ABC 2014 Fall Summit

Fiscal Structure and Policies

Overview

What is our fiscal governance structure and why does it exist?
What are our policies and where do I find them?

September 9, 2014
Agenda

- Cal Poly’s Fiscal Authority:
  - CSU organization and governance
  - Why do we have auxiliary organizations?
  - Who is responsible at the campus?
  - What are the rules?
  - Primary financial systems and integration
April 14, 1960 -
- Governor Pat Brown signs Donahoe Higher Education Act
- Unites the University of California (UC), California State University (CSU), and California Community College Systems
- “The Master Plan” for higher education
- Creates the Board of Trustees (BOT) and the CSU
  - Education Code 89000
  - Education Code 89001 (a)
CSU vs. UC Comparison

**CSU**
- Quasi-independent state agency
- Faculty represented by a union
- Policy centralization
- 23 campuses
- $2.3 B state support in 2013-14 plus $2.08 B in student fees
- 370,000 FTE students
- 22,000 faculty headcount
- Emphasis on applied research

**University of California**
- Constitutional autonomy
- No faculty collective bargaining
- Highly decentralized campuses
- 9 campuses (with 5 medical centers) + 3 national laboratories
- $2.9 B state support in 2013-14
- 222,000 FTE students
- 58,000 academic employees
- Emphasis on basic research
The CSU and Cal Poly governed by the:

- Education Code
- Government Code
- Public Contract Code

BOT regulations are contained in Title 5, Division 5, Chapter 1 of the California Code of Regulations (CCR)

Full text of California Codes
http://leginfo.legislature.ca.gov/faces/codes.xhtml
Organization and governance

Board of Trustees
(appointed by the Governor)

Chancellor
Timothy P. White
(appointed by the Trustees)

Campus Presidents
(appointed by the Trustees)

Chancellor’s Office Administration
The Education Code

COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL

Recommended Changes to Title 5, California Code of Regulations, Regarding Outside Employment Disclosure Requirements (RUFP 01-13-01)

RESOLVED by the Board of Trustees of the California State University that Section 42740 of Title 5 of the California Code of Regulations be added as follows:

Title 5, California Code of Regulations
Division 5 – Board of Trustees of the California State Universities
Chapter 1 – California State University
Subchapter 7 – Employees
Article 2.3 – Outside Employment Disclosure Requirements

§ 42740. Outside Employment – Management and Executive Employees.

Management Personnel Plan and executive employees shall be required to report outside employment for the identification of and to preclude any conflict of commitment. The Chancellor is responsible for implementing this section.


Link to resolutions http://www.calstate.edu/bot/Resolutions/
CSU Fiscal Policy

Board of Trustees

Campus Presidents

CABO

FOA

Chancellor

Executive Vice Chancellor/Chief Financial Officer

Chancellor's Office Business & Finance Staff

abc.afd.calpoly.edu
CSU Board of Trustees

- 25 Trustees – 24 voting, 1 non-voting
- Develops broad administrative policy for CSU campuses; 9 standing committees
- Broad direction to campus curricular development;
- Appoints Chancellor and Vice Chancellors for system, Presidents for the campuses;
- Communicates to the people of California an understanding and appreciation of the current effectiveness and the future needs of the California State University.
Council of Presidents

- Presidents are chief executives with certain delegated responsibilities
- Review policy proposals prior to finalization
- Each CSU campus has an elected faculty governance group, which recommends academic policy to the President
- Policy implementation at campus level takes place through broadly based consultative procedures
Fiscal Policies

- Board Resolutions: [www.calstate.edu/BOT/resolutions](http://www.calstate.edu/BOT/resolutions)
- Executive Orders: [www.calstate.edu/eo/](http://www.calstate.edu/eo/)
- ICSUAM:
  - [http://www.calstate.edu/icsuam/sections/index.shtml](http://www.calstate.edu/icsuam/sections/index.shtml)

- Campus fiscal policies and procedures
  - [http://afd.calpoly.edu/business_connection/](http://afd.calpoly.edu/business_connection/)
  - [http://www.calpolycorporation.org/docs/](http://www.calpolycorporation.org/docs/)
  - [http://www.foundation.calpoly.edu/content/forms](http://www.foundation.calpoly.edu/content/forms)
CSU is granted authority for:

- what we charge
- for what services
- where we deposit funds
- how to use these funds

*We don’t make this stuff up!*
CSU has authority to deposit revenues in the State University Trust Fund 0948:
- Student Fees
- Donations
- Housing
- Parking
- Continuing Ed
- Lottery
- Other miscellaneous revenues

Unique CSU Funds within the SCO fund 0948, with unique campus PeopleSoft funds within the CSU funds
Authority for how we use funds

