RAY M. PINNER, CPA

SACSCOC Section 13 Financial and Physical Resources



Achieve Compliance by Integrating Presidential Oversight and Institutional Assessment into SACSCOC Cycles

Ray M. Pinner, CPA
Community College Connection

- AA: Paducah Community College
- State of Tennessee audit manager
- Chattanooga State Technical CC
- Alabama, Florida, Tennessee, Texas, Kentucky
  - Develop successful Compliance Certifications
  - Avoid or eliminate noncompliance, sanctions



Ray M. Pinner, CPA
SACSCOC Experience

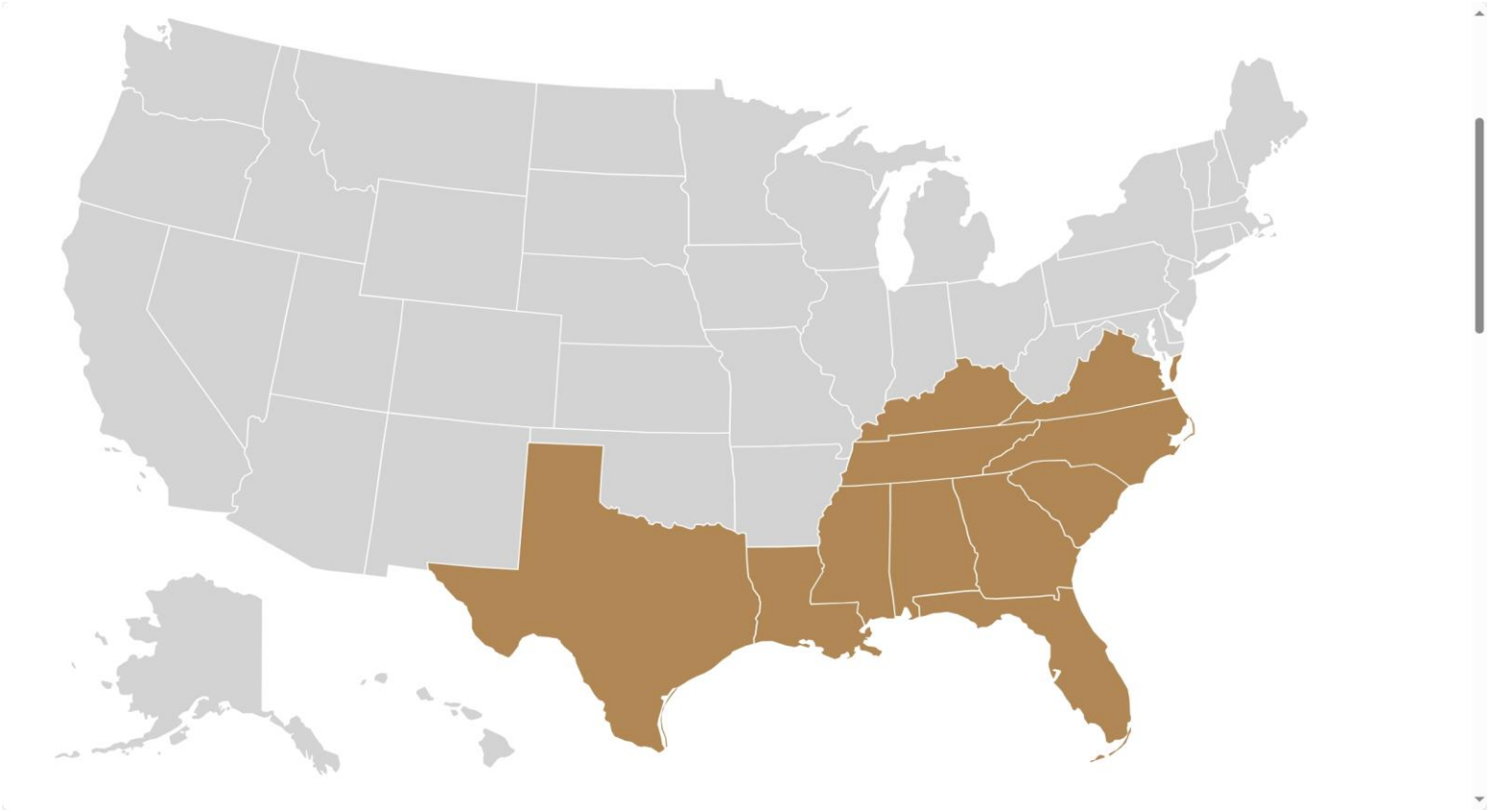


- SACSCOC peer finance evaluator for over two decades
- Administrator on multiple campuses
- Currently assist SACSCOC institutions to plan, develop, write, and/or perform final reviews of Section 13 accreditation reports
- SASCSCOC Compliance Certification, Initial Accreditation, Quality Enhancement Plan, Focused Report, Fifth-Year Interim Reports, Monitoring and Referral Reports, Sanctions.
- Startup – new university



