### Proposed New Standard Description
Financial Resources
Planning

### Old Standard(s) Description

### III.D

**Financial Resources: Financial resources are sufficient to support student learning programs and services and to improve institutional effectiveness. The distribution of resources supports the development, maintenance, allocation and reallocation, and enhancement of programs and services. The institution plans and manages its financial affairs with integrity and in a manner that ensures financial stability.**

### Old Standard Questions

1. What is the institution’s overall budget?
2. Does it have sufficient revenues to support educational improvements?
3. Are the institution’s finances managed with integrity in a manner that ensures financial stability?
4. Does the resource allocation process provide a means for setting priorities for funding institutional improvements?
5. Are institutional resources sufficient to ensure financial solvency?

### Old Required Evidence

1. Evidence that includes copies of the annual budget, audits for past three years, financial plans associated with institutional plans, budget documents prepared for grant and other external funding, data showing financial planning is regularly evaluated
2. Other debt evidence includes actuarial plans for the repayment of Other Post Employment Retirement Benefits (OPEB) and funding plans to address the obligation
3. Evidence that the mission and goals are used in short and long-range financial planning, such as a list of financial goals, a grid showing financial contributions to meeting goals, or an introductory text to fiscal documents such as annual budgets, long term fiscal planning and goals
4. Evidence showing that fiscal planning follows institutional planning (in time sequence), and funds are used to achieve institutional plans and goals
5. Evidence that fiscal planning is evaluated on the basis of its contribution to achievement of institutional goals, not solely on the basis of accounting principles of good practice. Evidence that the financial plans, including annual budgets, capital plans
6. Evidence of a fiscal planning process, documents describing the financial planning, and budgeting processes, and minutes or other records showing the institution has followed those processes
7. Evidence the institution monitors student financial aid obligations such as student loan default rates and compliance with all federal regulations that impact the institution
8. Evidence the institution ensures that financial decisions are developed from program review results, institutional needs, and plans for improvement
9. Evidence the institution bases its financial decisions on the results of evaluation of program and service needs
10. Evidence the institution determines that financial needs in program and service areas are met effectively
11. Evidence the institution prioritizes needs when making financial decisions
### Proposed New Standard Description

The institution's mission and goals are the foundation for financial planning, and financial planning is integrated with and supports all institutional planning. The institution has policies and procedures to ensure sound financial practices and financial stability. Appropriate financial information is disseminated throughout the institution in a timely manner.

### Old Standard(s) Description

#### III.D.1

The institution's mission and goals are the foundation for financial planning.

### Old Standard Questions

#### III.D.1.a

Financial planning is integrated with and supports all institutional planning.

#### III.D.1.b

1. Does institution review its mission and goals as part of the annual fiscal planning process?
2. Does the institution identify goals for achievement in any given budget cycle?
3. Does the institution establish priorities among competing needs so that it can predict future funding? Do institutional plans exist, and are they linked clearly to financial plans, both short-term and long-range?
4. Does the financial planning process rely primarily on institutional plans for content and timelines?
5. Can the institution provide evidence that past fiscal expenditures have supported achievement of institutional plans?
6. Does the governing board and other institutional leadership receive information about fiscal planning that demonstrates its links to institutional planning?

### Old Required Evidence

#### III.D.1.c

When making short-range financial plans, the institution considers its long-range financial priorities to assure financial stability. The institution clearly identifies, plans, and allocates resources for payment of liabilities and future obligations.

#### III.D.1.d

1. What evidence of long-term fiscal planning and priorities exits?
2. Does the institution have plans for payments of long-term liabilities and obligations, including debt, health benefits, insurance costs, building maintenance costs, etc.? Is this information used in short-term or annual budget and other fiscal planning?
3. Does the institution allocate resources to the payment of its liabilities and funds/reserves to address long-term obligations? Are resources directed to actuarially developed plans for Other Post-Employment Retirement Benefit (OPEB) obligations?

### Proposed New Standard Description

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.

### Old Standard(s) Description

#### III.D.1.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.

### Old Standard Questions

1. Where or how are the processes for financial planning and budget recorded and made known to college constituents?
2. What mechanisms or processes are used to ensure constituent participation in financial planning and budget development?

### Old Required Evidence
III.D.4

Proposed New Standard Description
Fiscal Responsibility and Stability

Institutional planning reflects realistic assessment of financial resource availability, development of financial resources, partnerships, and expenditure requirements.

Old Standard(s) Description

III.D.1.b
Institutional planning reflects realistic assessment of financial resource availability, development of financial resources, partnerships, and expenditure requirements.

Old Standard Questions
1. Do individuals involved in institutional planning receive accurate information about available funds, including the annual budget showing ongoing and anticipated fiscal commitments?
2. Does the institution establish funding priorities in a manner that helps the institution achieve its mission and goals? Are items focused on student learning given appropriate priority? What other documents are used in institutional planning?

Old Required Evidence

III.D.5

Proposed New Standard Description
To assure the financial integrity of the institution and responsible use of its financial resources, the internal control structure has appropriate control mechanisms and widely disseminates dependable and timely information for sound financial decision making. The institution regularly evaluates its financial management practices, and uses the results to improve internal control structures.

Old Standard(s) Description

III.D.2
To assure the financial integrity of the institution and responsible use of financial resources, the internal control structure has appropriate control mechanisms and widely disseminates dependable and timely information for sound financial decision making.

Old Standard Questions

Old Required Evidence

III.D.3.h
The institution regularly evaluates its financial management practices and the results of the evaluation are used to improve internal control structures.

Old Standard Questions
1. Does the institution have an annual external audit to provide feedback on its processes?
2. Does the institution review the effectiveness of its past fiscal planning as part of planning for current and future fiscal needs?

