UNIVERSITY OF WISCONSIN—RIVER FALLS

Internal Control Plan

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Introduction

This Internal Control Plan is prepared in accordance with the delegation agreement signed between the State Controller and the University of Wisconsin System Administration (UW System Administration) entitled “Cooperative Agreement on Accounting, Auditing, and Internal Control Activities.” The framework of the plan is modeled on the University of Wisconsin System Internal Control Plan of 2005 and the University of Wisconsin – Milwaukee Internal Control Plan of 2008. For the most part, the processing of financial transactions takes place at UW-River Falls and most of the relevant controls are exercised at that level. Therefore, UW System Administration will sign a delegation agreement with UW-River Falls that is similar in content and format to the delegation agreement it has signed with the State Controller.

Every organization exists to achieve some purpose or goal. The University’s goals are outlined in its mission statement (page 5). It is the role of management to provide the leadership needed for the University to achieve its goals and objectives. Internal controls are a coordinated set of policies and procedures for achieving management objectives.

UW-River Falls developed its Internal Control Plan effectively balancing risks and controls. Well-balanced risks and controls provide for “reasonable assurance” of attainment of financial and compliance goals. Balance can be achieved when internal controls are proactive, value-added, and cost effective.

The plan that follows is divided into five sections:

Control Environment: This section describes the mission, governance structure and strategic planning process followed by the University of Wisconsin-River Falls (UW-River Falls) as well as the organizational structure for UW Falls. System-wide codes of conduct are referenced and information is provided relative to the preparation of financial statements and the conduct of financial and management audits. The Chancellor’s statement of support for internal accounting controls is provided in Appendix D.

Risk Assessment: This section lists the eight major processing cycles that have been identified by the UW Institutions and UW-River Falls. Typical subcycles within each of these major cycles are listed in Appendix E. The UW Institutions have adopted a common approach to assessing risks that is described in this section. The detailed instructions for completing the Risk Assessment are presented in Appendix G, and an example of a completed risk assessment for UW-River Falls’ revenue and disbursement subcycles is included as Appendix H.

Control Activities: As described in this section, internal control objectives have been defined for the Revenue, Disbursement (non-payroll), Financial Reporting, and ProCard Cycles; the objectives for these cycles are presented in Appendices I, J, K, and L. The UW institutions have adopted a common approach to documenting internal controls that specifically identifies the control activities that are designed to meet each internal control objective and evaluate their effectiveness. This format for documenting internal control activities will be adopted, as an adjunct to such documentation as may exist at present in procedure manuals, audit work papers and other forms. In their initial internal control plan, each UW institution will document control over its major source of revenue (academic student fees), local check writing process, and procurement card process in this format.

Information and Communication: This section describes the major means by which information about the internal control environment is communicated throughout the UW System. Communication can take such forms as policy manuals, financial reporting manuals, and policy memoranda and scheduled staff meetings. Information provided should be appropriate in content, timely, current, accurate and accessible.

Monitoring: This section describes the process for monitoring the functioning of internal control systems. It is the responsibility of management to continually monitor control activities to ensure that they function properly and take the necessary action to resolve potential problems or weaknesses in a timely manner.
Control Environment

The University of Wisconsin System (UW System) was created on October 11, 1971 by Chapter 100, Laws of 1971, which combined two public university systems of the state under a single board of regents. It consists of 13 universities, 13 two-year colleges, the University of Wisconsin-Extension and System Administration. The control environment for the UW System as a whole is described below.

Mission and Strategic Planning

UW System

As established by section 36.01(2) of the Wisconsin Statutes the mission of the University of Wisconsin System is:

“…to develop human resources, to discover and disseminate knowledge, to extend knowledge and its application beyond the boundaries of its campuses, and to serve and stimulate society by developing in students heightened intellectual, cultural, and humane sensitivities; scientific, professional, and technological expertise and a sense of purpose. Inherent in this broad mission are methods of instruction, research, extended training, and public service designed to educate people and improve the human condition. Basic to every purpose of the system is the search for truth.”

Long-range planning and future development of the institutions are carried out in accordance with specific missions for each institution adopted in 1974 and revised in 1988 after public hearings throughout the state.

Select Mission of the University of Wisconsin–River Falls

The University of Wisconsin Board of Regents has approved mission statements for the University of Wisconsin System and for the several kinds of degree-granting institutions within the System. The System Mission Statement and the Core Mission of the University Cluster (predominantly four-year campuses) are included below.

The Select Mission Statement for the University of Wisconsin -River Falls follows:

a. The university provides an excellent environment for learning, emphasizing the importance of faculty-student interaction in classrooms, laboratories, academic advising and co-curricular activities.
b. The university offers liberal arts programs and degrees to meet regional needs in the arts, humanities, mathematics, natural and physical sciences and social and behavioral sciences. The liberal arts also strengthen and broaden programs in the agricultural sciences, teacher education, and business administration.
c. The university offers professional programs and degrees in teacher education with special emphases in early childhood, elementary and secondary education.
d. The university offers programs and degrees in the agricultural sciences, agribusiness and agricultural teacher education.
e. The university offers graduate programs in education, agriculture and other areas clearly associated with its mission. Development of cooperative graduate instructional programs with appropriate institutions is encouraged.
f. The university expects scholarly activity, including research, scholarship and creative endeavor, that supports its programs at the baccalaureate level, its selected graduate programs and its select mission.
g. The university continues to develop inter-institutional relationships in cooperative research, graduate training and undergraduate programs within the state, region and world. As a border institution, the University promotes interstate cooperation.
h. The university provides students opportunities to develop an appreciation of the richness and diversity of American culture and is committed to representing this diversity in its staff and student body.
i. The university offers students the opportunity to increase their global awareness and sensitivity to other cultures. It also has a continuing commitment to provide opportunities for students to live, study and travel abroad and to increase the number and diversity of international students on campus.
j. The university provides public service by using its resources to address problems and concerns throughout the state and region. Special emphasis is placed on cooperative extension, extension and economic development outreach.

k. The university offers enrichment to the citizens of western Wisconsin and the St. Croix River Valley by providing artistic, scientific and other cultural events, programs and exhibitions.

Governance

As provided in Chapter 36 of the Wisconsin Statutes, primary responsibility for the governance of the system is vested in the Board of Regents which is responsible for establishing policies and rules for governing the system, planning to meet future needs of the state for collegiate education, setting admission standards and policies, reviewing and approving university budgets and establishing the regulatory framework within which the individual units are allowed to operate with as great a degree of autonomy within the controlling limits of system-wide policies and priorities established by the board.

Organizational Structure

UW System

The Board of Regent appoints the president of the system, the chancellors of the 13 universities, UW Extension and UW Colleges, and the deans who head each of the 13 two-year colleges. The President and Chancellors are charged with implementing regent policies and with administration and operation of the institutions. UW System Administration is responsible to the president and assists the Board of Regents in establishing policies, reviewing the administration of policies and planning the programmatic, financial and physical development of the system. As executive heads of their respective faculties and institutions, the Chancellors are responsible for the administration of their units including curriculum design, degree requirements, academic standards, grading system, faculty appointments, auxiliary services and budget management. Faculty, academic staff and students share in the governance of the institutions as provided by law subject to the responsibilities and powers of the board, the President and Chancellors.