- Example: Parking funds
- Parking Fines & Forfeitures – CSU Fund 471
  - Revenues generated from citation fines
  - Education Code 89701.5
    - Authorizes the use of funds for
      - Alternate Modes of Transportation
        - Bus to BART
        - Zip Cars
      - Administration of Citations
- Parking Fees – CSU Fund 472
  - Revenues generated from sale of parking permits and citations fines
  - Tells us we can give the citation and what we can do with the money
    - Also tells us where we can deposit the funds
Executive Orders

- Policy, politics and the Executive Order
- Assign authority, responsibility, and accountability to campus

<table>
<thead>
<tr>
<th>Executive Order:</th>
<th>1000</th>
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</thead>
<tbody>
<tr>
<td>Effective Date:</td>
<td>July 1, 2007</td>
</tr>
<tr>
<td>Supersedes:</td>
<td>Executive Orders No. 648, 753, and 919 in their entirety</td>
</tr>
<tr>
<td>Title:</td>
<td>Delegation of Fiscal Authority and Responsibility</td>
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</tbody>
</table>

This Executive Order is issued pursuant to parts d. and h. of Section VI of the Standing Orders of the Board of Trustees of the California State University, and the Education Code, Division 8, Part 55, Chapter 6, and Article 2 §89720 et seq. and Article 4 §89756.

I. Definitions

The “California State University,” “CSU,” “Board of Trustees,” and “Trustees” refer to the entity established by the California Education Code, Title 3, Division 5, General Provisions, Part 40, §66010 et seq., §66011 et seq., §66600 et seq.

“Campuses” and “campus” are the terms established in the California Education Code, Division 8, Part 55, §89001 et seq.
Auxiliary Organizations

CSU Auxiliary Organizations
- Predate the establishment of the CSU
- Provide a wide range of activities to complement campus core academic mission
- Separate legal entities under the parameters outlined in the Educational Code; 501(c)(3) nonprofit public benefit corporations
- Permit more flexible use of available resources.
- BOT and campus presidents have broad policy oversight responsibility
- First auxiliary established in 1922 – the Fresno State College Association. 85 auxiliaries exist today
Auxiliary Organizations

ABC.AFD.CALPOLY.EDU
Objectives of auxiliary orgs:

- (a) To provide for student self-government, and

- (b) To provide the fiscal means and the management procedures that allow the campus to carry on activities providing those instructional and service aids not normally furnished by the State budget, and

- (c) To provide effective operation and to eliminate the undue difficulty which would otherwise arise under the usual governmental budgetary, purchasing and other fiscal controls, and

- (d) To provide fiscal procedures and management systems that allow effective coordination of the auxiliary activities with the campus in accordance with sound business practices.
Auxiliary Organizations

**Auxiliary organizations exist to further the educational mission of the University**

Why use an auxiliary?

- Retain earnings
- Lessen risk to university
- Flexible rules
  - Investments
  - Assets can more easily be sold
  - Temp and other hiring needs

**Auxiliary expenditures still require a bona fide business purpose and be consistent with the mission of the university**
Auxiliary Organizations

Ed Code authorized functions – must be delegated at the campus level and formalized in an MOU (Memorandum of Understanding):

- Bookstores;
- Food and College Services;
- College Union Facilities and Programs;
- Housing Facilities;
- Loans, Scholarships, Grants-in-Aids;
- Research, Workshops, Conferences, Institutes and Federal Projects;
- Instructionally-related Programs, including Agriculture;
- Alumni Activities;
- Supplementary Health Services;
- Gifts, Bequests, Devises, Endowments and Trusts;
- Public Relations Programs.
Cal Poly Auxiliaries

- Cal Poly Corporation (CPC):
  - Campus Dining and Cal Poly University Store
  - Sponsored Programs
  - Student enterprise programs
  - Swanton Ranch, Tech Park, Bella Montana, others

- California Polytechnic State University Foundation (CPF)
  - Purpose is to raise private support (gifts) for the university
  - Invest and manage the $180 million endowment and other private gifts.

- Associated Students Incorporated (ASI)
  - Revenues from student body fees
  - Student body organization programs
  - Student union programs, student club services
Executive Orders

- EO 731: Requires President to name a Chief Financial Officer (CFO)

- EO 1054: California State University Fee Policy

- EO 1059: Utilization of Campus Auxiliary Orgs
  - President is responsible for prudent judgment and fiscal viability of campus auxiliary organizations,
  - campus CFO responsible for administrative compliance and fiscal oversight of campus auxiliary organizations.

