Fiscal Affairs Users Group Meeting

DATE: MARCH 9, 2012
TIME: 2:30 P.M. TO 4:30 P.M.
LOCATION: HSS 130
AGENDA

Welcome
New Hospitality Policy
Procurement
  - Physical Inventory
  - Requisition Chart-field Changes
  - Direct Payment Approvals
Auxiliary, Placement of Funds
Integrated CSU Administrative Manual (ICSUAM) – New/Updated Policies
Cash Collections and 3rd Party Payment Processing
CFS Move to New Data Center

Agnes Wong Nickerson
David Chelliah
Stephen Smith
Tammie Ridgell
Gloria Tseung
Cora Wong and Edwin Billiot
Michael Lam
Hospitality Policy Highlights

By: David Chelliah
Implementation

- The newly revised and updated SFSU Hospitality Policy and Procedures will be in effect for all hospitality expenses on or after April 1, 2012.

- Existing rates and requirements will apply to hospitality events conducted before April 1, 2012.
Scope

- The CSU Hospitality Policy applies to all hospitality events which will be paid for by the CSU for employees, students, donors, guests, visitors, volunteers, and other individuals as part of a business meeting.

- The expenditure of funds for hospitality should be cost effective and in accordance with the best use of public funds.
Allowable Expenditures

- Hospitality expenses must be directly related to, or associated with, the active conduct of official University business.

- The approving authority must evaluate the importance of event in terms of the costs that will be incurred, the benefits to be derived from such an expense and the availability of funds.
Official Host Responsibility

- Official host must ensure the occasion must in the best judgment of the approving authority, serve a clear University business purpose with no personal benefit.

- They should make certain that the hospitality related expenses are ordinary, reasonable, not extravagant.

- They must provide the business purpose, type of event, location, number of attendees and dates of each event.

- They should make certain that the expenses are substantiated with supporting document. (*itemized receipts*)
Approving Authority Responsibility

- Must ensure the appropriateness of use of funds.
- Must ensure expenses are reasonable, not extravagant, necessary, and supported by a business purpose or justification.
- Must validate that the expenses listed were actually incurred and that appropriate supporting documentation is attached.
- Must approve/deny payment of the hospitality claim in a timely manner.
Hospitality Reimbursement Office

- Review/audit for compliance with policy
- Verify appropriate approver
- Ensure appropriate documentation is submitted
- Process reimbursements and payments
<table>
<thead>
<tr>
<th>Meal Type</th>
<th>Maximum Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breakfast</td>
<td>$20.00</td>
</tr>
<tr>
<td>Lunch</td>
<td>$30.00</td>
</tr>
<tr>
<td>Dinner</td>
<td>$50.00</td>
</tr>
<tr>
<td>Light Refreshments</td>
<td>$15.00</td>
</tr>
<tr>
<td>Buffet Reception</td>
<td></td>
</tr>
</tbody>
</table>

Amounts include tax and service (tips). 

Applicable meal allowance cannot exceed applicable meal allowance.

Effective April 1, 2012.
Employee Meetings and Recognition Events

- Meals or light refreshments provided to employees on a frequent or routine basis are considered taxable income by the IRS and are not permitted under this policy.

- Meals or light refreshments should be limited to no more than twelve times per year, per group.

- Meals or light refreshments provided to a group will be counted on an event basis. A two day meeting should be counted as one event in determining compliance with these guidelines.
Reimbursements of Spouses and Domestic Partners

- Hospitality provided to the spouse or domestic partner of an employee may be permitted if she or he has a significant role in the proceeding or makes an important contribution to the success of the event.

- This requires high-level authorization of a Vice President or above for payment or reimbursement of hospitality expenditures.
Unallowable Expenditures

- Expenses that are of a personal nature and not related to the active conduct of official CSU business will not be reimbursed. Examples include employee birthdays, weddings, anniversaries and baby showers.