The President of the UW System is served by three vice presidents, including an executive senior vice president and deputy for administration, a senior vice president and deputy for academic affairs, and a vice president for finance. The President is also served by legal counsel and by an associate vice president for budget and planning. Each vice president is responsible for formulating, interpreting and implementing policies within his/her assigned area of responsibility, and for a level of institutional oversight that is respectful of the autonomy provided each UW institution by law. Responsibility for the major business functions of the UW System is divided among two vice presidents. The vice president for finance is responsible for accounting, internal audit, trust funds management, purchasing, and risk management. The executive senior vice president and deputy for administration are responsible for human resources and government relations. Another cabinet officer, the associate vice president for budget and planning, is responsible for both development of the capital and operating budgets. Responsibility for learning and information technology resides with the senior vice president and deputy for academic affairs. (See Appendix A for a high-level UW System Administration organization chart.)

UW River Falls

Staff reporting directly to the Chancellor of UW River Falls includes a special assistant, Provost and Vice Chancellor for Academic Affairs, Vice Chancellor for Administration and Finance, Executive Director Advancement, Associate Vice Chancellor for Student Affairs, Director of University Communications, and Athletic Director. (See Appendix B for an executive level UW-River Falls organization chart.) The Chief Financial Officer is the Vice Chancellor for Administration and Finance. The Controller reports to this position. The UW River Falls Office of the Controller services the University community in achieving its primary purpose of instruction, research and public service. It strives for open and honest communication, respects others’ values and viewpoints and works cooperatively in a diverse, multicultural environment. The Office of the Controller is charged with the responsibility to define, document, implement, and communicate fiscal policy, account for resources and to issue financial reports. The Office attempts to meet accountability requirements while remaining responsive to the needs of students,
faculty and staff at UW River Falls. The Controller’s staff is committed to satisfying customer’s needs with quality service. The Controller’s Office is responsible for the following functions:

- Accounting and Financial Reporting
- Accounts Payable
- Travel Management
- Contingent Fund Services
- Cashiering Services
- Student Account billing & collecting
- Financial Aid Distributing
- Student Loan Accounting
- Accounts Receivable
- Purchasing
- Asset Management

Code of Conduct

Chapter 19.45 Wisconsin Statutes governs university employees’ standard of conduct. It is further codified by Wisconsin Administrative Code, Rules of the Board of Regents – UWS 8 and chapter 24 of the Employment Relations Merit Recruitment and Selection manual.

Financial Statements

The University of Wisconsin System publishes an Annual Financial Report containing statements prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants’ Audit and Accounting guide Audits of Colleges and Universities. These financial statements are audited by the State of Wisconsin’s Legislative Audit Bureau (LAB). Additionally, the University of Wisconsin System, as a member of the National Association of College and University Business Officers (NACUBO), complies with their accounting standards and practices. The financial statements do not include the accounts of the UW Hospital and Clinics Authority (UWHCA), a legally separate public authority, except as described in a note to the financial statements describing the effect of the various affiliation and operating agreements between the UW System and UWHCA. The financial statements do not include the accounts of various legally independent and self-governing support organizations such as foundations, booster clubs, and alumni groups; funds contributed to the UW System by these organizations are reported at the time they are received and expended. Post-retirement benefit plans for UW System employees are administered by the State of Wisconsin’s Department of Employee Trust Funds. The assets and liabilities of these programs are reported by the State of Wisconsin and not by the UW System.

Audit

The financial statements of the UW System are audited by the Legislative Audit Bureau (LAB). Therefore, additional audit work is performed beyond what would otherwise be required based only on inclusion in the State of Wisconsin’s Comprehensive Annual Financial Report. In addition, the LAB performs an organization-wide audit of the UW System in compliance with the federal government’s requirements under OMB Circular A-133. This audit is in conjunction with all State of Wisconsin agencies.

UW System Administration’s Office of Operations Review and Audit is responsible for providing objective review and analysis to assure that UW System programs, policies and practices are conducted in accordance with state and federal law and Board of Regents policy. Reporting through the Vice President for Finance, the Director of Operations Review and Audit is responsible directly to the Board of Regents and provides regular reports to the Audit Subcommittee of the Business and Finance Committee. In recent years the Office of Operations Review and Audit has, at the direction of the Board of Regents, concentrated on programmatic and management audits.
UW River Falls is served by one internal auditor. By agreement with the Vice Chancellor Administration and Finance, the institutional auditor performs certain financial audits formerly performed by UW System Administration’s Office of Operations Review and Audit. UW System Administration’s Office of Operations Review and Audit coordinates training opportunities for auditors located at the UW institutions and works with the institution auditors to ensure audits are performed in certain core areas, including cash handling and auxiliary operations.

**Chief Executive Officer’s Statement of Support**

The Chancellor of UW-River Falls’ Statement of Support for Internal Accounting Controls is included as Appendix D.
Risk Assessment

Transaction Cycles

The UW institutions have identified the following major transaction cycles pertinent to their operations:

- Revenue Cycle
- Disbursements Cycle
- Cost Allocations Cycle
- Property Control Cycle
- Cash and Investments Management Cycle
- Budget Management Cycle
- Debt Management Cycle
- Financial Reporting Cycle

Transaction Subcycles

Typical subcycles within each of these major cycles are listed in Appendix E.

Weighting of Risk Factors

Each institution has performed a risk assessment for its own revenue and expenditures subcycles using a common methodology, based on weighting five factors:

1. The materiality of the dollars associated with that type of transaction (40%);
2. Known problems such as inadequate separation of duties, prior audit findings, etc. (20%);
3. Time elapsed since last audit coverage of the subcycle (10%);
4. Management/process factors such as complexity of the operation, recent changes in process, personnel turnover, management quality, prior history, quality of internal controls (to the extent known), source of input, degree of automation, impact of inadequate controls, etc.; (20%) and,
5. Public factors such as political sensitivity the potential impact of adverse publicity; regulatory or compliance concerns (10%).

For each subcycle a rating from one to five is assigned to each of these risk factors where:

#1 indicates “essentially no risk,”
#2 indicates “little risk,”
#3 indicates “average risk,”
#4 indicates high risk,” and
#5 indicates “maximum risk.”

The ratings assigned are then weighted by the percentages shown above to determine an overall measurement of risk.

Each institution has completed a risk assessment for its revenue and disbursement subcycles. See Appendix G for instructions to institutions on risk assessment and Appendix H for an example of one such completed assessment. The risk assessment for the revenue and disbursement cycles will be updated on an ongoing basis. Risks will be similarly assessed and documented for other cycles in future internal control plans.
Control Activities

For the most part, the processing of financial transactions takes place at each of the UW institutions and most of the relevant controls are exercised at that level. In some cases, additional controls are exercised either by the UW Processing Center (which posts transactions originating at individual UW institutions to a system wide transaction database) or by UW-System Administration (particularly, as it relates to setting policy).

Control objectives have been established for revenue, disbursement and financial reporting cycles\(^1\). Revenue cycle control objectives are identified in Appendix I. Disbursements Non Payroll Subcycle control objectives appear in Appendix J. Financial reporting control objectives are identified in Appendix K and the Procurement ProCard control objectives are listed in Appendix L. The other major cycles will be documented in future internal control plans.

To assess and document the internal control objectives, the UW institutions have agreed upon a format with categories for Control Objective, Risk If Objective Is Not Met, Control Activities, and Evaluation and Conclusions. For this initial control plan, each institution has documented its internal controls over its major source of revenue (academic student fees) and over its local check writing process in this format.

This format for documenting internal control activities will be adopted as an adjunct to such documentation as may exist at present in procedure manuals, audit work papers and other forms. Clearly, given the number of subcycles that have been defined, documenting internal controls in a prescribed format will be a significant undertaking for each UW institution. This will be accomplished by institution internal auditors during the course of their normal audit schedule and will be undertaken with a view toward the overall risks associated with each subcycle as identified in the Risk Assessment section of the plan.

