Variance Reporting Process Guide

What
Use this guide to complete year end variance reports for both the University Budget Office (UBO) and the Financial Analysis and Information Reporting group (FAIR). Final narratives (in a Word document) to satisfy both central unit requirements should be emailed to ubo-budgetsys@lists.stanford.edu, kbrazil@stanford.edu (FAIR) and msavage1@stanford.edu (FAIR). Review the “Basic Guidelines for Commentary” section starting on page 2 to understand how to write your narratives.

Who
This role may be performed by Budget Officers, Budget Analysts, Unit Managers, or Unit Financial Analysts. You can confirm your Tidemark authority in the Authority Manager application at https://authority.stanford.edu in the Financial System area and the Budget Management function.

Why
Similar to prior years, UBO and FAIR make a joint ask for year-end analysis. The information you provide helps both offices prepare their university-wide consolidated year end reports for university leadership, the Board of Trustees, auditors, and other external audiences.

When
A joint communication goes out from UBO and FAIR in September with the formal request and deadlines. Both Actuals vs Actuals and Budget vs Actuals analysis are due in mid-October. Please note: Your budget unit may have earlier deadlines to support internal review. Please coordinate with your Budget Officer.

Prerequisites:

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
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</thead>
</table>
| 1    | You must have authority to complete this process (granted through Authority Manager by org, project/task or award). You must have one of the following roles assigned to complete this process:  
  • Budget Officer / Formula School Budget Officer  
  • Budget Analyst  
  • Unit Manager  
  • Unit Financial Analyst/SoM Unit Analyst  
  • SoM DFA |
| 2    | The process will be available when year end actuals have been loaded in late September. |
Variance Analysis Guidelines

Variance Definition: Calculated differences between:
1) FY17 Actuals and FY18 Actuals
2) FY18 Booked Budget and FY18 actuals

Variance Threshold: An explanation is required if a variance exceeds the greater of ±$500,000 or ±10%.

When to Submit: Monday, October 15, 2018

Where to Submit: Email word files to kbrazile@stanford.edu msavage1@stanford.edu (FAIR) and ubo-budgetsys@lists.stanford.edu

Variance Reports to Use: A Year End Variance Reporting process is available in Tidemark, within which there are five reports that can be used to analyze variances. They are:

- Variance by Object Code
- Variance by Org and PTA
- Variance by Award Type and Object Code
- Variance by Award Type and Org
- Actuals Trend

Narrative Structure: Two separate write-ups are required, one to explain the variances between FY17 and FY18 actuals and the other to explain the variances between FY18 Booked Budget and actuals. In each, start with a high-level summary of total variances in revenues and operating transfers, expenses, asset transfers, operating results, and year-end fund balances. Then comment on major variances in each of these categories.

Basic Guidelines for Commentary

- **Focus on variances at the consolidated budget level.** Only drill down to variances in individual fund types if they are important (e.g. different trends in federal and non-federal research)
- **Prioritize variances that convey meaningful stories.** For variances due to geographical moves (e.g. changed from an expense item to a transfer), point them out briefly and move on.
- **Explain WHY there is a variance.** For instance, why did it cost more or less? Why was the revenue higher or lower?
- **Describe variances in the context of a program/department within your unit,** so an outside audience can learn what’s happening within your unit.
Examples of Inadequate and Useful Commentaries:

**Poor:** There were more gifts received than expected.
**Good:** Expendable Gifts were $5 million higher than budget because of a one-time estate gift from A Foundation to support B program.

**Poor:** Other Income was higher because income from facilities rental was greater than estimated.
**Good:** Other Income was $1 million higher due to facilities rental fees earned on newly renovated building ABC, which was used to host summer conferences.

**Poor:** Operating transfers were greater because of external funding for a new program in Unit A.
**Good:** The level of transfers was greater than FY17 because an additional $1M was allotted to Unit A to co-fund the instructional services of its Program B.

**Poor:** Lower compensation expenses were due to vacancies in FY18.
**Good:** Compensation was lower by $500,000 than the budget because about 2% of budgeted positions were vacant this year. They are anticipated to be filled next year.

