Guide to the Presentation

**Reading—and writing—the fine print...**

Finance and Leadership Perspective:

Dr. Michael J. Heindl  
President of Northwest MS Community College

Drafting Reports and Writing to the Standards:

Dr. Carley P. Dear  
Director of Assessment at the University of MS Medical Center
Guide to the Presentation

Objectives for the Presentation

1. Compare your institution’s processes with national best practices related to higher education finance.
2. Understand the intent of the SACSCOC finance principles
3. Develop a strategy for crafting a narrative
4. Empower your institution to ‘remain ready’ for compliance
Study Yourself

Your institution = best practices

Use the Standards as a Self-Study

13.1 The institution has sound financial resources and a demonstrated, stable financial base to support the mission of the institution and the scope of its programs and services. (Financial resources) [CR]

13.2 The member institution provides the following financial statements:
   (a) an institutional audit for the most recent fiscal year
   (b) a statement of financial position of unrestricted net assets
   (c) an annual budget that is preceded by sound planning, is subject to sound fiscal procedures, and is approved by the governing board. (Financial documents) [CR]

13.3 The institution manages its financial resources in a responsible manner. (Financial responsibility)

13.4 The institution exercises appropriate control over all its financial resources. (Control of finances)
Unpacking the Standards

Reading the fine print...
Unpacking the Standards

13.1 Sound financial resources and a demonstrated, stable financial base to support the mission of the institution and the scope of its programs & services.
Unpacking the Standards

**13.1**

**Sound financial resources** and a demonstrated, stable financial base to support the mission of the institution and the scope of its programs & services.

---

**Sound Financial Resources**

**GENERAL FUND**
For the Fiscal Year Ended June 30, 2018 (in millions)

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property taxes</td>
<td>$81.5</td>
</tr>
<tr>
<td>Student tuition and fees</td>
<td>71.8</td>
</tr>
<tr>
<td>State revenues</td>
<td>22.9</td>
</tr>
<tr>
<td>Corporate personal property replacement taxes</td>
<td>1.4</td>
</tr>
<tr>
<td>Interest income</td>
<td>2.6</td>
</tr>
<tr>
<td>Other revenues</td>
<td>1.6</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>$181.8</strong></td>
</tr>
</tbody>
</table>

Source: College of DuPage’s Popular Financial Report, 2018
### Sound Financial Resources

#### Expenditures

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>$70.4</td>
</tr>
<tr>
<td>General institutional</td>
<td>21.4</td>
</tr>
<tr>
<td>Operation and maintenance of plant</td>
<td>15.5</td>
</tr>
<tr>
<td>Student services</td>
<td>15.5</td>
</tr>
<tr>
<td>General administration</td>
<td>11.6</td>
</tr>
<tr>
<td>Scholarships, grants, and waivers</td>
<td>9.0</td>
</tr>
<tr>
<td>Academic support</td>
<td>10.4</td>
</tr>
<tr>
<td>Public service</td>
<td>1.6</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>$155.4</strong></td>
</tr>
</tbody>
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Source: College of DuPage’s Popular Financial Report, 2018

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### Sound Financial Resources

#### Expenditures

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</table>

**Excess of Revenues over Expenditures** $20.4

- Net transfers in / (out) $(0.3)$
- Net change in fund balance $26.1$
- Fund Balance, July 1, 2016 $207.6$
- Fund Balance, June 30, 2018 $233.7$

Source: College of DuPage’s Popular Financial Report, 2018
Sound Financial Resources

Percentage distribution of total revenues at Title IV public institutions, by institution level and selected source of funds: Fiscal year 2017

IPEDS

4-year institutions: 20.7% Tuition and fees, 13.7% Operating grants and contracts, 17.8% Appropriations, 4.6% Nonoperating grants and contracts
2-year institutions: 16.5% Tuition and fees, 7.0% Operating grants and contracts, 46.2% Appropriations
Less-than-2-year institutions: 20.2% Tuition and fees, 13.3% Operating grants and contracts, 11.5% Appropriations

NOTE: Public administrative system offices are included and public institutions following Financial Accounting Standards Board standards are excluded from the data. All grants and contracts and appropriations include funds from federal, state, and local sources.
To add value to the index, show the ratios that were used to get to the CFI.
Sound Financial Resources

13.1 Unpacking the Standards

Sound financial resources and a demonstrated, stable financial base to support the mission of the institution and the scope of its programs & services.
Stable Financial Base

Source: College of DuPage’s Popular Financial Report, 2018

Stable Financial Base

Source: College of DuPage’s Popular Financial Report, 2018
Unpacking the Standards

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13.1 Sound financial resources and a demonstrated, stable financial base to support the mission of the institution and the scope of its programs & services.

