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

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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

<table>
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<tr>
<th>Sponsor</th>
<th>PI</th>
<th>Dept</th>
<th>Central</th>
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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
- Compliance Certifications
- Cash
- Staffing/Training
- Late Reports
- 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

- Central Office
- DRAs
- Divisions Offices
- PIs
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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