- Celebrations of retirement and farewell gathering for employees separating with at least 5 years of service are permissible.
<table>
<thead>
<tr>
<th>Type of Gift Expenditure</th>
<th>General Fund</th>
<th>Special / Aux.</th>
<th>Maximum Limit (campus specific)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotional Items</td>
<td>Yes</td>
<td>Yes</td>
<td>$50.00</td>
</tr>
<tr>
<td>Awards/ Recognition</td>
<td>Yes</td>
<td>Yes</td>
<td>$250.00</td>
</tr>
<tr>
<td>Sympathy Gift*</td>
<td>No</td>
<td>Yes</td>
<td>$100.00</td>
</tr>
</tbody>
</table>
Sympathy Gifts*

- Sympathy gifts may be given to immediate family member and significantly close relatives which includes:
  - The employee’s spouse or domestic partner
  - The employee’s spouse’s or domestic partner’s father, mother, sister, brother and child
Summary of Changes

- SF State’s maximum rates for Hospitality has gone up as of April 1, 2012.
- Meals or light refreshments should be limited to no more than twelve times per year, per group.
- Authorization of Vice President or above for payment or reimbursement of hospitality expenditures to the spouse or domestic partner of an employee.
- At least 5 years of service required for the celebrations of retirement and farewell gathering for employees separating from SFSU.
Hospitality Policy:
- Jamie Tafoya, x82604
  jtafoya@sfsu.edu
- David Chelliah, x82367
  chelliah@sfsu.edu
Procurement

- Physical Inventory
- Requisition Chart-field Changes
- Direct Payment Approvals

By: Stephen Smith
## Physical Inventory

### Fiscal Year 2011 - 2012

<table>
<thead>
<tr>
<th>Inventory Location</th>
<th>Approximate Start Date</th>
<th>Inventory Location</th>
<th>Approximate Start Date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>November</strong></td>
<td></td>
<td><strong>March</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cesar Chavez Student Ctr</td>
<td>3/19/2012</td>
</tr>
<tr>
<td><strong>December</strong></td>
<td></td>
<td><strong>April</strong></td>
<td></td>
</tr>
<tr>
<td>Downtown Center</td>
<td>12/5/2011</td>
<td>Creative Arts</td>
<td>4/2/2012</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fine Arts</td>
<td>4/2/2012</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Humanities</td>
<td>4/2/2012</td>
</tr>
<tr>
<td><strong>January</strong></td>
<td></td>
<td><strong>May</strong></td>
<td></td>
</tr>
<tr>
<td>Health Human Svcs</td>
<td>1/9/2012 1/25/2012</td>
<td>Administrative Building</td>
<td>5/7/2012</td>
</tr>
<tr>
<td>Headstart</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>February</strong></td>
<td></td>
<td><strong>June</strong></td>
<td></td>
</tr>
<tr>
<td>Business Student Health Ctr</td>
<td>2/6/2012 2/22/2012</td>
<td>University Corporation</td>
<td>6/4/2012</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Physical Inventory

### Fiscal Year 2012 - 2013

<table>
<thead>
<tr>
<th>Inventory Location</th>
<th>Approximate Start Date</th>
<th>Inventory Location</th>
<th>Approximate Start Date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>September</strong></td>
<td></td>
<td><strong>November</strong></td>
<td></td>
</tr>
<tr>
<td>Library</td>
<td>9/4/2012</td>
<td>Children’s Campus</td>
<td>11/5/2012</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Pacific Plaza</td>
<td>11/6/2012</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Student Services</td>
<td>11/12/2012</td>
</tr>
<tr>
<td><strong>October</strong></td>
<td></td>
<td><strong>January</strong></td>
<td></td>
</tr>
<tr>
<td>Corporation Yard Housing</td>
<td>10/1/2012 10/15/2012</td>
<td>Hensill Hall</td>
<td>1/7/2013</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Psychology/Ethnic Science Building</td>
<td>1/7/2013</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Thornton Hall</td>
<td>1/7/2013</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Romberg Tiburon Cntr</td>
<td>1/7/2013</td>
</tr>
</tbody>
</table>
## Requisition Chart-field Changes

