SACSCOC:
Institutional
Financial Requirements

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FOR ACCREDITATION, START HERE
Looking Ahead

- Regional Accreditation
- SACSCOC Accreditation Process
- Standards on Financial and Physical Resources
  - Potential problems
  - Advice
- Resources from SACSCOC
Types of Accrediting Agencies

- **National Agencies:**
  Accredit institutions of higher education that have a single focus irrespective of location

- **Regional Agencies**
  Accredit all aspects of an institution of higher education in specific regions

- **Specialized or Professional Agencies**
  Accredit programs within institutions
Regional Accreditation Purposes

- Quality Improvement
- Public Accountability
- “Gate-keeper” for federal financial aid
Regional Accreditors
Reaffirmation Process

**Institution**
- Compliance Certification
- Focused Report, QEP
- Response Report

**SACSCOC**
- Off-Site Committee
- On-Site Committee
- C&R Committee, Board of Trustees
Reaffirmation Process

Institution
- Response Report
- Monitoring Report

SACSCOC
- C&R Committee, Board of Trustees
- C&R Committee, Board of Trustees

...
Reaffirmation Process
Track A (have undergrad only)

**Institution**
- Compliance Certification
  - Mar 20xx - 1
- Focused Report, QEP
  - ~Aug 20xx - 1
- Response Report
  - 5 months later

**SACSCOC**
- Off-Site Committee
  - May 20xx - 1
- On-Site Committee
  - Fall 20xx - 1
- C&R Committee, Board of Trustees
  - Jun 20xx
Reaffirmation Process
Track B (have grad programs)

**Institution**
- Compliance Certification
  - Sep 20xx - 1
- Focused Report, QEP
  - ~Jan 20xx
- Response Report
  - 5 months later

**SACSCOC**
- Off-Site Committee
  - Nov 20xx - 1
- On-Site Committee
  - Spring 20xx
- C&R Committee, Board of Trustees
  - Dec 20xx
## By the numbers....

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CR 2.11.1

Sound financial base and demonstrated financial stability

Financial statements [ALL that follows]
- Audited financial statements
- Written institutional management letter
- Statement of unrestricted net assets
- Annual budget
- Proof of budget planning & approval
CR 2.11.1: Sound Financial Base and Demonstrated Financial Stability

- Evaluators rely on financial statements
- Three to five year trend, minimum
- Trends produced for your institution, not others
- Examples: CFI, TNA, URNA, URNA w/o plant, Current ratio, AP, Unrestricted Cash & Equivalents, Enrollment, AR, Uncollectible AR, Good Debt vs. Bad Debt, etc.

**MAKE YOUR CASE**

**MD&A can be a good start**
CR 2.11.1 Financial Statements: Audit Issues

- “for the most recent fiscal year”
- “an INSTITUTIONAL audit” – what’s OK?
  - Standard Review Report
- One year of data is not enough
- Follow-up may require additional audits
- No audit? Why? Draws out process
- Back to timing!
CR 2.11.1: Timing of Audit

- If not available at least 2 weeks before Off-Site meeting, will be in non-compliance on a key standard.
- If not available by 2 weeks before On-site visit, could mean recommendation
- If not available 2 weeks before C&R meeting, could mean sanction
- See Handout
CR 2.11.1 Financial Statements
Written Management Letter

- Individual to institution, written
- Accompanies audit – on internal control
- Required even if no issues
- Not the same as transmittal letter
- Not the same as MD&A
- Required at Institutional level for publics and privates
CR 2.11.1 Financial Statements
Statement of Unrestricted Net Assets

- “a statement of...position...change”
- “exclusive of plant assets and plant-related debt”
- No prescribed format
- May be prepared by auditor or institution
- COMMON MISSING ITEM-MUST BE SEPARATE SCHEDULE
CR 2.11.1 Financial Statements
Annual Budget

- Preceded by sound planning *(w/proof)*
- Subject to sound fiscal procedures
  - Balanced
  - Contingency
  - Amendment process
  - Ability to react to change
- Approved by governing board *(w/proof)*
Who is responsible?

- It is not the auditor’s responsibility to make your institution’s case for resources and stability.
  - (use them for credible ratios, CFI, benchmarks, etc.)
  - Use the audit’s MD&A as a start?

- It is not your system/state’s responsibility to make your institution’s case for resources and stability.

- Institution is responsible.
CR 2.11.2:
Adequate Physical Resources

- Document adequacy
- Tie to mission and scope
- Benchmarks help
- Relate to Master Plan, Space utilization studies
- Contrast with CS 3.11.1-3
Governance and Administration

CS 3.2.13  Related entities have: clear legal authority & operating control; formal agreement describing relationship and liability; fund-raising authority clear and mission-related (Foundations, Athletic entities, research entities, centers)

3.2.14  Clear policies regarding ownership of materials, copyright, and intellectual property
CS 3.10
Financial Resources

3.10.1 Recent history of financial stability
   – (versus CR 2.11.1)

3.10.2 Financial aid audits as required (federal and state)
   – Full audit
   – Clear audit covers institution if system-wide
3.10.3 Control over financial resources
   – Discuss management letter findings
   – Policies and Procedures (evidence followed)
   – Qualifications of key personnel

3.10.4 Control over externally funded research & programs
CS 3.11
Physical Resources

3.11.1 Control over physical resources
3.11.2 Healthy, safe and secure environment
3.11.3 Adequate physical facilities (versus CR 2.11.2)
FR 4.7

4.7 Title IV Compliance
  – individual institution, not system, not state

Provide financial aid / compliance audit

If applicable, student loan default rate, program review results, recent correspondence from DOE and/or state, etc.

Address previous findings – critical

Program participation letter not enough!
CR 3.3.2
Quality Enhancement Plan

- Capability for initiation, implementation, and completion
  - Is plan significant?
  - Is plan affordable?
  - Have resources been identified?
    - Budget in place
    - Budget is consistent and complete for plan
    - Based on actual available funds
    - New versus transferred money identified
Impact Report / Fifth-Year Report

- Due in five years after Reaffirmation
- QEP - Results evaluated including finance
- CS 3.10.2 / FR 4.7 (Financial aid audits/Title IV compliance)
  - A-133 Audit required; Institutional discussion
- CS 3.11.3 (Physical facilities)
Accreditation Resources

Publications: All on www.sacscoc.org
- The Principles of Accreditation (2012 edition)
- Resource Manual (February 2013 edition)

Other Resources:
- Your SACSCOC liaison
- Website: www.sacscoc.org
- Assigned SACSCOC staff member (on website)
- Director, Institutional Finance (Donna Barrett)