BOTTOM LINE:

**Are your finances sufficient to support your mission?**

Responding to the Standards

Writing the fine print...
Writing the Narrative

Five Major Components in Making a Case for Compliance

A statement of the institution’s perception of its compliance with the principle
The rationale for the assertion
The evidence supporting the assertion
The evidence-based analysis of compliance
The overall judgment of the case for compliance
Writing the Narrative

Five Major Components in Making a Case for Compliance

- A statement of the institution’s perception of its compliance with the principle
- The rationale for the assertion
- The evidence supporting the assertion
- The evidence-based analysis of compliance
- The overall judgment of the case for compliance
WRITING SAMPLE

Narrative

The University of Mississippi Medical Center (UMMC) has sound financial resources and a stable financial base to support the academic medical center’s mission to advance healthcare in Mississippi through education, research, and healthcare services.

Writing the Narrative

*Five Major Components in Making a Case for Compliance*

- A statement of the institution’s perception of its compliance with the principle
- The rationale for the assertion
- The evidence supporting the assertion
- The evidence-based analysis of compliance
- The overall judgment of the case for compliance
The University of Mississippi Medical Center (UMMC) has sound financial resources and a stable financial base to support the academic medical center’s mission to advance healthcare in Mississippi through education, research, and healthcare services.

**Finances Support the Mission**

Within the audited financial statements, support for the tri-part mission that encompasses education, research, and healthcare is demonstrated. The public institution has sixty active certificate and degree programs including: undergraduate programs beginning with the junior year, graduate, and professional programs.

**Finances Support the Scope of Programs and Services**

UMMC provides educational opportunities to almost 3000 students annually in six healthcare related schools: School of Dentistry, School of Graduate Studies, School of Health Related Professions, School of Medicine, School of Nursing, and School of Population Health. Five year enrollment trends are shown in Table 13.1.a.
Narrative

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Sound Financial Resources

The total net assets of the institution exceed $XXX million dollars representing a solid financial base for the one-hundred fifteen year old institution. Over the past five years, the total net assets have grown as a result of controlled expenditures and an increase in new revenue sources related to non-credit training at the Jackson campus. Table 13.1.b details the growth of the assets over the past five years.

Table 13.1.b. Total Net Assets

<table>
<thead>
<tr>
<th>TOTAL NET ASSETS</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted Net Assets</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Capital Assets, Net</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
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<td></td>
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</tbody>
</table>

Unrestricted net position, exclusive of the net pension liability effect shows an increase over the past five years when pension calculations are removed. Table 13.1.c details unrestricted net assets utilizing an accounting method suggested by SACSCOC.

Table 13.1.c. Unrestricted Net Position, Exclusive of the Net Pension Liability Effect

<table>
<thead>
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Writing the Narrative

Five Major Components in Making a Case for Compliance

• A statement of the institution’s perception of its compliance with the principle
• The rationale for the assertion
• The evidence supporting the assertion
• The evidence-based analysis of compliance
• The overall judgment of the case for compliance

Documentation:

Proving compliance

Narrative

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Documentation: Proving compliance

Sources (In Order of Appearance)
- Bulletin—16-17 SOD Academic Calendar p44
- Bulletin—16-17 SOD Grading Policy p45
- Student Handbook—16-17 SOD Grading Policy p32
- Bulletin—16-17 SGSHS Academic Calendar p65

Writing the Narrative

Five Major Components in Making a Case for Compliance
- A statement of the institution’s perception of its compliance with the principle
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- The overall judgment of the case for compliance
Summary
UMMC’s financial architecture and processes steadily support the expansive scope of services and programs within the educational, research, and healthcare foci of the academic medical center’s mission.

13.2 Financial documents [CR]
The member institution provides the following financial statements:
(a) an institutional audit for the most recent fiscal year prepared by an independent CPA and/or an appropriate governmental auditing agency employing the appropriate audit guide.
(b) a statement of financial position of unrestricted net assets, exclusive of plant assets and plant-related debt, which represents the change in UNA attributable to operations for the most recent year.
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http://www.sacscoc.org/staff/dbarrett/Public%20Audits%20Barrett%20-%20January%202019.html
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Budgeting Best Practices

Government Finance Officers Association

Governmental Accounting Standards Board
I. Introduction—restating compliance

II. Body
   A. Audit
      1. Explain audit policies/process, timeline, qualifications of auditors
      2. Actual audit(s)
   B. Statement of Financial Position
      1. Explanation of document
      2. Actual statement
   C. Annual budget
      1. Budget policies/process
      2. Sound planning
      3. Sound fiscal procedures
      4. Approval by board
      5. Actual budget

III. Conclusion—summary restating compliance

Financial Responsibility
The institution manages its financial resources in a responsible manner.