### Asset Related Account Codes

<table>
<thead>
<tr>
<th>Equipment greater than $1000</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; $5000</td>
</tr>
<tr>
<td>619800 General Equipment</td>
</tr>
<tr>
<td>616802 IT Hardware</td>
</tr>
<tr>
<td>616803 IT Software</td>
</tr>
<tr>
<td>619801 Instructional Equipment</td>
</tr>
<tr>
<td>607800 Group II Capital Outlay Equipment</td>
</tr>
<tr>
<td>&gt;$5000</td>
</tr>
<tr>
<td>619001 General Equipment</td>
</tr>
<tr>
<td>616002 IT Hardware</td>
</tr>
<tr>
<td>616003 IT Software</td>
</tr>
<tr>
<td>619002 Instructional Equipment</td>
</tr>
<tr>
<td>607009 Group II Capital Outlay Equipment</td>
</tr>
</tbody>
</table>
Direct Payment Approvals

This form may be used to make payments for invoices up to $2,500, except for the following types of prohibited transactions:

- Equipment/Furniture over $1,000
- Reimbursements over $1,000 per receipt
- Services performed at a University location

Direct payment requests that do not comply with this policy require VP approval.
## Procurement Methods and Thresholds

<table>
<thead>
<tr>
<th>Threshold</th>
<th>Methods</th>
</tr>
</thead>
</table>
| Less than $2500 (except equipment >$1000 and on campus services) | • Procurement Card (preferred)  
• Direct Pay Form |
| Equipment > $1000 and on campus services   | • Requisition/Purchase Order                      |
| Purchase of goods or services > $2500      | • Requisition/Purchase Order                      |

**Notes:**

1. Purchase order must be created in advance of receipt of the goods or services. Procurement will not create purchase orders in order to process existing invoices.

2. Requests for direct payment of invoices that are not in compliance with the Direct Pay/Low Value Purchase Policy will require approval of a Vice President or Cabinet Level official before being submitted to Procurement for review.

**Note:** Exceptions relating to the use of P-Card must be approved in advance by the Director of Procurement.
Define ICSUAM 13680.00:

- Policy guides campuses as to the administration of campus activities and programs and the placement of the receipts with the university or auxiliary organization.

- Understanding the source and purpose of funds collected as well as any associated restrictions is central to determining which entity should be responsible and accountable.
Rule of Thumb for placement of funds with university or auxiliary

- Receipts from University owned activities and programs cannot be accepted by auxiliary organizations, except when specifically authorized in writing by the campus president or designee.

- The university must be reimbursed for services, products and facilities when used by an auxiliary organization with cash or a documented exchange of.

  - This does not mean that the activity can not take place under the auxiliary (ie. UCorp) just mean we need to consider the reimburse to the university.
How does this affect me?

- For holders of existing UCorp campus program accounts unless contacted by ABS/UCorp staff it is safe to assume your project has been properly classified and the activity is appropriate to be under UCorp.

- UCorp has currently reviewed all campus programs and if any projects were identified to be more appropriately housed under the university, all PI’s will be notified that the project would need to move to the university as a trust account.

