



WISCONSIN
UNIVERSITY OF WISCONSIN-MADISON

Financial Management Meeting

August 12, 2014



Agenda

9:30 a.m. Welcome & Introductions

9:45 a.m. Featured Topics

- UW Foundation System Conversion
- Internal Controls Update

Steve Hudson, Chief Financial Officer (30 mins)
Geoff McCloskey, Senior Director of Finance & Controller
Martha Kerner (30 mins)

10:45 a.m. Accounting Services Updates

- Year End Recap/Balances/Feedback
- P-Card System Conversion
- WISER – Travel and Expense Demo
- Accounting Services Transitions

Dan Langer/ Susie Maloney (10 mins)
Rusty Haines (5 min)
Stefanie Merucci/Jim Ekenberg (10 mins)
Dan Langer (5 mins)

11:15 a.m. Other Q&A

11:30 a.m. Adjourn



**Wisconsin Foundation
& Alumni Association**

UNIVERSITY OF WISCONSIN-MADISON

Fund Finances - A New Design

Agenda

Introduction & Change Imperative

Design Objectives

Fund Structure

Account Structure

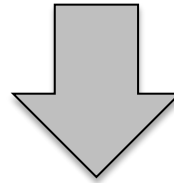
Reporting

Contact Information

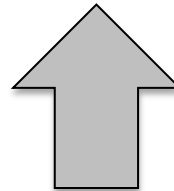
Change Imperative



New Constituent Relationship Management (CRM) System
New Technology Platform



Financial Edge



Critical need for updated, supported accounting system
Opportunity to incorporate standard industry design
Need for robust, flexible reporting capabilities

Design Objectives

'Internal'

- ✓ Stability; strong support
- ✓ Scalable; Flexible
- ✓ Integration with broader strategy
- ✓ Efficient processing and reporting

'External'

- ✓ Enhanced data transparency
- ✓ Simplified fund infrastructure
- ✓ Ease of information access



Fund Structure

<i>Current State (Example: Sister Funds)</i>		<i>Future State</i>	
12751234		32751234	132751234
Created in tandem with '32' Fund as pre-endowment holding fund		Long-Term Endowment or Quasi-Endowment Fund	One Fund, with both long- and short-term components
Usually 8 digits; sometimes alpha-digits. Older funds at 7 digits		Usually 8 digits; sometimes alpha-digits. Older funds at 7 digits	All 9-digits, beginning with '1'; legacy digits embedded
			Conversion Table will be provided

<i>Current State (Example: Short Term Fund only)</i>		<i>Future State</i>	
12751234		N/A	112751234

Account Structure

Account	<i>Current State (Example: Sister Funds)</i>		<i>Future State</i>
	12751234	32751234	132751234
110	Short-Term Spendable -OR- To Be Endowed	Spend Plan Income Available	
115	N/A	Book Value of Fund	
116	N/A	Current Market Value of Fund	
1000			Short-Term Spendable Cash
1005			Spend Plan Income Available
1010			Cash To Be Endowed
1150			Fund Book Value
1160			Fund Market Value (Incr.)
1240			Pledges Receivable

Account Structure - Example

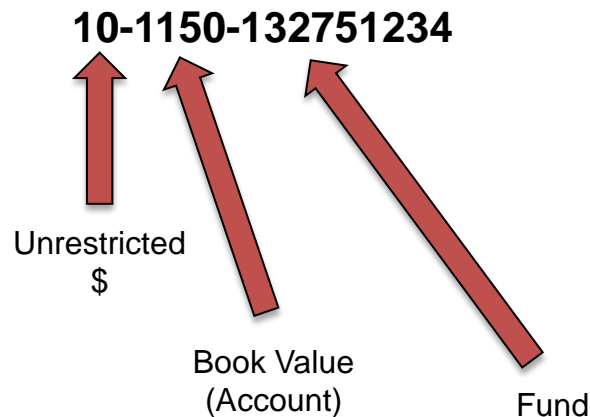
		Current State (Example: Sister Funds)		Future State	
Account	Account Title...	12751234		32751234	132751234
110	Cash - Checking	71,000			
110	Income Available to Spend			24,000	
115	Book Value-Principal			500,000	
116	Market Value-Principal			750,000	
1000	Cash - ST Spendable				21,000
1005	Cash - LT Spendable				24,000
1010	Cash - To Be Endowed				50,000
1150	Fund Book Value				500,000
1160	Fund Market Value (Incr)				250,000
1240	Pledges Receivable				100,000
Other Assets	Stocks Held / Bonds Held Real Estate / Life Ins Other / Etc...				

