

University of Minnesota Improvements to Institutional Oversight of Internal Service Organizations

Presentation to the Board of Regents
Audit Committee
February 7, 2008

UNIVERSITY OF MINNESOTA

Presentation

- Background Information
- Concerns with Current Policies, Procedures, and Resources
- Improvements Made
- Next Steps

Background

- Internal Sales Activity is the sale of goods and services by one University unit to another University unit at approved rates on a regular and continuing basis.
- Internal Sales Activity is subject to the Office of Management and Budget (OMB) Circular A-21 federal cost accounting standards.

Background

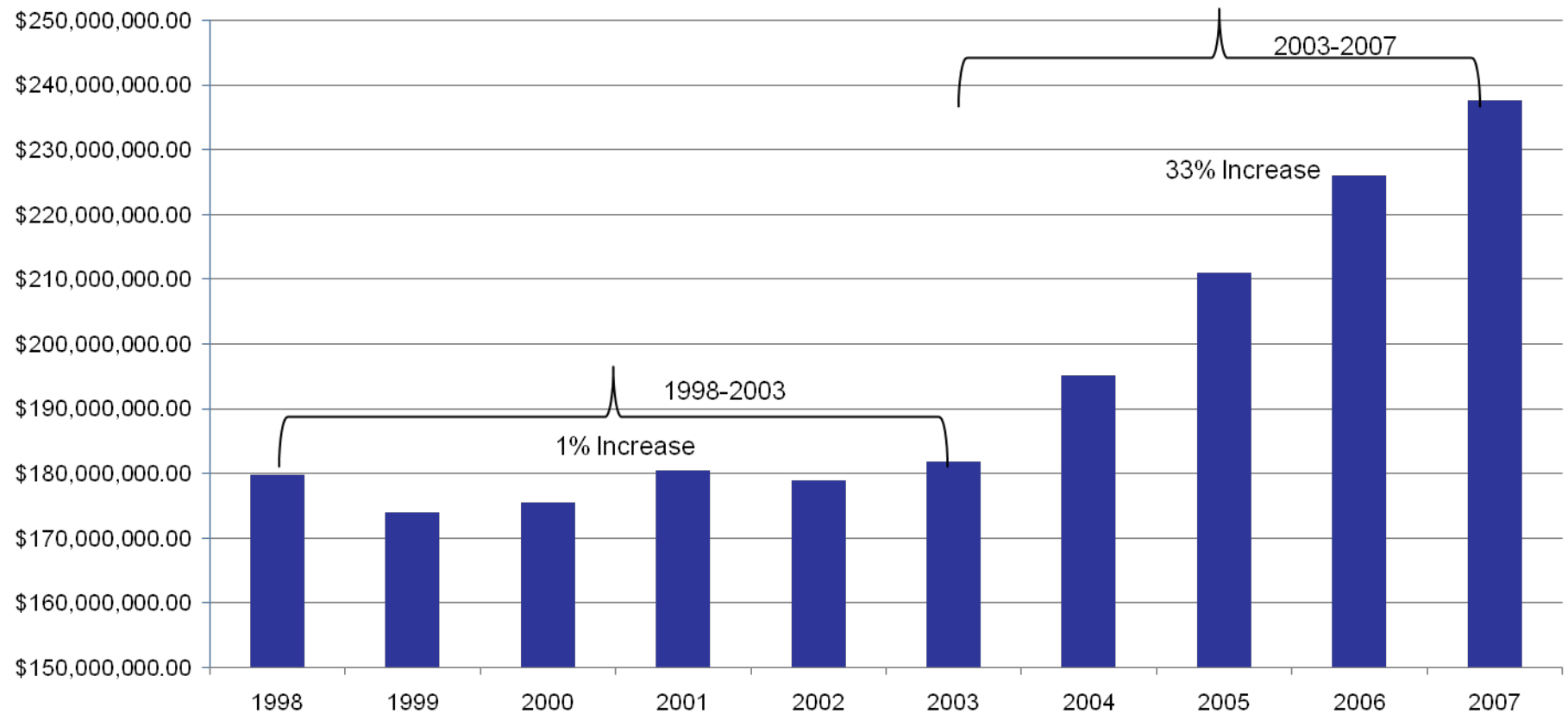
- OMB A-21 federal cost accounting standards require, among other things, that costs charged to federal grants are:
 - allowable
 - allocable
 - reasonable
 - treated consistently throughout the University
 - necessary to perform the program
 - permissible under law

Background

- University policy and procedures related to internal sales activity last updated in December 2000.
- Increase in internal sales activity
- Increase in frequency and significance of findings in internal review procedures

Background

University of Minnesota Internal Sales Activity



Background

- Workgroup formed to review current policy, procedure and practices
- Workgroup consisted of representation from:
 - Controller's Office Internal Sales Compliance group
 - Office of the Vice President for Research
 - Budget Office
 - Academic Health Center
 - Department of Internal Audits
 - School of Public Health
- Report from University's Counsel of Research Associate Deans (CRAD) incorporated into findings and improvements

Concerns

- Inadequate staffing centrally to provide adequate oversight, monitoring and training
- Lack of accountability across process
- Lack of management expertise and training at unit level
- No central reporting available
- No required unit review of internal sales activity
- Inadequate and ineffective communication of issues with no required response
- No enforcement and consequences for non-compliance

Changes to Improve process

- Central staffing was increased
- Roles, responsibilities, and accountability were clearly defined in the revised policy and procedures
- On-line training is being developed and will be required for all individuals managing internal sales activity
- Central reports are being developed
- All internal sales units will be required to annually review their activity
- Issues found will be communicated to appropriate levels of management with required response and remedy
- Policy and procedures will be enforced with consequences for non-compliance

Next Steps

- New policy and procedures being finalized and will be posted to University Policy web site this month
- Development of on-line training is underway and will be ready prior to implementation
- Currently communicating changes to University community
- New policy and procedures will be effective July 1, 2008

Questions?

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