Ray M. Pinner, CPA
SACSCOC Experience

100% of States Achieved in 2024



SACCR 2025: SACSCOC Section 13 Goals of Today's Presentation

Enhance odds of achieving compliance



- **President/CEO planning and oversight**
  - Top controllable reason for noncompliance?
  - Stable, compliant financial results – multiple years
- **Integrated financial planning and assessment:**
  - In sync with **SACSCOC reaffirmation and reporting cycles**
  - 13.7 Physical Resources and 13.8 Campus Safety

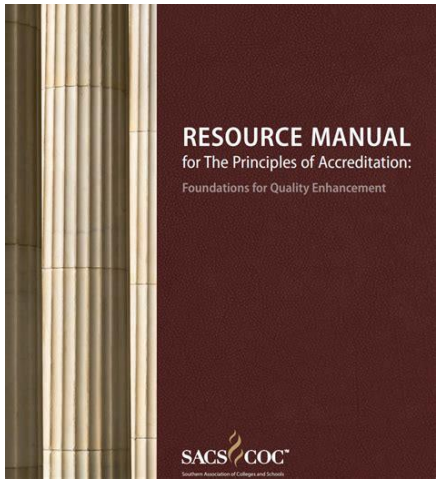
Accreditation Process
General Consensus – Survey Said…





SACSCOC Reaffirmation – Section 13 Financial and Physical Resources

- Two Core Requirements
  - 13.1: Financial Resources
  - 13.2: Financial Documents

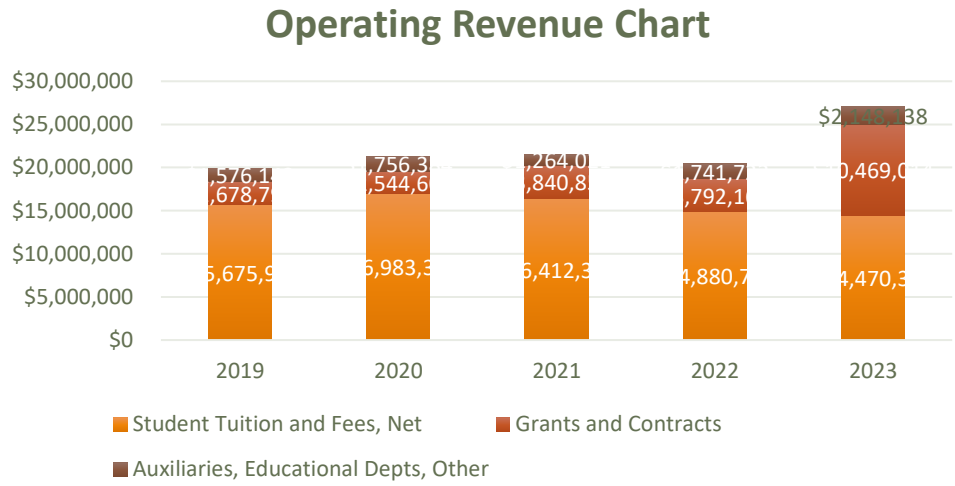


- Six Comprehensive Standards
  - 13.3: Financial responsibility
  - 13.4: Control of finances
  - 13.5: Control of sponsored research and external funds
  - 13.6: Federal and state responsibilities
  - 13.7: Physical resources
  - 13.8: Institutional environment

Presidential Oversight Key Areas of Focus

RECOMMENDATIONS:

- **Audits and audit findings**
- Organizational structure
  - Qualified personnel, longevity are key
- Oversight of financial results
  - Database of key metrics
  - Based on audited financial statements
  - Consistency is key



SACSCOC TRACK A
Class of 2027 Timelines

- December 2024: Orientation
- **March 2026: Compliance Certification due date**
- April 2026: Off-Site Peer Committee Review
- Fall 2026: On-Site Peer Committee Review
  - Focused Report including FY 2026 audit, QEP
    - due 6 weeks in advance
- June 2027: SACSCOC Board vote on reaffirmation

