FINANCIAL STABILITY, FINANCIAL RESOURCES

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CORE REQUIREMENTS: 2.11.1 & 2.11.2
COMPREHENSIVE STANDARDS: 3.10, 3.11,
FEDERAL REQUIREMENT: 4.7
OVERVIEW

• Disclaimer
• Words to the wise – apply to all CRs and CSs
• Common mistakes to avoid
• Answer questions
Disclaimer

I am speaking for Ron Dowdy – not SACS

• Based on many years experience on every kind of Committee visits, Off-site Committee.
• Finance Special Reader for CoC for several years.
• Financial Consultant for SACS until they stopped consulting.
• “Expert” witness for SACS in appeal cases.
• Independent consultant with several institutions in various stages of accreditation from initial to get out of Probation or Warning status.
• CFO (20+ years) three different institutions: initial accreditation, level change, off Probation status, reaffirmation.
WORDS TO THE WISE
APPLY EVERYWHERE

• Be honest – do not hide any “issues”. Identify them and tell what you have done to solve. Explain the issue – show plan – what you have done/progress – expected results with time line. Set the stage as if a follow-up may be required. Fold into IE process.

Note that: “will do”; “are going to”; “are planning to” absolutely will not fly as a response to show current compliance.

• Read the institution’s entire submission – do not get “blindsided” by an item that has possible financial implications that you did not know about. Some examples of possible pitfalls (they are everywhere): CR 2.8 (Faculty); CR 2.10 (Student Support Services); CS 3.3 (Institutional Effectiveness); CS 3.8 (Library and Other Learning Resources) and others.....
• Document Everything!!!!! “If it is not in writing, it did not happen” is the attitude.
• Three years is a “trend” – not two.
• Start early – be aware of time lines.
• Use the current - 2012 Edition.
• Use the tools available to you- before you get into trouble - sooner is better!!!
WORDS TO THE WISE
APPLY EVERYWHERE

• SACS Publications: Resource Manual....  March 2012
• SACS Web site:  http://sacscoc.org
• Be a peer evaluator – sign up and do it! Best professional development you can do.
• Go on a site visit as an observer. Sign up early for max benefit.
• Network with those who just went through what you are going to do.
• Hire a consultant if you do not have the expertise on staff – be careful and do it early – do not wait until you are in trouble that could have been avoided – Do not expect the consultant to do it for you – he/she can tell you what you have to do – you have to get it done!!!!!
• Your SACS Staff person is your friend and he/she will do what they can to help you – but, only if you take the lead to contact and then pay attention – do it early. Follow the rules to contact.
WORDS TO THE WISE
APPLY TO FINANCE AREAS

• Key questions you have to answer: First, Is the institution living within its means? Second, Is what the institution doing sustainable?

• You absolutely have to have “clean” audits - to include the A-133 Audit.
  Unqualified opinion. No repeat findings.
  NO REPEAT, REPEAT FINDINGS!

• Donna’s Web site: 
  http://sacscoc.org/dbarrett.asp
CR 2.11.1

• The institution has a sound financial base and demonstrated financial stability to support the mission of the institution and the scope of its programs and services.
  The member institution provides the following financial statements:
  (1) AN INSTITUTIONAL AUDIT....
  (2) A statement of financial position of unrestricted net assets, exclusive of plant assets and plant related debt, which represents the change in unrestricted net assets attributable to operations for the most recent year; and
  (3) An annual budget that is preceded by sound planning,
       is subject to sound fiscal procedures and
       is approved by the governing board.
 Audit requirements for applicant institutions may be found in the Commission policy “Accreditation Procedures for Applicant Institutions.” (Financial Resources)

• First, provide a thorough and extensive analysis that shows sound financial base and demonstrates financial stability.
• Be consistent with numbers and what is said – everywhere!
• PROVIDE PROOF OF EVERYTHING!
• Link your analysis to audit numbers – cite/link everything – do not make the reader search.
• Do not use numbers you do not understand or that make no sense – e.g. “CFI of 14”
• If you provide ratios: show source, show formula, where info used is found, what results mean.
• A three year “spread” is fine – use four or five if needed to make a point.
• Do not provide charts and graphs without analysis.
• If you refer to a document – include as attachment. If you do not refer to document – leave it out - they cannot speak for themselves.
• Provide summary statements – never let the reader draw their own conclusions – you may be surprised.......
What “provides the following...” means to you: (Highlight where these responses are in your submission)

1. Current audit – to include A-133 and any Management Letters. Plan ahead

2. This statement is NOT normally in audit. You MUST provide!!!!!! See Donna’s web site.

3. What is your budget planning/development process? Link to strategic plan.
   - What are your controls? How do you adjust for unforeseen events? Keep BOT informed?
   - Show Board approval – minutes of BOT meeting.
The institution has adequate physical resources to support the mission of the institution and the scope of its programs and services. (Physical Resources)

Do not just provide a list of facilities – you have to show how you know these facilities are adequate! Example: 4,500 parking spaces available means nothing if you are trying to park 10,000 cars. Cite needs vs. usage.

Satisfaction surveys. You must make your case!!!!

Master Campus Plan. Facilities Maintenance plan. Campus Map.

Deferred Maintenance and plan to fix – be careful here!!!!

List recent capital improvements.

Address any needed areas – tell how what you have is adequate – even if just barely and your plan to fix the issues.

Capacity vs. usage for all areas – classrooms, labs, offices, housing.

Video tour of campus.
CS 3.10
Financial Resources

• 3.10.1 Financial stability – Recent history
  **Recent** is the key - two to three years.

• 3.10.2 Financial aid audits – A-133
  Clean audit is the key.

• 3.10.3 Control of finances
  Internal controls – policies & procedures.

• 3.10.4 Control of sponsored research/external funds - Audits – policies & procedures.
CS 3.10.1

Physical Resources

• 3.11.1 Control of physical resources
  – Inventory – Risk management – purchasing.

• 3.11.2 Institutional environment
  – Safety plan – campus security – inspections.

• 3.11.3 Physical facilities
  – On and **off campus**.
  – Proof – surveys – budget.
FR 4.7

• Title IV program responsibilities
  – A-133 Audit and management letter.
  – DOE correspondence.
  – Current program participation agreement.
  – Address any issues – letter of credit?
  – Leave nothing in question in narrative.