Guidelines for Departmental Financial Review and Budget Variance Reporting

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With a history dating back to a one-room Nashville schoolhouse in 1785, Peabody College today is a world-class college of education and human development. From humble beginnings Peabody has grown into a large and complex organization supporting the preparation of teachers, developing the next generation of educational leaders, and addressing large societal problems through policy analysis and advocacy.

With a total annual budget exceeding $100 million, department and College administrators are entrusted with safeguarding Peabody financial resources and managing those resources in such a way as to advance the mission and support strategic initiatives of the College. Administrators play a key role in both routine transaction approval as well as ongoing monitoring activities, both of which are critical to ensuring resources are utilized appropriately as well as identifying any issues that may arise. In support of this responsibility, below is a listing of tools, resources, and guidelines to aid in ongoing monitoring activities.

The Departmental Playbook

In 2018 Vanderbilt adopted Oracle Cloud as its enterprise resource planning software. Oracle is used for procure-to-pay, human capital management, project management, and financial management and reporting. Within Oracle, the Departmental Playbook is a set of standard reports across all functional areas of Oracle Cloud. Access to these reports is driven by user roles assigned in Oracle to each employee at Vanderbilt.

The Game Plan

Within Oracle Knowledge, the Game Plan is a narrative guide to using the Departmental Playbook. The Game Plan outlines expectations and objectives for use of the Departmental Playbook, identifies specific reports to be run at given intervals by administrators with specific user roles, and provides additional detailed guidance on the purpose and use of the various reports. Peabody administrators should establish a routine schedule for running and reviewing those reports that apply to their specific user roles. This schedule should comply with the minimum frequencies specified in the Game Plan. Additional reporting requirements for Peabody administrators are outlined below.

In all cases, administrators should retain a copy of the reports they review, including any notes, explanations, or other relevant documentation, and keep them on file in the event of an audit. These reports provide documentation of the ongoing monitoring activities of the department and College and should be retained for a period consistent with the University’s record retention guidelines (currently eight (8) years).
**Peabody Specific Guidelines**

Financial Unit Managers

- Within three (3) business days of the closing of the general ledger at the end of each calendar quarter, Financial Unit Managers should report any substantial budget variances to the Chief Business Officer, including an explanation of the reason for the variance. For purposes of this guideline, budget variances are calculated by taking the difference between the fiscal year-to-date budget and the fiscal year-to-date actual revenue/expenditures. This calculation is provided on the Budget vs. Actual reports in the Departmental Playbook by querying on the Financial Unit, All Programs, All Activities, and NAC = “UR” (all Unrestricted Net Asset Classes). Also for purposes of this guideline, “substantial” will refer to any account-level variance > $20,000 that is also either 1) > 10% of the fiscal year budget for that account or 2) > 1% of the total department’s fiscal year expenditure budget.

- On a regular basis (but at least monthly), Financial Unit Managers should review the Purchasing Summary, AP Invoice Outstanding Approvals, and One Card Transactions reports to ensure purchases are appropriate, invoices are paid timely, and One Card transactions are expensed timely. Additionally, on at least an annual basis, Financial Unit Managers should review the Open Blanket Orders report to identify blanket orders that need to be renewed.

- On an ongoing basis, Financial Unit Managers or their designees should utilize the project reports identified in the Game Plan to identify projects nearing their end date (and therefore needing to be closed out soon), projects nearly fully expended or actually in deficit, project budget variances, and aged project commitments/encumbrances that may need to be closed out. Sponsored projects should be reconciled and closed out in a timely manner, typically within 60-90 days of the end date of the project. Projects in deficit require departments to formulate a plan for relieving the deficit, especially at project closeout and at fiscal year-end.

HCM Specialists

- Within three (3) business days of the end of each calendar month, HCM Specialists should provide to each Financial Unit Manager a copy of the current Employee Roster, Award Compensation report, and Cost Allocation Plan report for their respective Financial Unit. (This is necessitated because Financial Unit Managers do not have access to HCM reports in Oracle.)

- On a regular basis (especially before each payroll deadline), HCM Specialists should run the HCM Data Integrity and Cost Allocation Verification reports, to help ensure data integrity and reduce the number of payroll errors. Financial Unit Managers and grant managers are also encouraged to run the Cost Allocation Verification report before each payroll deadline since they also have access to use this report to help spot issues.