



WISCONSIN
UNIVERSITY OF WISCONSIN-MADISON

***Financial Internal Controls
Initiative Overview and Update***

Financial Managers Meeting

August 12, 2014



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The Underlying Premise

What

- We need reliable, timely, and informative processes to sustain the greatness of this University.

Why

- Without an accurate picture of what and how we're doing, we're at risk for loss of:
 - Reputation
 - Funding
 - Independence

Why now

- Higher education landscape is more complicated than ever.

The Vision

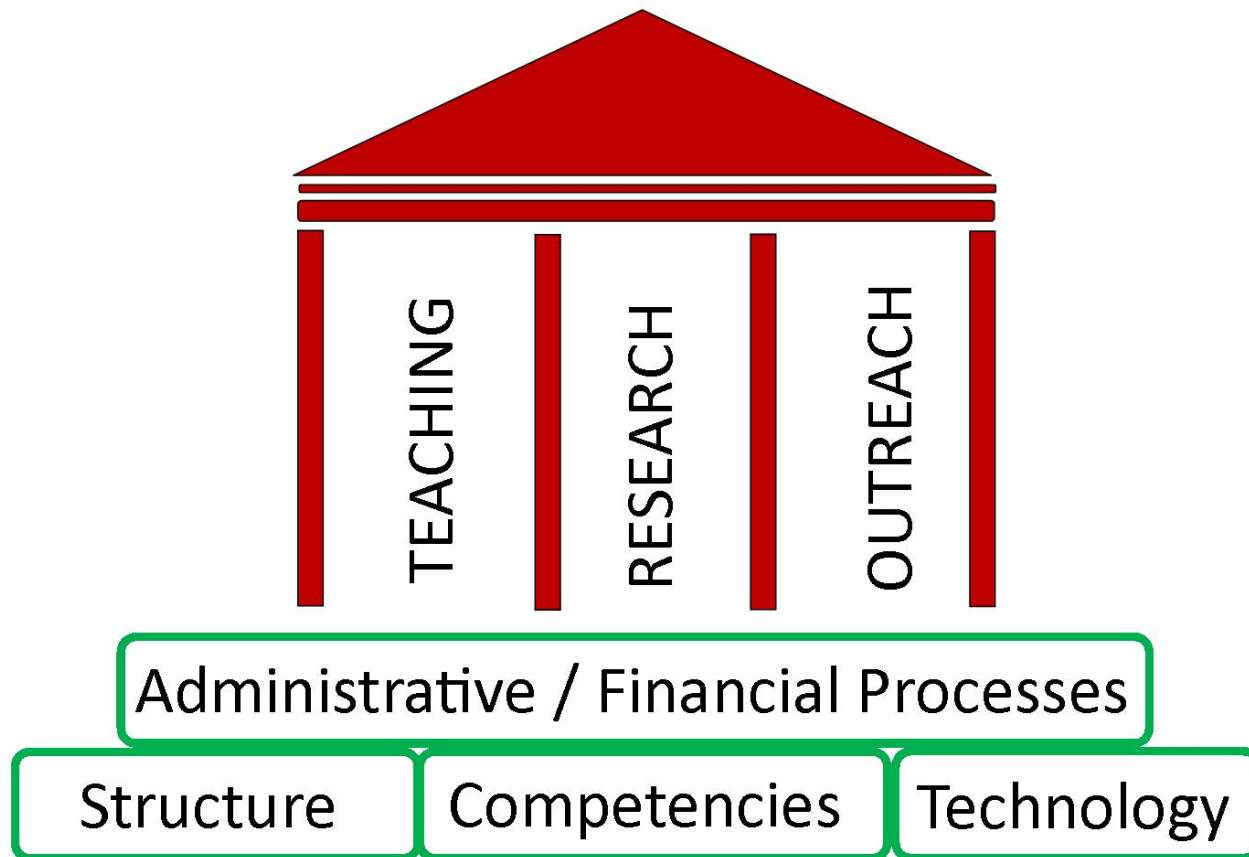
What

- To be the most effective public research university from a financial and administrative standpoint.

How

- The fewer resources we spend on infrastructure, the more we have available to support areas of mission.

In other words...



Initiative Objective & Approach

Objective

- Establish a “UW-Madison financial internal controls framework.”

Approach

- Don’t just meet current standards. Raise the bar.

Guiding Framework

How do we know what areas to look at?

