

**UW-Madison**  
**Financial Internal Controls Project**  
**Advisory Committee**  
**Charge Document**  
**March 4, 2015**

**Project Background**

UW-Madison does not currently have a comprehensive financial internal control framework. Operating in a highly decentralized environment, the University is exposed to multiple risks that could be mitigated with a planned and consistent approach to effective financial internal controls.

Effective organizations, including institutions of higher education, have developed and implemented internal control frameworks. A comprehensive financial internal control framework is supported by a body of processes, policies, and procedures which an organization uses to:

- accomplish its goals and objectives;
- maintain compliance with laws and regulations (including detecting and preventing fraud) and internal policies;
- ensure the reliability of data and financial information for effective decision making; and
- protect its resources, both tangible (e.g., equipment, property, or funding) and intangible (e.g., reputation).

This project focuses on financial internal controls for UW-Madison. The financial internal control plan will utilize the Committee of Sponsoring Organizations (COSO) Internal Control Integrated Framework as a guide. This project builds upon several recent and related activities including the 2014 Financial Forum with campus leadership and financial personnel and the financial risk assessment performed by PricewaterhouseCoopers (PwC).

**Project Goals**

To build and sustain a framework for financial internal controls for UW-Madison.

A successful framework will provide:

- compliance with laws and regulations;
- transparent and reliable financial information;
- protection for the resources and reputation of the University;
- accountability and ownership of risks and internal controls across the University; and
- greater stakeholder confidence in the University's financial risk management activities.

## **Role of the Advisory Committee**

The Advisory Committee for the Financial Internal Controls Project will advise both the project leader and the project team (led by the Assistant Vice Chancellor for Business Services) on project approach, timeline, and execution issues; critical decisions involving business processes, financial and administrative systems, organizational design and capabilities, and the design of financial internal controls; and the readiness of campus units to adopt the framework and how best to accomplish this. The Advisory Committee will also undertake at the request of the project leader or the project team, various reviews, studies, and deliberations which will be helpful in ensuring an expedient and effective implementation of the University's new financial internal control framework.

## **Responsibilities**

The primary responsibility of the Advisory Committee is to provide advice and serve as a resource to the project leader, project team, and process improvement teams. Their responsibilities may include:

- Reviews of the University's financial internal control risks, as identified previously by various groups and ongoing during the course of the project;
- Benchmarking of financial internal controls at institutions of higher education and other organizations with acknowledged best practice frameworks;
- Recommendations for any key objectives, guiding principles, and/or strategic considerations which may influence outcomes of the project;
- Input, including via decision papers, to critical decisions impacting potential changes to control activities and affecting business processes, financial and administrative systems, organizational design and capabilities, and policies. Also, input to contemplated changes to monitoring activities and the establishment and maintenance of a sound control environment;
- Counsel concerning the future state design of the new University financial internal controls framework and all of its essential components;
- Assessments of change management risks and opportunities related to the implementation of the new financial internal control framework, along with recommendations for managing these; and
- Serving as project ambassadors assisting with the delivery of project communications in coordination with the project team; building the case for change and support for implementation activities.

## **Considerations**

- The financial internal controls framework project is one of several high-impact change programs underway simultaneously within the space of the Office of the Vice Chancellor of Finance and Administration. Other programs include Uniform Guidance implementation, a new campus budget model, a new campus HR design, and an overall capabilities review. While the primary focus of these other programs is not financial internal controls, they could potentially impact

aspects of the University's financial environment and, therefore, this committee should be cognizant of them.

- The project must consider related efforts which are underway at the UW System level, and must also recognize UW System ownership of certain processes, information systems, and policies.
- The University is in a period of increased executive, legislative, media, and public scrutiny.

### **Membership**

Jim Walker, Wisconsin School of Business (Chair)  
Sandy Fowler, College of Agricultural & Life Sciences  
Donna Halleran, Auxiliary Services  
Karla Johnstone, Faculty, Wisconsin School of Business  
Kim Moreland, Research & Sponsored Programs  
Ken Mount, School of Medicine & Public Health  
Bethany Pluymers, Law School  
Mehdi Rezai, College of Letters & Science  
Adam Whitehorse, School of Pharmacy  
Alice Gustafson, Ex-Officio, Business Services and Project Leader  
Martha Kerner, Ex-Officio, Administrative Process Redesign

Support staff to the Advisory Committee – Office of Quality Improvement

### **Advisory Committee Ways of Working**

The Advisory Committee will meet on alternating Thursdays opposite from Administrative Council meetings.

The committee will undertake some of its work via offline individual contributions and some via sub-committee efforts.

The Advisory Committee will meet with the Vice Chancellor for Finance & Administration as necessary.

The chair of the Advisory Committee will serve as a member of the project team.

Version 1 – February 19, 2015

Version 2 – February 20, 2015

Version 3 – February 25, 2015

Version 4 – March 4, 2015

Approved – March 16, 2015 by VCFA Bazzell