Old Required Evidence
### III.D.6

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**Proposed New Standard Description**
Financial documents, including the budget, have a high degree of credibility and accuracy, and reflect appropriate allocation and use of financial resources to support student learning programs and services.

**Old Standard(s) Description**

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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.

**Old Standard Questions**
1. Are funds allocated, as shown in the budget, in a manner that will realistically achieve the institution’s stated goals for student learning?
2. What do the audit statements say about financial management?
3. Does the institution provide timely corrections to audit exceptions and management advice?
4. Is the institutional budget an accurate reflection of institutional spending and does it have credibility with constituents?
5. Are audit findings communicated to appropriate institutional leadership and constituents?

**Old Required Evidence**

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**Proposed New Standard Description**
Institutional responses to external audit findings are comprehensive, timely, and communicated appropriately.

**Old Standard(s) Description**

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

**Old Standard Questions**
1. What information about budget, fiscal conditions, financial planning, and audit results is provided throughout the college? Is this information sufficient in content and timing to support institutional and financial planning and financial management?

**Old Required Evidence**

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**Proposed New Standard Description**
The institution’s financial and internal control systems are evaluated and assessed for validity and effectiveness, and the results of this assessment are used for improvement.

**Old Standard(s) Description**

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The institution’s internal control systems are evaluated and assessed for validity and effectiveness and the results of this assessment are used for improvement.

**Old Standard Questions**
1. Do the audits demonstrate the integrity of financial management practices?
2. Are expenditures from special funds made in a manner consistent with the intent and requirements of the funding source? Are bond expenditures consistent with regulatory and legal restrictions?
3. Are the institution’s special funds audited or reviewed by funding agencies regularly?

**Old Required Evidence**
Proposed New Standard Description
The institution has sufficient cash flow and reserves to maintain stability, support strategies for appropriate risk management, and, when necessary, implement contingency plans to meet financial emergencies and unforeseen occurrences.

Old Standard(s) Description

III.D.3.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.

Old Standard Questions
1. What is the level of the institution's fiscal reserve?

Old Required Evidence

III.D.10
Proposed New Standard Description
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.

Old Standard(s) Description

III.D.3.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.

Old Standard Questions
1. What processes does the institution use to assess its use of financial resources?
2. How does the institution ensure that it assesses its use of financial resources systematically and effectively?
3. How does the institution use results of the evaluation as the basis for improvement?

Old Required Evidence

III.D.11
Proposed New Standard Description
Liabilities

The level of financial resources provides a reasonable expectation of both short-term and long-term financial solvency. When making short-range financial plans, the institution considers its long-range financial priorities to assure financial stability. The institution clearly identifies, plans, and allocates resources for payment of liabilities and future obligations.

Old Standard(s) Description

III.D.1.c
When making short-range financial plans, the institution considers its long-range financial priorities to assure financial stability. The institution clearly identifies, plans, and allocates resources for payment of liabilities and future obligations.

Old Standard Questions
1. What evidence of long-term fiscal planning and priorities exits?
2. Does the institution have plans for payments of long-term liabilities and obligations, including debt, health benefits, insurance costs, building maintenance costs, etc.? Is this information used in short-term or annual budget and other fiscal planning?
3. Does the Institution allocate resources to the payment of its liabilities and funds/reserves to address long-term obligations? Are resources directed to actuarially developed plans for Other Post-Employment Retirement Benefit (OPEB) obligations?

Old Required Evidence
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. The actuarial plan to determine Other Post-Employment Benefits (OPEB) is current and prepared as required by appropriate accounting standards.

**Old Standard Questions**

1. Is the institution fully funding its annual OPEB obligation (Annual required contribution (ARC))? At what level is the contribution being funded?

**Old Required Evidence**

The actual plan to determine Other Post-Employment Benefits (OPEB) is prepared, as required by appropriate accounting standards.

**Old Standard Questions**

1. What is the level of locally incurred debt?
2. What percentage of the budget is used to repay this debt?
3. Does the locally incurred debt repayment schedule have an adverse impact on institutional financial stability?
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.

Old Standard(s) Description

Old Standard Questions
1. What are the institution’s procedures for reviewing fiscal management? Are they regularly implemented?
2. What evidence about fiscal management is provided by external audits and financial program reviews?
3. Does the institution review its internal control systems on a regular basis? Does the institution respond to internal control deficiencies identified in the annual audit in a timely manner?
4. Is there an annual assessment of debt repayment obligations, and are resources allocated in a manner that ensures stable finances?
5. Are student loan default rates, revenues, and related matters monitored and assessed to ensure compliance with federal regulations?
6. Has the institution received any audit findings or negative reviews during the last six years? Have these been addressed in a timely manner?

Old Required Evidence

Proposed New Standard Description
The institution monitors and manages student loan default rates, revenue streams, and assets to ensure compliance with federal requirements, including Title IV of the Higher Education Act, and comes into compliance quickly when the federal government identifies deficiencies.

Old Standard(s) Description

Old Standard Questions
1. What is the default rate for the past three years?
2. Is the default rate within federal guidelines?
3. Does the institution have a plan to reduce the default rate if it exceeds federal guidelines?

Old Required Evidence
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 and the quality of its programs, services, and operations.

**Old Standard(s) Description**

III.D.3.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.

**Old Standard Questions**

1. What contractual agreements exist, and are they consistent with institutional mission and goals?
2. Does the institution have appropriate control over these contracts? Can it change or terminate contracts that don’t meet its required standards of quality?
3. Are external contracts managed in a manner to ensure that federal guidelines are met?

**Old Required Evidence**