

Research Financial Management A Finance Perspective

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AGENDA

- Research at the University of Newcastle
- Research Accounting
- 2008 Chart Restructure
 - Background History
 - Change Opportunities
- Researchers Published Reports
- Future Challenges
- Questions and Discussion

Research at the University of Newcastle

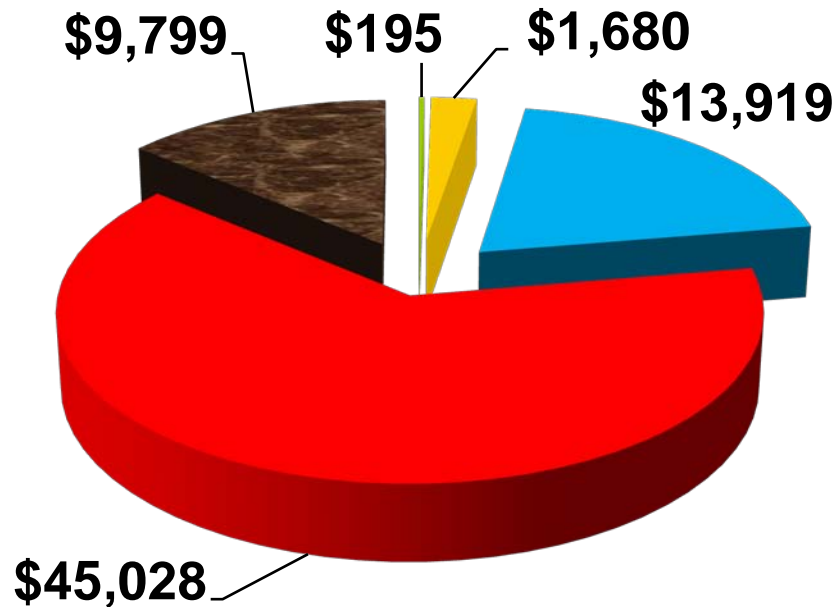
- Ranked 9th in Australia for Research Funding and Outcomes
- Formed the Hunter Medical Research Institute with the Hunter New England Area Health service and the community
- Home to the only Australian-based researcher in the 'Worlds Hottest 10' – breast cancer researcher Professor John Forbes
- One of the lowest consumers of energy of all Australian universities

Research at the University of Newcastle

- 12 Priority Research Centres in a wide range key focus areas in Health, Engineering and Sciences
- 2 ARC Centres of Excellence: Biotechnology and Development ; Complex Dynamic Systems and Control
- A broad range of other Research Centres, Groups and Institutes

