

Cost of Compliance Contest

Win up to \$2500!

Submissions Due October 15

Credit Union CEOs and CFOs

To enter, [email Jim Vilker](#)
AuditLink VP of Professional Services

One entry/credit union please

PRIZES

1st Place: \$2500

2nd Place: \$1500

3rd Place: \$1000

Contest Objective

By October 15, submit a template to [Jim Vilker](#) that provides a standard way of calculating the cost of compliance. Your template should address these questions:

1. What are the costs associated with compliance?

Divide your explanation into overt and covert costs. Overt costs include obvious costs for which you might cut a check for a specific invoice. For example, overt costs might include forms, training, BSA/ACH annual reviews, daily log management (if using AuditLink), personnel, periodic statements/notices, etc. Covert costs are those that get buried in daily operations. They might include, for example, regulatory review, policy administration, exam management, and annual risk assessments for BSA, OFAC, ACH, electronic services, social media, etc.

2. How can you track these costs?

Provide a detailed explanation of how you will account for the costs of compliance in your general ledger. Would you keep them all in one G/L or split them up based on overt vs. covert costs? The rub here revolves around where that expense was normally accounted for in the past. Take for example examination management. In the past that would have been accounted for in G/L 210 and 220, compensation and benefits. So do you create additional sub-G/L accounts under those accounts or do you do overhead transfers from those accounts to a single G/L (or series located in close proximity)? For items that will be accounted for, include a brief description of the matrices used (for covert costs), tracking mechanisms if necessary, and general ledger chart of accounts associated with each item. Include if items will be accrued or accreted over the fiscal year and the frequency at which they will be expensed.

3. What is your implementation plan for this standard?

Provide a brief narrative on the philosophy, goal, and management of accounting for compliance, including how your credit union will use the information in the future. The entry should also provide a plan for implementation and suggestions for how best to track costs once G/L considerations have been implemented. There is no formal format requirement but please take into account your audience where detail is the mantra of the accounting industry.

See [Contest Rules](#)
for Complete Details

*Winners to Be Announced at CEO
Strategies in November!*

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