

Standard III.D. Financial Resources

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1. The institution's mission and goals are the foundation for financial planning.
 - a. Financial planning is integrated with and supports all institutional planning.
 - Documentation of planning activities.

1. The institution's mission and goals are the foundation for financial planning.
- b. Institutional planning reflects realistic assessment of financial resource availability, development of financial resources, partnerships, and expenditure requirements.
 - Documentation of amount and availability of resources

1. The institution's mission and goals are the foundation for financial planning.
- c. When making short-range financial plans, the institution considers its long-range financial priorities to assure financial stability.
 - Documentation of cost/liability projections and funding.

1. The institution's mission and goals are the foundation for financial planning.
- d. The institution clearly defines and follows its guidelines and processes for financial planning and budget development, with all constituencies having appropriate opportunities to participate in the development of institutional plans and budgets.
 - Collegial consultation/shared governance process documentation.

2. The internal control structure has appropriate control mechanisms and widely disseminates dependable and timely information for sound financial decision making.

- a. Financial documents, including the budget and independent audit, have a high degree of credibility and accuracy, and reflect appropriate allocation and use of financial resources to support student learning programs and services.
 - Documentation of communication efforts regarding budget and financial matters.

2. The internal control structure has appropriate control mechanisms and widely disseminates dependable and timely information for sound financial decision making.

b. Institutional responses to external audit findings are comprehensive, timely, and communicated appropriately.

- Documentation of corrective actions taken.

2. The internal control structure has appropriate control mechanisms and widely disseminates dependable and timely information for sound financial decision making.

- c. Appropriate financial information is provided throughout the institution in a timely manner.
- Document the communication of financial condition and discussion of the road ahead.

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- d. All financial resources, including short and long term debt instruments (such as bonds and Certificates of Participation), auxiliary activities, fund-raising efforts, and grants, are used with integrity in a manner consistent with the intended purpose of the funding source.
 - Document the assessment of need and use.

2. The internal control structure has appropriate control mechanisms and widely disseminates dependable and timely information for sound financial decision making.

- e. The institution's internal control systems are evaluated and assessed for validity and effectiveness and the results of this assessment are used for improvement.
 - Documentation provided by auditors within the audited financial statements.

3. The institution has policies and procedures to ensure sound financial practices and financial stability.

a. The institution has sufficient cash flow and reserves to maintain stability, strategies for appropriate risk management, and develops contingency plans to meet financial emergencies and unforeseen occurrences.

- Documentation of fund balance levels and cash flow projections.

3. The institution has policies and procedures to ensure sound financial practices and financial stability.

b. The institution practices effective oversight of finances, including management of financial aid, grants, externally funded programs, contractual relationships, auxiliary organizations or foundations, and institutional investments and assets.

- Documentation of budget development, integration with program review, and institutional funding priorities.



3. The institution has policies and procedures to ensure sound financial practices and financial stability.

c. The institution plans for and allocates appropriate resources for the payment of liabilities and future obligations, including Other Post-Employment Benefits (OPEB), compensated absences, and other employee related obligations.

- Documentation of funding strategy and planning.

3. The institution has policies and procedures to ensure sound financial practices and financial stability.
- d. The actual plan to determine Other Post-Employment Benefits (OPEB) is prepared, as required by appropriate accounting standards.
 - OPEB actuarial study document.

3. The institution has policies and procedures to ensure sound financial practices and financial stability.
- e. On an annual basis, the institution assesses and allocates resources for the repayment of any locally incurred debt instruments that can affect the financial condition of the institution.
- Documentation on amount of debt, impact upon unrestricted general fund, and payment schedules.

3. The institution has policies and procedures to ensure sound financial practices and financial stability.
- f. Institutions monitor and manage student loan default rates, revenue streams, and assets to ensure compliance with federal requirements.
 - Documentation of student loan default rates and debt collection plan.

3. The institution has policies and procedures to ensure sound financial practices and financial stability.

g. Contractual agreements with external entities are consistent with the mission and goals of the institution, governed by institutional policies, and contain appropriate provisions to maintain the integrity of the institution.

- Document contract review and approval process.

