

Financial Reporting at the Department Level and Strategies for Successful Collaboration with the Central Office

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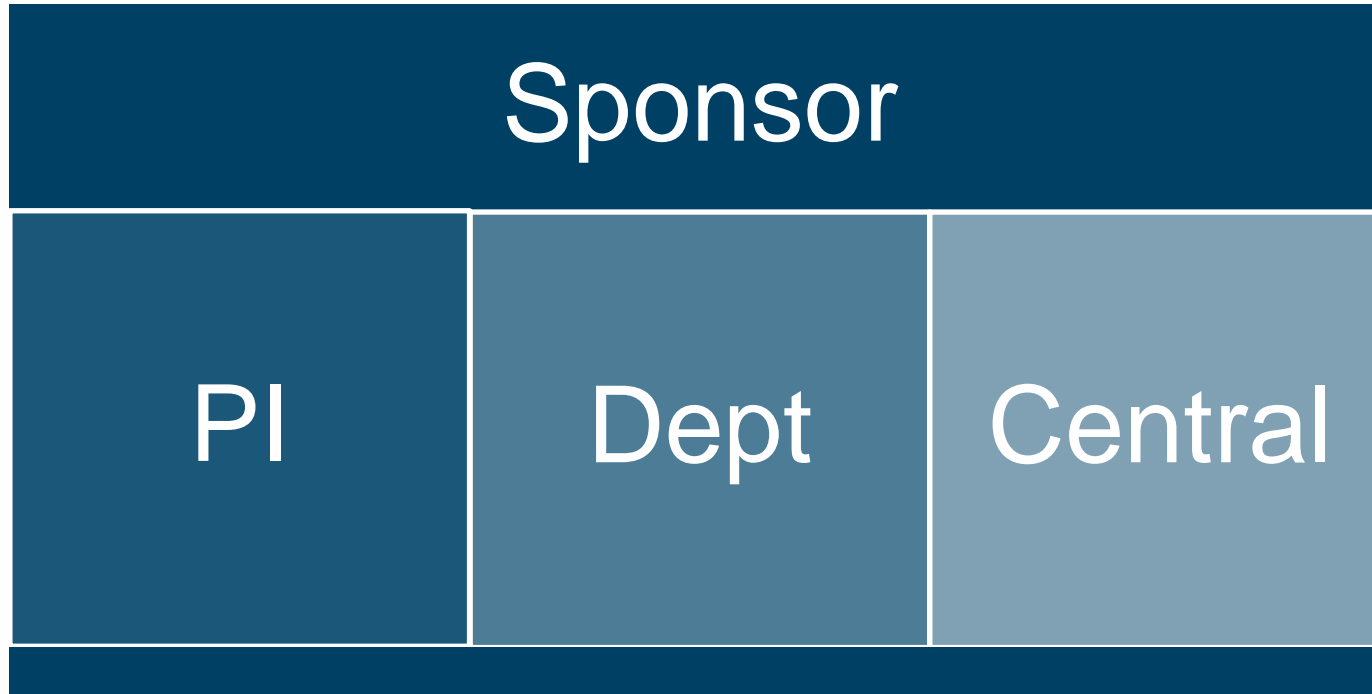
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Learning Objectives

- Identify areas of risk in financial reporting
- Learn best practices for ensuring an efficient process and data integrity in financial report
- Share tips for effective cross-departmental communication and collaboration.

Financial Reporting Stakeholders



Agreements & Reports

- Types of Agreements
 - Grants, contracts, cooperative agreements, Other Transaction Agreements (OTAs)
- Types of Financial Reports
 - SF-425 Federal Financial Report (FFR)
 - Sponsor specific formats

AREAS OF RISK IN FINANCIAL REPORTING

Areas of Risk

Unallowable
Expenses

Cash

Late Reports

Compliance
Certifications

Staffing/Training

Audit Results

Are there
other risks
you can
think of?

Unallowable Expenses

Strong internal controls are critical for managing the costs charged to grants.

- Who can make purchases or initiate charges?
- Who reviews expenses?
- Who determines allowability?
- Who maintains documentation?

Payment & Cash Considerations

How is the institution paid for costs incurred?

- Send invoices
- Draw cash from sponsor systems
- Scheduled payments
- Prepaid by sponsor

Late Reports

- Noncompliance with reporting requirements:
 - Risks all funding to the organization from the sponsor/agency (federal government)
 - Limits the ability to collect cash or be paid
 - Damages the organization's reputation
 - May raise questions about the integrity of the project and institution
- The financial report is one piece of a very large puzzle.

