Monthly Financial Update

Kentucky State University

March 2023

Cash Position

The university's cash balance (unaudited) on February 28, 2023, was $9,667,935.64.

Cash reserves at the end of February continue to be significantly higher than the prior year. It is important to note that approximately $2.2 million of the current cash balance is reserved for asset preservation projects and is not available for general expenditure.
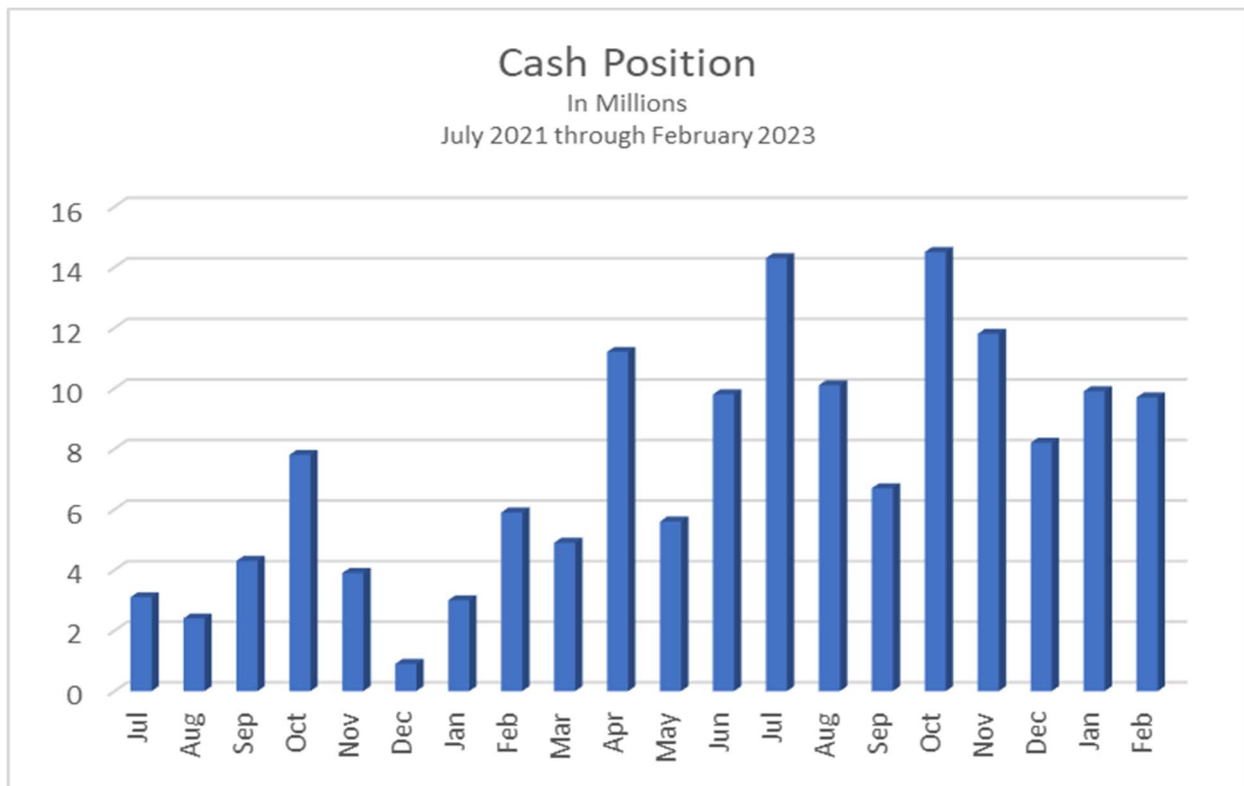
Days cash on hand at the end of February was in line with January; however, the third quarter is tracking below the first and second quarters. Current projections indicate that December and June will represent the lowest levels during the fiscal year, as expected. The Council on Postsecondary Education (CPE) currently is reviewing cash flow summaries and forecasts to validate the forecasting process and projected cash balances. Cash will be positively impacted once Kentucky State University (KSU) signs the MOA with CPE to provide HB 250 incentive funding for invoices that have been paid for controller and facilities management services.

Days Cash on Hand
Fiscal Year 2023

FY 2023 Financial Reporting

As noted in the prior updates, CPE and KSU staff have collaborated on a task list to improve timely financial reporting. The university provided a status of each task on this list and the updated list is attached to this document. The university reported improvement in expenditure patterns and budget performance this year; however, the tasks on the attached list must be completed before any financial information presented by the university can be considered final. CPE staff requested source documents to verify completed items and verification is underway. Additionally, CPE contracted with a firm to assist with the verification process and provide independent verification.