Account Structure

Introducing Net Asset Classes (NAC's)

- ❑ Unrestricted Funds 10-Prefix
- ❑ Temporarily Restricted Funds 20-Prefix
- ❑ Permanently Restricted Funds 30-Prefix

EXAMPLE:



New Transparency

Fact Pattern:

- ✓ Beg MV of Fund = \$750,000
- ✓ Beg BV of Fund = \$500,000
- ✓ New Gifts = \$25,000 [**\$25,000**]
- ✓ Net Market Performance = 10% [**\$75,000**]
- ✓ Recapture Fee = 1% [**\$7,500**]
- ✓ Spend Plan Income Bal = \$9,000
- ✓ Spend Plan Allocation = 4.5% [**\$33,750**]
- ✓ Reinvest SPA @ 50% [**\$16,875**]

Cash – LT Spendable *Cash - To Be Endowed*
Fund Book Value *Fund Market Value* *Pledges Receivable*

Account Number --->	<i>Current State (32 Fund Only)</i>			<i>Future State</i>				
	110	115	116	1005	1010	1150	1160	1240
Beginning Balances	9,000	500,000	750,000	9,000		500,000	250,000	100,000
	33,750	25,000		33,750	25,000	25,000	75,000	(25,000)
	(16,875)	16,875	75,625	(16,875)	(25,000)	16,875	(7,500)	
						(33,750)		
Ending Balances	25,875	541,875	825,625	25,875	-	541,875	283,750	75,000

Reporting

Primary:

- Fund Information
- Fund Balance Report
- Fund Activity (detail) Report

Other:

- Outstanding Pledge Report
- Donor Revenue Report

Cutover Plans; Key Dates

Fund Finances – General:

- ✓ Access Freeze – 7/23 @ 5pm
- ✓ Fund Admin Freeze – 7/31 @ 5pm
- ✓ Final (July) Gift Processing – 8/8 @ 5pm
- ✓ Final Gift Reconciliation – 8/12
- ✓ Accounting* / Gift Systems DOWN - 8/12
- ✓ **Advancement Resources** LIVE – 9/2

**Disbursements to Continue!*

Campus Access (CA):

- ✓ CA Message – 7/25 [Covers 7/31+]
 - ✓ *Reminder Message 8/8*
- ✓ CA DOWN – 8/12 @ 5pm
- ✓ CA (Back) UP – 8/15 [Gift Data thru 7/31; Disb. data thru 8/12]
 - ✓ *Deposit / Check Request Forms still available via static web page*
- ✓ CA GONE – 8/21 @ 5pm (*Redirect to follow; 9/2*)

Contacts

Geoff McCloskey

Controller

geoff.mccloskey@supportuw.org

608.890.2603

Sally Erdmann

Senior Director, Fund Accounting

sally.erdmann@supportuw.org

608.263.3176

Brian Hettiger

Director of Fund Administration

brian.hettiger@supportuw.org

608.265.5893



WISCONSIN
UNIVERSITY OF WISCONSIN-MADISON

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

Financial Managers Meeting

August 12, 2014



Contents

Page

The underlying premise	3
The vision	4-5
Initiative objective and approach	6
Guiding framework - COSO	7-9
Steps to building UW-Madison financial internal controls framework	10
The risk assessment	11-12
Key financial/administrative processes identified	13
Stakeholder engagement	14
Questions / feedback	15