Compliance & Certifications

- Effort/Payroll certifications
- Salary cap
- Certifications and signatures on financial reports and invoices
- Central Office and Department Research Administrators (DRAs) play important roles in validating the cost principles in compliance with sponsor terms and conditions.
 - DRAs verify allowability/allocability
 - Central may ask about allowability/allocability

Staffing & Training

- Achieving and maintaining appropriate staffing levels
- Dealing with high turnover in staff
- Difficulty in hiring experienced and qualified staff
- Investment of time required to train new staff
- Constantly changing regulatory environment requires continuing professional development for all staff

Audits

- Audits are always looming
 - Single Audit
 - Program audits
 - Sponsor data analytics audits
 - Compliance audits
- Audit results impact the risk of doing business with the institution.

BEST PRACTICES FOR EFFICIENT PROCESSES AND DATA INTEGRITY

Reporting Fundamentals

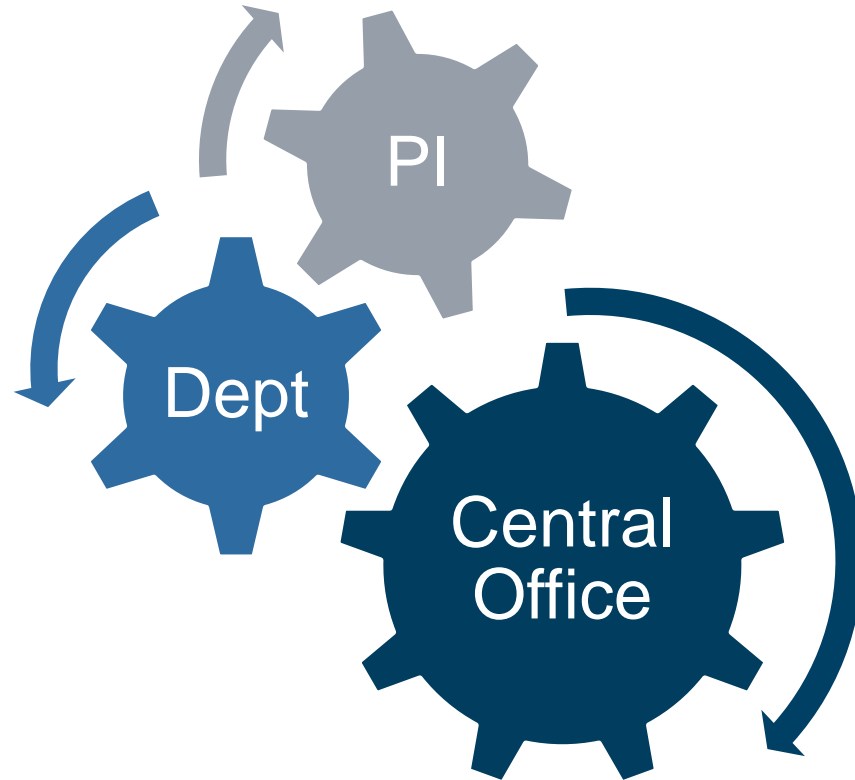
- Policies, Procedures and Guidance
 - Institutional
 - State
 - Sponsor
- Sponsor Systems
 - Federal: Payment Management System, Research.gov
 - Non-Federal: ProposalCentral

Compliance Driven Institutional Culture

All levels of leadership should work together to provide the resources and support required to meet the needs of all stakeholders, including:

- Investing in staff and technology
- Creating a climate of accountability for PIs and administration
- Setting and enforcing expectations

Roles & Responsibilities



Who is responsible?

- Initiating the financial reporting process
- Reviewing the financial data
- Creating cost transfers and other adjustments
- Finalizing the amounts to report
- Preparing the financial reports
- Submitting the reports to sponsors

Institutional Sources of Data

- University Systems
 - Financial
 - Human Resources
 - Property
- Shadow systems
- Department knowledge
- Central Office expertise

Compliance Matters

- Who reviews expenses line by line?
 - Unallowable expenses
 - Out-of-period expenses
- Who monitors for overspending/underspending?
- Who is responsible for prior approvals?
 - Rebudgeting thresholds
 - Carryover requests

Financial Reporting Deadlines

- Who tracks the deadlines?
- For which sponsors?
- What types of financial reports?
 - Annual, interim, final
 - Clinical trial invoicing
 - Invoices for federal contracts or to Pass Through Entities (PTEs)

Standard vs Non-Standard Reports

- Do the roles differ or change?
 - Initiation of the reporting process
 - Review of financial data
 - Preparation of reports
 - Required certifications and signatures
 - Submission to the sponsor
- Does the source of data change?