**Poor:** Capital equipment expenses were greater than FY17 because of major equipment purchases in FY18.
**Good:** Equipment purchases were $1 million higher than FY17 mainly because a grand piano for the faculty of the Music Department was purchased in FY18.
Accessing the Variance Reporting Process

You must have authority to access the system. Authority is granted through Authority Manager by org, project/task, or award.

Browser Requirements:

• Google Chrome
• Internet Explorer 11+
• Safari Mobile on iOS-4+

To access Tidemark:

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
</tr>
</thead>
</table>
| 1    | Access the Tidemark application from the following website:  
|      | [https://stanford.tidemark.net](https://stanford.tidemark.net) |
| 2    | Log into the application through WebAuth using your SUNet ID and password. |
| 3    | Click the Financial Planning icon. |
| 4    | Click the 04. Variance Reporting icon to bring up the process. |

Result: Tidemark will list all financial planning processes available to you.

Result: The associated process map appears.
Variance Reporting Process Overview

The Variance Reporting Process contains five reports comparing budget and actual data. These reports will be used to help you write your ‘story’, which is done in Word and emailed to UBO & FAIR.

Additionally, line item comments may be written on any of the reports. While these will not be formally reviewed by the UBO & FAIR, they may be a helpful tool in coming up with your official Year End Variance narrative.

Note: The process map shows incomplete panel names. In the system, you can hover over the blue title band to see the full name scroll across the panel icon.

Another way to see full names is to select “LIST” in the upper left area of the screen to see the below LIST view of the process map.
### Panel Descriptions

<table>
<thead>
<tr>
<th>Panel Name</th>
<th>Description</th>
<th>For detailed instructions, see page:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variance by Object Code</td>
<td>Review and comment entry panel listing object codes down rows and Actual vs Actual and Budget vs Actual amounts and variances across columns.</td>
<td>9</td>
</tr>
<tr>
<td>Variance by Org and PTA</td>
<td>Review and comment entry panel listing org hierarchy down rows (expandable to PTA level) and Actual vs Actual and Budget vs Actual amounts and variances across columns.</td>
<td>11</td>
</tr>
<tr>
<td>Variance by Award Type and Object Code</td>
<td>Review and comment entry panel listing object codes down rows and Actual vs Actual and Budget vs Actual amounts and variances across columns by Award Type.</td>
<td>13</td>
</tr>
<tr>
<td>Variance by Award Type and Org</td>
<td>Review and comment entry panel listing org hierarchy down rows (expandable to PTA level) and Actual vs Actual and Budget vs Actual amounts and variances across columns by Award Type.</td>
<td>15</td>
</tr>
<tr>
<td>Actuals Trend</td>
<td>Review and comment entry panel for Actual vs Actual variances only. Object codes are listed down rows while across the columns, the panel lists Year End Actuals for a series of years along with the year over year % change and prior year vs current year $ variance.</td>
<td>16</td>
</tr>
<tr>
<td>515– All PTA Detail and Object Code Detail by Month</td>
<td>Used to drill down to lowest level PTA and Object Code Detail. This report is located in the “3. Reporting” process</td>
<td>17</td>
</tr>
</tbody>
</table>
Things to keep in mind:

- Tidemark allows you to have multiple instances of your data open at the same time. That means you can open multiple browser windows with different panels in each so you can easily investigate variances at different levels without losing your place.
  - For example, you can open a browser tab with the Variance by Object Code and a second with the Variance by Org and PTA and navigate between the two tabs.
- Remember you can use the page edge filters to investigate variances and narrow in on specific information.
- Comparisons involving very small amounts (cents) where the displayed value is zero can yield large percentage variances.
- Variance calculations are embedded with financial awareness based on object codes.
  - When revenue decreases, it is displayed as an unfavorable variance (negative variance) and vice versa
  - When an expenditure decreases, it is displayed as a favorable variance (positive variance) and vice versa
- Explanation columns are free form fields that you can use for line item notations. Entries made in these columns are tied to the specific intersection of data and will be available in other panels when viewing the same intersection.
- Tidemark limits entries to 1,000 characters per cell.
- While the UBO and FAIR will be reviewing your variances at the budget unit level, you may use this process to distribute variance analysis to your departments. Narratives entered by your departments can be reviewed in the final two panels of the process.