NOTE: FY 2025 Audited financial statements required



SACSCOC TRACK A
Audit Cycles Correlated to SACSCOC

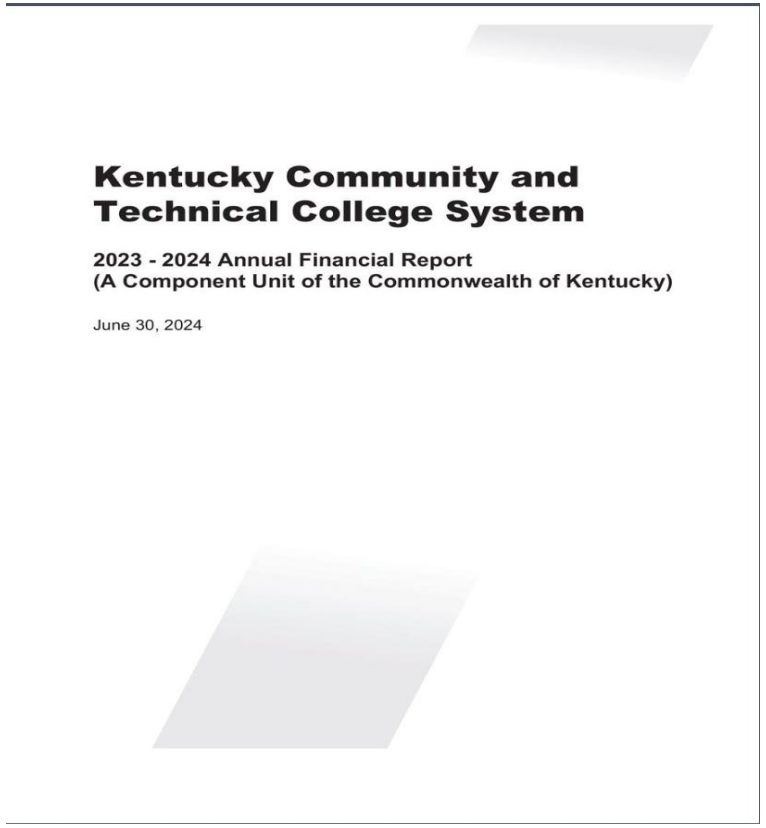
	Most Recent	5 Years
Class of 2027:	FY 2025	FY 2021 - 2025
Class of 2028:	FY 2026	FY 2022 - 2026
Class of 2029:	FY 2027	FY 2023 - 2027
Class of 2030:	FY 2028	FY 2024 - 2028
Class of 2031:	FY 2029	FY 2025 - 2029



- SACSCOC recommends 3-5 years

SACSCOC Reaffirmation – Section 13
The Gold Standard: Clean Audits

Financial Audits

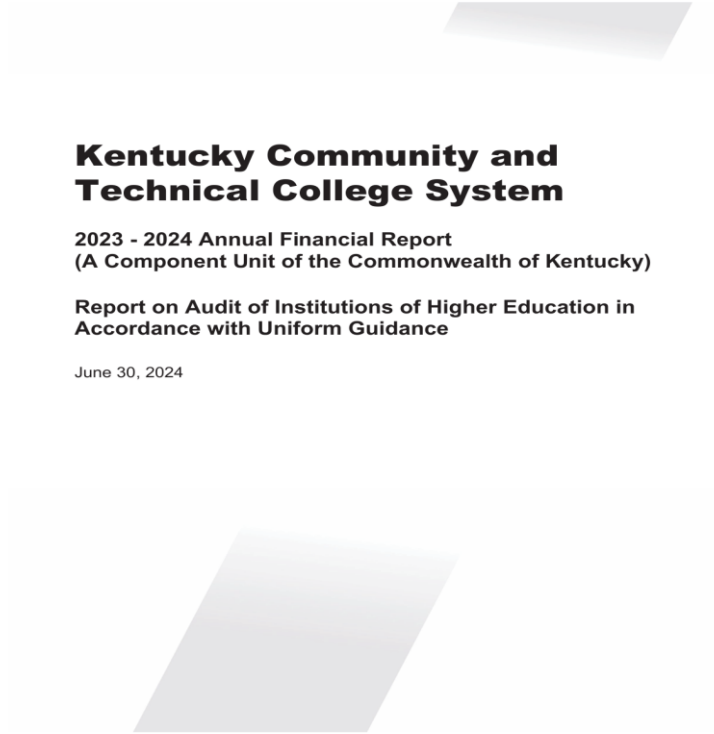


Kentucky Community and Technical College System

2023 - 2024 Annual Financial Report
(A Component Unit of the Commonwealth of Kentucky)