Future internal control plans will report on newly documented subcycles and on updates to previously documented subcycles.

\(^1\) The Arthur Andersen publication *A Guide for Studying and Evaluating Internal Accounting Controls* (January 1978) was used extensively as an aid in identifying these internal control objectives for these cycles.
Information and Communication

Information and communication are the identification, capture, exchange of information in a form and time frame that enable people to carry out their responsibilities, and are essential to affecting control.

Information systems produce reports containing operational, financial, and compliance-related information that management utilizes to manage and control the organization. Formal information and communication systems include sophisticated computer technology to simple staff meetings to provide input and feedback data relative to operations, financial reporting, and compliance objectives. Informal information and communication systems include conversations with customers, suppliers, regulators and employees that provide critical information needed to identify risks and opportunities.

Each UW institution will include the following information and communication activities in their internal control plan:

- Accounting system provides for separate identification of Federal and non-Federal transactions and allocation of transactions applicable to both.
- Adequate source documentation exists to support amounts and items reported.
- Recordkeeping system is established to ensure that accounting records and documentation retained for the period required by applicable requirements; such as provisions of laws, regulations, contracts or grant agreements applicable to specific programs.
- Reports provided timely to managers for review and appropriate action.
- Accurate information is accessible to those who need it.
- Reconciliations and reviews ensure accuracy of reports.
- Established internal and external communication channels.
  - Staff meetings.
  - Bulletin boards.
  - Memos, circulation files, email.
  - Surveys, suggestion box.
- Employees’ duties and control responsibilities effectively communicated.
- Channels of communication for people to report suspected improprieties established.
- Actions taken as a result of communications received.
- Established channels of communication.

Each UW institution has the responsibility to ensure that information about the organization’s plans, control environment, risks, control activities, and performance is communicated up, down, and across campus organizational.

Information related to internal control activity is communicated primarily via the internet. Documents including but not limited to the Preaudit Manual; Financial and Administrative Policies; Financial Reports; Financial Reporting Due Dates; UW System Shared Financial System; as well as links to other external financial sites can be accessed on the UW System Financial Administration web page: [http://www.uwsa.edu/fadmin/](http://www.uwsa.edu/fadmin/).

Financial administration policies, which specifically address internal control issues, include:

- Purchasing Responsibility and Authority (G8)
- Uninsured Personal Property Losses or Damages (F41)
- Breach of Fiscal Integrity (F16)
- Loss Fund Operations (F35)
Monitoring

Monitoring is the process that assesses the quality of internal control performance over time. Management’s role in monitoring the internal control system is critical to its effectiveness.

Each UW institution will include the following monitoring activities in their internal control plan:

- Ongoing monitoring built-in through independent reconciliations, staff meeting feedback, rotating staff, supervisory review, and management review of reports.
- Periodic site visits performed at decentralized locations and checks performed to determine whether procedures are being followed as intended.
- Follow up on irregularities and deficiencies to determine cause.
- Internal quality control reviews performed.
- Management meets with program monitors, auditors, and reviewers to evaluate the condition of the program and controls.
- Internal audit routinely tests for compliance with Federal, State, and UW System requirements.
- Management reviews the results of all monitoring or audit reports and periodically assesses the adequacy of corrective action.

Management will focus their monitoring activities on high-risk areas. Internal control systems will be monitored during the course of scheduled UW System internal audits, are routinely subject to assessment by external audit entities, and also in connection with audits performed by institution internal auditors including, but not limited to, the periodic review of transactions or basic sampling techniques to provide a reasonable level of confidence that controls are functioning.

In addition, once every three years, in accordance with the Cooperative Agreement on Accounting and Internal Accounting Control Activities between the Department of Administration and the University of Wisconsin System, the Vice President for Finance will certify to the State Controller’s Office that the internal accounting controls at each institution have been reviewed and any material weaknesses in those controls has been corrected. Plans to correct weaknesses will also be communicated to State Controller’s Office.
APPENDIX B
UNIVERSITY OF WISCONSIN-RIVER FALLS

Chancellor

Director, University Communications
Director, Athletics
Associate Vice Chancellor for Student Affairs
Executive Director of University Advancement
Alumni Relations Foundation
Academic Success Center
Pre-Major Advising, Disability Services, TRIO,
Tutoring, ADA Compliance, Assessment
Colleges:
Agriculture, Food and Environmental Sciences,
Arts and Sciences, Business and Economics,
Education & Professional Studies
Graduate Studies, Grants & Research
Honors Program, International Programs,
Library, Archives & Area Research Center,
Outreach Programs, Pre-College Programs

Associate Vice Chancellor for Enrollment Services

Controller
Accts. Payable
Accts. Receivable
Cashier
Purchasing
Facilities Management
Human Resources
Integrated Planning
Budget, Campus Planning
Institutional Research
Internal Auditor
Police Dept., Parking
Risk Management
Sustainability
Technology Services
APPENDIX C
UNIVERSITY OF WISCONSIN-RIVER FALLS
Vice Chancellor Administration and Finance

Vice Chancellor
Administration and Finance
1.0 FTE
Vacant

- Campus Planner
  1.0 FTE
  Dale Braun

- Controler
  1.0 FTE
  Terry Halvorson

- Division of Technology
  Services Director
  1.0
  Steve Reed

- Facilities Mgt.
  Director
  1.0 FTE
  Mike Stifter

- Human Resource
  Director
  1.0 FTE
  Donna Robole

- Internal Auditor
  1.0 FTE
  Richard Stinson

- Integrated Planning,
  Budget & Assessment
  Director
  1.0
  Kristen Hendrickson

- Police Department/Parking
  Director
  1.0 FTE
  Dick Trende

- Risk Management
  1.0 FTE
  Connie Smith

- Sustainability
  Director
  1.0 FTE
  Kelly Cain
Appendix D
Statement of Support for Internal Accounting Controls
University of Wisconsin-River Falls

Recognizing that a vital component of UW-River Falls’ mission is to safeguard its assets and ensure the proper use of resources, the chief administrative officers of UW-River Falls accept responsibility for the implementation and utilization of this Internal Control Plan.

I affirm the University of Wisconsin-River Falls’ total and ongoing commitment to implementing and maintaining appropriate safeguards over the financial assets placed in our care.

__________________________________________________
Terry Halvorson
Controller

__________________________________________________
Vacant
Vice Chancellor, Administration and Finance

__________________________________________________
Dean Van Galen
Chancellor
Appendix E
UW System Institutions: Typical Subcycles

Disbursement Cycle
Payroll and Fringe Benefits Subcycle
  Unclassified Payroll
  Classified/LTE Payroll
  Student Payroll
Payroll Adjustments/Special Payrolls
Vendor Payments Subcycle
  Check with order
  Paid by contingent fund check
  Paid by state check
  Petty cash fund disbursements
  Blanket order purchases
  Procurement fund purchases
Construction Payments Subcycle
Financial Aid Subcycle
Disbursements of Outlying Operations Subcycle
Study abroad and foreign research programs

Cost Allocations Cycle
GPO Pool Cost Distribution
Chargeback Operations
  Various subdivisions
Centralized Services Chargeback to Auxiliary Operations
Indirect Costs/Overhead

Property Control Cycle
Land and Buildings
Library Holdings
Special Collections
Capital Equipment
Non-capitalized Equipment
Retail Sales Inventory
Appendix E (continued)
UW System Institutions: Typical Subcycles

Property Control Cycle (continued)

