

# Financial Internal Controls Initiative

Deans Council

January 11, 2017



# Presentation Objectives:

- I. Report on Work to Date
- II. Highlight Discoveries
- III. Connection to the COSO Framework
- IV. Provide Glimpse into the Future

# 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 1<sup>st</sup> Financial Forum
- Financial data and audit reports reviewed
- Internal controls interviews
- Risk assessment completed
- Capital equipment team launched & recommendations approved

2015

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

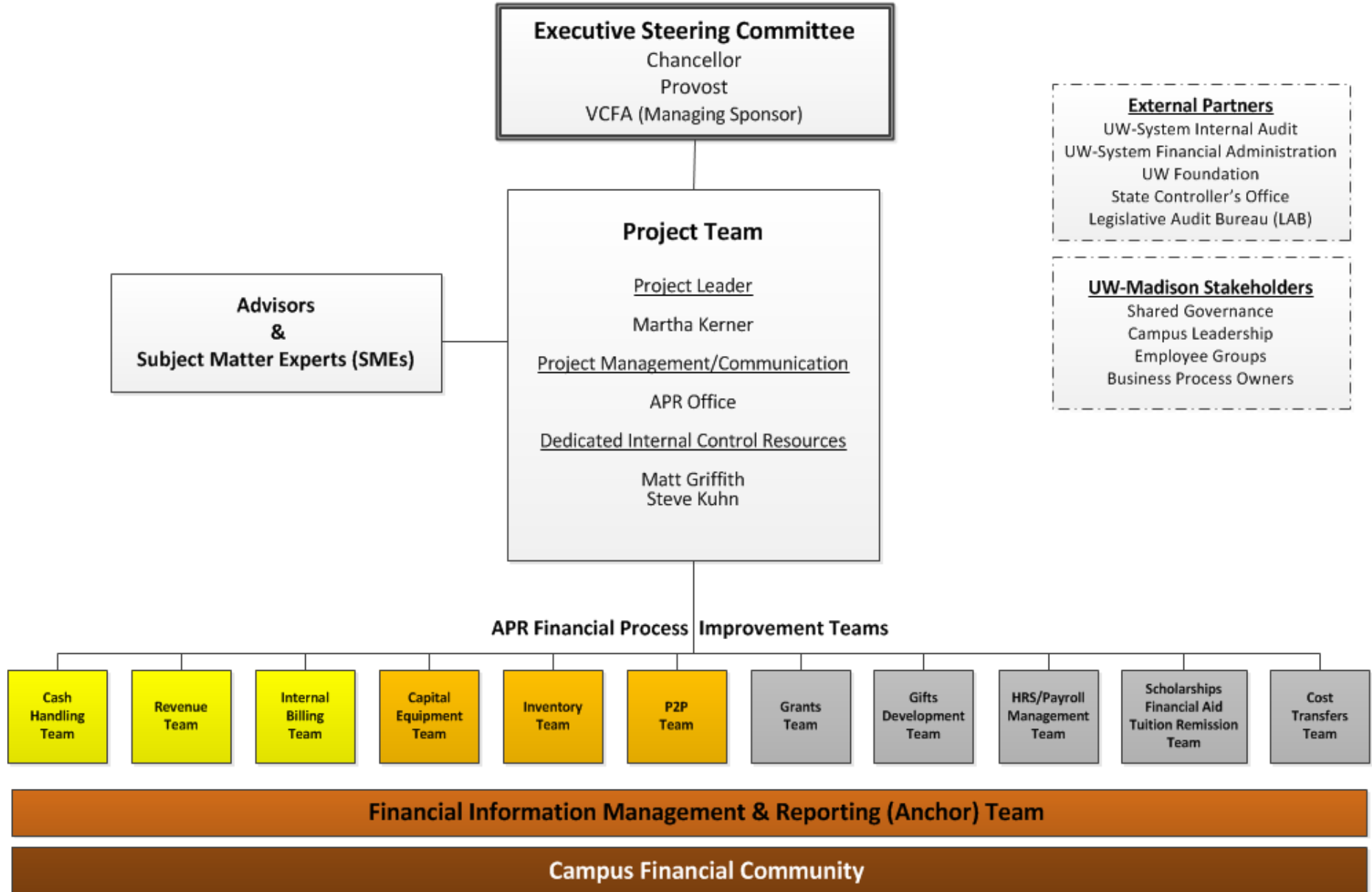
2016