Operate Within in Your Means
Sustainable Fiscal Activities

Sound Financial Resources
The total net assets of the institution exceed $XXX million dollars representing a solid financial base for the one-hundred fifteen year old institution. Over the past five years, the total net assets have grown as a result of controlled expenditures and an increase in new revenue sources related to non-credit training at the Jackson campus. Table 13.1.b details the growth of the assets over the past five years.

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Control of finances

The institution exercises appropriate control over all its financial resources.
### Appropriate Control

#### Policy Statement
General fund reserve statement calls for X months of regular operating expenditures and transfers out

#### Explanation
General fund reserve had $XX million at the end of FY17 and $XX at the end of FY18 which represents X months of regular operating expenditures.

#### Current Action on Policy Implementation
- Audited financial statements from **FY17** and **FY18**

### Incorporating Policies into Narratives

#### Financial Management Plan

<table>
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<tr>
<th>Policy Statement</th>
<th>Explanation</th>
<th>Current Action on Policy Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>General fund reserve statement</td>
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<td>• Audited financial statements from <strong>FY17</strong> and <strong>FY18</strong></td>
</tr>
<tr>
<td></td>
<td>represents X months of regular operating expenditures.</td>
<td></td>
</tr>
<tr>
<td>Authority over reserves</td>
<td>Prior to this policy, the College could use reserves as cash flow to make payroll. These</td>
<td>• Board finance sub-committee minutes</td>
</tr>
<tr>
<td></td>
<td>practices have been halted.</td>
<td></td>
</tr>
<tr>
<td>Replenishing reserves</td>
<td>Budgets are continually monitored for potential savings and cuts in order to replenish reserves.</td>
<td>• Strategic financial plan documentation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• FY19 Budget representing 2% additional cut from budget</td>
</tr>
</tbody>
</table>
Proving Compliance with Documentation

**Say what you do...**

<table>
<thead>
<tr>
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</tr>
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<tbody>
<tr>
<td>Policy</td>
</tr>
<tr>
<td>Procedure</td>
</tr>
<tr>
<td>Handbook</td>
</tr>
<tr>
<td>Bulletin</td>
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**Do what you say...**

<table>
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<tr>
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<tbody>
<tr>
<td>Statements</td>
</tr>
<tr>
<td>Minutes</td>
</tr>
<tr>
<td>Logs</td>
</tr>
<tr>
<td>Agenda</td>
</tr>
<tr>
<td>Flyer</td>
</tr>
<tr>
<td>Training Slides/PPT</td>
</tr>
<tr>
<td>Redacted evaluations</td>
</tr>
<tr>
<td>Redacted transcripts</td>
</tr>
</tbody>
</table>

Using Supporting Documents Well

**Tips:**
- Use PDF documents
- Highlight important elements within PDF
- Label appropriately
- Do not link to websites

Academic Regulations

**Purpose:**
This policy sets forth the policy for academic regulations.

**Policy:**
The academic regulations of the institution are set forth in policies and procedures of the Office of the Associate Vice Chancellor for Academic Affairs (Academic Affairs). These documents guide the academic process. All Academic Affairs policies and procedures will continue to be published in the Academic Affairs Manual, available on the [UMMC Document Center](https://academic.docs.UMMC.edu). Changes may be made to the academic policy or procedures at any time to promote the best interests of the Medical Center and its students.

The Associate Vice Chancellor for Academic Affairs will serve as the final approver of all academic policies before submission for documentation in the Document Center. These changes will become effective when posted in the Document Center. Policy notifications are communicated through campus-wide electronic means and will include the following groups: students, Faculty Senate members, the Academic Affairs Council and the Student Affairs Council, Office of
Sustaining the Institution

Ideas:
Utilize best practice resources

https://www.gfoa.org/best-practices-community-college-budgeting
Sustaining the Institution

Ideas:

Utilize best practice resources
Governmental Finance Officers Association Award Programs

Popular Annual
Financial Reporting
Award Program
(filter by college/university)

https://www.gfoa.org/financial-reporting-resource-center

Sustaining the Institution

Ideas:

Increasing the financial literacy of your institution
  Board
  Executive Leadership
  Faculty, Staff, Administrators
  Students
  Alumni
  Donors
  Community
Sustaining the Institution

*Ideas:*

Integrating finance into macro-level and micro-level planning processes
Other Best Practices
Thank You!

Dr. Carley P. Dear        cdear2@umc.edu
Dr. Michael J. Heindl     mheindl@northwestms.edu