Physical Plant Supplies Inventory
Stores
Other Supplies Inventories

Cash and Investment Management Cycle

Bank and Custodial Accounts
  Deposit Accounts
  Contingent Fund Accounts
  Change and Petty Cash Funds
  Agency Accounts

Endowment

Budget Management Cycle

GPR appropriations
PR appropriations

Debt Management Cycle

Capital Leases
Installment Purchases
Building Corporations

State of Wisconsin General Obligation Bonds
  Academic Facilities (GPR supported)
  Self-Amortizing (PR supported)
Appendix E (continued)
UW System Institutions: Typical Subcycles

**Financial Reporting Cycle**
Management Reporting
Grant and Contract Reporting
GAAP Basis Financial Reporting
  - Current Funds
  - Loan Funds
  - Endowment Funds
  - Plant Funds
  - Agency Funds

**Revenue Cycle**
Academic and Segregated Fees Subcycle
  - Credit Instruction
  - Outreach Instruction

Auxiliary Operations Subcycle
  - Residence Halls (room and board)
  - Dining facilities
  - Student Center activities
    - Food service
    - Conferences and registrations
    - Student organizations
    - Activities/Programming

Bookstore
Textbook Rental
Parking
Camps
Ticket Sales
Space and Facility Rentals
Other

Service Centers Subcycle
  - Stores
  - Physical Plant
  - Fleet
  - Copy Centers

Sales and Services of Educational Activities Subcycle
  - Conferences
  - Field Stations and Farms
Appendix E (continued)
UW System Institutions: Typical Subcycles

Revenue Cycle (continued)
Sponsored Projects Subcycle
  Federal grants and contracts
  State grants and contracts
  Private grants and contracts

Contract Services Revenue Subcycle
  Dining
  Bookstore

Gift Subcycle

Investment Income Subcycle
Appendix F
UW-River Falls: Typical Subcycles

**Revenue Cycle**
Academic and Segregated Fees Subcycle
- Credit Instruction Tuition
- Segregated Fees
- Outreach Education
- Remedial Education
- Study Tours

Other charges to Student Accounts
- Special Course Fees
- New/Transfer Student Fees/Placement Testing
- International Fees
- International Student Health Insurance
- Finance Charges
- Administrative Withdrawal Fees
- Deposit Forfeits/Late Registrations

Auxiliary Operations Subcycle (Non-segregated fee revenue)
Student Affairs
- Card Office
- Residence Halls
- Dining (student fees and commission)
- Textbook Services
- Knowles/Hunt Arena
- Misc Student Center Revenue Centers
- Child Care customer payments
- Student Organizations
- Bookstore Commission
- Frednet
- First Year Experience
- Health Services

Miscellaneous
- Library
- St. Croix Valley Summer Theater
- Transcripts/Grad Fees/Other Registrar Revenue
- Application Fees
- Weight Room
- Parking
- Falcon Foods - Meats
- Falcon Foods – Dairy

Athletics
- Athletic Ticket Sales
- Prog 5 Ath Camps
- Prog 0 Ath Camp
Appendix F (continued)
UW River Falls: Typical Subcycles

Service Centers Subcycle
   Fleet
   Copy Centers

Sales and Services of Educational Activities Subcycle
   Conferences & Events
   Outreach Non-Credit Classes
   Survey Research Center
   Lab Farms
   WI in Scotland Program
   Pigeon Lake Field Station
   KC Chiefs

Sponsored Projects Cycle
   Federal grants and contracts - Fund 144
   State/Private grants and contracts - Fund 133
   Gift Subcycle - Fund 233

Disbursement Cycle
Payroll and Fringe Benefits Subcycle
   Unclassified Payroll
   Classified/LTE Payroll
   Student Payroll
   Payroll Adjustments/Special Payrolls
   Fringe Benefits

Vendor Payments Subcycle
   Check with order
   Paid by contingent fund checks, wires, autopays
   Paid by state check - ZBA
   Petty cash fund disbursements
   Blanket order purchases - Payments
   Procurement card purchases

Disbursements of Outlying Operations Subcycle
   Study abroad - Wisconsin in Scotland
   Study abroad - Other
Appendix F (continued)
UW River Falls: Typical Subcycles

**Disbursement Cycle (Continued)**

Financial Aid Cycle
- Federal Aid
  - Grants
  - Loans
- State Aid
  - Grants/Scholarships
  - Waivers
- Foundation/Private
  - Scholarships
Appendix G
Risk Assessment

1. Define revenue and expenditure subcycles as appropriate for your institution. The list provided is merely illustrative.

2. For each subcycle rank each risk factor from 1 - 5 where: 1 is "essentially no risk;" 2 is "little risk;" 3 is "average risk;" 4 is "high risk;" and 5 is "maximum risk."

The individual risk factors are defined as follows:

   Materiality -- The relative magnitude of revenue or disbursements processed through this subcycle.

   Known problems -- An example of this would be known internal control weaknesses such as inadequate separation of duties or adverse prior audit findings.

   Recency of prior audit -- Assuming the audit included a positive assessment of the adequacy and functioning of internal controls, a recent audit reduces the risk factor assigned (subject to known changes since the audit).

Management / Process factors -- Includes:

   Impact of inaccurate data, adverse activity, service delays
   Complexity of the operation
   Quality of internal controls (to the extent known)
   Management quality
   Prior history
   Personnel turnover
   Recent changes to process
   Sources of input
   Degree of automation
   Opportunities for improvements / cost savings
   Management's preference/interest in reviewing

Public factors -- Includes:

   Impact of adverse publicity
   Political sensitivity
   Regulatory / compliance concerns

3. Determine the overall risk factor for the subcycle by weighing the individual factors as follows: materiality 40%; known problems 20%, recency of prior audits 10%; management/process factors 20%; public factors 10%. A formula to calculate this composite risk factor has been entered on the template.
## Appendix H

### Risk Assessment: Revenue and Disbursements (Non-Payroll) Cycles at UWRF

<table>
<thead>
<tr>
<th>Revenue Subcycles:</th>
<th>Assessment of Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Materiality (40%)</td>
</tr>
<tr>
<td>Academic and Segregated Fees Subcycle</td>
<td></td>
</tr>
<tr>
<td>Credit Instruction Tuition</td>
<td>5</td>
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<tr>
<td>Segregated Fees</td>
<td>4</td>
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<tr>
<td>Outreach Education</td>
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<tr>
<td>Remedial Education</td>
<td>2</td>
</tr>
<tr>
<td>Study Tours</td>
<td>3</td>
</tr>
<tr>
<td>Other charges to Student Accounts</td>
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</tr>
<tr>
<td>Special Course Fees</td>
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<tr>
<td>New/Transfer Student Fees / Placement Testing</td>
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<tr>
<td>International Fees</td>
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<td>International Student Health Insurance</td>
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<tr>
<td>Finance Charges</td>
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<td>Administrative Withdrawal Fees</td>
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<tr>
<td>Deposit Forfeits/Late Registrations</td>
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<tr>
<td>Auxiliary Operations Subcycle (Non-segregated fee revenue)</td>
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<tr>
<td>Student Affairs</td>
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<td>Card Office</td>
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<tr>
<td>Residence Halls</td>
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<tr>
<td>Dining (student fees and commission)</td>
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<tr>
<td>Textbook Services</td>
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<tr>
<td>Knowles/Hunt Arena</td>
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<tr>
<td>Misc Student Center Revenue Centers</td>
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<tr>
<td>Child Care customer payments</td>
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<td>Student Organizations</td>
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<td>Bookstore Commission</td>
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<td>Frednet</td>
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<td>First Year Experience</td>
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<td>Health Services</td>
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<td>Miscellaneous</td>
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<td>St. Croix Valley Summer</td>
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<tr>
<td>Theater Transcripts/Grad Fees/Other Registrar Revenue</td>
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<tr>
<td>Application Fees</td>
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<td>Weight Room</td>
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<tr>
<td>Parking</td>
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<tr>
<td>Falcon Foods - Meats</td>
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<tr>
<td>Falcon Foods - Dairy</td>
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</tr>
</tbody>
</table>
### Appendix H (continued)
### Risk Assessment: Revenue and Disbursements (Non-Payroll) Cycles at UWRF

