



CS-87, FINANCE TRAINING-PUBLIC INSTITUTIONS

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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

- Finance Standards
- Case Study Analysis
- Writing a Clear Report
- Why be an Evaluator

CR 13.1 RESOURCES & BASE

Sound Financial Resources
Demonstrated Stable Base
Financial Documents (see CR 13.2)

CR 13.2 FINANCIAL DOCUMENTS

Audited Financial Statements
And Statement of Unrestricted Net Assets w/o plant
And Annual Budget
And Sound Planning
And Sound Fiscal Procedures
And Proof of Board Approval

NO MANAGEMENT LETTER (removed December 2017)

CR 13.2 PUBLIC AUDIT ISSUES

- Is a System Audit okay?
- Is a State Audit okay?
- Are supplemental schedules to either okay?
- Is an audit every other year okay?

CR 13.2 AUDIT ISSUES CONTINUED

- “for the most recent year”
- “an audit”
- One year of data is not enough
- Dollars and English

Spirit: External Verification

CR 13.2 UNAEP

- .A statement of “position” which represents “change” in UNAEP
 - Exclusive of plant- and plant-related debt
 - No prescribed format
 - May be prepared by auditor or institution
 - OPEB, Compensated Absences, Pensions
- THIS IS A PROBLEM FOR PUBLICS

Spirit: Operational Resources Available

CR 13.2 ANNUAL BUDGET

- Sound planning with PROOF
- Sound fiscal procedures
 - *Balanced
 - *Contingency
 - *Amendment Process
 - *Ability to react
- Approved by board with PROOF

Spirit: Deliberate financial planning w/controls

CR 13.1 RESOURCES & BASE

- Sound Financial Resources
- Demonstrated Stable Base
- Rely on Financial Statements
- Multi-year trends demonstrate stability
- MD&A is great supplemental data
- No prescribed format

Possible trends: Total net assets, Unrestricted Net Assets, UNAEP, Current ratio, Composite Financial Index, Unrestricted Cash, Accounts Payable, Various financial ratios, DOE score, etc.

CR 13.1 RESOURCES & BASE

SPIRIT

Is the institution stable over time?

Is this institution, overall, a sustainable entity?

Does the institution have a sufficient resource base to support its mission and programs?

S 13.3 FINANCIAL RESPONSIBILITY

- Is the institution living within revenues available to operations?
- Is the institution living within cash flows available to operations?
- Are financial behaviors sustainable?
- All numbers must be documented historical, not projections
- what happened to "recent history"?

Possible trends: Operational outcomes, cash flows, revenue streams, enrollment, net tuition, net tuition per FTE, etc.

CASE EXAMPLE
There is no one way to create this
This is NOT as bad as it gets

CR 13.1 VERSUS S 13.3
13.1 Core requirement versus 13.3 standard
13.1 Not reaffirmed versus 13.3 reaffirmation
13.1 Sanction versus 13.3 no sanction required
Probation versus Warning affects time

Think about whether financial distress has risen to a level that undermines the overall stability and/or resources of the institution

S 13.4 CONTROL OF FINANCES
SPIRIT: EXTERNAL VERIFICATION OF
INTERNAL CONTROLS

WHAT'S NOT ACCEPTABLE
System or State Management Letter (unless institutions listed individually)
Management Discussion & Analysis (MD&A)
Internal Audit Reports – not enough alone, may create more problems

S 13.4 CONTROL OF FINANCES

IDEAS FOR DOCUMENTATION

- LACK OF FINANCIAL STATEMENT / CONTROL FINDINGS IN FEDERAL AWARDS AUDIT (if at institutional level)(excludes title IV)
- AUDITOR'S REPORT ON INTERNAL CONTROL – are there significant deficiencies or material weaknesses
- STATE / EXTERNAL OPERATIONAL AUDITS for individual institution
- STATE or SYSTEM Management Letter – if lists individual institutions
- Policies & Procedures about: safeguard cash, control of expenditures, etc.

S 13.4 STATE EXAMPLES

What does your state do?
Do reports have to be requested?

S 13.4 GEORGIA

Full Disclosure Management Report (FDMR) includes:

- Financial Statements
- Financial Statement Findings & Questioned Costs
- Federal Award Findings & Questioned Costs
- Other Items Noted for Management's Consideration

MEETS AUDIT, INTERNAL CONTROLS & FED AWARDS REQ.

S 13.4 TENNESSEE

- Letter from state auditor
- Indicates matters discussed at a field exit conference
- Covers Internal Control matters

S 13.4 FLORIDA

Financial audit report 2018-XXX
Includes Report on Internal Control
Includes reference to "Operational Audit Report 2018-XXX"

S 13.5 CONTROL SPONSORED RESEARCH & PROGRAMS

Not Title IV
Federal Awards Audits – other than Title IV
Grants Policies (prove implementation)

Spirit: If you take someone's money you have to follow their rules.

S 13.6 FEDERAL & STATE RESPONSIBILITIES

- Audits of federal and state financial aid for individual institution
- Not for state or system unless institution clearly included
- Critical to address previous findings
- Perfection not required
- No PPA required
- Describe process and timing

Spirit: Is your federal & state financial aid externally audited?

Spirit: Are findings minor, isolated, new (not repeats?)

S 13.7 PHYSICAL RESOURCES

- CR eliminated
- describe all sites, on and off campus
- "adequately serve" educational programs, support services, & mission-related activities
- include the library
- are there specific areas of concern (not unusual)
- are specific areas of concern being addressed?
- Risk? Maintenance? Inventory? (include examples)
- Is "technological infrastructure" sufficient partic. for DL (required)

S 13.8 INSTITUTIONAL ENVIRONMENT

- Safety plan
- Security function, in-house? Outsourced?
- Relationship to local law enforcement
- Crisis communications plan? Tested?
- How are alerts disseminated?
- Buildings reviewed for safety concerns
- On and off-campus
- REQUIRED: Investigations by USDOE Office of Civil Rights re: sexual violence? (see RM)

S 12.6 STUDENT DEBT

Information and guidance to help student borrowers understand

- How to manage debt
- How to repay loans

THIS IS NOT A FEDERAL AWARDS STANDARD

Examples of documentation include:

Student education – might be embedded in coursework, might be provided as information, etc.,

DO NOT DESCRIBE FEDERAL REQUIREMENTS FOR EXIT / ENTRANCE COUNSELING

BE A SACSCOC PEER EVALUATOR

www.sacscoc.org/evalinfoform.asp

Requires President's approval

- community service
- free education
- great networking
- peer review is self regulation

SUPPORT THE GREATER PURPOSE
BE A PART OF THE WHOLE

BE CLEAR

What did you see?

What did you think?

Provide basis for compliance or not

Cite source of numbers

The best case is



BE TIMELY

- Respond to requests to serve promptly
- Stay for the whole visit
- Become part of the committee

BE REASONABLE

- No institution is perfect
- Does the institution meet the standard?

NEED MORE INFORMATION

- www.sacscoc.org
- SACSCOC *Resource Manual*, 2018 edition
- SACSCOC *Handbook for Institutions Seeking Reaffirmation*
- NACUBO publications – Strategic Financial Analysis
- SACUBO
- Your institution's Accreditation Liaison
