Accreditation Points for Financial Services Staff

1. **Accreditation is higher education's process of self-regulation**. Higher Education is one of the few "industries" that is permitted to be self regulating. Higher Education's self-regulation continues only so long as the process is one that is rigorous and conducted with integrity, and the public and the government retain confidence in accreditation as a good indicator of quality. *(Recent failures of regulation in the accounting and banking industries have rattled public confidence in self-regulation. The higher education community prefers to retain self regulation because the alternative is governmental regulation.)*

2. **Accreditation review of institutional quality is accomplished by comparing institutional practices with a set of "Standards"; Standards are statements of good practice**. The key to accreditation is accurate and honest comparison (evaluation). The college evaluates and analyzes its own quality, the Standards for comparison, when writing self study reports. An evaluation team sent by the commission compares the institutional practices as described in the self study report and by the evidence provided by the college to the Standards and writes a team report. The Commission compares institutional practice as described in those two reports to the Standards and makes a decision on whether the institution meets the standards and on the quality of the institution. The college's self-evaluation needs to be conducted in a rigorous and honest manner, and its self-study report should be *backed by evidence.* The evaluation by a team of peers, and the recommendations for improvement that an evaluation team may provide, are, respectively, the means of evaluating quality and of providing support and stimulus for improvement.

3. **Member institutions help to develop and apply the Standards of Accreditation**. The Standards are developed through a process that actively involves the member institutions, and that allows for several hearings for input and for changes to drafts before the final Standards are voted upon. The Standards come, therefore, from the ideas of institutions about best practice. When conducting accreditation visits, teams of peer evaluators (composed of other educators and governing board members) apply the standards based, in part, on their own expertise in higher education. That is why accreditation is considered to be "self regulation."

4. **The federal government has a vested interest in institutional quality and therefore imposes additional requirements on higher education's self-regulation system**. The federal government puts many billions of dollars into supporting financial aid and institutional grants and contracts. It expects the Accreditation System to be rigorous and it also imposes requirements on accreditors and institutions through components of the Higher Education Act. Congress' requirements are interpreted and applied by the U.S. Department of Education through rulemaking. Both the legislation and the rulemaking add to the accreditors' standards and policies, thereby directly affecting accredited institutions.

5. **The Standards are not statements of aspiration.** Commission policy states that an accredited institution maintains adherence to the Standards at all times. Therefore evaluation teams will make findings of non-compliance when an institution has deficiencies in meeting standards, much as auditors make findings.

6. **All Standards are not equal, and all deficiencies are not equal.** Some standards offer only broad guidance for institutional practices while other state in more exacting detail the good practice that is required. Some deficiencies are cause for grave concern about quality (e.g., lack of grade integrity), while others are of less immediate or significant

consequence for quality (e.g., failure to maintain a 5% reserve in any single year).

7. **The Commission is required by law and policy to make the decision on accredited status of an institution.** Federal law, as well as Commission policy, places the authority for decision-making with the Commissioners, a body of nineteen individuals. While evaluation teams will *recommend* a certain Commission action, the ultimate decision is made at the discretion of the Commissioners. The Commission is required by law to have procedures and policies for insuring fairness in its decisions and to apply the same expectations for performance to all institutions it accredits. The Commission reviews policies on potential conflict of interest and issues of Commissioner consistency and fairness at the beginning of each of its decision-making meetings.

8. **Legislation passed in 1998 requires the accreditor to provide no more than two years for an institution to come into compliance with standards.** This law is referred to as the "Two Year Rule." Therefore, when the accreditation process identifies deficiencies, the Commission sets deadlines for the institution to come into compliance.

9. **Accreditation deficiencies that lead to a Commission action to impose a sanction most commonly come from five areas of deficiency.** These areas are (1) lack of data- driven, good quality program review; (2) lack of integrated planning processes that the institution uses to regularly evaluate its effectiveness and make improvements; (3) trustee-governance problems; (4) other governance problems and (5) financial management or financial stability problems.

10. **Chief fiscal officer and business officers, internal auditors, and other staff providing financial management have key roles to play in accreditation.** Obviously, sound fiscal practices play a key role in fiscal stability and management. Standards III D, Fiscal Resources, outlines some of the best practices expected in the area of fiscal services. However, all of the institution's practices for assessing quality and making improvements to educational effectiveness need to be used as informational support for the institutional planning processes, *and the annual or multi year budget is a **plan,** at its most basic level, for institutional actions.* The budget also reflects institutional values, including commitment to student success. Institutional needs for improvement should be incorporated into the budgeting processes.