Link to executive orders
http://www.calstate.edu/EO/subject_index.shtml
EO 1000: Delegation of Fiscal Authority & Responsibility

President shall ensure:

- Compliance
- Expenditures do not exceed available resources
- Internal controls
- Appropriate accounting processes
- Sufficient reserves for contingencies
- Timely year-end close
- GAAP reporting
- Propriety of all expense & integrity of Auxiliary Org
- Cost incurred by the CSU Operating Fund are appropriately recovered
And the authority may be revoked

- Authority delegated by this Executive Order may be revoked in whole or in part if in the judgment of the Chancellor the campus President has not complied substantially with provisions of this Executive Order.
EO 1000 – Table A and B

- Defines funds
  - Categorizes CSU Funds:
    - Proprietary - Enterprise
    - Proprietary - Internal Service Fund
    - Fiduciary - Investment Trust Fund
    - Fiduciary - Private Purpose Fund
    - Fiduciary - Agency Fund
  - Categorizes SCO Funds:
    - Governmental – General Fund
    - Governmental – Special Revenue Funds
    - Governmental – State Capital Outlay Funds
    - Proprietary – Enterprise Funds
    - Fiduciary – Trust and Agency Funds

I know this stuff too!!!
Integrated CSU Administrative Manual

• Resource for policy related guidelines, principles, and practices
• Link to related legal and regulatory references
• Intended to assist administrators so that they may better serve the students and faculty of the University;
• Provide a framework to assure strict accountability over University resources.
• Almost every ICSUAM requires a corresponding campus policy/procedure

http://www.calstate.edu/icsuam/index.shtml
Sample ICSUAM Policies:

- Hospitality Policy
- Travel Policy
- Sponsored Programs Administration
- Athletics Administration
- Pro-Card
- Fundraising Events
- Cash Handling Policy

Campus financial policies follow Ed Code, EO’s, ICSUAM.

Can be more strict, but not less

http://www.calstate.edu/icsuam/index.shtml
Challenge for administrative staff:
- How to apply structured rules to unstructured reality
- Interpretation is often necessary
- Circumstances affect policy application
- Delegation of authority not always explicit
- Judgment is required – but not in isolation
- When in doubt, ask

Guiding principle: All expenditures must have a bona fide business purpose and be consistent with the mission of the university
Campus fiscal policies, procedures and forms:

- Launch from AFD Business Connection website
Absence Management Self-Service
Authorization for Off-Campus Use of Cal Poly Equipment /Off-Campus Equipment Use and Control Policy Procedure
Benefit Rates
Budget Transfer Form / Budget Transfer Instructions
Business Cards Ordering Information
Campus Dining Approval Form
Campus Sources and Uses Information
Car Rental Information
Change Fund Information
College Based Fees
Contracts Information
Credit Card Acceptance
Fiscal Administrative Systems

Complex configuration, table structure, integration

- Common Financial System (CFS)
  - Current version: PeopleSoft v9.2
  - Accounts Payable, Accounts Receivable/Billing (AR/BI), Asset Management, General Ledger (GL), Purchasing
  - Numerous financial system feeds: parking citation and permits, chargeback files, external files – pro-card, office max
- HCM Campus Solutions – PeopleSoft v9.0
  - Six modules, hundreds of mods, plus other “bolt-ons”
Fiscal Administrative Systems

Complex configuration, table structure, integration

- CashNet cashiering system
  - Feeds Student Financials and General Ledger
- Human Resources 9.0
  - Labor Cost Distribution
- State Controller’s Payroll System (PIMS)
- Everything ends up in the GL
- Cal Poly Data Warehouse and Dashboards
  - Finance data warehouse and dashboards
  - Labor Cost dashboards
  - Property dashboard
Funding Hierarchy

- Meet the PeopleSoft Fund Chartfield
  - He’s on the item code in CashNet
  - He’s on the item type in Student Financials
  - He knows the State Controller’s Fund value
  - He knows the CSU Fund Value
  - He knows the Education Code or Budget Act that enabled the funds he is spending
  - He knows how he will be reported to the CSU in FIRMS
  - He knows how he will be reported in GAAP
  - He ALWAYS knows these things

- He knows all this—the challenge is teaching it to you

I’m really SMART!!! You need me!
I’m on every transaction – along with some other Chart Fields – They need me!
Quick Facts

- CSU was established in 1960 by the Donahoe Act, and California Education Code (Ed Code)
- CSU Operating Fund: main university operating fund, includes state supported instruction, related programs and operations.
- Every fund has rules
- PS Fund Chartfield: carries critical information for purpose of reporting, tracking and ensuring fiscal compliance
- Auxiliary Organizations: legal and business entities established and organized by the CSU pursuant to the Ed Code
- Hierarchy of fiscal authority: Ed Code, BOT, Chancellor, campus President, Campus CFO, approving authorities
- Hierarchy of fiscal policy: Ed Code, Executive Order, ICSUAM, campus policy, campus procedure
Fiscal Structure & Policies
Overview

Lorlie Leetham
lleetham@calpoly.edu
x61131