

Full Costing: best practice in Europe

University of Aveiro

General characterization

The University of Aveiro, located in Aveiro, Portugal, was created in 1973 by Government Decree and, on 22 December 2008, took the important decision to become transformed into a public foundation operating under private law, a process to be completed during this year.

Since its beginning, it has transformed itself into one of the most dynamic and innovative universities in the country. With more than 13.000 students distributed for 259 undergraduate, postgraduate and post-secondary courses, the University of Aveiro has now 17 Academic Departments¹ which work together in an inter-disciplinary manner according to their academic and research affinities.

It is also a place for research, where innovative products and solutions are developed to contribute to the advance of science and technology. It is a privileged partner for companies and other national and international organisations with which the University cooperates in numerous projects and for which it provides important services. During 2009, 255 research and technology transfer projects have been active, of which 27 are financed by the 6th and 7th Framework Programmes, plus 14 Research Units and 4 Associated Laboratories, being 14 of them financed by the national Foundation for Science and Technology.

To support all this structure the University counts with 857,4 full time equivalent (FTE) Academic Staff, 117 Researchers and 460 technical and administrative staff.

¹ The Department is the unit of teaching and research that groups together teaching staff in similar scientific profiles, taking responsibility for a particular group of course units that are integrated into one or more study programmes.

Position towards full costing

University of Aveiro has been developing its analytical accounting system since 2000, in consequence of national orientations and legislation applied to Portuguese universities. The development of such accounting systems, mostly directed to a new management model, should allow universities to obtain the cost per activity, to analyze the efficiency in the use of public financial resources, to support the development of indicators, among others.

The progress and implementation of this system was difficult and long, being the first years dedicated to the internal and external research, the integral study of the institution and the primary design of the methodology to be implemented – an activity based costing method. The subsequent phase was the in-house development of the software that would allow the management of all data, by an interdisciplinary team with members of the accounting services and informatics.

Despite the barriers, University of Aveiro is now in conditions to provide the cost of each support activity and the total direct and indirect costs of each final activity (teaching, research, subcontracting, users support, other activities), mainly supported in time records as activity cost driver.

However, all the methodology and correspondent tools were developed over national orientations and, as such, rules applied to community funds have been in a second plan. Therefore, a few steps still have to be taken before the actual submission of the methodology to European Commission.

Barriers

- Complexity of the organization
 - Matrix organization with numerous sources for decision
- Cultural barriers
 - Resistance towards change
 - Time allocation for the academic staff involved in several activities in defined schedule
 - Resistance to the additional bureaucracy associated to time records

- Respect for strict deadlines
- Organization history
 - Information produced according the needs of each Department/Service - difficulty in obtaining standard information
- Lack of existent software adjusted to the universities reality
- No additional financial support for the huge consumption of resources needed to develop this type of work
- Misfit between national orientations and the rules applied for community funds

Success factors

- Clear and well defined rules by National Authorities
- Development and implementation of the methodology step by step
 - Internal and external research
 - Exhaustive study of the institution
 - Design of the methodology to be implemented
 - In-house development of the necessary software
- Creation of an interdisciplinary team with members from the accounting and informatics areas
- Excellent articulation between the informatics and the analytical accounting services
- Software developed In-house
 - Almost every databases used in the University are developed in-house, which facilitates the communication between them and allows the data feed to the analytical accounting system
 - Timesheets automatically filled in, throughout the information registered in other applications in use (project management, attendance record and distribution of teaching time)

- General accounting based in cost centers
 - This type of structure facilitates the cost characterization per activity

Next steps

- Internal analysis and decision
 - Portuguese universities are crossing deep restructures that affect its government and management. Additionally, University of Aveiro became this year a public foundation under private law. Everything has to be weighted before anything being done
- Conclude software adjustments according the rules applied to community funds
- Certification of the methodology by an independent auditor
- Submission of the methodology to the Commission