- COSO Internal Controls Framework is our guide
- What is COSO?
- Committee of Sponsoring Organizations of the Treadway Commission (COSO)
- Joint initiative of:
 - American Accounting Association
 - American Institute of CPA's
 - Financial Executives International
 - The Association of Accountants and Financial Professionals in Business
 - The Institute of Internal Auditors
- Dedicated to providing thought leadership through the development of frameworks and guidance on enterprise risk management, internal control and fraud deterrence

The COSO Internal Controls Framework



The “COSO Cube” sets out:

- Definition of internal control
- Categories of objectives
- Components and principles of internal control
- Requirements for effectiveness

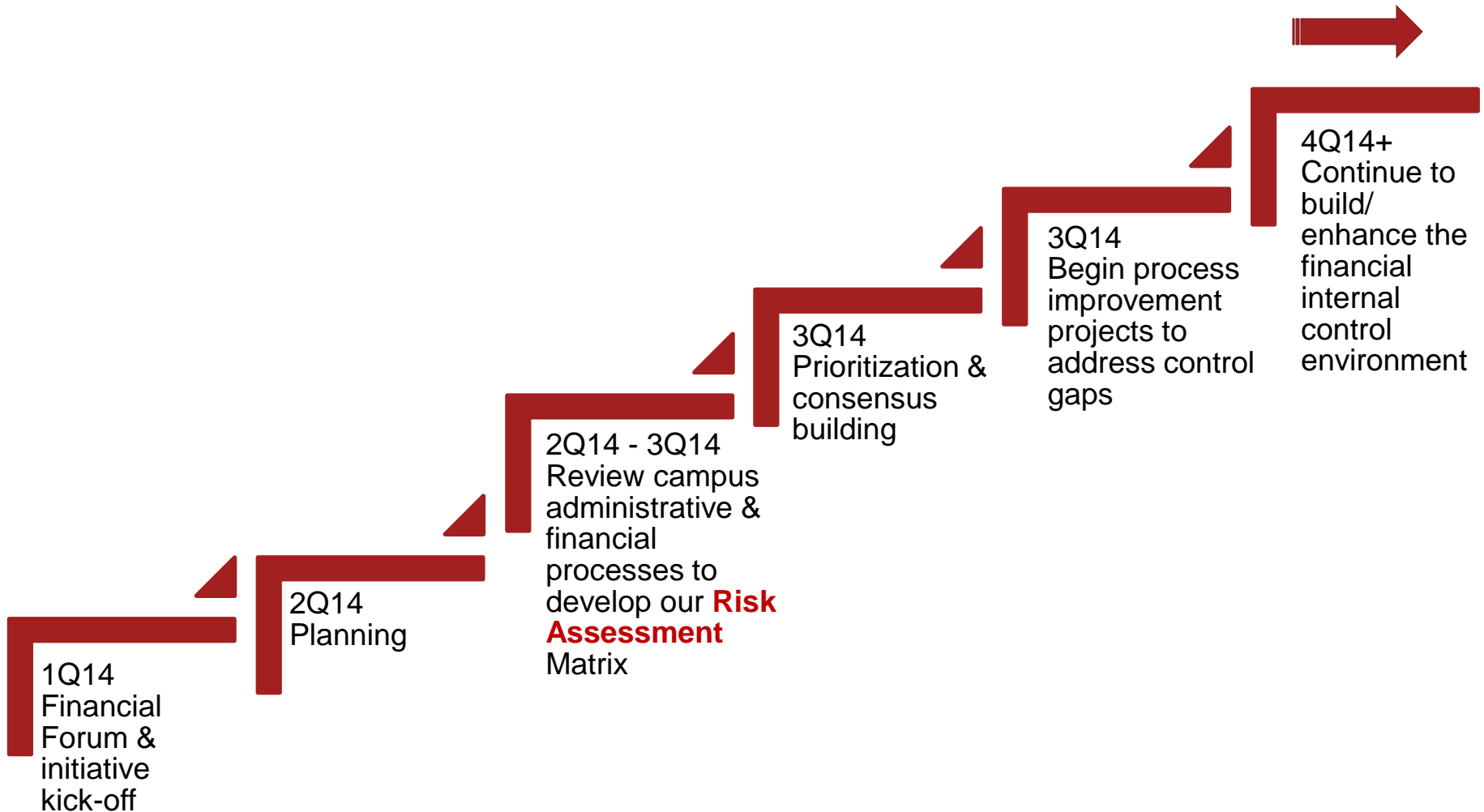
How we're using the COSO framework for UW-Madison:

Current Focus on Risk Assessment:

- Identify where we should focus our resources
- Will lead to defining other framework elements for UW-Madison; no longer generic, but what internal financial controls mean to us



Steps to Building UW-Madison Financial Internal Controls Framework



Conducting the Risk Assessment

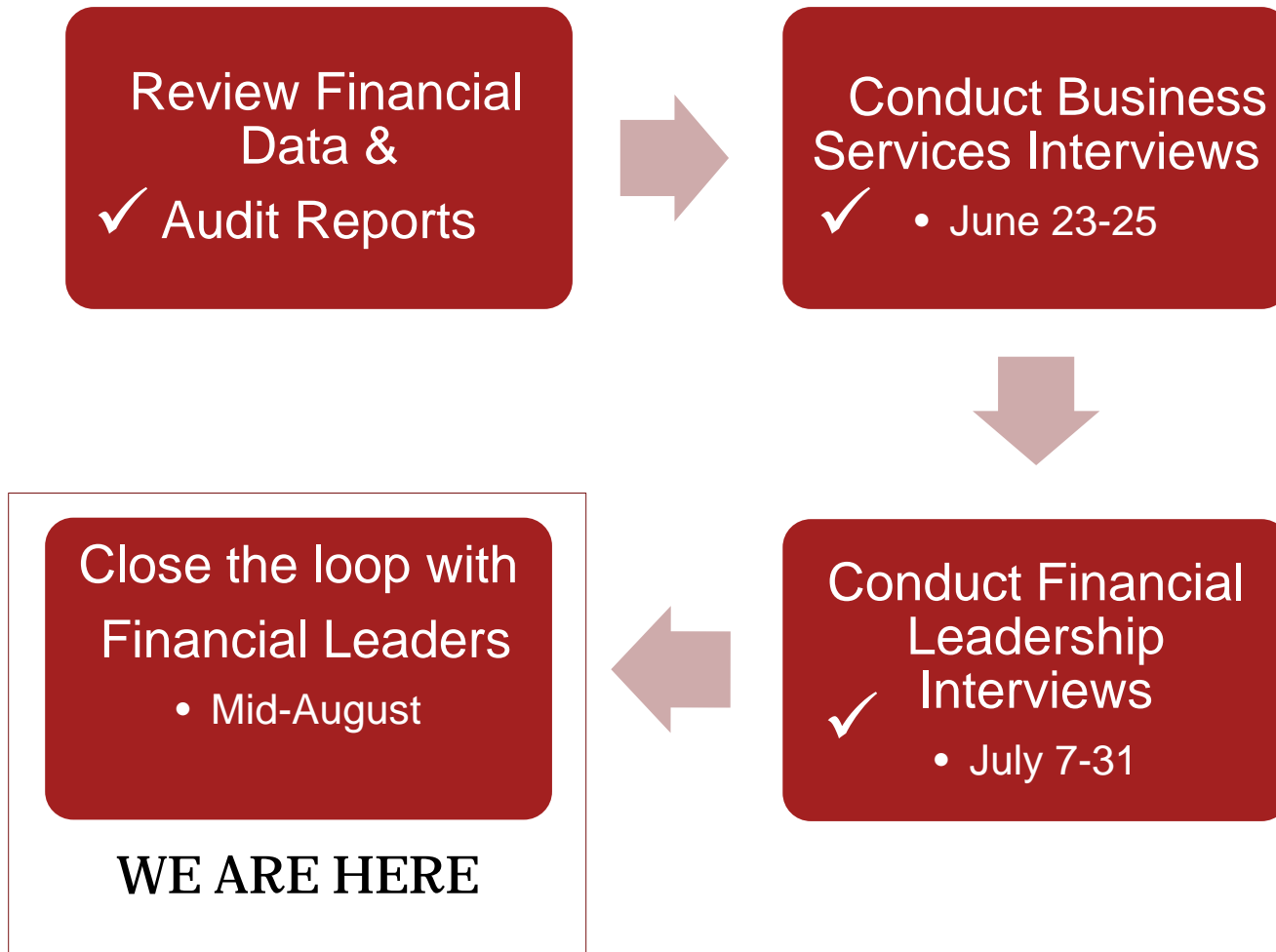
Risk Assessment Objectives