Best Practices

Policies and procedures are the foundation for best practices.

- Provide clearly defined roles and responsibilities
- Offer a framework for communication between PIs, DRAs in Colleges/Schools/Centers, Division Offices, and the Central Office
- Require regular departmental review of expenses

Best Practices (Continued)

- Meet sponsor reporting deadlines
 - Establish internal processes and timelines
 - Communicate with sponsors to request extensions as necessary
- Utilize the institution's financial systems
 - Automate processes where possible
 - Limit use of shadow systems

TIPS FOR EFFECTIVE CROSS-DEPARTMENTAL COMMUNICATION AND COLLABORATION

Communication

- Internal
 - DRAs are the conduit between PIs and the Central Office
 - Critical to know who to contact within the organization
- External
 - Official communications should be sent by an Authorized Organization Representative (AOR)
 - DRAs and Central Office staff should copy one another in external communications

Tips for Effective Communication

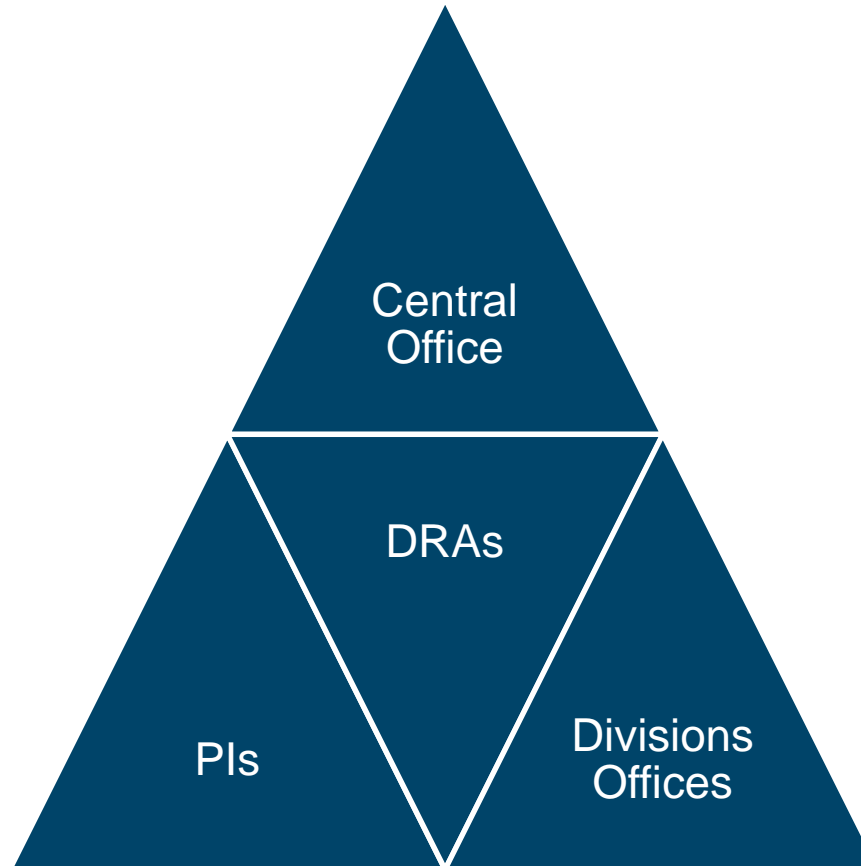
Communicate early and often.

Tailor communication style and content to the audience.

Email subject line should include sponsor number and internal award identifier.

Emails should be easy to read and not full of dense text . Use bullet points.

Interdependency of Roles



Interdependency of Roles

- PIs depend on administrators
- DRAs depend on Central Office staff
- Central Office staff depend on DRAs and PIs
- Divisions (Colleges/Schools/Centers) have roles and responsibilities
 - Org hierarchy varies by institution

Relationships

Connection

- Pre-Award
- Post-Award

Collaboration

- Sponsor
- Institution

Partnership

- Department
- Central Office

Join us for Q&A in Zoom

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