<table>
<thead>
<tr>
<th>If . . .</th>
<th>Then . . .</th>
</tr>
</thead>
<tbody>
<tr>
<td>You want to view variances for an org across all object codes</td>
<td>Go to the Variance by Object Code panel</td>
</tr>
<tr>
<td>You would like to see variances for an organization by award type (side by side) across all object codes.</td>
<td>Go to the Variance by Award Type and Object Code panel</td>
</tr>
<tr>
<td><strong>Note:</strong> This panel is similar to the Variance by Object Code Panel, however, in this panel you can see variances by award type displayed side by side as opposed to one at a time.</td>
<td></td>
</tr>
<tr>
<td>You want to drill into a variance by looking at the breakdown by your Org Hierarchy, PTA, and/or specific Object Code</td>
<td>Go to the Variance by Org and PTA panel</td>
</tr>
</tbody>
</table>
### Variance Reporting Process Guide

<table>
<thead>
<tr>
<th>You want to drill into a variance by looking at the breakdown across your Org Hierarchy, PTA, and/or specific Object Code <strong>AND</strong> also want to see the side by side comparison by award type</th>
<th>Go to the Variance by Award Type and Org panel</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Note:</strong> This panel is similar to the Variance by Org and PTA, however, in this panel you can see variances by award type displayed side by side as opposed to one at a time.</td>
<td></td>
</tr>
<tr>
<td>You would like to see year end actual data over multiple years to help explain your Prior Year Actual vs Current Year Actual Variance</td>
<td>Go to the Actuals Trend panel</td>
</tr>
<tr>
<td>You would like to export monthly details of your budget or actuals data for use in your variance analysis</td>
<td>Go to 511 PTA Detail and Object Code Detail by Month panel (in “3. Reporting” process)</td>
</tr>
</tbody>
</table>
## Variance Reporting Process Guide

### Panel: Variance by Object Code

Review and comment entry panel listing object codes down rows and Actual vs Actual and Budget vs Actual amounts and variances across columns.

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
</tr>
</thead>
</table>
| 1    | On the Year End Variance Reporting Process map click the **Variance by Object Code** panel.  
**Result:** The corresponding panel opens. |
| 2    | a Review the data displayed.  
Review the page slice.  

![Page Slice Filter](image)

The page slice controls which org is shown on the page. Your display will default to the highest level org for which you have authority.  

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
</tr>
</thead>
</table>
| 2    | b Review the page edges.  

![Page Edge Filters](image)

The page edges allow you to filter the data displayed on the page.  
**Note:** When you see a + symbol on the page edge filter arrows you can select multiple items in that filter category.  

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
</tr>
</thead>
</table>
| 2    | c Review the rows on the grid.  
- The full object code hierarchy can be displayed (including transfers & fund appropriations)  
- By default you will only see object codes that have data  
- To see all rows, click the Customize View icon, and set Hide empty grid rows to off.  
**Note:** When you see a right pointing arrow to the left of an object code, the object code can be further expanded by clicking on the arrow. When the arrow is pointing down, the object code has been fully expanded. When no arrow appears to the left of the object code, the object code has no children/it is the lowest level object code. |

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
</tr>
</thead>
</table>
| 2    | d Review the columns on the grid  
- Prior Year Actual vs Current Year Actual information is displayed first. Data for 3 years is listed to assist with analysis; current year and two prior years. Next the calculated variance between the prior year and current year are listed in $ and %. |
### Variance Reporting Process Guide

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
</tr>
</thead>
</table>
| 3    | Optional: Double-click to enter comments in yellow-highlighted cells. Click the **Save** button.  
**Result:** Your comments are saved, and will be available to view or edit from other reports at the same intersection. |
Panel: Variance by Org and PTA

Allows you review and enter variance explanations for both Actual vs Actual and Budget vs Actual at the org code hierarchy level (expandable to PTAs).