#### Assessment of Risk

<table>
<thead>
<tr>
<th>Materiality (40%)</th>
<th>Known Problems (25%)</th>
<th>Recency of Prior Audit (10%)</th>
<th>Management/Process Factors (20%)</th>
<th>Public Factors (10%)</th>
<th>Overall Risk</th>
</tr>
</thead>
</table>

#### Athletics
- **Athletic Ticket Sales**
  - Materiality: 1
  - Known Problems: 1
  - Recency of Prior Audit: 4
  - Management/Process Factors: 2
  - Overall Risk: 1.500

- **Prog 5 Ath Camps**
  - Materiality: 2
  - Known Problems: 1
  - Recency of Prior Audit: 4
  - Management/Process Factors: 2
  - Overall Risk: 1.900

- **Prog 0 Ath Camp**
  - Materiality: 1
  - Known Problems: 1
  - Recency of Prior Audit: 4
  - Management/Process Factors: 2
  - Overall Risk: 1.500

#### Service Centers Subcycle
- **Fleet**
  - Materiality: 1
  - Known Problems: 1
  - Recency of Prior Audit: 4
  - Management/Process Factors: 2
  - Overall Risk: 1.500

- **Copy Centers**
  - Materiality: 1
  - Known Problems: 1
  - Recency of Prior Audit: 4
  - Management/Process Factors: 2
  - Overall Risk: 1.500

#### Sales and Services of Educational Activities Subcycle
- **Conferences & Events**
  - Materiality: 2
  - Known Problems: 1
  - Recency of Prior Audit: 4
  - Management/Process Factors: 2
  - Overall Risk: 1.900

- **Outreach Non-Credit Classes**
  - Materiality: 1
  - Known Problems: 1
  - Recency of Prior Audit: 4
  - Management/Process Factors: 2
  - Overall Risk: 1.500

- **Survey Research Center**
  - Materiality: 2
  - Known Problems: 1
  - Recency of Prior Audit: 4
  - Management/Process Factors: 1
  - Overall Risk: 1.700

- **Lab Farms**
  - Materiality: 3
  - Known Problems: 1
  - Recency of Prior Audit: 4
  - Management/Process Factors: 1
  - Overall Risk: 2.700

- **WI in Scotland Program**
  - Materiality: 2
  - Known Problems: 1
  - Recency of Prior Audit: 4
  - Management/Process Factors: 2
  - Overall Risk: 1.900

- **Pigeon Lake Field Station**
  - Materiality: 1
  - Known Problems: 1
  - Recency of Prior Audit: 4
  - Management/Process Factors: 2
  - Overall Risk: 1.500

- **KC Chiefs**
  - Materiality: 2
  - Known Problems: 1
  - Recency of Prior Audit: 4
  - Management/Process Factors: 2
  - Overall Risk: 1.900

#### Sponsored Projects Subcycle
- **Federal grants and contracts - Fund 144**
  - Materiality: 4
  - Known Problems: 1
  - Recency of Prior Audit: 4
  - Management/Process Factors: 2
  - Overall Risk: 2.700

- **State/Private grants and contracts - Fund 133**
  - Materiality: 4
  - Known Problems: 1
  - Recency of Prior Audit: 4
  - Management/Process Factors: 2
  - Overall Risk: 2.700

- **Gift Subcycle - Fund 233**
  - Materiality: 1
  - Known Problems: 1
  - Recency of Prior Audit: 4
  - Management/Process Factors: 2
  - Overall Risk: 1.500

#### DISBURSEMENTS SUBCYCLES:

**Payroll and Fringe Benefits Subcycle**
- **Unclassified Payroll**
  - Materiality: 5
  - Known Problems: 2
  - Recency of Prior Audit: 5
  - Management/Process Factors: 1
  - Overall Risk: 3.300

- **Classified/LTE Payroll**
  - Materiality: 3
  - Known Problems: 2
  - Recency of Prior Audit: 5
  - Management/Process Factors: 1
  - Overall Risk: 2.500

- **Student Payroll**
  - Materiality: 2
  - Known Problems: 2
  - Recency of Prior Audit: 1
  - Management/Process Factors: 1
  - Overall Risk: 1.700

- **Payroll Adjustments/Special Payrolls**
  - Materiality: 1
  - Known Problems: 1
  - Recency of Prior Audit: 1
  - Management/Process Factors: 1
  - Overall Risk: 1.000

- **Fringe Benefits**
  - Materiality: 2
  - Known Problems: 1
  - Recency of Prior Audit: 1
  - Management/Process Factors: 1
  - Overall Risk: 1.400

**Vendor Payments Subcycle**
- **Check with order**
  - Materiality: 1
  - Known Problems: 1
  - Recency of Prior Audit: 5
  - Management/Process Factors: 1
  - Overall Risk: 1.400

- **Paid by contingent fund check, wires, autopays**
  - Materiality: 2
  - Known Problems: 1
  - Recency of Prior Audit: 5
  - Management/Process Factors: 1
  - Overall Risk: 1.800

- **Paid by state check - ZBA**
  - Materiality: 5
  - Known Problems: 1
  - Recency of Prior Audit: 5
  - Management/Process Factors: 2
  - Overall Risk: 3.100

- ** Petty cash fund disbursements**
  - Materiality: 1
  - Known Problems: 1
  - Recency of Prior Audit: 5
  - Management/Process Factors: 2
  - Overall Risk: 1.600

- **Blanket order purchases - Payments**
  - Materiality: 1
  - Known Problems: 1
  - Recency of Prior Audit: 5
  - Management/Process Factors: 1
  - Overall Risk: 2.800

- **Procurement card purchases**
  - Materiality: 3
  - Known Problems: 2
  - Recency of Prior Audit: 2
  - Management/Process Factors: 2
  - Overall Risk: 1.900

**Disbursements of Outlying Operations Subcycle**
- **Study abroad - Wisconsin in Scotland**
  - Materiality: 2
  - Known Problems: 1
  - Recency of Prior Audit: 5
  - Management/Process Factors: 2
  - Overall Risk: 2.100

- **Study abroad - Other**
  - Materiality: 2
  - Known Problems: 1
  - Recency of Prior Audit: 5
  - Management/Process Factors: 1
  - Overall Risk: 2.000
Appendix H (continued)
Risk Assessment: Revenue and Disbursements (Non-Payroll) Cycles at UWRF

<table>
<thead>
<tr>
<th>Assessment of Risk</th>
<th>Materiality (40%)</th>
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<th>Recency of Prior Audit (10%)</th>
<th>Management/Process Factors (20%)</th>
<th>Public Factors (10%)</th>
<th>Overall Risk</th>
</tr>
</thead>
</table>

Financial Aid Subcycle

Federal Aid
- Grants: 4
- Loans: 4

State Aid
- Grants/Scholarships: 3
- Waivers: 2

Foundation/Private
- Scholarships: 2

Federal Aid

<table>
<thead>
<tr>
<th>Grants</th>
<th>Loans</th>
<th>Grants/Scholarships</th>
<th>Waivers</th>
<th>Scholarships</th>
<th>Overall Risk</th>
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</thead>
<tbody>
<tr>
<td>4</td>
<td>4</td>
<td>3</td>
<td>1</td>
<td>3</td>
<td>3.000</td>
</tr>
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<td>4</td>
<td>3</td>
<td>1</td>
<td>3</td>
<td>3.200</td>
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</table>

State Aid

<table>
<thead>
<tr>
<th>Grants/Scholarships</th>
<th>Overall Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>2.600</td>
</tr>
</tbody>
</table>

Foundation/Private

<table>
<thead>
<tr>
<th>Scholarships</th>
<th>Overall Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>3.000</td>
</tr>
</tbody>
</table>
APPENDIX I
Control Objectives for Revenue Cycle

Tuition from Credit Classes, Including Segregated Fees

Scope

Revenue in this cycle is limited to tuition and segregated fees from credit classes.

eSIS (electronic Student Information System) is the entry point to online student services and information for students, faculty and staff. eSIS provides several functions including Student Records (e.g. online registration, grades and schedules, transcripts and change of address); Financial Aid – awarding and disbursing; and Student Financials – tuition/fee assessment and payment application.