June 30, 2024

Compliance Audits - Fed



Kentucky Community and Technical College System

2023 - 2024 Annual Financial Report
(A Component Unit of the Commonwealth of Kentucky)

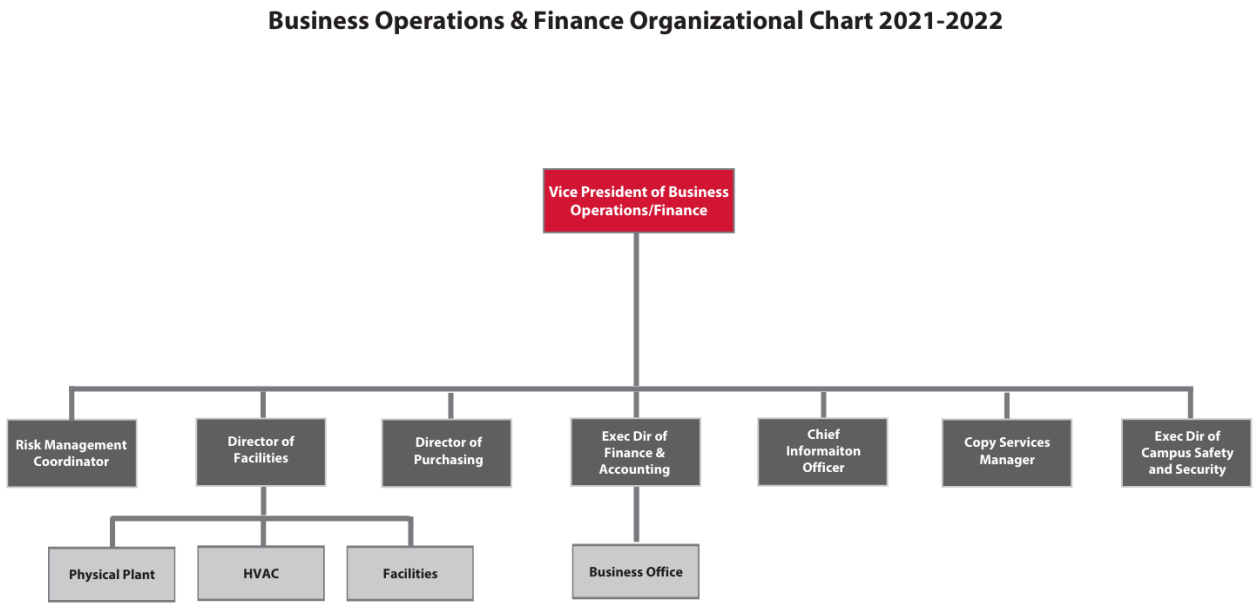
Report on Audit of Institutions of Higher Education in Accordance with Uniform Guidance

June 30, 2024

SACSCOC Reaffirmation – Section 13
Lessons Learned – Audit Findings

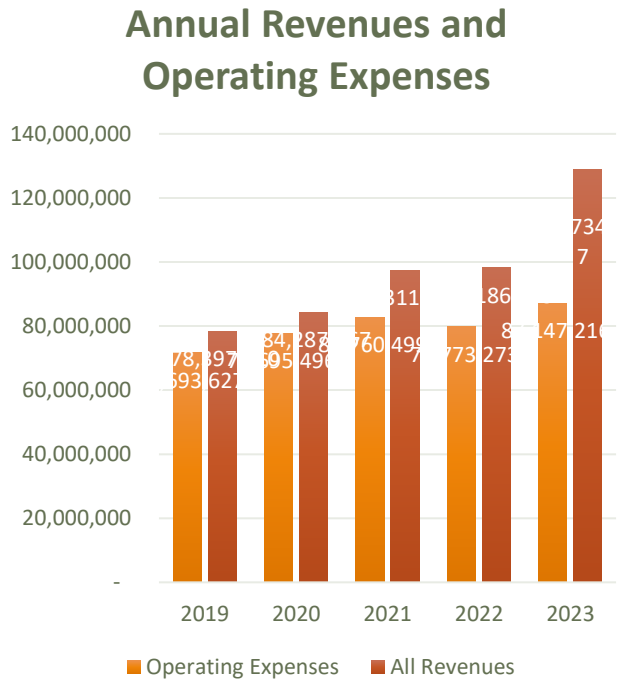
- Most common cause for noncompliance
- Types: Material weakness, repeat finding, significant deficiency
- Cycles are messy, can prolong issues
- Recommendation:
  - **Assessment cycles: Incorporate the measure "clean audits"**
  - **Performance reviews: CFO, Financial Aid Director, others**