Beginning next month, CPE will transition from the task list and move toward monthly verification of the following as part of CPE's Management Improvement Plan:

- Monthly budget to actual reports for E&G, Auxiliaries, Land Grant Match and Asset Preservation
- Budget projection prepared monthly for E&G, Auxiliaries, Land Grant Match and Asset Preservation
- Clearing accounts reconciled within 14 days of end of each month
- Bank accounts reconciled within 14 days of end of each month
- Monthly closing entries posted within 14 days of end of each month
- Month closed by the 15th day of each month
- Monthly credit card account reconciliations

CPE is in the process of verifying compliance with these requirements for the first time as part of the Management Improvement Plan quarterly report. This report will be completed this week and will be provided upon completion.

Moving Forward

Obtaining a complete financial reporting and assessment of the institution is still a work in progress. However, CPE staff believe the situation is improving. CPE feels confident it will receive sufficient evidence this week to confirm that the items listed above are completed for the month. If things continue to progress until the end of the fiscal year (and beyond), CPE will be able to truly monitor the fiscal status of the institution on a month-to-month basis. Furthermore, the completion of these and other Management Improvement Plan items will allow CPE to provide more information in these reports each month.

Task Number	Task	Progress	Due Date	Notes	Dependency (if Applicable)	Responsibility	Resources Needed
1	Enter adjusting entries for FY 2021 into Banner	Completed	Dec-2022	Entries are completed and entered into Banner	2,3,4	Controller	None
2	Reconcile all bank accounts	Completed	Jan-2023	All bank accounts with Fifth Third (checking, savings, credit cards, endowment, etc.) are being reconciled monthly and reported to CPE. We will be working with Your Part Time Controller (YPTC) to validate and automate the reconciliation process for timely reporting to stakeholders.	2,3,4	Controller	None
3	Reconcile all clearing accounts and subsidiary ledgers	Completed	Jan-2023	All clearing account reconciliations and subsidiary ledgers are current including the unfunded pension liability account. Controller is reconciling these monthly to ensure close processes are completed timely. Subsidiary ledgers are reconciled to date in Banner and there's a subsidiary general ledger control report that is generated out of Banner weekly that show control accounts reconciled or no errors.	2,3,4	Controller	None
4	Complete Draft financial statements (including notes) and all audit prep for FY 2021	Completed	Feb-2023	The draft of the financials (Balance Sheet, Income, Cash Flow) are completed including the notes . KSU is contractually engaged with Blue & Co to perform the independent audit to complete FY21 independent audit, and expected to complete their review and publish the final report by June 2023. Presently, Blue & Co and KSU Controller are meeting on a daily basis to facilitate any questions, and exchange of accounting information supporting the audit field work.	1,2,3	Controller/Blue & Co/CFO	The FY 2021 audit is a prior year initiative, so the independent auditor cost will be finance with the $23M loan, because Blue & Co contract cost was not in the FY23 budget.
5	Post all payroll information to Banner	Completed	Feb-2023	Bursar is coding financially cleared students in banner on a daily basis during registration and the data is reported to stakeholders. IR also develops and publish a weekly an automated dashboard that reports of all student enrollment demographics until		Controller/CPE/YPTC	None, CPE committed $500K cover YPTC Consultant contractual cost supporting the migration.
6	Implement month end close process	Completed	Feb-2023	Closing deadlines are established and the trial balance and subsidiary ledgers are close every month on the 15th business day of each month.	2,3,5	Controller	None
7	Enter adjusting entries for FY 2022 into Banner	Completed	Feb-2023	In Dec 2022, Protiviti completed their responses to the 158 audit requests and those responses has been provided to Blue & Co. All adjusted entries have been provided to Blue & Co. Protiviti consltants have committed their time at no cost to provide additional support, if needed to complete the FY22 audit.	2,3	Controller/Blue & Co	We need funding to cover Blue & Co contract, which is not included the FY23 budget.
8	Complete Draft financial statements (including notes) and all audit prep for FY 2022	In Progress	Feb-2023	The draft of the financials are complete. With the exception of the notes (in progress), KSU is contractually engaged with Blue & Co to perform the independent audit to complete FY22 Financials and expected to complete their review within the next 6-months.	2,3,7	Controller/Blue & Co	We need funding to cover Blue & Co contract, which is not included the FY23 budget.
9	Purchase Requisitions	Completed	Oct-2022	Protocols were put in place by Chief of Staff in October 2022 mandating that all departments use banner's electronic purchase requisitions in lieu of manual check requests for services from vendors.		Purchasing/Budget/Accounting	None
10	Adjust Budget for Enrollment	In Progress	Feb-2023	Spring enrollment was finalized on February 18th and the University closed the month of February on March 10th. Once Your Part-Time Controller and the Budget Office have completed the Budget Execution for the month o February, the Budget Office will work with the CFO and adjust the budget to actual enrollment.	16	Budget/CFO	We need funding to cover the listed unfunded in the narrative, which were not in the FY23 budget.
11	Reconcile current payroll to budget	In Progress	Jun-2023	A follow-up meeting was held on Friday, March 10th with Your Part-Time Controller(YPTC) to provide progress updates pertaining to the current payroll reconciliation to the budget. There has been significant progress made to develop a monthly report using the ADP payroll system. A meeting with YPTC, CFO, Budget, and Human Resources will be set up to discuss the final reporting for each month.	11a, 11b	Budget/Payroll/HR/YPTC/ADP/CPE/Ilucian	None, CPE committed $500K cover YPTC Consultant contractual cost.
11a	Create list of budgeted positions (lines)	Completed	Jun-2023	Master file of all positions (E & G, grants, part time, etc.) has been created.		Budget/Payroll/HR/YPTC/ADP/CPE/Ellucian	None
11b	Obtain board approval of budgeted positions (lines) - Master list of funded positions	Completed	Jun-2023	Master file of all positions (E & G, grants, part time, etc.) has been created and sent to YPTC. YPTC has been given access to ADP payroll and they will perform the payroll to budget reconciliation. This same master file will be used for the MIP compensation study.	11a	Budget/Payroll/HR/YPTC/ADP/CPE/Ilucian	We currently have a quote from Ellucian in the amount of $300,000 which is not in the FY23 budget. So external funding will be required, if the consensus decide to migrate to banner's platform. We are seeking external solutions to processing KSU payroll.
12	Budget Amounts for Each Departments	In Progress	Mar-2023	Annual budgets were created and uploaded into Banner at the 100% level. Once Spring enrollment count is finalized the budgets will be adjusted to meet actual spring semester enrollment. The campus executive leadership has been informed to spend remaining budgets on mission essential needs and those request will be validated and approved, via purchase requisition process, at the presidential level.	10,11	Budget/CFO/CPE/YPTC	None, CPE committed $500K cover YPTC Consultant contractual cost.
13	External Financial Reporting Template	In Progress	Mar-2023	Peer institutions (EKU, CSU, JSU, UL) reporting templates were retrieved and shared with YPTC for conversion. The reporting templates will be used to build budget execution status to all constituents.	10,11	Budget/CFO/CPE/YPTC	None, CPE committed $500K cover YPTC Consultant contractual cost.

