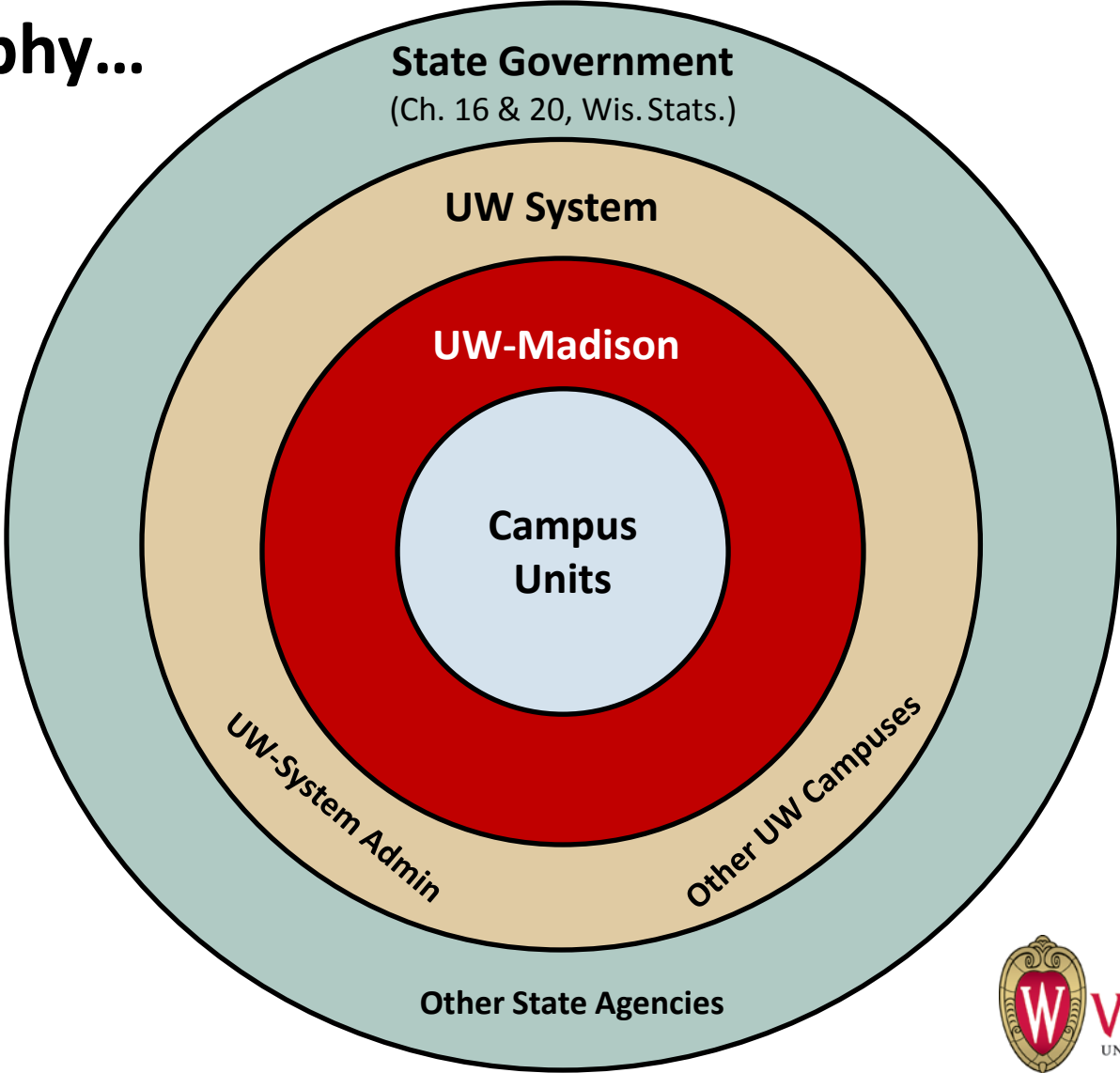
More Work to Date:

- Teams have:
 - Analyzed financial data from across campus
 - Interviewed hundreds of people
 - Mapped and walked dozens of processes
 - Begun to design the future state

“Before you can create the roadmap, you need to know the geography.”

Dr. Larry Rittenberg, CPA, Professor Emeritus
Accounting and Information Systems
Wisconsin School of Business

Knowing Our Geography...



Many discoveries...

- Great people with great ideas
- Lacking systems, tools and infrastructure to implement
- Unclear definitions and inconsistent financial vocabulary (e.g., widespread but varying use of “sales credits”)
- Disconnected or misunderstood campus financial processes from end to end
- Inconsistent or nonexistent policies and procedures
- Gaps in controls around transactions and system access

The future will include...

- ✓ Efficiencies from improved workflow, less rework, and less redundancy
- ✓ Expanded funding string and comprehensive chart of accounts that allows units flexibility while prescribing enterprise definitions
- ✓ Consistently applied policies and procedures for financial processes

The future will include...

- ✓ The ability to produce both cash and accrual-based financial reports (unit to enterprise level)
- ✓ Training for staff and development of competencies for new processes and systems
- ✓ Appropriate controls to mitigate risk

Near Term Efforts

- **Capital Equipment Team**
 - New asset management module (AMM) in place by December
 - New policy and procedures developed and effective in January
 - Strengthened the role and additional support for DPA
 - Developing AMM interface for DPA use
- **P2P Team**
 - Addressing audit findings for p-card compliance
 - Moving to 1:1 relationship for p-cards
 - Minimizing internal p-card usage
- **Revenue Team**
 - Collecting past due student accounts (tuition and fees)
 - Coordinating collection efforts with DOR
- **Financial Reporting & Information Management Team**
 - Revising funding string fields and chart of accounts
 - Building an all-funds report for campus use (P&L)

The Bigger Picture - What's Next?

- ❑ Develop implementation strategy and resource needs requirements(Spring 2017):
 - Seven teams have finalized future-state recommendations
 - We need a coherent review for overall strategy, resource requirements, and unit implications
- ❑ Continue with quick win implementations (Ongoing)
- ❑ Five additional process teams will be launched (2017-18?)
 - Grants
 - Gifts / Development
 - Scholarships / Financial Aid / Tuition Remission
 - HRS / Payroll Management
 - Cost Transfers

Questions?

For more information, visit:

bussvc.wisc.edu/internalcontrols