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SACSCOC Finance Update  
CS-40 Financial & Physical  
Resources

Sunday, Dec. 3, 3:00-4:00  
Crystal G1

Donna Barrett

SACSCOC Director of Institutional  
Finance

## HOUSEKEEPING:

-Questions at end

-Or email me [dbarrett@sacscoc.org](mailto:dbarrett@sacscoc.org) until  
12-15-23 (put CS-40 in subject)

-Handouts & presentation at [www.sacscoc.org](http://www.sacscoc.org) staff  
directory, Donna Barrett webpage (after mtg)

Donna Barrett

SACSCOC Director of Institutional Finance

# DISCLAIMER

- Intended for Members
- Not on Your Committee
- No vote on SACSCOC Board
- Every institution is different
- General Information / Common Situations
- Many types of Institutions in this Session: Private, Public, For-Profit, large, small, etc.
- Other sessions at this meeting are more specific

**LET'S MAKE A DEAL**



## SESSIONS OF INTEREST – FINANCE

- CS-40 Financial & Physical Resources – Barrett – ALL
- CS-65 Finance Training – Barrett & Worster PRIVATES
- CS-74 Curiosity to Clarity-A Path for Compliance PUBLICS
- CS-86 Finance Training for Public Institutions – Barrett-PUBLICS
- CS-144 Responding to Financial Monitoring – Barrett & Hall – ALL
- ORIENTATION WRAP-UP – Finance Issues – Class of 2026 A & B only

*(confirm these in final schedule)*

# ROAD MAP

- What is SACSCOC?
- Why do we care?
- What does SACSCOC want?
- When do you want it?
- Current Issues
  - QEP issues
  - Lease Issues
  - Changes to POA/Reaffirmation Process





Handouts & Presentations will be online – for now...



# What is SACSCOC?

- Southern Association of Colleges and Schools, Commission on Colleges
- Established 1895
- Private, nonprofit, voluntary
- Approx. 800 members – they set standards
- Formerly Regional Accreditor / Institutional Accreditor







**The Principles of Accreditation:**  
Foundations for Quality Enhancement

Adopted by the College Delegate Assembly  
December 2017



# Principles of Accreditation

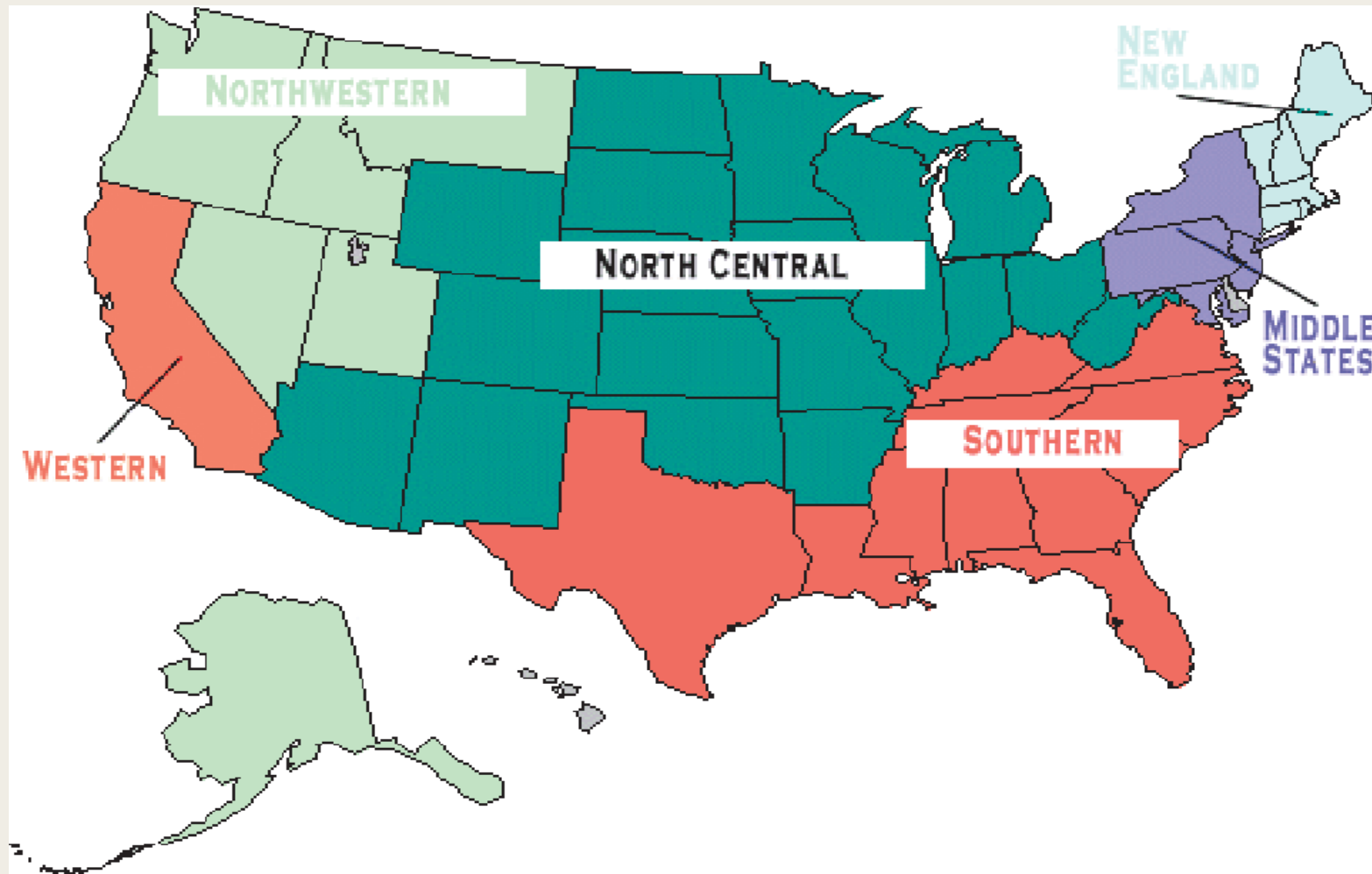
- Integrity
- Mission
- Basic eligibility
- Governing Board
- Administration and Organization
- Faculty
- Institutional Planning & Effectiveness
- Student Achievement
- Educational Program
- Educational Policies
- Library
- Academic & Student Support
- **Financial & Physical Resources**
- Transparency & Institutional Representation