		Status	Date	Description		Departments	Cost
14	FY to FY Expenditure Comparisons	In Progress	Mar-2023	Expenditures comparison reports and monthly trends are being performed at the object code level, and these repots are submitted CPE monthly at the aggregate level (i.e., land grant, auxiliary, E & G, asset preservation, etc.). However KSU is working with YPTC to have the reports at the expenditure level (salaries, benefits, supplies, travel, purchase services, capital, contingencies, etc.) for analysis and projecton purposes. We hope to have that completed and validated by June 30th 2023.	2,3,5,6,10,11,12	Budget/CFO/CPE/YPTC	None, CPE committed $500K cover YPTC Consultant contractual cost.
15	Financial Metrics (days of cash on hand, debt burden, viability ratios, aging reports, primary reserve ratio, etc.)	Completed	Feb-2023	We are performing days of cash on hand however KSU will begin computing and anlyzing other metrics on a monthly basis.	2,3,5,6,10,11,12	Budget/CFO/CPE/YPTC/Controller	None, CPE committed $500K cover YPTC Consultant contractual cost.
16	Financially Cleared Students	Completed	Jan-2023	Bursar is coding financially cleared students in banner on a daily basis during registration and the data is reported to stakeholders. IR also develops and publish a weekly an automated dashboard that reports of all student enrollment demographics until the registration process closed, to include housing, retention, and meal plans metrics.		Controller/Bursar/CFO/IR	None
17	Chart of Accounts and Trial Balance	In Progress	Mar-2023	The Director of Accounting & Senior Accountant has begun collaborating with Ellucian to get the initiative completed. A meeting was scheduled with the Ellucian consultant, accounting director and senior accountant to connect the communication pipeline and to determine next steps. The week of April 3rd will be the next meeting with Ellucian for chart of accounts.	2,3,5,6,10,11,12	Director of Accounting/Controller/ Senior Accountant/YPTC	None, CPE committed $500K cover YPTC Consultant contractual cost.
18	ADP to Banner Transition	In Progress	Dec-2023	We are studying the migration of payroll processing from ADP to either Banner payroll module or another state agency platform. As of Jan 2023, all payrolls (Bi-weekly & Monthly) are posted within 5-business days after the completion of ADP process. In an effort to reduce payroll processing and duplication cost (ADP -$247K annually), CFO exploring options to migrate KSU's payroll processing from ADP to either Banner payroll module or within another state agency platform.	1,2,3, '11a, 11b	Budget/Payroll/HR/YPTC/ADP/Ellucian	TBD. CPE committed $500K cover YPTC Consultant contractual cost, however, additional resources will be required to cover the migration expense, which was not included in the FY 2023 budget.