



**SS-15, FINANCE TRAINING PUBLIC  
INSTITUTIONS  
MONDAY, DECEMBER 9, 10:30-11:30**

**Donna Barrett  
Director, Institutional  
Finance  
December 2024**

# QUESTIONS TODAY:

Stop me, or

Send me an email after the session:

[dbarrett@sacscoc.org](mailto:dbarrett@sacscoc.org)

Use the word SS-15 in the subject

Please send questions by 12-20-24

Handouts will be at [www.sacscoc.org](http://www.sacscoc.org) staff directory,  
Donna Barrett, homepage

**HANDOUTS WILL BE ON-LINE, FOR NOW:**



# 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

Examples

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?

HINT: Can't get enough of this topic, see Barrett homepage [www.sacscoc.org](http://www.sacscoc.org) for a five-minute presentation

## 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*



# AND HOW DOES THIS AFFECT OUTCOMES?

				CHANGE IN NET EFFECT			
Net Effect of Pensions		\$0	\$0	\$0		If these obligations changed significantly	
Net Effect of OPEB		\$0	\$0	\$0		you may need to discuss the effect	
Net Effect of Compensated Absences		\$0	\$0	\$0		on your operational outcome	
<b>TOTAL CHANGE IN ADJUSTMENTS (P,O,CA)</b>							
<b>ALLOCATED TO REVENUE / EXPENSE AND THRU TO INCOME STATEMENT?</b>							

## CR 13.2 ANNUAL BUDGET

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

*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 adjusted**, Current ratio, Composite Financial Index, Unrestricted Cash, Accounts Payable, Various financial ratios, etc. **CHANGE IN UNAEP adjusted***

## 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

*Are revenue streams stable? Consistent over time?*

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

*TWO KEY COMPONENTS – Operational outcome & cash flows*

# OPERATING OUTCOME — FOR DISCUSSION

Operating Revenues					Revenues available for operations (operating and nonoperating) have been sufficient to meet operational expenses for two consecutive years (with the exclusion of depreciation, appropriate since state does not budget or fund).
Add Nonoperating Revenues					
Less Operating Expenses					
<b>INCOME BEFORE OTHER REV, EXP, GAINS, LOSS</b>		<b>\$0</b>	<b>\$0</b>		Did other items affect the operational outcome on the audit?
Add back depreciation expense					
<b>OPERATIONAL "BOTTOM LINE" w/o depreciation</b>		<b>\$0</b>	<b>\$0</b>	→→→→	
<b>Did the change in the net effect of Pension or OPEB obligations significantly affect the operational outcome?</b>					
<b>If you assert this be consistent</b>					

# OPERATING CASH FLOWS — FOR DISCUSSION

Cash flows from operations								
Noncapital cash flows								
<b>Cash flows related to operations</b>		\$0	\$0	→→→→	<i>Is the institution living within available cash flows to operations?</i>			
Cash and Equivalents					<i>Are cash balances stable?</i>			
Accounts Payable					<i>Are accounts payable stable?</i>			

# COMPLETE EXAMPLE

See handouts for a complete example of where to start a financial analysis

DO NOT – Include that handout in your report

DO NOT – say Donna Barrett said we had to do this

SAMPLE IS A STARTING POINT

You don't have to use it, but it's where most public finance evaluators start



# 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

Sanction could be Warning or Probation

*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 institution's findings 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 & findings
- Policies & Procedures about: safeguard cash, control of expenditures, etc.
- RESOURCE MANUAL may provide more ideas

## S 13.4 STATE EXAMPLES

What does your state do?

Do reports have to be requested?



## S 13.4 GEORGIA NOT ANY MORE

~~Full Disclosure Management Report (FDAR) includes:~~

- Financial Statements
- Financial Statement Findings & Questioned Costs
- Federal Award Findings & Questioned Costs
- State Award Findings & Questioned Costs (if requested)
- Other Items Noted for Management's Consideration

MEETS AUDIT, INTERNAL CONTROLS & FED AWARDS REQ.

May have to request from State Auditor

## S 13.4 TENNESSEE

- Letter from state auditor
- Indicates matters discussed at a field exit conference (*caution here, could be too detailed*)
- Covers Internal Control matters

## S 13.4 FLORIDA

Financial audit report 2020-XXX

Includes Report on Internal Control

Includes reference to “Operational Audit Report 2020-XXX”

# VIRGINIA

## Confusion

Report on Audit – contains internal control findings

Does not contain financial statements

# S 13.5 CONTROL SPONSORED RESEARCH & PROGRAMS

Not Title IV

Federal Awards Audits – other than Title IV

Grants Policies (prove implementation)

State Single Audit may provide documentation

Federal Pandemic Funding issues here

*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, No ECAR, no IPEDs required **PLEASE**
- No USDOE correspondence required unless specific to an issue
- Describe process & timing
- DOES NOT HAVE TO BE MOST RECENT YEAR**

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

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

## HINT: FOR MORE INFORMATION

About Public Financial Aid Audit requirements

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

Barrett homepage

Five-minute presentation about Public Financial  
Aid

## 13.6 LOUISIANA – STATE FINANCIAL AID

Louisiana Office of Student Financial Assistance (LOSFA)

Have you had a state financial aid review?

Has the review been closed?



## S 13.7 PHYSICAL RESOURCES (RED COMMON ISSUES)

- 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 for DL (REQUIRED)

See Resource Manual for ideas

# S 13.8 INSTITUTIONAL ENVIRONMENT

Pandemic plans

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 USDE Office of Civil Rights re: sexual violence? (see RESOURCE MANUAL for language)**

# S 12.6 STUDENT DEBT

Information and guidance to help student borrowers understand

- How to manage debt
- How to repay loans

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

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Requires President's approval

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- community service

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- free professional education

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- great networking

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- peer review is self regulation

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SUPPORT THE GREATER PURPOSE

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BE A PART OF THE WHOLE

# HOW TO SIGN UP AS AN EVALUATOR

-Your Institution's Accreditation Liaison enters your basic information in the SACSCOC portal



-Your President gets an email link to approve your participation



-You get an email asking for more information



-When reviewed you get a Welcome email

# 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](http://www.sacscoc.org)

*SACSCOC Resource Manual,*

*SACSCOC Handbook for Institutions Seeking Reaffirmation*

My webpage **HOT TOPICS** about **PUBLIC MANAGEMENT LETTERS**  
and **PUBLIC FINANCIAL AID AUDITS**

(go to [sacscoc.org](http://sacscoc.org), click about the commission, staff directory, under Donna Barrett homepage)

NACUBO publications – Strategic Financial Analysis

SACUBO

Your institution's Accreditation Liaison

QUESTIONS?