Revenue is recognized as payments are received within eSIS. Revenue entries from Cashiering are created nightly and sent to the Accounting Department to upload into the Shared Financials System.

Authorization and Classification Objectives

Control Objective #1: All students are assessed all authorized fees and only authorized fees.

Risk Factors:

1. Students are under assessed tuition or segregated fees resulting in lost revenue and inaccurate reporting.
2. Students are over assessed tuition or segregated fees resulting in inaccurate revenue reporting and potential loss of goodwill or reputation.
3. Inaccurate budget analysis
4. Inaccurate financial reporting – internal, external (including WISDM)
5. Marginal tuition revenue analysis is inaccurate

Control Activities:

1. UW System approved rates are set up in eSIS by one staff person and are then reviewed and verified by a second person. Rates are available to students for independent verification of tuition and fee assessment.
2. Tuition and fee assessments are automated and documented. Manual reversals and waivers of fees are monitored.
3. Classes are periodically reviewed for billable units unless authorization is on file for an alternative billing method.
4. Segregated fees are periodically reviewed [by Bursar] to verify that fees are assessed for all classes except for off-campus classes as allowed by UWRPF policy.
5. Access to residency changes is restricted and periodically monitored.
6. Backdating of class drops and withdrawals is disallowed unless properly documented and approved. Backdating is monitored.
7. Special tuition rates are approved by Deans and Vice Chancellor.
8. Documentation of approved special rates is maintained by Accounts Receivable.
APPENDIX I (continued)
Control Objectives for Revenue Cycle

Control Objective #2: Authorized and appropriate refunds from student accounts are credited and debited to the proper business unit, fund, account and class within the Shared Financial System.

Risk Factors:
1. Failure to comply with UWRF, UW System and Board of Regents policies
2. Failure to comply with federal regulations possibly resulting in audit findings, questioned costs, and loss of federal funding.
3. Inaccurate budget analysis
4. Inaccurate financial reporting
5. Marginal tuition revenue analysis is inaccurate
6. Misappropriation of funds by not delivering the refund or by issuing refunds to the wrong party or for the wrong amount.

Control Activities:
1. Only authorized individuals are permitted to make refunds
2. Refunds are automatically calculated by eSIS.
3. Refund entries are automated within eSIS and a control account is used.
4. Written procedures exist for issuing refunds to third parties, including Parent Plus Loan refunds.
5. Exceptions to the drop/withdrawal policy, which may result in refunds, are documented.
6. Refunds are issued by direct deposit or checks are mailed by a person without access to generate a refund.

Control Objective #3: All collected receipts are deposited to the appropriate business unit, fund, account and class within the Shared Financial System (SFS.)

Risk Factors:
1. Failure to comply with UWRF, UW System and Board of Regents policies
2. Inaccurate budget analysis
3. Inaccurate financial reporting – internal, external (including WISDM)
4. Marginal tuition revenue analysis is inaccurate
5. Payment priority guidelines are not followed resulting in improper distribution to PR vs. GPR accounts.

Control Activities:
1. Accounts are reconciled and analyzed periodically including clearing accounts, segregated fee distributions, and fund 131 and 189 accounts.
2. Results of reconciliations and analysis are documented and variances are promptly resolved.
3. Written policies are current with respect to proper coding, accounting treatment and classifications.
4. Staff is trained with respect to proper coding, accounting treatment and classifications.
5. Incongruous posting/journal sources are systematically precluded or scrutinized.
6. Payment priority set up in eSIS is periodically reviewed by management.
7. Outreach monitors the appropriateness of classes designated as EXT for revenue transfers. Accounts Receivable initiates transfers based on eSIS report data.
8. Tuition transfers are adequately documented and supported.
9. Inconsistent or incompatible codes are precluded in the upload to the Shared Financial System.
10. Management/analytical reviews are conducted.
APPENDIX I (continued)
Control Objectives for Revenue Cycle

Transaction and Physical Safeguarding Objectives

Control Objective #4: All receipts (cash, check, charge, transfer, financial aid awards) from students are properly credited in a secure manner to the proper student account and deposited into a University bank account.

Risk Factors:

1. Misappropriation of tuition and fee revenue.
2. Inaccurate student account balances.
3. Inaccurate financial reporting.

Control Activities

1. Cashiers do not have access to reverse or waive charges on student accounts.
2. Accounts Receivable.
3. Staff authorized to waive or reverse charges does not have access to post payments to student accounts via cashiering.
4. Student account activity is monitored for payment voids, charge reversals, and waived charges.
5. Cashiers are assigned unique login IDs and cash drawers. Cash drawers are reconciled before and after cashier shifts.
6. Dual control or monitoring cameras are used within the Cashier’s Office.
7. Incoming mail is opened by the Cashier’s Office and payments are posted to eSIS on the day of receipt.
8. Bank deposits are made daily and reconciled to eSIS cashiering activity monthly by a non-cashier.
9. Daily cash collections are reconciled to general ledger activity. Variances are documented and resolved in a timely manner.
10. Offices are physically secure, including alarms and safes.
11. Billing statements, including payment activity, are generated monthly and students are notified by email.
12. Students have access to monitor their accounts online.
APPENDIX I (continued)
Control Objectives for Revenue Cycle

Control Objective #5: Fees are collected in a timely manner and written-off uncollectible accounts with partial payments accurately reflect proportionate revenue.

Risk Factors:

1. Revenue targets are not met if accounts become uncollectable due to not properly pursuing.
2. Misappropriation of funds.
3. Unauthorized write-offs result in lost revenue.
4. Revenue categories lower in the payment priority hierarchy are disproportionately written off.

Control Activities

1. Registration is not allowed for future terms if there is a balance due for current or past terms. Exceptions to the policy are documented.
2. Bills are generated monthly. Past due or withdrawn students receive paper bills in addition to electronic bills.
3. Written procedures exist for identifying past due accounts monthly and following up internally with appropriate notices to students.
4. Standard procedures are used to send past due accounts to collection agencies after internal efforts are exhausted.
5. Accounts assigned to collection agencies are monitored for collection activity and length of time at an agency. Inactive or non-productive placements are sent to a second or third agency on a routine basis.
6. Written procedures are followed when writing off uncollectible accounts. Management is informed at least quarterly of write-off activity.
7. Employees with access to writing off balances do not handle cash receipts.
8. Uncollectible accounts are analyzed prior to write-off to determine if revenue from partial payments needs to be redistributed.
APPENDIX I (continued)
Control Objectives for Revenue Cycle

Substantiation and Evaluation Objectives

Control Objective #6: Revenue and related receivables that are recognized in eSIS agree with revenue and receivables recorded in the Shared Financial System. Revenue and related receivables are correctly reported on a periodic basis within UWRF or UW System.