- ABS/UCorp staff will be asking more detail questions regarding the activity happening under your project to ensure all activity is appropriate under UCorp when creating a new project.
Types of activities proper to be held under an auxiliary:

- Programs where:
  - Authority and discretion to contract services
  - Responsibility for business losses or bearing excess cost
  - Acceptance of legal liability as the owner or principal entity
  - Responsibility for establishment of operating and administrative policies governing and activity or program

Example of Type of Activities:
- Contracts and Grants
- Gifts
- Non-credit courses offered by an auxiliary
Auxiliary, Placement of Funds Con’t

- Sale of Goods and Services from educational activities provided by an auxiliary organization.
- Auxiliary organizational events
  - Workshops, conferences, institutes, special programs, program fee and concerts
Integrated CSU Administrative Manual
(new/updated Policies)

By: Gloria Tseung
• Comprehensive guidance for CSU business and financial operations
• Provide a framework to assure strict accountability for University resources
• A link to related legal and regulatory references
• Subject to periodic review and update by Chancellor’s Office
<table>
<thead>
<tr>
<th>Policy Number</th>
<th>Policy Title</th>
<th>Posted for 90 days (date to remove from list)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1301.00</td>
<td>Hospitality, Payment or Reimbursement of Expenses</td>
<td>4/3/2012</td>
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<tr>
<td>3102.01</td>
<td>Employee Hiring and Continous Employment Requirements for Cash Handling Personnel</td>
<td>2/4/2012</td>
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<tr>
<td>3103.01</td>
<td>Disbursements - General</td>
<td>2/4/2012</td>
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<tr>
<td>3103.02</td>
<td>Outgoing Payments – Electronic and Paper</td>
<td>2/4/2012</td>
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<tr>
<td>3103.03</td>
<td>Procurement Cards</td>
<td>2/4/2012</td>
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<tr>
<td>3103.04</td>
<td>Corporate Cards</td>
<td>2/4/2012</td>
</tr>
<tr>
<td>3103.05</td>
<td>Advances, Deposits and Prepayments</td>
<td>2/4/2012</td>
</tr>
<tr>
<td>3131.01</td>
<td>Accounts Receivable Collections</td>
<td>2/4/2012</td>
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<tr>
<td>3132.01</td>
<td>Write Off of Uncollectible Accounts Receivable</td>
<td>2/4/2012</td>
</tr>
<tr>
<td>3150.01</td>
<td>Administration of University Property</td>
<td>2/4/2012</td>
</tr>
<tr>
<td>3151.01</td>
<td>Capital (Fixed) Assets Reporting to the State Controller’s Office</td>
<td>2/4/2012</td>
</tr>
<tr>
<td>3151.02</td>
<td>Intangible Assets</td>
<td>2/4/2012</td>
</tr>
<tr>
<td>3151.03</td>
<td>Recording Gifts of Property</td>
<td>2/4/2012</td>
</tr>
<tr>
<td>3151.04</td>
<td>Equipment</td>
<td>2/4/2012</td>
</tr>
<tr>
<td>3552.01</td>
<td>Cost Allocation / Reimbursement Plans for the CSU Operating Fund</td>
<td>2/4/2012</td>
</tr>
</tbody>
</table>
Cost Allocation/Reimbursement Plans for CSU Operating Fund

- ICSUAM Policy Number: 3552.01
- Effective April 1, 2011
- Ensure costs incurred by CSU Operating Fund for services, products, and facilities are properly recovered from CSU enterprise programs/activities/funds, auxiliary organizations, and external entities
Definitions of Organizations/Entities/Activities

- **Alumni Association**
- **Auxiliary Organization**
  - Philanthropic Foundation, Student Organizations, University Corporation, Bookstore, and other commercial services operated for the benefit of the university
- **Enterprise Programs/Activities/Fund Sources**
  - Housing, Parking, Continuing Education (CEL), and any self-supporting activities under the administration of the university
- **Entities External to the University**
  - External entities operate independently of the university but hold a function within the university
- **Miscellaneous Activities**
  - Other self-supporting activities operated by the university; e.g. Student Health Service, Instructionally Related Activities (IRA), Center and Institutes, and any other university support organizations, etc.
Types of Reimbursable Costs