What is SACSCOC?

- **SACSCOC is YOU**

## (formerly known as) Regional Accreditors



## Why do you care?

- Improve quality
- Assure public
- Gate-keeper Title IV federal financial aid

RISKS OF NONCOMPLIANCE



## TO DO NOW

Go to [www.sacscoc.org](http://www.sacscoc.org)

- Who are your state's members of the SACSCOC board of trustees?
- What is the status of your institution, or any other?
- Who is your assigned SACSCOC staff member?

## What do you want from us?

- Compliance Certification – every ten years
- Fifth year report – in middle of ten-year reaffirmation term

### ***AND THIS IS WHERE IT GETS A LITTLE STICKY...***

- OCIS – new federal mandate for ALL institutions
- Substantive Change – may require audits
- News – headlines – media
- Complaints
- USDOE issues



## **CONSIDER BUILDING A RELATIONSHIP WITH...**

Your Institution's Accreditation Liaison

Your President's office

Your Financial Aid Director

*They may all get notifications you need  
to see*



## When do you want it?

Reaffirmation Timelines – look up your institution's next reaffirmation & level  
[www.sacscoc.org](http://www.sacscoc.org)

level I & II–track A (*no graduate level*)

level III & up– track B (*graduate level*)

Compliance Certification requires two years' audits including most recent at due date

Fifth year requires (at a minimum) audits of federal and state aid



# Reaffirmation Class of 2026-A

Orientation: December 2023

Compliance Certification Due: March 1, 2025 (w/FY 2024 audit & previous)

Last day to send audits only for off-site: April 7, 2025

*(Do not need SACSCOC President approval, work with your SACSCOC VP)*

Off-Site Committee review (virtual): April 22-25, 2025

Institutional Response (Focused Report) & QEP: Due 6 weeks before On-Site

On-Site Committee Review: September-November 2025 (in-person/hybrid)

Institutional Response (Response Report) Due: Spring 2026

(5 months after on-site)

*(Need extension to get optional 2025 audit? Talk to your SACSCOC VP, need extension from SACSCOC President because Response Report goes to SACSCOC board)*