Risk Factors:

1. Failure to comply with UWRF, UW System and Board of Regents policies
2. Inaccurate budget analysis
3. Inaccurate financial reporting – internal, external (including WISDM)
4. Marginal tuition revenue analysis is inaccurate
5. Waivers apply to incorrect item types resulting in over reported income in one category offset by under reported revenue in a different category.

Control Activities:

1. eSIS revenue is periodically reconciled to WISDM revenue.
2. Departments Management or their delegates monitor WISDM for expected revenue and question discrepancies.
3. Waiver set ups are tightly applied and periodically reviewed.
4. Management/analytical reviews are conducted for consistency, comparability, and reasonableness by institutional and UWSA staff.
APPENDIX J
Control Objectives for Disbursements Non-Payroll Subcycle

Scope
Payments in this cycle are limited to the accounts payable office using the Shared Financial System, (also know as the SFS system) to input and generate checks for vendors, students, and individuals. The information processed in SFS is then loaded into the WISDM system daily, so the end users can see and review their data.

Separation of duties note:
UW River Falls has a very limited number of employees to staff the accounting / accounts payable department. This makes it impossible to do a true separation of duties. To the best of our ability, we limit the adding of vendors and the entering of invoices to the staff that can run checks. We also run the system query (UW_AUDIT_PYCYCL_AP) quarterly to review the cases where a staff member puts on a voucher and runs the payment process for that voucher.

Control Objective #1: Duplicate payments are not made to vendors

Risk Factors:
1. UW may lose the overpayment funds if not returned from vendor
2. Duplicate payment made from department with insufficient funds
3. Payment processed to an invalid or fraudulent vendor

Control Activities:
1. Accounts Payable staff requires original invoice for payment
2. If copied, faxed, e-mailed invoice is received, staff will review to determine if the invoice has already been paid
3. AP staff trained to pay from invoices not statements
4. SFS system generates a notification upon entry of a duplicate invoice

Control Objective #2: Payments made to vendors comply with UW System and institution policy

Risk Factors:
1. UW’s reputation could be damaged
2. Possible audit finding or citation
3. Loss of federal funding or the requirement to pay back federal grant funds with other departmental funds

Control Activities:
1. Accounts Payable staff trained on UW System policies for allowable expenses for funding sources
2. Staff trained on documentation requirements that must accompany expense payments
3. Policy documents are available on UW System website
4. Staff seek assistance from supervisor if unsure about policy interpretation
APPENDIX J (continued)
Control Objectives for Disbursements Non-Payroll Subcycle

Control Objective #3: Account coding is correct and consistent

Risk Factors:

1. Failure to comply with UW policies for expense coding
2. Wrong department of expense account charged
3. Year end reporting is inaccurate

Control Activities:

1. Accounts Payable and Accounting staff are trained in expense code procedures, and know how to get more information describing uses for expense codes.
2. Department managers or their designees have access to WISDM to review expenses charged against their accounts. Questions or corrections are forwarded to the Accounting office.

Control Objective #4: Invoices and payment documents are approved by an authorized signer for the department.

Risk Factors:

1. Payments are processed for an invalid vendor
2. Payments are authorized by staff without authority to do so
3. Payments are paid from a department without sufficient funds, resulting in a negative cash balance
4. Goods and or services are not received by the department submitting the information
5. Fraudulent charges or invoices could be submitted

Control Activities:

1. Accounts Payable and Accounting staff are trained in proper invoice approval procedures.
2. Payments with inappropriate authorizations are returned for review and approval.
3. Department managers or their designees have access to WISDM to review expenses charged against their accounts. Questions or corrections are forwarded to the Accounting office.

Control Objective #5: Invoices are paid in a timely manner.

Risk Factors:

1. Not taking advantage of discount offered by vendor
2. UW’s reputation could be damaged
3. Failure to comply with state and UW policy
4. Payment of finance charges/interest for late payments

Control Activities:

1. Invoices are paid as soon as pre-audit procedures are completed. Staff observes the 30-day statutory payment requirement.
2. Checks are printed and mailed daily
3. Checks are primarily mailed directly to vendors
APPENDIX J (continued)
Control Objectives for Disbursements Non-Payroll Subcycle

Control Objective #6: Vendors paid are valid companies or individuals.

Risk Factors:
1. Fraudulent vendor is setup in system
2. Fraudulent payments could be made for services never provided
3. UW’s reputation could be damaged

Control Activities:
1. W9 from the vendor is used for master file setup in SFS
2. Department managers or their designees have access to WISDM to review expenses charged against their accounts. Questions or corrections are forwarded to the Accounting office.

Control Objective #7: Check stock is safeguarded against unauthorized access.

Risk Factors:
1. Checks could be printed fraudulently
2. Institution could lose funds

Control Activities:
1. Check stock is unprinted safety paper
2. An electronic file is sent from SFS daily to the bank. The file lists the check number and the amount of the check, without this information, checks presented to the bank will not clear our account.

Control Objective #8; Access to payment system is secured.

Risk Factors:
1. Fraudulent payments or vendors could be entered
2. Institution could lose funds

Control Activities:
1. Access to input payment information is restricted with login IDs and passwords, which are controlled by campus security office and UW system.
2. Access to print checks is held to the bare minimum, only given to staff that prints checks
APPENDIX K
Control Objectives for Financial Reporting Cycle

Journal Entry Process

Scope

Journal entries in this cycle are limited to entries entered directly into the Shared Financial System (SFS).

SFS is the entry point for processing journal entries. Entries are processed by staff in the Accounting, Accounts Payable and Accounts Receivable departments.

Journal entries are processed to correct, adjust or transfer revenue and expense transactions previously processed in SFS. Journal entries are also used to update, correct, adjust or transfer budget transactions.

Control Objective #1: Only authorized personnel are allowed to process and approve journal entries.

Risk Factors:

1. Unauthorized individuals processing journal entries
2. Improper/inappropriate charges to departments
3. Non-compliance with governmental regulations
4. Inaccurate financial statements
5. Potential for fraud

Control Activities:

1. Only approved staff within Accounting, Accounts Payable and Accounts Receivable process journal entries
2. The Shared Financial System (SFS) User Request Authorization Form is completed and approved in order to process journal entries.
3. UW-River Falls does not require an approval process prior to posting the journal entry. Budget managers review transactions after the fact and notify Accounting Services if there are errors. The Controllers Office also periodically reviews a sampling of transactions throughout the year.
4. Written procedures clearly outline which positions are authorized to process journal entries.

Control Objective #2: Personnel receive proper training prior to entering journal entries into the system.

Risk Factors:

1. Journal entries are processed incorrectly
2. Improper/inappropriate charges to projects or funds
3. Non-compliance with governmental regulations
4. Inaccurate financial statements
5. Potential for fraud
APPENDIX K (continued)

Control Objectives for Financial Reporting Cycle

Control Activities:

1. UW River Falls relies on the UWSA SFS User Manual and Training Guide to provide training for employees.
2. An experienced staff person provides individual training.

Control Objective #3: Journal entries are justified and supported by appropriate documentation prior to processing.

Risk Factors:

1. Unnecessary or inappropriate journal entries
2. Improper/inappropriate charges to projects or funds
3. Non-compliance with governmental regulations
4. Inaccurate financial statements
5. Potential for fraud

Control Activities:

1. All journal entries comply with A21 and A110 requirements, cost transfer guidelines, budgetary restrictions, applicable gift criteria, and local departmental policies as appropriate.
2. Supporting documentation authorizing the journal entry is required.