- 3<sup>rd</sup> 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



# Cross-Campus 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:

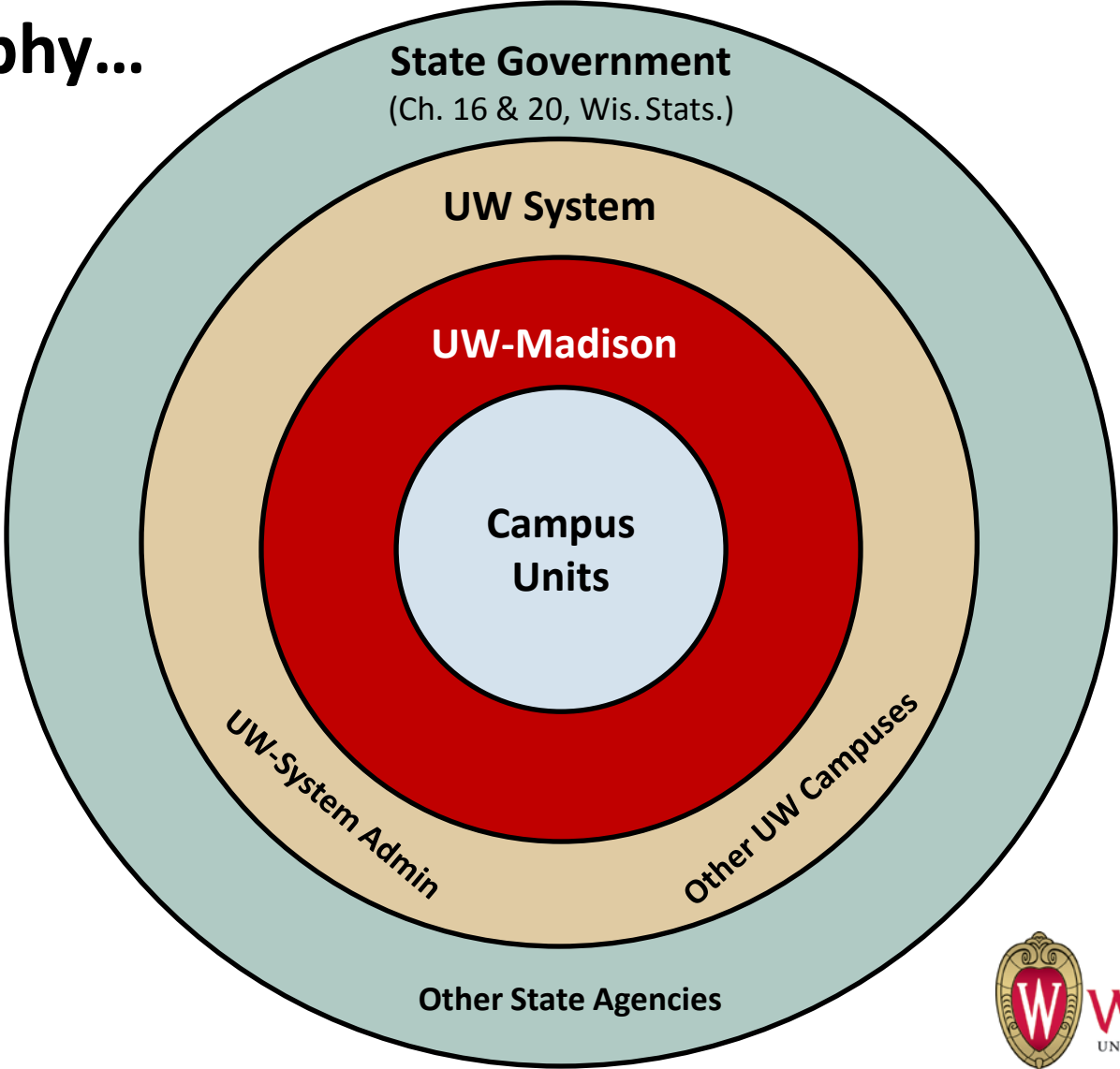
- Teams have:
  - Analyzed financial data from across campus
  - Interviewed hundreds of people
  - Mapped and walked dozens of processes
  - Begun to design the future state

*“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

# 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](https://bussvc.wisc.edu/internalcontrols)

# 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 out test P&L statement

