

**ADMINISTRATIVE POLICY**

# Financial Reporting Policy

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<b>Approval Authority:</b>	<b>Vice Chancellor for Finance, Information Technology and CFO</b>	<b>Originally issued:</b> October 2017
<b>Responsible Administrator:</b>	<b>Controller</b>	<b>Current version</b> <b>effective as of:</b>
<b>Responsible Office:</b>	<b>Finance</b>	July 2023
<b>Policy Contact:</b>	<b>Director of Accounting and Financial Reporting</b>	

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**POLICY STATEMENT/REASON FOR POLICY**

This document defines the policies for reporting Vanderbilt's financial results to ensure accuracy, reliability, and conformity with Generally Accepted Accounting Principles (GAAP). These policies apply to internal and external reporting performed on a quarterly and annual basis, as well as the ongoing accounting records used to generate this reporting.

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**THIS POLICY APPLIES TO**

This policy applies to all Vanderbilt employees involved in the preparation of Vanderbilt financial statements and associated management materials, including the Quarterly Financial Report (QFR), Board of Trust (BOT) slides, and the External Financial Report (EFR).

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**POLICY****A. Responsibility of Financial Reporting**

Financial Reporting is responsible for ensuring that the university's financial statements provided to internal or external parties are presented fairly in all material respects, and that these statements are in conformity with GAAP. Financial Reporting is responsible for the timely preparation, review, and submission of all required financial reports, with the exception of the A-133 financial report and NCAA agreed upon procedures for which Research Finance and Athletics are responsible, respectively. All reporting materials are subject to review by an appropriate member of the Financial Reporting team to ensure completeness and accuracy.

**B. Annual EFR:**

1. Financial Reporting compiles the EFR utilizing general ledger (GL) and other financial data and prepares a tie out of the EFR to the underlying support. Financial Reporting retains this supporting documentation in the Finance shared drive.
2. Financial Reporting completes a financial statement disclosure checklist to ensure completeness of all required financial statement disclosures.
3. The Director of Accounting and Financial Reporting reviews the draft EFR prior to submission to the CFO and Controller.
4. The CFO and Controller review the EFR.

5. Financial Reporting provides the EFR, supporting documentation, and the financial statement disclosure checklist to the external auditors in support of their financial statement audit.

#### C. With respect to quarterly reporting deliverables:

1. Financial Reporting prepares the QFR and BOT slides, utilizing the GL and other financial data provided by individuals throughout the university. Financial Reporting retains supporting documentation in the Finance shared drive.
2. The Director of Accounting and Financial Reporting reviews the draft QFR and BOT slides prior to submission to the CFO and Controller.
3. The CFO and Controller review the QFR and BOT slides.

#### D. Ongoing reporting responsibilities at each quarter to ensure accuracy of information include:

1. As needed, the Financial Reporting team prepares reporting entries to ensure quarterly and annual financial statements are accurate and in accordance with GAAP. All reporting entries must be accompanied by sufficient supporting documentation and approved in accordance with Vanderbilt's journal entry policy.
2. Period 13 entries made as part of the annual financial reporting process will be reviewed for materiality and potential misstatements. Only material adjustments that are necessary to comply with US GAAP will be recorded. Period 13 is only opened as needed and all entries must be approved for posting by the Financial Reporting team prior to opening Period 13.
3. At least quarterly, Financial Reporting ensures proper elimination of all material intercompany activity within the financial statements.
4. At least quarterly, Financial Reporting performs a variance analysis at the financial statement line item level to detect possible errors and/or to provide explanations for significant fluctuations.

#### E. Audit Responsibilities:

Financial Reporting is responsible for establishing, coordinating, and managing the annual financial statement audit performed by Vanderbilt's external audit firm, as appointed by the Audit Committee. Finance submits the annual financial report to the Audit Committee for approval at the Fall Audit Committee meeting each year.

#### F. Reports to Outside Parties

Any financial reports to outside parties (with the exception of the A-133 and NCAA reports), must be approved by Financial Reporting and/or the Controller prior to distribution.

#### G. Financial Attestation Form

On an annual basis, all business leaders sign a Financial Attestation Form asserting that the financial records for their respective business areas are materially accurate, in accordance with GAAP and Vanderbilt policy, and that any significant matters such as fraud or internal control weaknesses have been appropriately communicated.

#### H. Management Representation Letter

On an annual basis in conjunction with the external financial statement audit, the Chancellor, Vice

Chancellor for Finance, Information Technology and CFO, Associate Vice Chancellor's for Finance, and Controller provide a Management Representation Letter to the external auditors. Among other representations, this letter documents management's assertion that the consolidated financial statements are materially accurate, complete, and prepared in accordance with GAAP.

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## DEFINITIONS

BOT slides – Summary financial statement information prepared by Financial Reporting highlighting financial information for presentation to the Board of Trust and Audit Committee on a quarterly and annual basis, respectively.

EFR – External Financial Report, represents Vanderbilt's external annual financial statements subject to audit by the university's external auditors. The EFR includes GAAP financial statements (Balance Sheet, Income Statement, and Statement of Cash Flows), commentary on Vanderbilt's results of operations (Management's Discussion and Analysis, or MD&A) and footnotes accompanying the financial statements in accordance with GAAP.

GAAP – Generally Accepted Accounting Principles, represents a framework of accounting standards, rules, and procedures governing financial reporting.

QFR – Quarterly Financial Report, prepared by Financial Reporting for management on a quarterly basis for distribution to the Chancellor, Vice Chancellors, and Departmental Finance leads, as well as the Board of Trustees. The QFR includes GAAP financial statements (Balance Sheet and Income Statement) accompanied by footnotes for selected financial statement balances/activity, budget to actual variances and explanations by operational area, and other non-GAAP supplementary information.

Reporting entries – Adjusting entries recorded by Financial Reporting at the end of an accounting period to ensure results reflected in the general ledger (GL) align with GAAP presentation.

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## CONSEQUENCES OF NON-COMPLIANCE

Non-compliance with this policy could results in a qualified audit opinion as part of the year-end financial statement audit.

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## ADDITIONAL CONTACTS

Subject	Contact	Office	Phone
Financial Reporting	Finance	Financial Reporting	(615) 343-6601

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## HISTORY

**Issued:** October 2017

**Reviewed:** June 2023

**Amended:** June 2023