Control Objective #4: Journal entries are prepared accurately, completely, and are valid.

Risk Factors:

1. Journal entries are processed incorrectly
2. Improper/inappropriate charges to projects/funds
3. Non-compliance with governmental regulations
4. Inaccurate financial statements
5. Potential for fraud

Control Activities:

1. Clear and complete, self-explanatory descriptions are provided and all other input has been correctly completed including amount and chart field information.
APPENDIX K (continued)
Control Objectives for Financial Reporting Cycle

Control Objective #5: Appropriate backup documentation for non-sponsored programs journal entries is available.

Risk Factors:

1. Inappropriate/non supportable journal entries
2. Improper/inappropriate charges to projects/funds
3. Non-compliance with governmental regulations
4. Inaccurate financial statements
5. Potential for fraud

Control Activities:

1. Journal entries are self-explanatory.
2. Available backup documentation is attached to the journal entry document.

Control Objective #6: Proper backup documentation is provided to Financial Operations for journal entries affecting Sponsored programs.

Risk Factors:

1. Non-compliance with governmental regulations per A133 requirements

Control Activities:

1. All journal entries affecting sponsored programs are processed by the Grant Accountant based on a review of supporting documentation.
2. Available backup documentation is attached to the journal entry document.
APPENDIX L
Control Objectives for ProCard Cycle

The ProCard enables users on the UW-River Falls campus to make small dollar purchases quickly and efficiently and with a minimum of administrative impact.

Authorization Objectives

Control Objective #1: There is a clear process to determine who is authorized to issue ProCards and has recordkeeping responsibilities.

Risk Factors:

1. Unauthorized individuals possessing ProCards
2. Misappropriation of funds
3. Potential for fraud

Control Activities:

1. UW-River Falls has designated a ProCard coordinator who:
   a. Acts as a liaison with UW System Administration;
   b. Handles ProCard applications, provides assistance with suppliers, responds to inquiries regarding internal policies and procedures, billing information, missing statements and damaged, lost or stolen cards;
   c. Conducts Campus and Agency Authorization process;
   d. Performs maintenance and updates to cards;
   e. Conducts Cardholder setup process.

Control Objective #2: There is a clear process to determine who is authorized to be a ProCard approver and who has the authority to make that decision.

Risk Factors:

1. Misappropriation of funds
2. Overpayment
3. Unnecessary or inappropriate purchases
4. Potential for fraud

Control Activities:

1. Cardholders are authorized in accordance with management’s criteria.
   a. Individual cardholder credit limits do not normally exceed $1,500 per transaction, with some exceptions we do allow limits up to $5,000.00 and except where indicated on statewide contracts.
   b. UW-River Falls maintains a log of cards, including card numbers and to whom they were issued.

Control Objective #3: The ProCard application is completed correctly.

Risk Factors:

1. Unauthorized individuals possessing ProCards
2. Misappropriation of funds
3. Unnecessary or inappropriate cash and credit limits
4. Fraud
APPENDIX L (Continued)
Control Objectives for ProCard Cycle

Control Activities:

1. Cardholders and supervisors sign the ProCard agreement in order to receive their cards.
2. Supervisors/Budget Managers request cards via email as their approval to issue cards.

Control Objective #4: Controls are in place to detect or prevent ProCard misuse or abuse.

Risk Factors:

1. Misappropriation of funds
2. Unnecessary or inappropriate purchases
3. Improper/inappropriate charges to projects/funds
4. Non-compliance with Federal laws and guidelines
5. Potential for fraud

Control Activities:

1. Supervisors who oversee ProCard purchases provide adequate and timely reviews.
2. Cardholder and supervisor sign card issuer statement.
3. Cardholder privileges are revoked when the cardholder is found to be frequently or openly noncompliant with policies and procedures established by the University and when reports are not provided in a timely manner.

Control Objective #5: Internal controls for card deactivation are adequate.

Risk Factors:

1. Unauthorized individuals possessing ProCards
2. Potential for fraud

Control Activities:

1. The UW-River Falls checkout procedure for terminating employees includes a clearance of the Purchasing Services where all cards, reconciliation and reports are completed at the time of departure.

Transaction Processing Objectives

Control Objective #6: The use of the card is appropriate and consistent with University guidelines

Risk Factors:

1. Misappropriation of funds
2. Overpayment
3. Unnecessary or inappropriate purchases
4. Improper/inappropriate charges to projects/funds
5. Non-compliance with Federal laws and guidelines
6. Potential conflict of interest
7. Potential for Fraud
APPENDIX L (Continued)
Control Objectives for ProCard Cycle

Control Activities:
1. Whenever possible, cardholders should make purchases from vendors that have statewide contracts.
2. The card is used properly by people when traveling.
3. Tax-exempt status is followed by all cardholders.
4. Cardholders are aware of prohibited purchases (e.g. split purchases, personal purchases, and non-contracted vendor purchases.)
5. Benefits (discounts, airline miles, etc.) accrued from using the ProCard must be used for University purposes only.
6. Supervisors who oversee ProCard purchases provide adequate and timely reviews.

Control Objective #7: All authorized ProCard holders and approvers receive proper training prior to taking possession of a ProCard or approving ProCard transactions.

Risk Factors:
1. Purchases are made incorrectly
2. Overpayment
3. Unnecessary or inappropriate purchases
4. Potential conflict of interest
5. Potential for Fraud

Control Activities:
1. Cardholders receive adequate training and are aware of their responsibilities as a cardholder.
2. Cardholders are required to complete an online training refresher program prior to card renewal.

Classification Objectives

Control Objective #8: Proper chart fields and descriptions are assigned to all transactions.

Risk Factors:
1. Improper/inappropriate charges to projects/funds
2. Non-compliance with Federal standards
3. Inaccurate financial statements
4. Potential for fraud

Control Activities:
1. The correct account number is used for purchases.

Control Objective #9: The reconciled ProCard statement, receipts, and other documentation are submitted and approved on a timely basis.

Risk Factors:
1. Misappropriation of funds
2. Overpayment
3. Unnecessary or inappropriate purchases
4. Improper/inappropriate charges to projects/funds
APPENDIX L (Continued)
Control Objectives for ProCard Cycle

5. Non-compliance with Federal standards
6. Potential for fraud

Control Activities

1. Cardholders maintain and submit monthly to the Purchasing Services adequate supportive documentation of their purchases (e.g. statements, receipts.)

Substantiation and Evaluation Objectives

Control Objective #10: Charges and credits on the Statement of Activity are reconciled and all errors are resolved on a timely basis.

Risk Factors:

1. Misappropriation of funds
2. Overpayment
3. Unnecessary or inappropriate purchases
4. Improper/inappropriate charges to projects/funds
5. Non-compliance with Federal standards
6. Potential for fraud

Control Activities:

1. Cardholders dispute erroneous charges
2. The Purchasing Services conducts an independent review of ProCard purchases.

Physical Safeguard Objectives

Control Objective #11: Appropriate security procedures are in place and operating effectively to protect cardholder information and prevent fraudulent use of the ProCards.

Risk Factors:

1. Unauthorized individuals possessing ProCards
2. Unnecessary or inappropriate purchases
3. Potential for fraud

Control Activities:

1. Proper security is maintained for ProCards and statements containing card numbers.
2. Only people to whom they were issued use ProCards.
3. In the event cards are lost or stolen, the cardholder notifies the card issuer and Purchasing Services.