Reaffirmation Decision by SACSCOC Board: June 8-11, 2026

# Reaffirmation Class of 2026-B

**Orientation:** December 2023

**Compliance Certification Due:** September 8, 2025 (w/FY 2025 audit & previous)

**Last day to send audits (only) for off-site:** October 20, 2025

*(Do not need SACSCOC President extension approval, work with your SACSCOC VP)*

**Off-Site Committee review (virtual):** November 4-7, 2025

**Institutional Response (Focused Report) & QEP:** Due 6 weeks before On-Site

**On-Site Committee Review:** January-April 2026 (in-person/hybrid)

**Institutional Response (Response Report)** Due: Fall 2026

(5 months after on-site)

*(Need extension to get 2025 audit? Talk to your SACSCOC VP, need extension from SACSCOC President because Response Report goes to SACSCOC board)*

**Reaffirmation Decision by SACSCOC Board:** December 2026

# REAFFIRMATION TIMELINES (online)

Class	Level *	Orientation	Compliance Certification Due ** (Institution prepares)	Off-Site Committee Review (virtual)	Institution Responds to Off-Site Report & submits QEP & Updated Institutional Summary Form	On-Site Committee Visits Your Campus (in-person/hybrid)	Institution Responds to On-Site Committee Report (5 months after visit)	SACSCOC Reaffirmation Decision (public announcement)	Fifth-Year letter sent re-requesting report ***	Due Date - Fifth Year Report	SACSCOC Committee Reviews Fifth-Year Report
2022	A	December-19	March-21	April-21	6 wks before visit	Sept-Nov 2021	Spring 2022	June-22			
2022	B	December-19	September-21	November-21	6 wks before visit	Jan-April 2022	Fall 2022	December-22			
2023	A	December-20	March-22	April-22	6 wks before visit	Sept-Nov 2022	Spring 2023	June-23			
2023	B	December-20	September-22	November-22	6 wks before visit	Jan-April 2023	Fall 2023	December-23			
2024	A	December-21	March-23	April-23	6 wks before visit	Sept-Nov 2023	Spring 2024	June-24			
2024	B	December-21	September-23	Oct-Nov 23	6 wks before visit	Jan-April 2024	Fall 2024	December-24			
2025	A	December-22	March-24	April-24	6 wks before visit	Sept-Nov 2024	Spring 2025	June-25			
2025	B	December-22	September-24	November-24	6 wks before visit	Jan-April 2025	Fall 2025	December-25			
2026	A	December-23	March-25	April-25	6 wks before visit	Sept-Nov 2025	Spring 2026	June-26			
2026	B	December-23	September-25	November-25	6 wks before visit	Jan-April 2026	Fall 2026	December-26	April-21	March-22	June-22
2027	A	December-24	March-26	April-26	6 wks before visit	Sept-Nov 2026	Spring 2027	June-27	October-21	September-22	December-22
2027	B	December-24	September-26	November-26	6 wks before visit	Jan-April 2027	Fall 2027	December-27	April-22	March-23	June-23
2028	A	December-25	March-27	April-27	6 wks before visit	Sept-Nov 2027	Spring 2028	June-28	October-22	September-23	December-23
2028	B	December-25	September-27	November-27	6 wks before visit	Jan-April 2028	Fall 2028	December-28	April-23	March-24	April-24
2029	A	December-26	March-28	April-28	6 wks before visit	Sept-Nov 2028	Spring 2029	June-29	October-23	September-24	November-24
2029	B	December-26	September-28	November-28	6 wks before visit	Jan-April 2029	Fall 2029	December-29	April-24	March-25	April-25
2030	A	December-27	March-29	April-29	6 wks before visit	Sept-Nov 2029	Spring 2030	June-30	October-24	September-25	November-25
2030	B	December-27	September-29	November-29	6 wks before visit	Jan-April 2030	Fall 2030	December-30	April-25	March-26	April-26
2031	A	December-28	March-30	April-30	6 wks before visit	Sept-Nov 2030	Spring 2031	June-31	October-25	September-26	November-26
2031	B	December-28	September-30	November-30	6 wks before visit	Jan-April 2031	Fall 2031	December-31	April-26	March-27	April-27
2032	A	December-29	March-31	April-31	6 wks before visit	Sept-Nov 2031	Spring 2032	June-32	October-26	September-27	November-27
2032	B	December-29	September-31	November-31	6 wks before visit	Jan-April 2032	Fall 2032	December-32	April-27	March-28	April-28