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

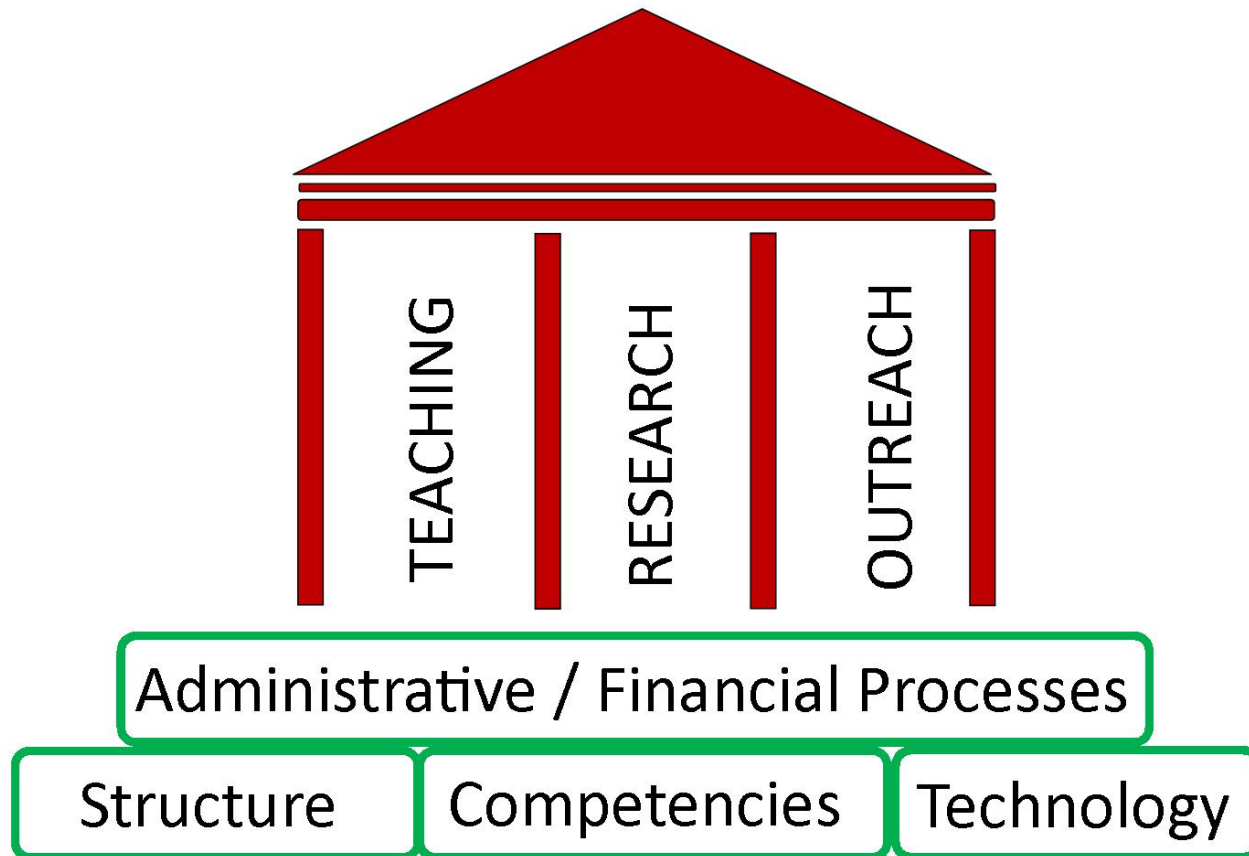
What

- 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



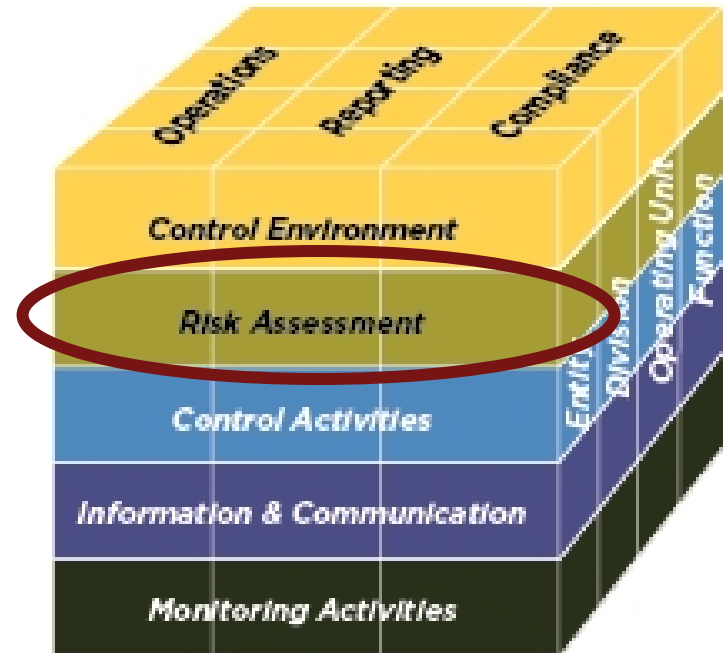
The “COSO Cube” sets out:

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

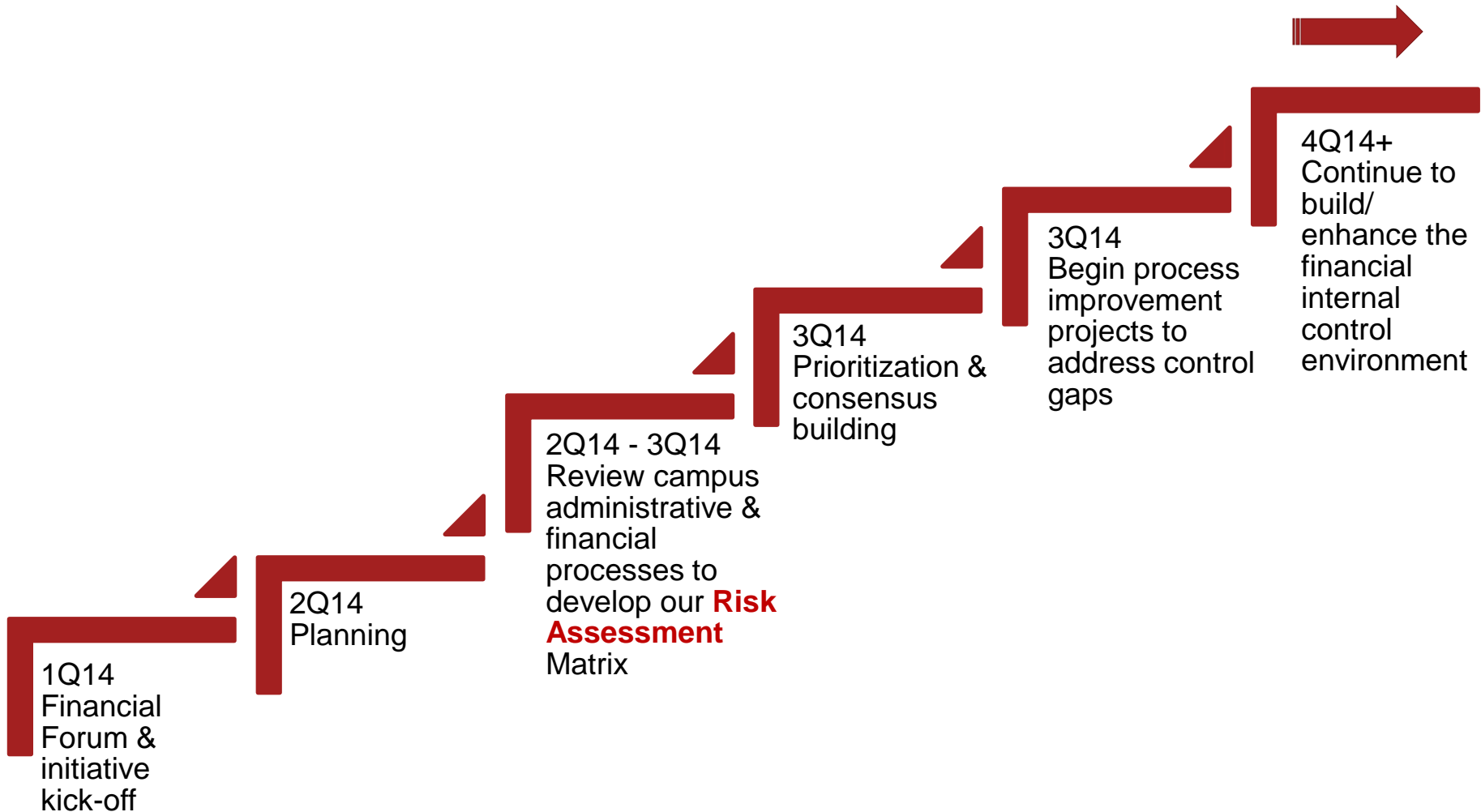
How we're using the COSO framework for UW-Madison:

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

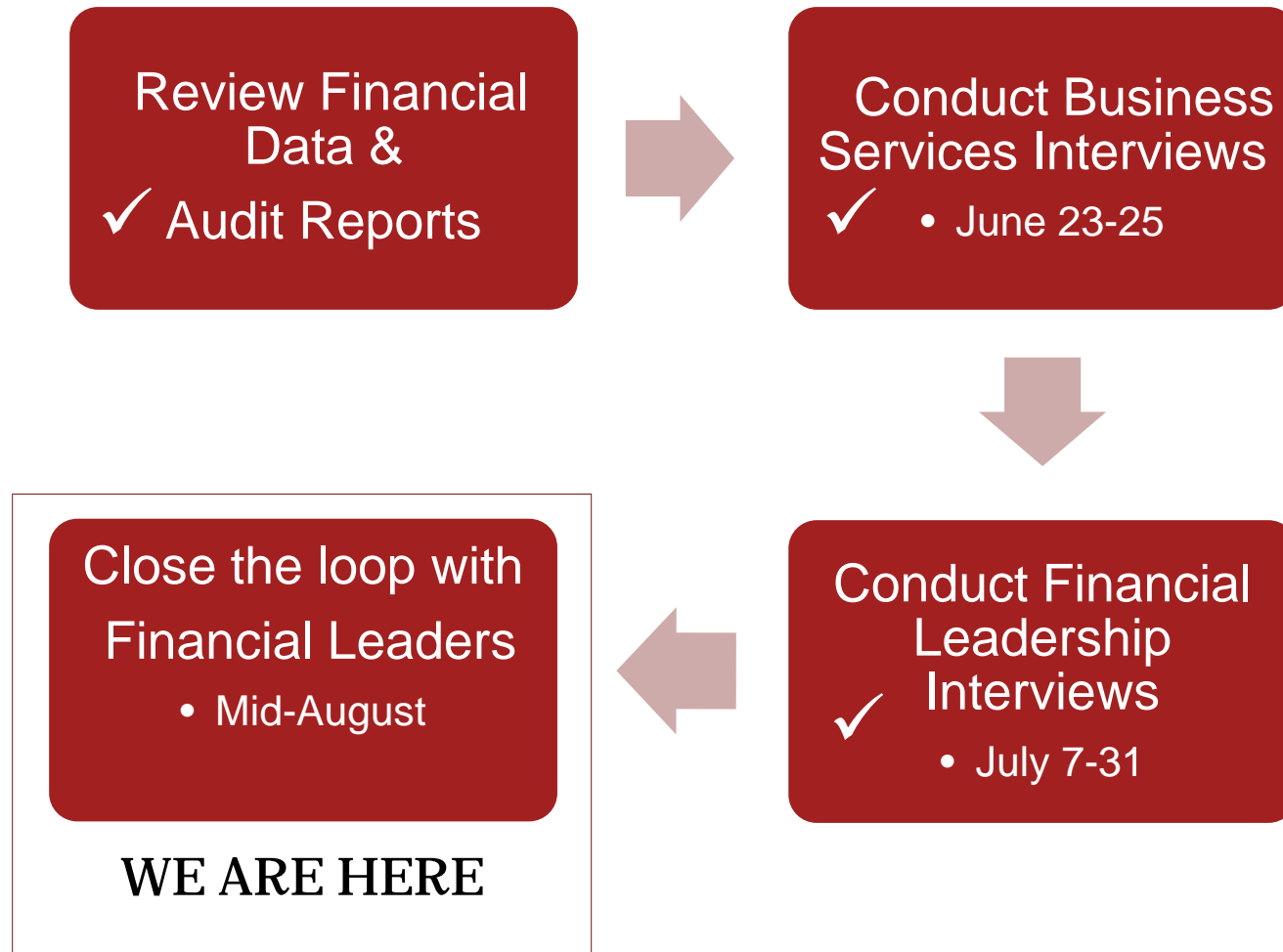
Risk Assessment Objectives

- 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>

UNIVERSITY OF WISCONSIN-MADISON

UW Search | My UW | Map | Calendar

Administrative Process Redesign (APR)

Search this site: Go!

- HOME
- ABOUT
- PROJECTS
- RESULTS
- TRAINING
- TOOLS & TEMPLATES

CURRENT PROJECTS

COMPLETED PROJECTS

APR COMMUNICATIONS

EVENTS

ARCHIVES

QUICK LINKS

- Office of the VCFA
- Office 365 Transition site
- Data Center Aggregation Project site
- Administrative

Home > Training > Training Request Form Page

Training Request Form

Thank you for your interest in attending training opportunities. Please complete the form below regarding the class(es) you're interested in attending. We will be in touch soon regarding schedules and availability.

Name: *

Campus Department/Division: *

Title / Role: *

Email Address: *

Phone number: *

Please select the course(s) that you are interested in attending: *

- Lean Six Sigma
- Design for Six Sigma
- Kaizen
- Managing with Metrics

Questions / Feedback?

For more information, visit:

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

WISER Overview

WISER (Phase I)

- a) New and improved way to view travel and expense data
- b) Changes the look of WISER and effectively provides detailed expense reporting submitted from e-Reimbursement and the Guided Expense Tool (GET)
- c) Makes WISER more of a two-way data gatherer/communicator
- d) Began appearing as a WISDM menu option in July 2014

WISER (Phase II)

- a) Will transition and improve WISDM search functionality such as Department, Department Roll-Up and project searches to WISER
- b) All of WISDM functionality will eventually migrate to WISER.
- c) Work has begun to engineer the Department Searches into WISER functionality
- d) Dates will be assigned as tasks and development are fully identified

Demonstration on WISER Expense

If you want to learn more about WISER, go to the Business Services [shared financial web page](#) and select WISER. Communicate any comments or suggestions to SFSMSN@bussvc.wisc.edu.

Questions?

Future Financial Management Meetings

Rooms 1106 & 1108, 21 N Park Street

9:30-11:30AM

2014

October 14

December 9