Typical CC Org Chart
Business Operations, Finance



SACSCOC Section 13 Assessment: Key Financial Indicators

- Results of operations
  - Net position: balance, increase/decrease
  - Unrestricted net assets: balance, increase/decrease
- Liquidity
  - Cash position (unrestricted cash / operating expenses)
  - Current ratio (current assets / current liabilities)
  - Unrestricted net assets (SACSCOC format/calculation)



SACSCOC Reaffirmation
Lessons Learned – Subjectivity

- Your results depend heavily on your finance evaluator. The level of experience and expertise of finance evaluators varies significantly, and institutional results are impacted dramatically by your peer evaluator.
- A judgement for compliance is a somewhat subjective process
- Poorly trained or “over exuberant” evaluators can be harsh, results inconsistent, frustrating, and time-consuming
- Your task is to maximize the odds of compliance by providing complete and logical narrative supported by documentary evidence

Two Colleges' SACSCOC Experience

- SECTION 13: Financial and Physical Resources

- COMPLIANCE???

College A
Key Audit and Financial Results

- **AUDIT Findings: No material weaknesses**
  - One minor finding in Year 5
- **Solid, stable financial condition**
  - 25% increase in net assets
  - 36% increase in operating revenues
  - 37% increase in nonoperating revenues
- **Positively trending financial indicators**
  - 20% increase in cash, liquidity
  - 20% growth in facilities

College A:
So What Did the Off-Site Committee Say?

- **13.4 Control of Finances: NONCOMPLIANCE**

The institution exercises appropriate control over all its financial resources.

- **13.6 Federal and State Responsibilities: NONCOMPLIANCE**

Title IV

- **13.8 Institutional Environment: NONCOMPLIANCE**

A healthy, safe, and secure environment

College B
Key Audit Results, **Mostly Negative**

- **AUDIT Findings 3 years and running:**
  - **Multiple** material weaknesses
  - **Multiple** repeat findings
  - **Multiple** significant deficiencies
  - **Pattern of noncompliance**

College B:
So What Did the Off-Site Committee Say?

- **13.3 Financial Responsibility: COMPLIANCE**

The institution manages its financial resources in a responsible manner.

- **13.4 Control of Finances: COMPLIANCE**

The institution exercises appropriate control over all its financial resources.

- **13.7 Physical Facilities: NONCOMPLIANCE**

Adequate quantity, quality, and suitability to serve your mission

SACSCOC Reaffirmation – Section 13 DOCUMENTS, DOCUMENTS, DOCUMENTS

- Supporting documents are **critical**
- **REVIEW CAREFULLY!!!**
- Clear
- Concise
- Relevant
- No added drama



SACSCOC Reaffirmation – Section 13 Lessons Learned – Time Requirements

- Timeline
  - **3 5**
- Complex assignment: Writing narrative, gathering and organizing documents, financial analysis, proofing, links, reporting software integration
- Maintain database of financials and key metrics

CS 13.7 Physical Resources

The institution ensures adequate physical facilities and resources, both on and off campus, that appropriately serve the needs of the institution's educational programs, support services, and other mission-related activities.



_X_ Compliance

CS 13.8 – Institutional Environment

The institution takes reasonable steps to provide a healthy, safe, and secure environment for all members of the campus community.



