

**CHICO STATE ENTERPRISES**  
California State University, Chico  
**Minutes for the Finance and Investment Committee**  
Wednesday, December 4, 2019, 10:00 – 12:00 pm  
25 Main St. First Floor Conference Room

**Committee Members Present:** Bob Kittredge, Annabel Grimm, David Stachura

**Members Absent:** Tod Kimmelshue

**Other Board Members Present:** Debra Larson, Ann Sherman, John Unruh

**Also Present:** Vance Kelly, Mary Sidney, Natalie Carter, Jeni Kitchell

1. **Call to Order** – Grimm called the meeting to order at 10:03 and asked for introductions.
2. **Approval of Minutes from May 5, 2019 and September 13, 2019 – Action Item** – Grimm suggested changes to the minutes to more accurately reflect funding to be provided for administrative services related to sponsored programs administration through a transition period of 5 years. Kittredge asked for clarification on the CSE budget and changes that may result from the reorganization. Other corrections were suggested by Larson and Sherman regarding staff changes.

**Motion to approve the minutes with suggested changes from May 5, 2019 and September 13, 2019**  
**(Kittredge/Stachura)**  
**(3/0/0)**

3. **Public comments – None**

4. **Reports**

- a. **OneSolution updates** – Kelly shared that his initial assessment of OneSoulition brought in to question the quality and usefulness of the software. He has subsequently found the data to be accurately recorded, and available to review. Some features have required some finessing. The staff has been evaluating potential improvements, such as, automatic checks within Accounts Payable to ensure that transactions are within the existing budget. Also working with stakeholders and project directors to allow for budget review before submitting request for payments. Historically, transactions have been held until checks are ready to be cut, rather than processing transactions daily and then generating checks in batches. There is a need to coordinate with grants and contracts team to improve the systems functionality and usefulness. Some information did not carry over in the software transition. Need to build in automatic checks that consider specific features of grants and contracts systems (i.e. frequency of billing, flex percentage, etc.) Need to streamline data reporting to ensure billing occurs in a timely fashion that is consistent with preset schedules. Sidney shared that staff collaboration has significantly contributed to improving the OneSolution software. Kelly shared the need to monitor revenue accruals on a monthly basis and that CSE is currently evaluating the possibility of bringing in additional high-level staff. Sidney shared that the lack of tracking accruals makes it challenging to make decisions related to the budget. Kelly shared that accounts receivable aging was not previously being done and has now

been established. Kelly shared duties and processes that have been moved from the Analysts to the Accounts Receivable team to streamline billing. Consulting with Kam Lam, a previous controller and CFO at San Jose State University to identify strategies to improve financial tracking and reporting.

Kelly shared that there is a need to establish systems that will allow for reporting that does not require additional manipulation in excel after exporting data. Sidney shared that the implementation of OneSolution lacked some improvements and streamlining that would have made the transition more successful. She is confident that OneSolution will ultimately function in the way it is intended. Sherman asked about the data transition and how to resolve issues that resulted from data moving over prior to being cleaned up. Kelly continued that there is a need to go back to cleanup data and ensure that items were properly closed out, in addition that more focus was needed on the grants and contracts component of implementing OneSolution. Grimm asked about tracking the details of implementation as changes are made to allow for corrections when changes do not result in the desired outcome. Kelly expressed a need to formally document the transition to allow for improvements going forward, and identify items that need to be documented and tracked (i.e. Firms Code, Project Director, Budget Type, etc). Larson expressed initial concerns about the implementation of OneSolution and positive impression about the potential for OneSolution to be improved and streamlined to result in the best system possible. Kelly expressed that he has been working with team members and stakeholders to identify priorities and tasks.

Larson asked about future staffing plans. Sidney shared that there is a plan to hire additional general support and accounting positions. Sherman shared her perspective that the priority should be a corrective action plan resulting from the recent audit, and to identify processes and procedures. Sherman also noted the importance of communicating with the PI's by end of the year. Grimm asked that a timeline for OneSolution implementation be created and shared with the FIC to allow for understanding and accountability. Sidney and Larson shared praise for the work that has been done so far. Stachura shared from the perspective of PI's and other users that things are improving, but that there is a need to communicate the coming improvements with the PI's to establish clarity and comfort. Processes have slowed creating challenges throughout the campus community. Sidney is generating a communication to campus community to help communicate the current and future plans.

Kelly shared that the procurement process also needs improvement and that there is a need to connect with and train PI's to increase utilization of OneSolution. Kelly suggested establishing a working group to identify strategies to make OneSolution more user friendly. Larson shared the plan to discuss with the Academic Senate the potential of creating a group of PI's to participate in the improvement and implementation of OneSolution. Larson identified Sponsored Program Advisory Council (SPAC) as a group that could also contribute to improving the implementation process. Larson shared that there is a need for shared governance to allow for the voice of faculty to be more effectively incorporated and allow for open communication between CSU Chico and CSE. Kittredge shared excitement about the coordination and communication that is occurring as a result of the reorganization. Stachura shared that the Academic Senate's perspective regarding the improvements resulting from the reorganization is not as positive as the committees at this time.

Kittredge addressed the recent audit findings and the need to coordinate with the campus community to build awareness and improve systems to resolve issues. Larson added that improved communication and coordination with Deans in particular is

greatly needed. Sidney expressed that multiple venues are needed to improve engagement with the campus community.