## At Reaffirmation...



***Monitoring Clock starts ticking...unless it's already running.***

Monitoring is limited to two years – can be no sanction, Warning, or Probation

Two additional years after that are possible but must be on ***Probation for Good Cause***

Session CS-144 for more details

# Reaffirmation Class of 2029-A Fifth-Year Interim Schedule

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Letter Requesting Report: October 2023

*(YOU NEED THIS LETTER, sent to President & Accreditation Liaison)*

Fifth-Year Report Due: September 2024 (w/federal & state aid audits at minimum)

*(LETTER MAY ASK FOR ADDITIONAL FINANCIAL INFORMATION)*

Fifth-Year Committee peer review: November 2024

If noncompliance: Referral Report due June or December 2025

*(REFERRAL REPORT BOARD REVIEW STARTS MONITORING)*

## Why does my fifth-year letter ask for additional financial information?

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- SACSCOC Board may have asked for a follow-up report due to previous financial noncompliance

**(FOLLOW-UP REPORTS START MONITORING)**

- Financial Profile indicators may have negative trends (letter cites *self-reported financial information*)
- Unsolicited Information can impact this



## **REAFFIRMATION / Board Action**

SACSCOC decisions become public

Noncompliance with a CR requires sanction



**CURRENT ISSUES** in  
financial  
noncompliance

*(highlighting pieces  
of responses to  
standards-not  
complete response)*

- UNAEP (13.1 / 13.3)
- OPERATIONAL OUTCOMES (13.1 / 13.3)
- TITLE IV AUDIT EVIDENCE AND COMPLIANCE (13.6)
- STATE AUDIT EVIDENCE AND COMPLIANCE (13.6)
- PHYSICAL RESOURCE ADEQUACY (13.7)
- Information related to INVESTIGATIONS BY USDOE Office of Civil Rights (13.8)
- Student Borrower Guidance (12.6)
- QEP – capability (7.2.d)
- Right-of-Use Lease entries

# Resource Base for Day-to-Day Operations UNAEP

(a trend of this number is  
required, detail in CR 13.2)





# Unrestricted Net Assets exclusive of Plant and Plant-related Debt

- Unrestricted = “Without Donor Restriction”
- PRIVATES -Your audit may or may not provide
- PUBLICS – Finance evaluators adjust for OPEB, Pensions, CA
- FOR-PROFITS – All net assets are considered unrestricted
- Only “number” required
- Let’s look at a few examples

NET ASSETS	
Without Donor Restriction	1,000,000
With Donor Restriction	<u>1,000,000</u>
TOTAL NET ASSETS	2,000,000

NET ASSETS	
Without Donor Restrictions	1,000,000
With Donor Restriction	
By Time or Purpose	500,000
In Perpetuity	<u>500,000</u>
TOTAL NET ASSETS	2,000,000

NET ASSETS	
Without Donor Restrictions:	
Investment, land, buildings & equipmt, net debt	1,500,000
Undesignated	(500,000)
With Donor Restriction	<u>1,000,000</u>
TOTAL NET ASSETS	2,000,000

PRIVATES  
Your SNP  
might look  
like this...

# PRIVATES - Maybe it could look like this...

## NET ASSETS

### *Without Donor Restriction*

Undesignated (UNAEP)	( 500,000)
Investment in Property & Plant, net	<u>1,500,000</u>
WITHOUT DONOR RESTRICTION, TOTAL	<u>1,000,000</u>

### *With Donor Restriction*

Restricted by Time and Purpose	500,000
Restricted in Perpetuity	<u>500,000</u>
WITH DONOR RESTRICTION, TOTAL	1,000,000

<b>TOTAL NET ASSETS</b>	<b>2,000,000</b>
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*The Goal*  
*CLARITY*  
*for everyone*







## PRIVATES

**SACSCOC Finance Evaluators  
often exclude these items  
from UNAEP**

*(debt reserves, horses, artwork,  
investment land, uncollected  
receivables, intangible assets)*



## NET POSITION

Net Investment in Capital Assets	7,375,834
Restricted-Nonexpendable	290,136
Restricted-Expendable	3,144,033
Unrestricted	<u>(36,380,521)</u>
TOTAL NET POSITION	(25,570,518)

SACSCOC Finance Evaluators adjust for:  
Pensions, OPEB, Compensated Absences

- adjust UNAEP
- adjust operational outcomes for allocations



PUBLICS  
Your audit  
might look  
like this...