- University is required to recover direct and/or indirect costs for facilities, goods, or services through a cost allocation/reimbursement plan
  - Direct Costs
    Costs are clearly identifiable and calculable; e.g. faculty release time, telecommunication services, technology, facility use, utilities, postage, insurance premium, reprographic, public safety, environmental health and safety services, etc.
  - Indirect Costs
    Costs that are less easily segregated but are actual expenses to the CSU Operating Fund; e.g. finance/business services, enrollment services, human resources, academic records, risk management, public safety, technology, mail services, and space, etc.
# Cost Recovery Accounts Overview

<table>
<thead>
<tr>
<th>Account</th>
<th>Account Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>580095</td>
<td>Cost Recovery from Auxiliaries for Trust Fund/Special Project</td>
</tr>
<tr>
<td>580194</td>
<td>Cost Recovery Revenue from CSU campuses and Chancellor’s Office for Trust Funds/Special Project</td>
</tr>
<tr>
<td>580814</td>
<td>Cost Recovery Revenue for campus Trust Fund/Special Project</td>
</tr>
<tr>
<td>6xxxxx</td>
<td>Cost recovery back to the original expense account</td>
</tr>
<tr>
<td>601828</td>
<td>Reimb Release Time Salary</td>
</tr>
<tr>
<td>603818</td>
<td>Reimb Release Time Benefits</td>
</tr>
<tr>
<td>660823</td>
<td>Recharge Sale</td>
</tr>
<tr>
<td>660846</td>
<td>Cost Recovery Expenses</td>
</tr>
</tbody>
</table>
Resources and Reference

- **ICSUAM Sections**

- **Systemwide Cost Recovery and CSU 485 Reporting Guidelines**
  [http://www.calstate.edu/sfo/](http://www.calstate.edu/sfo/)

- **Laws, State Codes, Regulations and Mandates:**
  - Government Code (GC) Sections 11010 and 11270
  - Executive Order 1000
    [http://www.calstate.edu/eo/EO-1000.html](http://www.calstate.edu/eo/EO-1000.html)
Cash Collections and 3rd Party Payment Processing

Edwin Billiot
Corazon Wong
Cash Collections

- Policy
- Goals
- Process
- Alternative Options
CSU Cash Handling Policy

- Bursar’s Office website
  - www.sfsu.edu/~bursar
  - ICSUAM Section 3000 General Accounting
    - CSU Cashiering Policy
CSU Policy Statement

- The Chief Financial Officer (CFO) of each campus or his/her delegate will designate and authorize official campus cash collection points. *Cash and cash equivalents will only be accepted at official cash collection points.*

- A campus may accept only U.S. currency and coins when cash is received.

- An official CSU cash receipt should be recorded for each collection. *A collection not recorded on cash register or point of sale equipment, including mailed payments, can be recorded on a valid pre-numbered, multiple-part Cash Receipt.* The receipts must be used sequentially. Receipt stock shall be kept secured, inventoried and regularly reviewed to prevent and detect alteration.

- *In circumstances where it is not practical (e.g., event parking) to process a receipt, other mitigating controls must be implemented, such as ticket count reconciliations against cash collected.*
Goals

- **Goals**
  - Protect University assets
  - Mitigate risk exposure

- **Key Objectives**
  - Accountability
  - Separation of Duties
  - Security (Physical and Information)
  - Reconciliation of Accounts
Key Objectives

- **Accountability**
  - Ensures that *CSU employees* who process and/or handle cash and cash equivalents can be held responsible in fulfilling their duties.
  
  - Accountability is present when the following three (3) areas are addressed:
    - Knowledge of *who has or had access to*, and *why he/she has or had access* to, cash and cash equivalents;
    - Knowledge of *where cash or cash equivalent* assets are at all times; and
    - Knowledge of what transpired from the beginning of a *cash handling process* to the conclusion of the process.
Key Objectives

- **Separation of Duties**
  - Ensures that two (2) or more qualified and authorized persons are involved in the key, most sensitive activities related to the collection, handling, depositing, and accounting processes.