Research at the University of Newcastle

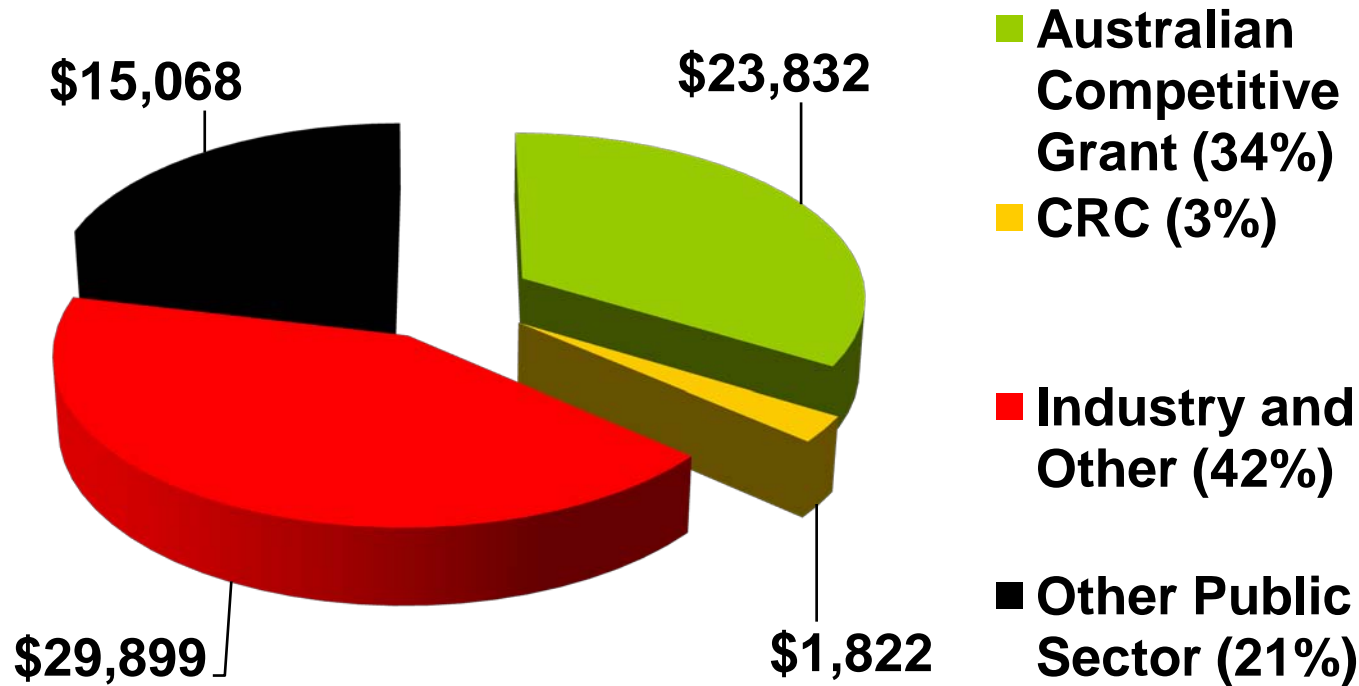
2007 HERDC By Faculty \$70.6 mil
\$'000



- Faculty of Business & Law (0.3%)
- Faculty of Education and Arts (2.4%)
- Faculty of Engineering and Built Environment (19.7%)
- Faculty of Health (63.8%)
- Faculty of Science and IT (13.9%)

Research at the University of Newcastle

2007 HERDC By Category \$70.6 mil
\$'000



Research Accounting

- Central team of 7 Staff members; 6.657 FTE (2 staff members on Part-time hours)
 - Part of VC Division; grouped with Financial Accounting yet overlaps with Management Accounting (CFO reports directly to VC)
 - Strategic Institutional level responsibility for research budgeting and forecasting across:
 - Faculties/Divisions, Schools/Centres
 - Income sources; expenditure trends; including Capital; Cash-flow impacts

Research Accounting

- Strategic advice to larger research centres
- External audit co-ordination of grants
- Routine tasks of team members :
 - All research invoicing
 - External financial reporting to funding bodies
 - Internal management reporting
 - Journals transferring expenditure between grants
 - Procedural advice and assistance to researchers

Research Accounting

- Staff assigned to Faculties
 - Exception: Health and Engineering which are broken up into Schools according to workload distribution i.e. Number of Grants / Subjective Difficulty
- Research Accounting works closely with Research Services within Research Division headed by DVC Research

Research Accounting

- Main Systems Used :
 - Technology One Financials Release 11.03
 - Includes Researchers Published Reports
 - Research Information System :
 - Callista – in process of moving to Info Ed
 - Various other web based systems (E.g. TRIM – Records Management System)

Research Accounting

- Finance System:
 - Cost Collector Types : Operating, Research, Restricted (Block Funds), Trusts, Capital
 - Approx 1200 Active Research Cost Collectors and 100 Internal Operating fund source research grants reported on by Research Accounting

Research Accounting

- Finance System:
 - Approx 440 Active Block Fund Cost Collectors reporting on \$26.9 mil of funds (09 IGS \$7.7m; RIBG \$5.1m; RTS \$14.1m).
 - Devolved to Faculties and Research Groups to manage; reporting functions - Faculty Management Accountants.

2008 Chart Restructure

2008 Chart of Accounts - the account number sequence (11 Digits)

The first digit in the cost collector identifies the cost collector type. For example, 8=Research, 3= Restricted, 1 = Operating etc .

The first digit represents a class for example, 5 = Non Salary Exp
The last 4 digits of the account number represent the natural account code.

The first 2 digits identify the entity. UoN is 10.

→ 10.80084.5101

↑
All digits in the middle sequence identify the 'Cost Collector'. This is simply a numerical sequence and does not identify a particular area or location.

2008 Chart Restructure – Background History

- 04-05; University in deteriorating deficit state
 - New VC appointed
 - External review of financial operations; management structures & procedural operations
 - Major restructure implemented Aug – Dec 05
 - Reduced staff = Centralised shared services model adopted

2008 Chart Restructure – Background History

- 05 cultural objective to re-affirm that research funds were university funds and not the possession individual researchers
- 05 – 07; Subsidiary Research Project Ledger created where income was isolated from expenditure:
 - Income separately credited to school control account
 - Expenditure permitted in subsidiary project accounts against an expenditure budget

2008 Chart Restructure – Background History

- Over time, manual expenditure budget raising process became messy:
 - Inconsistent budgeting rules; annual or whole of project life
 - Decentral to central staff continuity
 - External re-imburesements not always matched with appropriate budget increase.