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
</tr>
</thead>
</table>
| 1    | On the Year End Variance Reporting Process map click the **Variance by Org and PTA** panel.  
**Result:** The corresponding panel opens. |
| 2    | Review the data displayed. |
|      | a  | Review the page slice.  
The page slice controls which org is shown on the page. Your display will default to the highest level org for which you have authority. |
|      | b  | Review the page edges. |
|      | c  | Review the rows on the grid.  
  - The full org code hierarchy will be displayed and expanded to include PTAs  
  - By default you will only see org codes that have data  
  - To see all rows, click the Customize View icon ☰, and set **Hide empty grid rows** to **off**.  
  **Note:** When you see a right pointing arrow ⬅️ to the left of an org code, the org can be further expanded by clicking on the arrow. When the arrow is pointing down ⬇️, the org code has been fully expanded. |
|      | d  | Review the columns on the grid.  
  - Prior Year Actual vs Current Year Actual information is displayed first. Data for 3 years is listed to assist with analysis; current year and two prior years. Next the calculated variance between the prior year and current year are listed in $ and %.  
  - Budget vs Actual information is displayed second. Current Year Booked Budget followed by Current Year End Actuals and the calculated variance in $ and %.  
  - The two final columns (with yellow cells) are variance explanation entry fields. One column is for the Prior Year Actual vs Current Year Actual variance Explanation and the other for the Budget vs Actual Variance Explanation. |
<table>
<thead>
<tr>
<th></th>
<th>Variance Reporting Process Guide</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Review the variances on your panel. Optional: Enter comments in variance explanation columns as you see fit. These optional comments can help identify key drivers of variances which will ultimately be included in your narrative.</td>
</tr>
</tbody>
</table>
| 4 | Click the **Save** button.  
**Result:** Your comments are saved, and will be available to view or edit from other reports at the same intersection.  
**Note:** Any time you see a red triangle on the top right corner of a cell, it indicates that the information in that cell has not been saved. |
Panel: Variance by Award Type and Object Code

Review and comment entry panel listing object codes down rows and Actual vs Actual and Budget vs Actual amounts and variances across columns by Award Type.

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
</tr>
</thead>
</table>
| 1    | On the Year End Variance Reporting Process map click the **Variance by Award Type and Object Code** panel.  
**Result:** the corresponding panel opens. |
| 2    | Review the data displayed.  
  a | Review the page slice.  
The page slice controls which org is shown on the page. Your display will default to the highest level org for which you have authority.  
  b | Review the page edges.  
The page edges allow you to filter the data displayed on the page  
  c | Review the rows on the grid.  
  - The full object code hierarchy can be displayed (including transfers & fund appropriations)  
  - By default you will only see object codes that have data  
**Note:** When you see a right pointing arrow \( \rightarrow \) to the left of an object code, the object code can be further expanded by clicking on the arrow. When the arrow is pointing down \( \checkmark \), the object code has been fully expanded.  
  d | Review the columns on the grid  
  - For each Award Type Prior Year Actual vs Current Year Actual information is displayed first. Data for 3 years is listed to assist with analysis; current year and two prior years. Next the calculated variance between the prior year and current year are listed in \$ and \%.  
  - Budget vs Actual information is displayed second. Current Year Booked Budget followed by Current Year End Actuals and the calculated variance in \$ and \%.  
  - The two final columns (with yellow cells) are variance explanation entry fields. One column is for the Prior Year Actual vs Current Year Actual variance Explanation and the other for the Budget vs Actual Variance Explanation.
### Variance Reporting Process Guide

|   | Review the variances on your panel. Optional: Enter comments in variance explanation columns as you see fit. These comments should help identify key drivers of variances which will ultimately be included in your narrative. Click the **Save** button.  
**Result:** Your comments are saved, and will be available to view or edit from other reports at the same intersection. |   |
Panel: Variance by Award Type and Org

Allows you review and enter variance explanations for both Actual vs Actual and Budget vs Actual by award type across columns and at the org code hierarchy level (expandable to PTAs) down rows.

