

**FINANCE & INVESTMENTS COMMITTEE MEETING****Friday, November 22, 2024****1:00 – 2:00 p.m.****Join via Zoom: <https://csudh.zoom.us/j/84936896608?from=addon>****Or Dial-in: +1 669 444 9171 Meeting ID: 849 3689 6608****MEETING MINUTES**

Members Present: Chair Jeremy Brown, Brad Beverage, William Franklin, Ph.D., Rama Malladi, Ph.D., Tayeb Shabbir

Staff Present: Tranitra Avery, Kelle Kain, Cherisse Ross

Guest Present: Stephanie McGovern, Jennifer Rethwisch, Michael Caldera & Vlad Marinescu – CSU Chancellors Office

I. Roll Call

- This meeting was held via Zoom virtual platform. Members and guests could be heard clearly. Quorum met.

II. Call to Order

- Meeting called to order by Chair Jeremy Brown at 1:03 PM

III. Approval of Meeting Agenda

- Brad Beverage moved and Rama Malladi second the motion, Tranitra Avery moved for amendments to the agenda adding the Accounts Receivable policy, all in favor

IV. Approval of Meeting Minutes – August 23, 2024

- Brad Beverage moved and Rama Malladi second the motion, all in favor

V. Public Comments

- No comments from the public

VI. Advisory Audit Update – CSU Chancellor's Office

- At a recent TAP Finance and Investment Committee meeting, Vlad Marinescu, CSU Chief Audit Officer, provided an update on the audit landscape for Toro Auxiliary Partners (TAP) over the last five years. Highlighting challenges such as repeated audit findings, delayed corrective actions, and reputational risks, Vlad stressed the importance of strengthening TAP's internal controls and governance. Accompanied by senior auditors, he detailed how TAP's high turnover, internal control risks, and stakeholder complaints have led to nine internal reviews, resulting in 48 recommendations. Stephanie McGovern noted six recurring themes in these reviews, including revenue management, accounts receivable practices, and procurement deficiencies, with some issues correlating to external audit findings. While acknowledging progress under current leadership, such as implementing overdue system upgrades, concerns about the pace of corrective actions and adherence to deadlines were emphasized. The

committee discussed strategies to prepare for a planned full-scope assurance audit in FY 25-26, with recommendations including bringing in external consultants to pre-assess operations and ensuring budget-conscious decision-making. The meeting concluded with a call for unity, transparency, and a focus on ensuring TAP's operational and financial stability to support the university's broader goals.

VII. Finance and Accounting Review – Cherisse Ross, TAP Controller

A. Income Statement, as of September 30, 2024

- Cherisse Ross reported that actuals for the fiscal year came in significantly better than expected, with a positive variance of almost \$3,000 compared to the prorated budget of negative \$826. Key factors included a \$341,000 gain on investments and reductions in expenses such as repairs and maintenance and salaries and benefits, which decreased by \$67,000. For commercial services, a decrease in revenue at the bookstore and a \$133,000 reclassification of revenue to a liability related to the AEG Dignity Health contract affected the financials. Expenses in commercial enterprises decreased in program costs, rental expenses, and salaries, reflecting overall lower spending. Dining services saw improved trends, with Urban Mosaic/Aramark performing better than in previous years, nearing a break-even point in October, and showing improvements in staffing, food quality, and student engagement initiatives. Repairs and maintenance in dining services decreased by \$11,000, and salaries declined by 22%. These combined efforts resulted in a positive financial position for September, with projections for October suggesting further improvements, though final results are pending confirmation.

B. Statement of Financial Position as of September 30, 2024

- No discussion

C. Accounts Payable (AP) Ledger, as of November 13, 2024

- Accounts Payable (AP) was processed earlier, likely on Wednesday. No pending AP items remain at this time.

D. Accounts Receivable (AR) Ledger, as of November 13, 2024

- During a discussion on accounts receivable, Cherisse Ross highlighted the division of responsibilities between TAP and OSRP, noting that most OSRP-related items involve division grants or sites, while TAP manages smaller items. She mentioned progress in collections, including receiving \$409,000 from Follett and \$630,000 from OSRP, which significantly reduced outstanding balances, though Diesel Tech remains in litigation. Chairperson Jeremy Brown emphasized the need to address overdue accounts, particularly those over 90 days, which comprise a significant portion of the \$3.4 million total receivables. He suggested hiring focused support, such as an intern, to manage aged receivables and stressed accountability, including updates to VP Wallace. Tranitra Avery affirmed this priority, connecting it to audit findings and the need for policy alignment with OSRP. She explained that OSRP operates under an outdated policy that allows longer collection timelines, whereas TAP prioritizes resolving overdue accounts within 90 days. Avery noted efforts to finalize a revised policy, delayed previously due to misinformation, and affirmed its alignment with organizational goals for improved receivables management.

## VIII. Action Item

## A. Recruitment Justification for Payroll Technician – Human Resources

- Amanda Dodd emphasized the need to hire a dedicated payroll technician to address workload challenges and mitigate compliance risks within TAP's HR operations. Since the restructuring, the department has operated with just two staff members, leading to increased error rates and unintended payroll costs, such as a \$700 expense shared with other auxiliaries. Dodd highlighted the importance of maintaining internal controls, improving customer service, and ensuring proper support for TAP, ASI, and LSU payroll processes. She also underscored the critical need for succession planning, as only one staff member currently has the expertise to manage TAP payroll. Hiring a payroll technician would ensure continuity, compliance, and effective risk management, with an estimated cost of \$62,000 annually, though the immediate fiscal impact for FY 24-25 would be approximately \$26,000.

- Brad Beverage moved and Rama Malladi second the motion, all in favor

## B. Accounts Receivable Policy

- Tranitra Avery outlined updates to the accounts receivable policy, emphasizing enhanced documentation, stricter controls, and improved reporting processes using the Finance Enterprise system. She highlighted the addition of a new accounting specialist to address overdue balances and implement credit holds on accounts older than 60 days. Tranitra proposed the policy's adoption by December 15, 2024, to prepare for enforcement in the new year, ensuring campus-wide awareness through a memorandum. Discussions included establishing approval thresholds for balances over \$10,000 by the Finance and Investment Committee and clarifying roles for write-offs. The new procedures aim to streamline collections, educate stakeholders, and strengthen compliance, with plans to involve the accounting team in presenting progress to the committee.
- Which the updates were sent to the committee via email for electronic vote and approved by all.

## IX. Other Items

## A. Investment Review as of October 31, 2024

- Chairperson Jeremy Brown proposed that the Finance and Investment Committee handle a detailed review of the investment portfolio, with board members responding to any questions via Zoom after reviewing Merrill Lynch statements. Brown, who is licensed and knowledgeable in investment matters, offered to present a summary of the review at the regular board meeting to streamline discussions and avoid overloading the agenda. He emphasized that the advisor should only attend board meetings for significant discussions, such as changes to the investment mix, to keep meetings focused and efficient. The board agreed with this approach, reinforcing the committee's role in managing investment reviews and reporting back in a concise format.

X. Adjournment

- The meeting was adjourned following a motion by Brad, seconded by Rama, with thanks to all attendees. Meeting end time: 2:30pm.