

# Strategic Finance Issues



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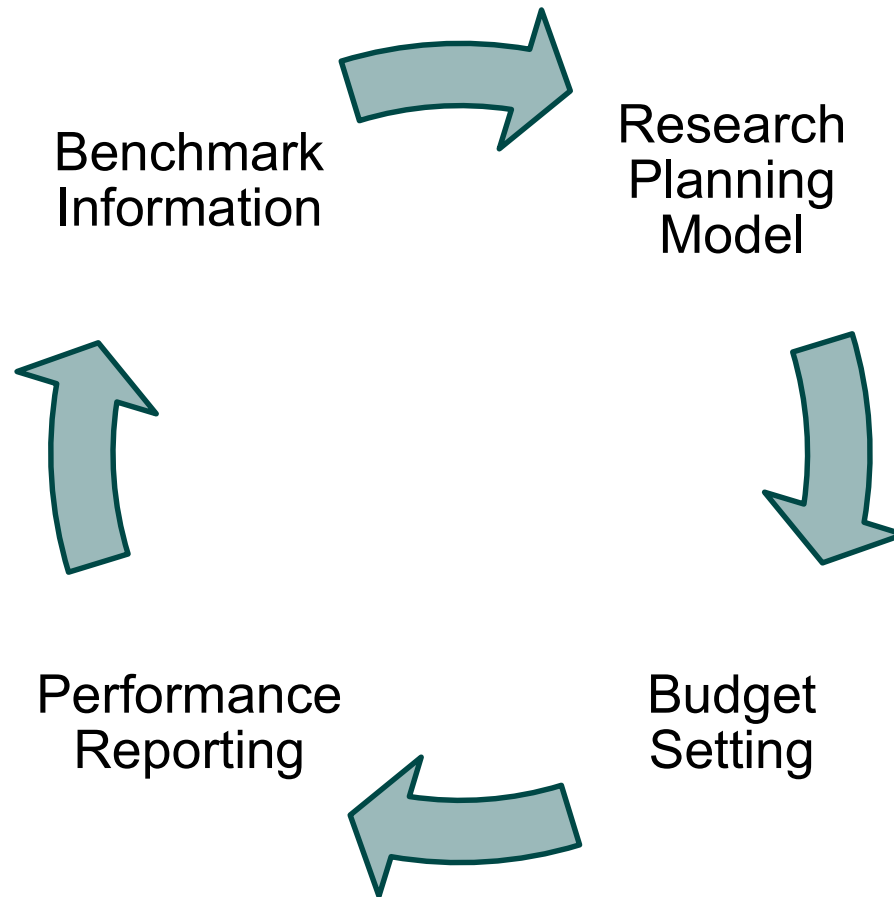
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# Areas to be Covered

- Financial Strategy and Process
- Planning, Budgeting, and Resource Allocation
- Financial Reporting
- Research Financial Administration

- A typical finance strategy is:
  - “To be financially viable by operating in a sustainable manner, maximising use of financial resources by investing in areas of continued or potential excellence”
- Links between the Research and Finance Strategies
- Information needed to make decisions; location of decisions
- Pricing and sustainability
- Incentives and reward mechanisms

# Planning and Budgeting



# Resource Allocation Decisions

- Gross or net representation
- Top-down (income generated) or bottom-up (expenditure incurred)
  - Funding strategic investment for change
  - Addressing sustainability
  - Including contingency
- Top slice or cost allocation
- Cross-subsidisation or requirement for budget centres to break even, at least

# RAM Choices

- An element of fashion!
- Centralisation can bring economies of scale, and elements of control
- Devolution enables use of local knowledge and can be more flexible

# Financial Reporting

- Reporting requirements often define the structures and data in institutional systems
- Finance systems are likely to be driven by annual funding and reporting
- Institutional financial accounting is different from management accounting
- Individual research projects often need something different

- Maximising and enabling research activity
  - Simplicity, effectiveness, efficiency of operation
  - Includes pre- and post-award
  - Provision of appropriate information
  - Needs to be coupled to non-financial admin
- Ensuring compliance with internal and external policies
- Deployment of trained staff across the institution



# Conclusions

- Essential to be part of the (financial) planning process
- Ensure you understand your resource allocation mechanism
- Understand the differences between financial and management accounting, and what is needed to administer research
- Coupling the research and finance strategies
- Achieving effective and efficient financial administration to the benefit of research

# Questions and Discussion

