

MINUTES OF A MEETING OF THE EXECUTIVE COMMITTEE
OF THE BOARD OF VISITORS OF VIRGINIA COMMONWEALTH UNIVERSITY
December 20, 1984

A meeting of the Executive Committee of the Board of Visitors of Virginia Commonwealth University was held on Thursday, December 20, 1984, at 9:00 a.m. in the University Meeting Center.

Present were Messrs. Farinholt, Grey, Ludeman, Reynolds and Smith; Dr. Gayle and Mrs. Whittemore. Mr. Morris was absent. Also present were Drs. Ackell, Hall, Simmons and Sparks; Messrs. Brown, Bruegman and Ross; and Mrs. Price.

Mr. Smith called the meeting to order and welcomed Mr. David Brown, Vice President for Advancement.

Mr. Lash reported for the hospital on the prompt pay issue. He stated that 80% of the hospital's receivables are third-party payers. Most of these take 60 to 120 days for the hospital to receive payment. This results in a cash flow problem and makes it difficult to pay a bill within 30 days. Mr. Schrock stated that the hospital administration expects a 30% decrease in the amount of receivables during the next year.

With regard to patient accounting, Mr. Lash reported that the system now has on-line capabilities which allow all the patients' bills to be viewed on the screen. This permits timely response to inquiries by patients. The average daily receivables in June were 150 days and in November down to 130 days. Within the next 9 to 12 months, the administration projects this figure to be down to 100.

Mr. Jim Johnson, Assistant Vice President for Financial Operations, reported on the prompt pay issue on the University side. Mr. Johnson stated that it is important to understand the flow of documents throughout the University's Academic and MCV Campuses from the time the particular goods or services are ordered until the vendor invoice authorizing the payment of these goods or services is forwarded to the Comptroller of the Commonwealth of Virginia for actual payment. The Commonwealth of Virginia requires all State expenditures to be approved by the Comptroller's Office prior to payment.

The most overwhelming problem that the University has encountered is the actual matching of the vendor invoices with the appropriate purchase requisition, purchase order and receiving reports. To resolve this problem and others, the University has taken the following actions:

- . Reallocated available funds to hire 9 temporary employees to work with vendors and departments to identify the documents that are needed to initiate the payment process. The individuals have been calling departments and vendors to request the necessary payment documentation.
- . A report is being produced every other week detailing, by department, the information being requested from the departments. This report is provided to the President and each Vice President for their actions.
- . All vendors have been reminded that invoices are to be forwarded directly to the Central Invoice Processing Unit. Vendor invoices that do not contain adequate reference information are being returned to the vendor for additional information. The due date is established based on the receipt of adequate information from the vendor.
- . The University encountered problems with the establishment of an appropriate due date for invoices. The majority of these problems have been resolved through meetings with the State Comptroller's staff. The University is still disappointed

with the State requirement for the reporting of due dates on multiple invoices for the same vendor. The State requires that the oldest invoice date be used in establishing the due date for that group of invoices. VCU believes this practice distorts the Due Date Monitoring Reports and the compliance with the Prompt Payment Act. The University will continue to work with the State Comptroller on this problem.

- . At this time, the procedures that feed information to VCU's automated systems are in need of improvement. Although certain improvements are more long-term in resolution (i.e. data input), there are certain steps that have been taken to reduce the time delays that the University is encountering in processing transactions during the month-end closing procedures. These procedures include a refinement of the edit and month-end closing routines that VCU presently uses and the development of a new process to generate the magnetic tapes needed by the State for their payment procedures while the University performs its monthly closing procedures.

Mr. Bruegman presented the First-Quarter Budget Report for the University's Educational and General programs for the period ended September 30, 1984. Mr. Bruegman stated that revenues are down 3.6% and that this is attributed to a decline in enrollment. The administration is projecting a \$700,000 shortfall in tuition and fee revenue. Total expenditures are slightly ahead of budget this year, compared to the same period last year. 23.0% of the budget has been expended, compared to 21.8% last year. The main cause of this increased spending rate is attributable to lower than anticipated expenditure recovery rates.

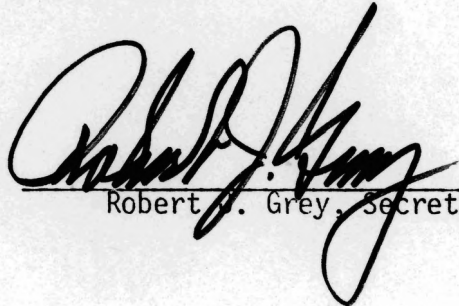
Drs. Hall and Sparks presented the Final Enrollment Report for Fall 1984. The University's final head count is 19,773. The total FTE figure is 14,474.94. This represents a decrease of 508.49 FTE. Dr. Ackell stated that this decrease in FTE could result in a decrease in our General Fund appropriation. However, he stated that the University

was not fully funded on the basis of our enrollment projections. Dr. Ackell also stated that the administration is in the process of developing a "position paper" relative to the steps taken to enhance the quality of the institution. Mr. Smith requested that this paper be shared with the Board.

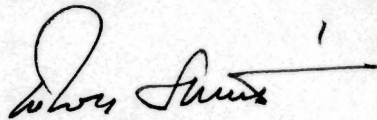
On motion made and seconded, the Committee convened into executive session to discuss certain personnel matters and to discuss investments as authorized by Section 2.1-344 a(1) and a(5) of the Virginia Freedom of Information Act.

Following executive session, Mr. Smith reported that no actions had been taken.

The meeting was adjourned at 11:40 a.m.


Robert J. Grey, Secretary

Approved:



W. Roy Smith, Rector