2008 Chart Restructure – Change Opportunity

- 1/1/08, great opportunity to go back to receipting income directly back to the relevant cost collector and mitigate any further irregularities.
- Required a big clean up in reviewing 05-07 income received for each grant and confirming 07 year end budgets correct
- Confirmed 07 Budget – Expenses = 08 Bal B/fwd in new cash based system

2008 Chart Restructure – Change Opportunity

- 08 Cash based system enabled us to more accurately ascertain the unspent balance of Research funds
- Detailed salary information interfaced to finance system to improve financial reporting for researchers.
- Reconfiguration of numerous interfaces to adapt to new chart.
 - Web Based Researchers Financial Reporting System (RFRS) no longer supported by IT
 - Alternate solution required to meet Researcher demand for user friendly system

Researchers Published Reports - through Home Portal

Summary of Research Cost Collectors

Code	Entity/Cost Collector	B Fwd	Income	Expense	Commitments	Surplus	S
1081765	Karen Southwell - Micky Mouse Research	7,500	58,500	56,117	0	9,883	●
1081785	Mickey Mouse Techonologies International-So...	3,599	5,000	5,366	4,791	(1,559)	●
1081795	Monash Uni/ARC LP-Southwell-Methods & Sof...	0	66,227	17,143	61,831	(12,747)	●
1081796	Donald Duck Technologies International-South...	0	13,500	3,147	0	10,353	●
1081802	09ARC DP-Southwell-New Theory & Algorith...	0	52,033	525	7,500	44,008	●
1081949	Port Waratah Coal Services-Southwell-Allqorith...	0	10,000	2,576	3,833	3,591	●
Count: 6		11,099	205,260	84,874	77,955	53,529	

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Researchers Published Reports - through Home Portal

RF01 As at 31/3/XX

Account Code	Year To Date			Available Funds Guide ^{(1),(3)}	Annual Income Variance ⁽²⁾
	Actual	Commit.	Total		
	\$	\$	\$	\$	\$
INCOME					
Brought Forward	<u>82,300</u>	<u>-</u>	<u>82,300</u>	82,300	
Annual Income					
<u>4304 - ARC - Discovery - Projects</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>		
<u>0004 - Annual Indicative Income Budget (AIIB)</u>				100,000	
Total Annual Income	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>100,000</u>	75,000
EXPENDITURE					
Total Research Fund Sources	<u>107,300</u>	<u>-</u>	<u>107,300</u>	<u>182,300</u>	
Total Salary Related Expenditure	<u>26,500</u>	<u>79,500</u>	<u>106,000</u>		
Total Non-Salary Related Expenditure	<u>3,133</u>	<u>-</u>	<u>3,133</u>		
Total Expenditure	<u>29,633</u>	<u>79,500</u>	<u>109,133</u>	<u>109,133</u>	
Net Surplus / (Deficit)	<u>77,667</u>	<u>(79,500)</u>	<u>(1,833)</u>	<u>73,167</u>	Available Funds ^{(1),(3)}

September 2, 2009

Researchers Published Reports

- The timing of cash receipts was making it harder for researchers to determine at a glance:

“How much do I have to spend ?”

- Necessary to have an Annual Indicative Income Budget (AIIB) to determine available funds to spend in a given year.
- AIIB is a budget journal representing the estimated annual cash income of the Research Grant based on the information provided to Research Accounting

Researchers Published Reports

- The Bottom line to the Available Funds Guide

Balance Brought Forward + Annual Indicative Income Budget (AIB) - Year to Date (YTD) Expenditure and Commitments = "Available Funds" to Spend

- The AIB facilitates the Annual Income Variance:
 - assists researchers in monitoring anticipated income
 - triggers investigation to seek reasons why income is not received

Researchers Published Reports

- AllIB's in System for ARC and NH&MRC grants
- AllIB's beyond this are put up in response to Researcher demand and other relevant information.
- In the event that no AllIB has been put up the report still shows the cash position (Tan coloured cell)
- Available funds and Annual Income Variance will not work without the AllIB.
- Report also contains grant salary information, interfaced from payroll system, following on from financials

Future Challenges

- Sustainable Research Excellence (SRE) funding 80% of which is contingent upon undertaking Activity Based or Transparent Costing:
 - Reaching consensus of the different perspectives of measurement of cost drivers
 - The cost of collecting and maintaining data to support this
 - Impacts on internal Overhead Policy
- Managing the cash impacts of unspent research balances
- Recognition of revenue (timing: receipt v use)

THANK YOU

QUESTIONS



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