3. The institution has policies and procedures to ensure sound financial practices and financial stability.
- h. The institution regularly evaluates its financial management practices and the results of the evaluation are used to improve internal control structures.
 - Documentation of evaluation and assessment processes.

4. Financial resource planning is integrated with institutional planning and is assessed.



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Eligibility Requirements

- 21 Eligibility Requirements
- Eligibility process is designed to screen institutions prior to a period of formal and extensive institutional self evaluation (formerly self study) so that only institutions which meet the basic criteria for eligibility may proceed.
- Institutions that have achieved accreditation are expected to include in their Institutional Self Evaluation Report information demonstrating that they continue to meet the eligibility requirements.

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Eligibility Requirements

17. Financial Resources

- The institution documents a funding base, financial resources, and plans for financial development adequate to support student learning programs and services, to improve institutional effectiveness, and to assure financial stability.



Eligibility Requirements

18. Financial Accountability

- The institution annually undergoes and makes available an external financial audit by a certified public accountant or an audit by an appropriate public agency. The institution shall submit with its eligibility application a copy of the budget and institutional financial audits and management letters prepared by an outside certified public accountant or by an appropriate public agency, who has no other relationship to the institution, for its two most recent fiscal years, including the fiscal year ending immediately prior to the date of the submission of the application. The audits must be certified and any exceptions explained.

Required Documentary Evidence

- Has the college received any qualified or adverse opinions in audit reports in the last 3 years from district, state or federal programs?
 - Audit reports (last 3 years)
- Has the college implemented all audit recommendations? Have there been the same recommendations for more than one year? What is the auditor's response to the management actions taken?
 - Corrective Action Matrix
- What is the institution's unrestricted fund balance and reserves and how has it changed over the last three years?
 - 311Q

Required Documentary Evidence

- Does the College maintain a minimum 5% unrestricted reserve of cash or cash equivalent?
 - Audit report
- Has the State Chancellor's Office had to intervene regarding fiscal stability or compliance?
 - Letter of agreement between State Chancellor's Office and District, Chancellor's Office communication document, Fiscal Health Certificate
- Does the college have long term debt financing?
 - Audit Report
- Does the institution have an obligation for post retirement health benefits (OPEB), compensated absences, and other employee related obligations? If it does, has it done the actuarial study and identified the liability? Is there a plan for funding them?
 - Actuarial Study, collective bargaining agreements, board policies, actuarial report, reserve reports.

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Required Documentary Evidence

- Does the institution have limits on accrual of unused vacation time? Compensatory time? Is the institution enforcing its policy on limits?
 - Leave Accrual Policy in Contractual Agreement and Labor Agreements, Board Policies, Human Resource Records
- Is the fiscal entity self-insured for health benefits, workers compensation, and unemployment? How are reserve levels set?
 - District Self-Certification

Required Documentary Evidence

- Does the fiscal entity have obligations for future total compensation expenditures driven by collective bargaining agreements or other agreements (corporate buy-outs, management /employee agreements, etc.?) If so, what are they? Of what significance are they? What is the plan for funding these future obligations?
 - Current bargaining agreements, district funding plan, executive officer agreements regarding buy-outs and other conditions of employment.

Required Documentary Evidence

- Does the institution and the foundation have an agreement/contract on the role of the foundation? Does it require that the foundation have an independent audit?
 - Copy of the agreement, copy of Foundation audited financial statements (last 3 years), required continuing disclosure submittal
- Does the college or district have a Prop 39 bond fund?
 - Copy of minutes from Bond Oversight Committee and copy of audit reports from the last 3 years

Required Documentary Evidence

- Does the college have policies and procedures regarding purchasing? Are they being followed?
 - Self Certification, Policies
- Will additional buildings be opened in the next 2-3 years? Is there a plan to fund staff, utilities and operating expenses associated with additional facilities coming online within the next 2-3 years?
 - Copy of the most current Facility Master Plan, Funding Plan, Educational Master Plan, Total Cost of Ownership Plan, Staffing/Human Resources Plan

Required Documentary Evidence

- Is there evidence that planning integrates fiscal and other resources?
 - Internal documents
- Is there evidence that the institution monitors student financial aid obligations such as student loan default rates and compliance with federal regulations?
 - Annual Financial Report, Financial Aid Compliance Reports

Questions?

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