CS 13.7 Physical Resources Historical Results - Noncompliance

SACSCOC-Reported Statistics (Class of 2021)

- Off-Site Committee: Over 1/3 of institutions received a judgement of noncompliance for 13.7 or 13.8
- On-Site Committee: Noncompliance rate drops below 5%
- Statistics demonstrate importance of presenting complete, well-organized, and logical narrative that addresses all requirements and maximizes odds of compliance
- Key: make it easy for the off-site evaluator to quickly locate the most important requirements for compliance and to “check off the boxes”

CS 13.7 Physical Resources Pathway to Compliance

- **Facilities serve the needs of the institution's educational programs, support services, and other mission-related activities (common cause of noncompliance)**
- Adequate quantity of space
- Adequate quality and suitability of space (common cause of noncompliance)
- Off-campus space, services
- IT and distance learning infrastructure (REQUIRED!)
- Demonstrate plan and funding to address deferred maintenance
- Appropriate supporting documents (very large volume!) (review carefully)

13.7 AND 13.8: Assessment Role

- **Multiple student, faculty, staff satisfaction surveys**
- **Important evidence, good way to wrap up discussion if results are positive.**
- **Some evaluators see satisfactory surveys as a requirement for 13.7 and 13.8.**

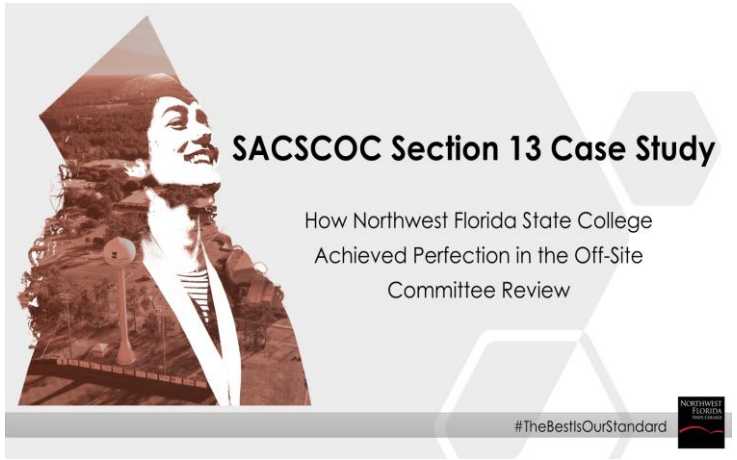


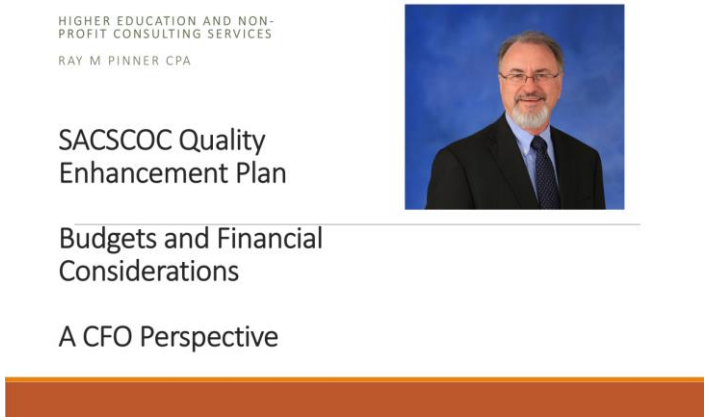
CS 13.7 and 13.8
Assessment Survey Instruments and Measures

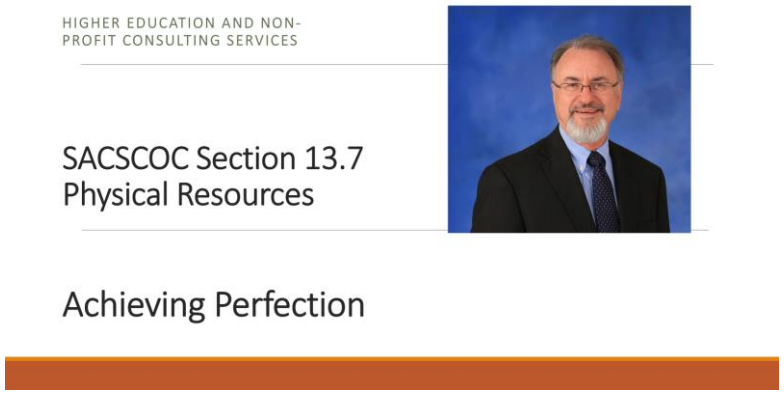
- Build surveys, appropriate measures into annual process
- Aggregate all relevant survey results from all sources
- Facilities condition, suitability for mission/program
- Public safety measures:
  - Clery Act Reports – crime rate (IF LOW, LET THEM KNOW)
  - Safety Measures: (blue light campus 911 system, escorts, etc.)
  - Emergency preparedness planning and systems
  - Student health



LinkedIn: Additional SACSCOC Slideshows Ray Pinner







THE END

Questions???

Thoughts???

Discussion