# PUBLIC INSTITUTIONS – UNAEP discussion

- Complete sample of adjustments in CS-86
- Finance Training Public Institutions
- Sample will be in handouts

# A Brief PUBLIC example

Unrestricted Net Assets		-\$5,305,563	-\$4,028,363
Add Back Compensated Absences-current		\$33,185	\$27,767
Add Back Compensated Absences-noncurrent		\$298,665	\$249,908
Add back OPEB liability - current		\$0	\$0
Add back OPEB liability - noncurrent		\$1,519,558	\$2,324,149
Less Deferred Outflows of Resources-OPEB		\$476,432	-\$1,155,343
Add Deferred Inflows of Resources-OPEB		\$2,076,299	\$1,761,241
Add Liability-Pension GASB 68 current		\$0	\$0
Add Liability Pension noncurrent		\$5,201,827	\$6,168,827
Less Deferred Outflows of Resources-Pension		-\$899,202	-\$1,516,173
Add Deferred Inflows of Resources-Pension		\$654,466	\$296,466
Unrestricted Net Assets, adjusted (w/o CA, OPEB & Pensions)		\$4,055,667	\$4,128,479

# The three- legged stool...

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- Positive Operational Outcomes
- Positive Operational Cash Flows
- Positive and Improving UNAEP



## CURRENT ISSUES:

Requires evidence of audit of federal and state financial aid audits

Requires evidence of compliance with Title IV (through lack of findings in the above)

AUDITS OF STATE FINANCIAL AID FREQUENTLY MISSING

## DOES NOT REQUIRE / DO NOT SEND

Your Program Participation Agreement

Your USDOE correspondence

Your ECAR, IPEDs

## LOOMING ISSUE

Delays in audits still particularly at public institutions



ALL  
INSTITUTIONS  
13.6 Federal &  
State  
Responsibilities

## CURRENT ISSUES:

Substantive Change Concerns

## 13.6 DOES NOT REQUIRE / DO NOT SEND

Your Program Participation Agreement  
Your USDOE correspondence

## LOOMING ISSUES

Questions in Substantive Change Requests did not change 13.6 requirements  
For example, status questions such as HCM1 or HCM2 or Reimbursement or provisional status



ALL  
INSTITUTIONS  
13.6 Federal &  
State  
Responsibilities



## CURRENT ISSUES:

Adequate Physical Facilities and Resources

*“that appropriately serve”*

- surveys of faculty and staff
- space / capacity studies
- campus master plans
- capital campaigns
- areas of concern
- etc. Resource Manual has list of ideas

*Technological Infrastructure*

- must be discussed here



ALL  
INSTITUTIONS  
13.7 Physical  
Resources

CURRENT ISSUES:

In addition to the general response to 13.8  
MUST include:

*Information related to USDOE Office of Civil Rights  
investigations alleging sexual violence*

Should discuss any since last reaffirmation

If there are none, say so

ALL  
INSTITUTIONS  
13.8  
Institutional  
Environment

## CURRENT ISSUES:

How is your institution providing guidance to students on managing their debt and finances?

## DO NOT SEND

Exit Counseling Information  
Entrance Counseling Information  
Any Title IV related information

This is not a Title IV standard



ALL  
INSTITUTIONS  
12.6  
STUDENT DEBT

## QEP Capability 7.2.d

- Commits Resources to Initiate, Implement and Complete the QEP
- Quality Enhancement Plan
- 42% of QEPs class 2021 were noncompliant due to lack of capability
- INITIATION – start-up costs, one-time costs, people, equipment, facilities
- IMPLEMENTATION – ongoing costs
- COMPLETION – when will this end? Never?
- BUDGET for all the above
- Sources – existing? Grants? Donors? Additional revenues?

INVITE YOURSELF TO THE QEP PARTY!



# RIGHT-TO- USE LEASES / LEASES

## Privates

- Not plant, not plant-related debt, no effect on UNAEP calculation

## Publics

- Not plant, not plant-related debt, no adjustment to UNAEP

EASIEST ROAD TO  
COMPLIANCE

Constant vigilance





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Questions?