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
</tr>
</thead>
</table>
| 1    | On the Year End Variance Reporting Process map click the Variance by Award Type and Org panel.  
**Result:** The corresponding panel opens. |
| 2    | Review the data displayed. |
|      | **a** Review the page slice.  
The page slice controls which org is shown on the page. Your display will default to the highest level org for which you have authority. |
|      | **b** Review the page edges.  
The page edges allow you to filter the data displayed on the page |
|      | **c** Review the rows on the grid.  
• The full org code hierarchy can be displayed and expanded to include PTAs  
• By default you will only see org codes that have data  
**Note:** When you see a right pointing arrow to the left of an org code, the org can be further expanded by clicking on the arrow. When the arrow is pointing down, the org code has been fully expanded. |
|      | **d** Review the columns on the grid  
• For each award type, Prior Year Actual vs Current Year Actual information is displayed first. Data for 3 years is listed to assist with analysis; current year and two prior years. Next the calculated variance between the prior year and current year are listed in $ and %.  
• Budget vs Actual information is displayed second. Current Year Booked Budget followed by Current Year End Actuals and the calculated variance in $ and %.  
• The two final columns (with yellow cells) are variance explanation entry fields. One column is for the Prior Year Actual vs Current Year Actual variance Explanation and the other for the Budget vs Actual Variance Explanation. |
| 3    | Review the variances on your panel. Optional: Enter comments in variance explanation columns as you see fit. These comments should help identify key drivers of variances which will ultimately be included in your narrative. Click the **Save** button.  
**Result:** Your comments are saved, and will be available to view or edit from other reports at the same intersection. |
Variance Reporting Process Guide

Panel: Actuals Trend

Allows you review and enter variance explanations for only Actual vs Actual variances, at the object code hierarchy level.

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
</tr>
</thead>
</table>
| 1    | On the Year End Variance Reporting Process map click the **Actuals Trend** panel.  
**Result:** The corresponding panel opens. |
| 2    | a Review the data displayed  
Review the page slice.  
The page slice controls which org is shown on the page. Your display will default to the highest level org for which you have authority.
|     | b Review the page edges.  
The page edges allow you to filter the data displayed on the page |
|     | c Review the rows on the grid.  
  - The full object code hierarchy can be displayed (including transfers & fund appropriations)  
  - By default you will only see object codes that have data  
  - To see all rows, click the Customize View icon, and set **Hide empty grid rows** to off.  
  **Note:** When you see a right pointing arrow to the left of an object code, the object code can be further expanded by clicking on the arrow. When the arrow is pointing down, the object code has been fully expanded. When no arrow appears to the left of the object code, the object code has no children/it is the lowest level object code. |
|     | d Review the columns on the grid  
  - Year End Actuals are listed for 5 years  
  - Next are the year over year variances as a %.  
  - The last numerical column lists the prior year vs current year variance amount in $  
The final column (with yellow cells) is the variance explanation entry field for Prior Year Actual vs Current Year Actual variances. |
| 3    | Review the variances on your panel. Optional: Enter comments in variance explanation columns as you see fit. These optimal comments can help identify key drivers of variances which will ultimately be included in your narrative. Click **Save** button. |
Panel: 515 All PTA Detail and Object Code Detail by Month

Allows you review detailed budget and actuals information by month for an Org or PTA and Object Code

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>On the 03. Reporting Process map click the <strong>515 – All PTA Detail and Object Code Detail by Month</strong> panel.</td>
</tr>
</tbody>
</table>

**Result:** The corresponding panel opens.

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Review the data displayed.</td>
</tr>
</tbody>
</table>

**a** Review the page slice.

The page slice controls which org is shown on the page. You can select any org that you have access to (either as a child or parent member of the org hierarchy)

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td><strong>b</strong> Review the page edges.</td>
</tr>
</tbody>
</table>

The page edges allow you to filter the data displayed on the page. You can select either Actual or Budget data from the Scenario page edge.

**Note:** When you see a + symbol on the page edge filter arrows you can select multiple items in that filter category

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td><strong>c</strong> Review the rows on the grid.</td>
</tr>
</tbody>
</table>

- Rows are made up of two fields; PTA and Object Code.
- By default you will see all PTA & Object Code combinations with values for the slice of data identified via the page slice and edges
### Variance Reporting Process Guide

<table>
<thead>
<tr>
<th></th>
<th>Review the columns on the grid</th>
</tr>
</thead>
<tbody>
<tr>
<td>d</td>
<td>• The first column displays the full annual amount for the PTA &amp; Object Code combination.</td>
</tr>
<tr>
<td></td>
<td>• Subsequent columns represent each month of the fiscal year</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Review the data</th>
</tr>
</thead>
<tbody>
<tr>
<td>e</td>
<td>This report provides your financial information at a more granular level that is currently available in the Year End Variance panels, and can be used to assist with investigating variances at year end.</td>
</tr>
</tbody>
</table>