

UW-Madison Policy on Sponsored Programs and Internal Controls

Background

As one of the nation's leading research institutions, the University of Wisconsin-Madison recognizes the importance of providing good stewardship of institutional and extramural funds. The University's stewardship responsibilities include managing Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Support for the faculty's research goals is critical to the success of the University. The purpose of this document is to foster excellence in research by promoting the successful management of sponsored programs through establishment and maintenance of effective internal controls. Internal control activities are important to several aspects of sponsored programs:

- Proposing the research goals and the funding and resources to support them
- Establishing policies and procedures, as well as roles and responsibilities, for administration and oversight of sponsored projects
- Charging expenses appropriately during the life of the project
- Managing the project in accordance with statutes, regulations, terms and conditions of the award, and University policies
- Monitoring activities and expenses during the period of performance, at the time of periodic reports, and prior to award closeout
- Documenting information and actions related to sponsored projects activity

Policy Statement

It is the policy of the University of Wisconsin-Madison that all researchers who engage in sponsored projects will comply with University policies and sponsoring agency regulations regarding the management of awards in accordance with internal controls. In the course of managing sponsored projects, the University will evaluate and monitor compliance with Federal statutes, regulations, the terms and conditions of the award, and University policies. The University will take prompt action when instances of noncompliance are identified.

Internal control is a process involving people at all levels of the University and helps UW-Madison achieve its objectives while also protecting its resources and reputation. The principal components of UW-Madison's internal control framework, which are based on Committee on Sponsoring Organizations (COSO) principles, include the following:

Control Environment – Commitment of leadership and senior management to effective internal control, adherence to high ethical standards, oversight by those in governance, and support of competent employees.

Risk Assessment – Dynamic and iterative process for identifying and analyzing risks towards achieving the organization's objectives, forming the basis for how risks should be managed, with the greatest risks receiving the greatest attention and control; consideration given to dollar amounts, nature of transactions, and impact on organizational reputation.

Control Activities – Actions established by policies and procedures to help ensure management directives to mitigate risks to the achievement of objectives are carried out at all levels of the organization, at various stages of operating processes, and over the technology environment.

Information and Communication – Information generated at operational levels and communicated across and up the organization to enhance decision-making; policies and procedures communicated downward through the organization to support internal control functions; information and communication to be fully integrated with the other components of the framework and includes communication with outside parties about internal control and accountability.

Monitoring and Review – Applies to all five components of internal control; need for timely and effective monitoring that provides feedback on the operation of the other components, and extends beyond financial reporting to compliance and operations.

The framework will:

- Create timely, reliable, and informative processes
- Help protect UW-Madison’s reputation, funding, and future stability
- Allow for allocating appropriate resources to mission activities (teaching, research, and outreach)
- Provide a sound structure to support staff success in an ever-changing environment

Reason for Policy

This policy is created in order to:

- Comply with the provisions of the federal Office of Management and Budget’s regulations, including 2 CFR 200, the Uniform Guidance, and other relevant sponsor requirements.
- Provide direction to faculty and staff for management of sponsored programs using an internal control framework.
- Promote the best possible alignment between faculty and staff activity and funding sources and, in so doing, enhance work at UW-Madison.
- Establish expectations for proposing, executing, managing, and monitoring sponsored programs in accordance with internal controls established and maintained by the University.

Further information about the University’s procedures for this policy are available through the University’s websites, including:

<https://www.rsp.wisc.edu/policies/>

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

<https://research.wisc.edu/>