- 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



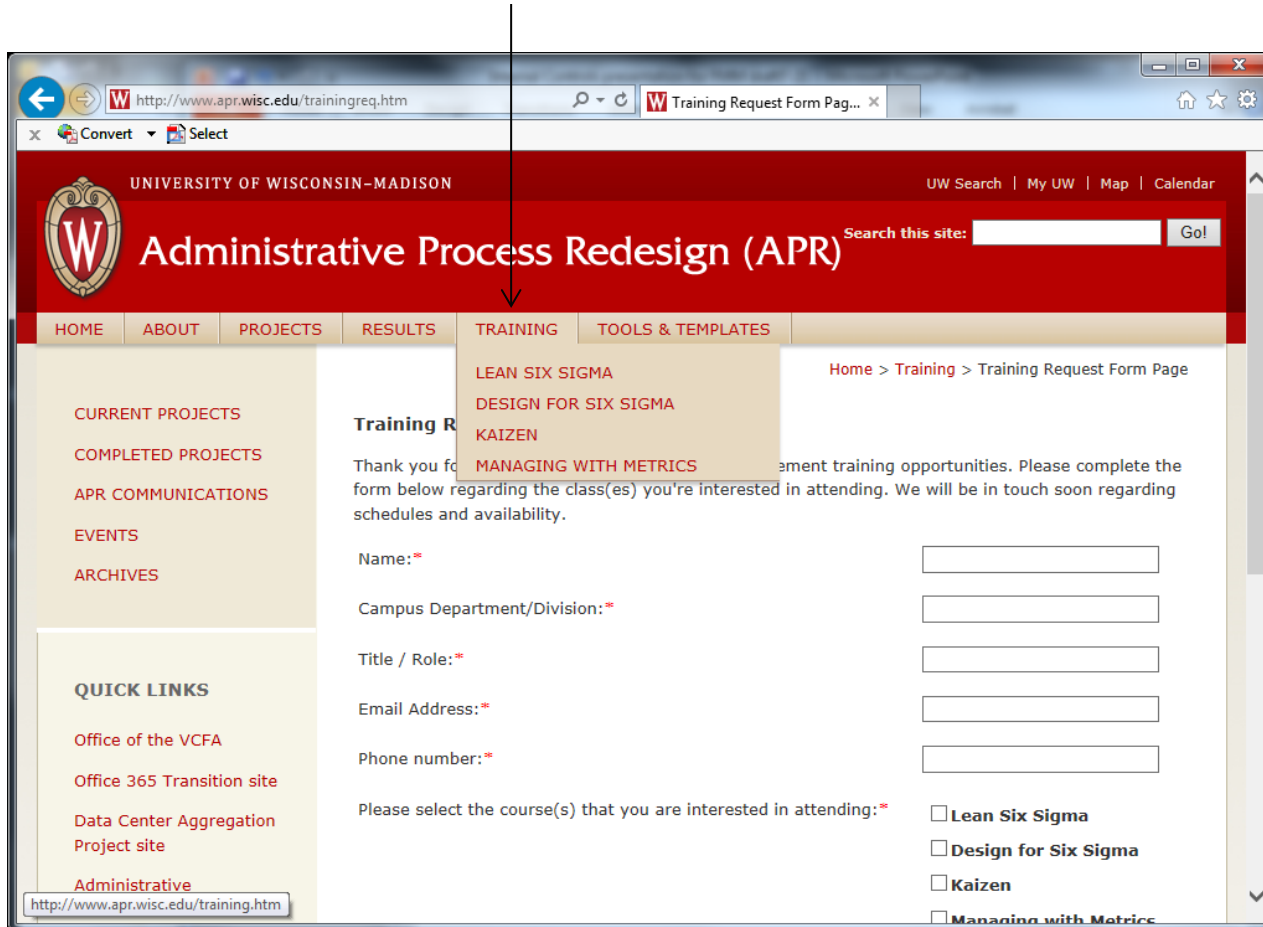
Key Financial/Administrative Processes Identified



Stakeholder Engagement

APR training is recommended for team members

<http://www.apr.wisc.edu/trainingreq.htm>



Questions / Feedback?

For more information, visit:

<http://www.bussvc.wisc.edu/intcntrls/intcntrls.html>