DISCLAIMER

- General comments, not institution specific
- Not your assigned SACSCOC staff member
- Not your committee member
- Not a SACSCOC Board Member (no vote)
- For members
- No one “right” way to do this

TOPICS

Reaffirmation Timing

New Standards (as of Dec. 2017)

How to Improve Preparation for SACSCOC reports

Resources
REAFFIRMATION TIMELINES

Know your timeline
Think about
  - when audits are due
  - when additional audits might be introduced
  - when to change auditors

NEW POA STANDARDS

Section 13 – Financial & Physical Resource Standards
Section 4 – Governing Board (select)
Section 5 – Administration & Organization (select)
Section 12 – Academic & Student Support Services

Core Requirement vs. Standard

CR 13.1 FINANCIAL RESOURCES

- Sound Financial Resources
- Demonstrated, stable financial base

IDEAS FOR RESPONSE:
Trend audited numbers TNA, UNA, UNAEP, Endowment, Debt (operationaiff), CFI etc.

THINK BIG
CR 13.2 FINANCIAL DOCUMENTS

- An institutional audit
- A statement of UNAEP
- An annual budget
- Sound planning
- Sound fiscal procedures
- Evidence of board approval

FOR SUCCESS, DON'T MISS A PIECE!

S 13.3 FINANCIAL RESPONSIBILITY

- Manages financial resources in responsible manner

Ideas for discussion, trends of:

- Operational outcomes – surplus vs. deficit
- Operational cash flows – positive vs. negative
- Change in UNAEP – positive vs. negative (why?)
- Enrollment – trends vs. tuition revenues, net, FTE
- Revenues and Expenses

FOR SUCCESS, USE AUDITED NUMBERS (not projections!)

BEST FINANCIAL BEHAVIORS-PRIVATE INSTITUTIONS

- Clear audited unrestricted operational outcomes (+/- donor restriction)
- UNAEP identified in audit (face of balance sheet or footnote)
- Clear indication of purpose of debt in footnotes (operational vs plant)
- Breakout of temporary and permanent restrictions (in footnotes on face of statements?)
- Exclusion of capital releases, gains/loss endowment, gains/loss on sales of property, revaluations, recapturations, etc from operational income
- Inclusion of interest expense, endowment spending per policy, etc. from operational income
- Accounts Payable (plant versus trade)
- Comparative data from prior year

SUCCESS - EVERYONE UNDERSTANDING YOUR FINANCIAL STATEMENTS – ALSO FASB MINIMUMS CAN BE LIMITING, GET WHAT YOU NEED
COMMON EXCLUSIONS UNAEP

BEST FINANCIAL BEHAVIORS
PUBLIC INSTITUTIONS
- Get multiple years of data in externally verified form (audit comparable data, MD&A, multiple audits, etc.)
- Use your MD&A to explain what your audit does not
- Clearly identify:
  - Compensated Absences (current liability, non-current liability)
  - Pension Obligations (could be liabilities, deferred inflows, deferred outflows, expense, change in overall obligation, etc.)
  - OPEB (Other Post Employment Benefits)
  - UNAEP
  - Depreciation Expense (PUBLICS ONLY CAN ADD THIS BACK due to state funding of facilities) related to Operational Outcome

FOR SUCCESS UNDERSTAND WHAT YOUR AUDIT MEANS

S 13.4 CONTROL OF FINANCES
- No more Management Letter requirement,
  - If you get one, or something like it, use here
- External Verification of Internal Controls
- Are there financial statement findings in your federal awards audit?
- Are there internal control issues (Material Weaknesses or Significant Deficiencies) related to the financial statements in the auditor’s report?
- Are there other external reviews (i.e. operational audits)
- Internal audit reports not generally a great idea here…
  - Too detailed, raise picky issues?
  - Not external
S 13.5 CONTROL SPONSORED RESEARCH / EXTERNAL FUNDS

Is there funding from external sources, such as:
• Federal programs other than Title IV (Title IV is S 13.6)
• Sponsored research

Does the institution have policies about external funding?
• Are they published? Implemented?

Are there programs in federal awards audit other than Title IV?
• Findings? Absence of findings?

S 13.6 FEDERAL & STATE RESPONSIBILITIES

Audits federal and state financial aid programs
• Can prove compliance for the member institution
• Not the state
• Not the system

Findings?
• Repeat?
• Serious?
• Isolated? Minor? Small questioned costs?
• NO PPA IS REQUIRED

S 13.7 PHYSICAL RESOURCES

Adequate?
• On and off campus
• Appropriately serve – common missing link
• IT infrastructure – common missing link
• Library – don’t miss this
**S 13.8 HEALTHY, SAFE SECURE ENVIRONMENT**

- Safety Plan / Emergency Procedures – disseminated?
- Building Access
- Campus Security – in-house? Outsourced?
- Crisis Management – have communications been tested?
- Handling of Hazardous Materials

Discuss all locations


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**CR 4.1(B) GOVERNING BOARD**

- Ensures fiduciary oversight of the institution
- noncompliance here may indicate a disengaged board
- NOTE: It's a Core Requirement

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**S 5.2 (C) CEO CONTROL FUNDRAISING**

**S 5.3**

CEO Controls

S 5.2 C. Institution's fund-raising activities

5.3

A. Legal authority & operating control clearly defined
B. Relationship to institution and any liability clearly described
C. CEO controls fund-raising activities or fund-raising activities formally defined in writing to assure supports mission
S 12.6 STUDENT DEBT

Institution provides information and guidance to help student borrowers understand how to manage debt and repay loans

NOT A FINANCIAL AID STANDARD
- Not a requirement for exit counseling
- Not a requirement for federal loan information

• THIS IS A GENERAL STANDARD THAT APPLIES TO ALL STUDENTS WHETHER BORROWING THROUGH THE FEDERAL GOVERNMENT OR NOT

RESOURCES

www.sacscoc.org
SACSCOC Resource Manual — for common interpretations of standards
SACSCOC Handbook for Institutions Seeking Reaffirmation — for process information about reaffirmation and fifth-year interim
SACUBO & NACUBO — for excellent financial information from your peers
NACUBO publications — Strategic Financial Analysis
www.sacscoc.org/dbarrett.asp for documents from this meeting