

Variance Analysis



Variance Analysis Step by Step How to Notes:

1. Before you start, refer to the variance analysis grid found on the Financial Services website at [Variance Analysis Grid](#) to determine the following:
 - the 5 digit number for the org code which represents your unit
 - which level your org code represents in the org code hierarchy in Banner
2. Once you have determined all of the above, you can proceed to open the report and refresh it.
3. Review the report for all line-items identified in red as they represent variances of +/- \$100,000. These are the line-items requiring further explanations. Multiple drilldowns allow for various levels of detail information. However, you are only required to explain the line-items identified in red per the summary report PRIOR to using the drill-down option. Note that the variances are calculated to be the difference between current year and prior year. This is meant to serve as a guide to identify which line-items require an explanation.
4. Export the crystal report to excel data only and add an additional column:
 - Title the column "Notes"
5. For those line-items identified in red, reference the line-items requiring explanations under the column titled, "Notes" and disclose your notes below the report as illustrated per Appendix 1.
6. Finally, when responding, please ensure that your analysis is clear, concise & complete.

To serve as a guide for the type of explanations required, see below for examples of invalid/valid explanations.

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Examples of invalid explanations:

- SOGS: I have very little information. I can see a cheque being received from Company XYZ and I can only assume it is for a project operated by Professor Smith. He left the university and I assume someone in the department has taken over this project.
- SOGS: There was an increase in sales.
- Gifts & Bequests: There were fewer donations.
- Contract Services: Other decreases are spread among all departments and are a result of lower costs.
- I'll look into it but it won't be before mid-August when I return from vacation.
- Please note that the Chair and Admin Assistant are away and I cannot get any further information at the current time.

Examples of valid explanations:

- Sales of goods and services increased by approximately \$1.1 million due to rental income earned on new property XYZ which was purchased in the current fiscal year.
- Gifts & Bequests decreased due to the one-time donation of \$12,000 from Mrs. Brown received in the prior year.
- Materials, supplies and publications increased by \$0.4 million due to the decrease in recoveries earned for books and publications internal sales to faculties.
- Capital purchases decreased by \$0.5 million in the current fiscal year mainly due to the purchase of a grand piano by the faculty of Music in the prior fiscal year.
- Building Occupancy costs increased by \$0.7 million due to major renovations in Athletics comprised as follows: \$0.4 million for new roof at Mac Campus, \$0.2 million for electrical devices in Molson Stadium, and other insignificant items amounting to \$0.1 million.

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Appendix 1

Variance Analysis 90XXX - Faculty of XYZ

| 10 Unrestricted Funds Org Level = 3 | Current Fiscal Year: 15 | | | Prior Fiscal Year: 14 | | | Variance | |
|--|-------------------------|-------------------------------|------------------|-----------------------|-------------------------------|----------------|----------------------------------|-----------|
| | Operating 1A & 1F | Self Financing NON 1A & 1F | Total Current | Operating 1A & 1F | Self Financing NON 1A & 1F | Total Prior | Change Current vs Prior \$ | % |
| 1. Revenue | | | | | | | | |
| Sales of Goods and Services | 134,890.66 | 1,835,541.91 | 1,970,432.57 | 424,207.40 | 1,760,309.30 | 2,184,516.70 | (214,084.13) | (9.8) A |
| Gifts and Bequests | (0.00) | 94,800.19 | 94,800.19 | (0.00) | 114,748.78 | 114,748.78 | (19,948.59) | (17.4) |
| Investment Income | (0.00) | 37,343.78 | 37,343.78 | (0.00) | 37,797.48 | 37,797.48 | (453.70) | (1.2) |
| 2. Salary Expenses | | | | | | | | |
| Academic Salaries | (8,100,662.53) | (636,646.88) | (8,737,309.41) | (8,841,429.69) | (825,404.27) | (9,666,833.96) | 929,524.55 | 9.6 |
| Non-Academic Salaries | (2,213,394.70) | (183,605.70) | (2,397,000.40) | (2,751,385.88) | (378,372.03) | (3,129,757.91) | 732,757.51 | 23.4 |
| Student Salaries | (180,084.16) | (360.71) | (180,444.87) | (248,926.60) | (3,965.38) | (252,891.98) | 72,447.11 | 28.6 |
| Student Aid | (24,600.00) | (1,680.00) | (26,280.00) | (48,069.72) | (2,977.76) | (51,047.48) | 24,767.48 | 48.5 |
| Benefits | (1,638,174.97) | (115,648.03) | (1,753,823.00) | (1,894,336.05) | (164,824.85) | (2,059,160.90) | 305,337.90 | 14.8 |
| 3. Non-Salary Expenses | | | | | | | | |
| Materials, Supplies and Publication | (36,084.21) | (12,553.68) | (48,637.89) | (38,138.20) | (10,223.59) | (48,361.79) | (276.10) | (0.6) |
| Contract Services | (307,738.00) | (11,344.02) | (319,082.02) | (80,630.71) | (8,135.79) | (88,766.50) | (230,315.52) | (259.5) B |
| Professional Fees | (35,714.15) | (19,670.66) | (55,384.81) | (173,094.06) | (33,449.48) | (206,543.54) | 151,158.73 | 73.2 C |
| Travel | (74,551.75) | (49,993.68) | (124,545.43) | (87,213.46) | (72,880.90) | (160,094.36) | 35,548.93 | 22.2 |
| Building Occupancy Costs | (131,363.50) | (63,323.07) | (194,686.57) | (216,934.36) | (76,735.71) | (293,670.07) | 98,983.50 | 33.7 |
| Other Non-Salary Expenses | (316,172.89) | (100,715.69) | (416,888.58) | (370,287.60) | (128,075.22) | (498,362.82) | 81,474.24 | 16.3 |
| Hardware & Software Maintenance | (373.12) | (282.42) | (655.54) | (6,702.56) | (0.00) | (6,702.56) | 6,047.02 | 90.2 |
| Capital Purchases | (40,098.65) | (37,630.39) | (77,729.04) | (82,029.38) | (44,203.89) | (126,233.27) | 48,504.23 | 38.4 |
| Interest & Bank Charges | (3,874.77) | (30,036.03) | (33,910.80) | (4,156.13) | (31,195.22) | (35,351.35) | 1,440.55 | 4.1 |

(A) Decrease due to 2 medical conferences in Feb 2014 titled "Eliminating Stress" & "Preventing Heart Disease" which generated a total of \$214 k in registration fees
 (B) Increase due to Security Services Contract with XYZ Company for \$230 k re security in new building at 700 Mainstreet
 (C) Decrease in Professional Fees of \$151 k due to 2 elaborate operas produced in FY14