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CU I&E Submission: Internal Sales Compliance Analysis Project [1]

Description: A team comprised of individuals from the Budget Office (Erika Smith, Dana Takeuchi, Linh-Thong Lo, Joy Vidalon, and Kristina Berg) and Accounting and Business Support (Laura Ragin, Leila McCamey, Elizabeth Spencer, Jenny Shao, and Rebekah Martino) completely overhauled the process by which internal sales (sales between university departments) are conducted on the Boulder campus. This involved in-depth analyses of three years-worth of historical financial data, issue identification, examination of current policies and procedures, research into policies and practices at peer institutions, development of new policies for the Boulder campus, communication with the campus community including senior management, and working with campus units to implement the new rules. This project has been entirely created and led by the Budget and Accounting offices and done without additional staff or operational resources.

How does this benefit the University? Internal charging which goes to federally-sponsored research projects is subject to federal cost accounting standards and the Boulder campus engages in millions of dollars of this charging annually. Violation of these standards can result in sanctions including financial penalties; therefore, this activity poses audit risks to the campus. This activity had not been systematically analyzed in almost two decades. The analysis showed us that this activity was widespread across the campus (400 different business lines identified) and that existing rules, guidance, and oversight provided insufficient coverage to the campus from a compliance perspective. Based on the findings from our analysis, the group came up with a new risk-based framework which helps ensure compliance, minimize administrative burden on lower-risk activities (the smallest of activities were previously subject to the same administrative requirements as the largest), and focuses effort and increases transparency on higher-risk activities. These efforts will increase efficiency by focusing staff time on those areas where it is most needed, and help minimize the audit risks presented to the campus by this multi-million dollar activity.

Implementation status: The new rules officially went into effect on January 1, 2014 though the full implementation is a multi-year process. Fall 2013 was spent getting administrative approval and communicating with campus units, including face-to-face meetings with over 80 people from every division on campus. We are currently working with units in their transition to the new rules and will continue to do so.

Submitted by Dana Takeuchi, Assistant Director of Budget Services, Planning Budget & Analysis Office, University of Colorado, Boulder

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