- b. Financial reports** – Kelly shared that the financial statements provided were presented in the format that has been used previously. Sidney offered the potential to reevaluate the way financial information is presented to the FIC, and asked for guidance. Kittredge shared that previously the financial information provided mid fiscal year was not ideal, particularly with the lack of monthly accruals. He expressed a need to build systems that allows for financial reporting that accurately reflects the organizations finances on a quarterly basis. Kittredge continued, expressing the added value of providing a narrative with financial statements to help clarify the organizations financial status and generally expressed improvements over recent years. Kelly shared an example comparing statements from March 31, 2019 with 2019 audit totals, resulting in significant changes, specifically when it comes to Sponsored Programs due to the lack of regular accruals. Kitchell asked about the potential of improved billing systems resolving some of the issues with accrual reporting. Kittredge shared that delays in reporting from PI's is contributing to the challenge in tracking financial positions. Sherman shared that expenses are being reported by PI's more regularly when compared to revenues. Stachura shared that a lack of knowledge of about each column in the financial statements makes them difficult to understand. Sidney suggested providing an orientation and reference material to build understanding of the financial statements, in addition to modifying the presentation of the financials. Kitchell asked about changes to the Campus Program Funds. Kelly shared that funds were moved to Other Long-Term Investments. Kelly shared that the way funds are reported has resulting in a perceived cash flow issue, however the organization is in an overall good financial position despite fluctuations in individual program accounts.
- c. Update on AR/billing efforts** – Kelly shared that billing and reporting issues are a significant challenge, and that staff are working to identify ways to streamline the process. Kitchell shared an example of billing challenges with a program that had not reported match in a timely fashion, resulting in billing being delayed to the following quarter. Kelly added that some grants and contracts are resulting in additional challenges due to delays in billing, and that establishing improved billing systems as well as more closely evaluating financial implication of new grants and contracts could help resolve these issues. Grimm shared that some existing contracts could benefit from being renegotiated and amended to help resolve ongoing issues. Kelly shared that cost associated with some contracts results in negative balance due to overhead exceeding projections. Sidney shared that some renegotiation is occurring. Larson shared the value of communicating with PI's to improve these systems and ensure that budgets accurately reflect costs. Sidney shared that overall the current cash flow position is not as dire as the audit had previously suggested. Kelly added that staff is working to improve collection of receivables and more closely monitor unbilled revenues. Kitchell suggested that in the future cash position be reported to the FIC and pointed to the positive financial impacts resulting from strategic reserves, especially when revenues are collected in a timely fashion. Larson added that some of the grants and contracts contribute significantly to the organizations mission, despite low indirect rates, and emphasized the value to ensuring the organization can support these types of programs. Kelly emphasized the value of evaluating new grants and contracts to ensure that the organization does not overextend itself financially. Stachura shared that some PI's working on projects with high indirect rates have the perception that they are subsidizing the cost of other programs. Larson agreed and shared that engaging and educating Deans will help clarify the need to secure grants with high indirect rates, with the ultimate goal of having a more significant portion of the indirect rate return to the campus. Sidney shared plans to meaningfully and transparently evaluate the F&A rates

in the coming year, in addition to evaluating finances at a project level. Larson emphasized the need to connect with the Deans to identify, communicate, and resolve challenges.

- d. **FY2019-20 RF General Fund budget** – Kelly shared that the current budget reporting format is again what has been provided historically, and offered the potential to change the reporting to improve readability. Sherman shared the perspective that the current reporting is appropriate, compared to breaking down to department level. Sherman asked about the change in the investment income. Kelly clarified that the current report only reflects one quarter as compared to the last year. Kelly shared that he is monitoring the cash position regularly, and that there is a possibility to evaluate moving additional funds to investment account. Kelly committed to following up on the changes to the investment account funds. Sherman asked what was included in the “other” category. Kelly shared that it included miscellaneous items which were historically included. Grimm asked for additional details at a future meeting. Sherman asked about IT contract services, and the relatively low expenses compared to previous years, especially with the recent implementation of OneSolution. Kittredge asked if this was related to outsourcing services from ITSS. Grimm identified that ITSS costs were identified in another category. Kelly clarified that implementation costs associated with OneSolution would be reflected in the 2018-19 reporting. Sherman asked to include variance percentage or dollar threshold in future reporting. Sherman also asked about insurance costs being higher than budgeted, and Kelly clarified that insurance costs are paid upfront and a rebate is expected later in the year which will go against the expense. Sherman also asked about the summer scholars not being included in current reports. Kittredge shared that the funds were not being used, and it was decided those funds would instead remain in Board Discretionary Funds. Kittredge pointed out that improvements from previous years are reflected in the financial statements. Sidney committed to provide reformatted, better documented, and annotated financials by the next meeting.

Kittredge asked about line of credit referenced in financial narrative. Kelly shared that he is exploring the possibilities, terms, and other information with JP Morgan Chase for consideration so that a line of credit can be explored for use in the case of an unexpected financial need. Kittredge asked about the potential for efficiencies to result from streamlining as a result of reorganization. Sidney shared the intention to evaluate the result of reorganization and impacts to F&A. Kittredge asked about how the F&A funds are dispersed. Unruh shared that some funds are allocated to individual PI's and some are allocated to the colleges, he expressed a faculty desire to direct funds more intentionally. Larson shared that a previous board policy established the F&A distribution, and expressed the need to revisit the policy. Kittredge agreed that there was a need to reevaluate the calculation and distribution of F&A funds.

**5. Next meeting - TBD – to be scheduled for the end of February**

**6. Adjournment** – Meeting adjourned at 11:55

Respectfully submitted,



Mary Sidney, Secretary