Many college staffs report that they don't engage in program review and planning (reasons one and two for sanctions, above) because there is no "consequence" -- because the institution never takes action based on evaluations of effectiveness. Their complaints include a belief that no adjustment to resources is made to accommodate the need for improvements, that budget planning does not accommodate the need to do new or different things.

Financial Services staff should be part of the institutional team that examines institutional quality and plans and implements improvements to that quality. Where those plans require resources, the CFO's job is ultimately to make sure the resources are available for institutional improvements necessary to insure institutional quality. This means, of course, that an institution must use all of its resources wisely so that there will be sufficient resources to make improvements, to do new and needed things. An institution's Budget Model is very important in determining whether it will have the needed resources to make improvements. Effective financial management is a key ingredient for an institution's success at meeting and exceeding the Standards of Accreditation.

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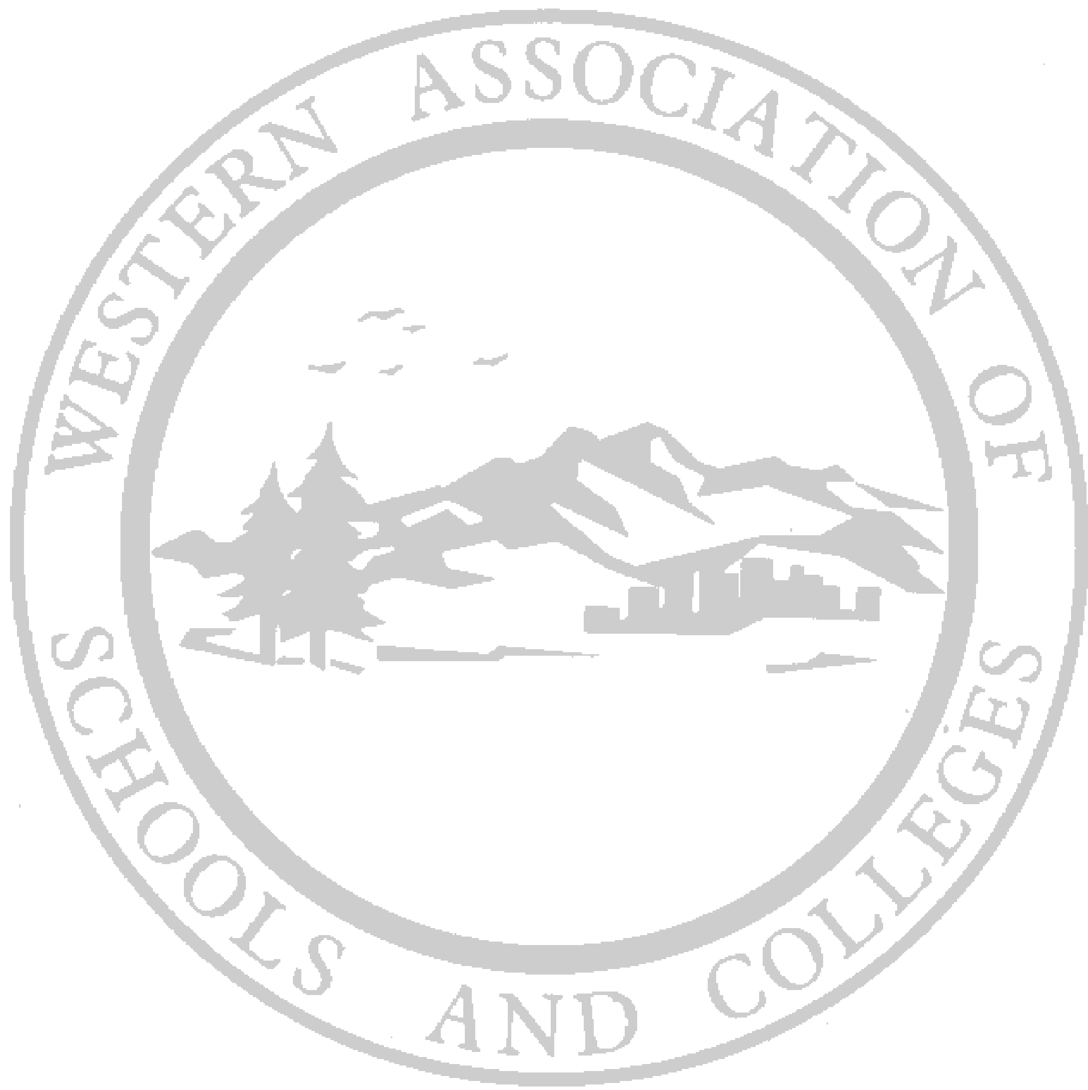
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