- **Security (Physical and Information)**
  - Ensures that employees involved in the handling of cash and cash equivalents are, at all times, protected from physical harm.
  - Ensure that cash and cash equivalents are, at all times, protected from loss or misuse.
  - Ensure that technology resources (i.e. hardware and confidential payment information) are, at all times, protected from loss, corruption or compromise of confidentiality.
Key Objectives

- **Reconciliation of Accounts**
  - Provides assurance that cash and cash equivalents collected and reported as deposited are **deposited accurately and timely** into authorized CSU bank accounts.
  - Provides assurance that general ledger recordings and/or transactions are accurate.
Internal Controls

- **Background Check**
  - Background checks are required for cashiers and other cash handlers; new employees’ employment should be considered provisional until such a background check is completed.
  - Any felonies, misdemeanors, or judgments that were due to fraud related to cash, stocks, bonds or any other financial transaction should be addressed immediately.

- **Separation of Duties**
  - Separation of duties must be maintained when cash is received.
  - No single person should have complete control over the entire process of receiving, processing applying a payment, preparing the bank deposit and verifying the deposit.
Internal Controls

- **Official Receipt**

An official CSU cash receipt shall be recorded for each collection.

- An original copy of the system or pre-numbered receipt shall be provided to payers making an in-person payment.

- Although receipts shall be produced for check payments received through the mail, the mailing of a receipt to the payer is only required when the payer has requested a receipt.
• **Manual Receipts**
  
  ○ A collection not recorded on cash register or point of sale equipment must be recorded on an official pre-numbered, multiple part Cash Receipt.
    
    ▷ The receipts must be used sequentially and be inventory-controlled.
    
    ▷ The form must include a statement that the form is recognized as a receipt only after validation by cashier’s or cash handling employee's initials or signature, or by validation stamp to identify the cashier or cash handling employee recording the transaction.
    
    ▷ All voided receipts must be retained (i.e., not given to the customer) and have signed and/or electronic approval by a supervisor.
Manual Receipt Samples

[Images of manual receipt samples]
Departmental Deposit Review

- Departmental Deposits
  - Review of check dates
    - Effective immediately
  - Attached copies of manual receipts
    - Effective Monday, April 2, 2012
  - Follow-up email inquiries regarding irregularities
Alternative Options

- **Alternative Options**
  - Payment by check
  - Online Payments
    - Create a payment option for e-Checks or credit cards (MasterCard, American Express and Discover)
      - e-Check $0.50 convenience fee
      - Credit Cards 2.5% convenience fee
  - OneCard
    - Using readers or hand-held devices
3rd Party Application

- **Process**
  - Approval and authorization from the Bursar’s Office prior to contracting 3rd party application (PayPal, Authorize.net, Sallie Mae, CollegeNet, etc.) for online payment processing

  Credit Card Payment Processing and PCI Security
  https://sites.sfsu.edu/doit/creditcard.html

  - Approval of new merchant numbers
  - Ensure PCI compliance (Payment Card Industry Data Security Standard or PCI DSS)
  - Ensure internal controls

- **Purpose:**
  - For special events or fundraising
Important Points to Remember

- Consult with Bursar’s Office on process changes that involve departmental collections and payment processing

- Utilize the services and expertise of the Bursar’s Office for processing payments

- Protect University assets and mitigate risk exposure by complying with CSU and University policies

- Background check for staff handling cash and cash equivalents
Contact

Bursar’s Policies and Procedures:

- Edwin Billiot, x82630  
  ebilliot@sfsu.edu

- Excel Mercado, x81369  
  emercado@sfsu.edu

- Amanda Gazzo, x86566  
  amandag@sfsu.edu

- Jacqueline Green, x54002  
  jmuncey@sfsu.edu
CFS Data Center Migration

Application Servers: Wednesday, March 14th
- FTP
- Integration Broker
- Print Server

Production database – Sunday, March 18th
Thank you!
Questions