

POLICY #33
FINANCIAL RESPONSIBILITY

(Applies to only governing organizations/nursing programs for which the ACEN serves in a Title IV financial aid gatekeeper capacity.)

Financial Resources

The governing organization/nursing program is responsible for ensuring that it has and maintains the fiscal resources and financial stability necessary to provide a quality education to its students. This responsibility includes the appropriate management of Federal Title IV programs. The governing organization/nursing program shall provide evidence of compliance to ACEN as outlined below. ***Where the governing organization/nursing program is a component of a larger system, information and evidence shall be for the organizational unit having direct responsibility and control over the program and not the larger system.***

Required Information During
Initial or Continuing Accreditation of the Nursing Program

A. Administrative Capacity

Properly credentialed and qualified administrative leadership and managerial personnel contribute to maintaining the fiscal resources and financial stability and are essential to the achievement of the end-of-program student learning and program outcomes of the nursing program. The governing organization/nursing program shall provide evidence that personnel holding key leadership positions responsible for financial management, including financial aid, are qualified to carry out their responsibilities.

The governing organization/nursing program shall provide the following for the individuals directly employed by the governing organization/nursing program and/or third party service provider contracted by the governing organization/nursing program to conduct financial aid services:

1. Organizational charts of the financial management and financial aid units for the governing organization/nursing program and/or third party service provider that identify the individuals appointed to administrative and managerial leadership positions.
2. Resumes' and years of service with the governing organization/nursing program and/or third party service provider for each of these individuals.
3. Explanation of any non-traditional qualifications used by the governing organization/nursing program and/or third party service provider to select and appoint these individuals, if relevant.
4. Overview of the responsibilities and services provided by third party service providers, if relevant (include a copy of contract(s)).

B. Planning and Budget Development

The effective allocation and use of resources, both financial and human, must be based on a sound nursing program planning process to accomplish the mission of a quality

nursing education program. The nursing program planning process as well as the budget development process should be inclusive.

The governing organization/nursing program shall provide evidence that its operational and capital budget development process is based on sound nursing program planning and that the budget is properly approved. The required evidence from the governing organization/nursing program shall include but not be limited to the following:

1. Overview of the governing organization's/nursing program's planning process including evidence of objectives, tasks, intended outcomes, and use of results.
2. Explanation of how nursing program planning integrates with the governing organization's/nursing program's budget development process.
3. Overview of the governing organization's/nursing program's budget development process.
4. Explanation of the governing organization's/nursing program's process for prioritizing budget requests in the context of nursing program plans and available funds.
5. Documentation of the governing organization's/nursing program's budget approval.

C. Funding Sources and Financial Stability

Financial stability is predicated on a steady stream of revenue that is properly managed with a focus on sustaining the governing organization's/nursing program's long term ability to accomplish its mission.

The governing organization/nursing program shall provide evidence of sufficient resources and financial stability to include but not be limited to the following:

1. Identification of all sources of revenues and a three (3) year history of these funding streams for the governing organization and nursing program.
2. Explanation of any fluctuations in past revenues and expected future revenues for the governing organization and nursing program.
3. Three (3) year budget history, including end of year results (budget vs. actuals) for the governing organization and nursing program.
4. Identification of any condition or event specific to the governing organization and/or nursing program' which could affect the ability to continue on-going nursing program operations.
5. Specific measures implemented and/or being implemented to ensure long term financial stability of the governing organization and nursing program.

D. Financial Management Procedures and Internal Controls

Long term financial stability and fulfillment of fiduciary responsibilities require that an organization have in place the proper financial management and reporting systems. Financial management includes having sufficient staff to ensure the separation of duties to achieve a proper level of internal controls; a system of record keeping and reporting supported by policies and procedures; and a process of regular review by senior management and the governing board.

The governing organization/nursing program shall provide evidence of a system of financial management and internal controls to include but not be limited to the following:

1. Description of the governing organization's/nursing program's system of internal controls including the separation of duties relative to the awarding and disbursement of financial aid funds.
2. Relevant policies and procedures.
3. Description of the governing organization's/nursing program's Enterprise Resource Planning (ERP) system for recording and reporting financial activity.
4. Examples and evidence of management reporting, analysis, and review.

E. Audits and Financial Statements

Audits performed in accordance with Generally Accepted Auditing Standards (GAAS)/Generally Accepted Government Auditing Standards (GAGAS) provide for the assessment of financial stability and a review of internal controls. Regular external audits conducted by an independent certified public accountant or appropriate governmental auditing agency are an essential component of financial management.

The governing organization/nursing program shall provide the following:

1. Audited financial statements for the governing organization (see ACEN Glossary) including management letters for the most recent three (3) fiscal years prepared in accordance with Generally Accepted Accounting Principles (GAAP) by an independent certified public accountant or appropriate governmental auditing agency. If the governing organization/nursing program operates branch campuses (see ACEN Glossary), audited financial statements shall be submitted for each branch campus seeking initial accreditation or continuing accreditation.
2. The governing organization's/nursing program's response to and resolution of audit findings.
3. Non-public governing organizations: Composite score calculation based on the prior fiscal year's audited financial statements in accordance with U.S Department of Education, Federal Student Aid Handbook, using the financial ratios worksheet available from the Information for Financial Aid Professionals (IFAP) Quality Assurance Program website.

Non-public governing organizations: Where the composite score is less than 1.5, provide evidence of compliance with any cash monitoring requirements that have been placed on the governing organization and evidence of a posted letter of credit if so required. See ACEN Policy #14 Substantive Changes.

F. Federal Requirements

A governing organization/nursing program offering Title IV financial aid for which the ACEN serves in a gatekeeper capacity shall provide evidence of authorization and compliance with program responsibilities; including, when a third party service provider is used, evidence of authorization and compliance with program responsibilities for the third party service provider. ACEN requires that the governing organization/nursing program submit evidence of its current Program Participation Agreement (PPA) and all

relevant correspondence from and to the U.S. Department of Education; including, when a third party service provider is used, all relevant correspondence from and to the U.S. Department of Education and a third party service provider related to the governing organization/nursing program. Additionally, the governing organization/nursing program and/or third party service provider shall provide the following:

1. Federal award audits in conformance with Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards for the past three (3) fiscal years including management letters prepared by an independent certified public accountant or appropriate governmental auditing agency for the governing organization/nursing program and/or a third party service provider as it relates to those services provided to the governing organization/nursing program.
2. Governing organization's/nursing program's and/or third party service provider's response to and resolution of audit findings.
3. Final loan default rates for the past three (3) years for the governing organization/nursing program. If the final rate for the third year has not been issued, it is acceptable to provide the preliminary default rate.
4. Evidence of default management plans and procedures for the governing organization/nursing program and/or third party service provider.
5. Evidence of cash monitoring and other participation requirements, if applicable, for the governing organization/nursing program and/or third party service provider.

Required Information at Time of Submitting ACEN Annual Report

The governing organization/nursing program shall report annually, at the time of the ACEN Annual Report, the sufficiency of its financial resources and its compliance with Title IV requirements in accordance with Policy #24 Assessment of Adequacy of Standards and Criteria, ACEN Process, and Practices.

The governing organization/nursing program shall provide the following information annually at the time the nursing program submits its Annual Report to the ACEN:

1. Identification of all the governing organization's/nursing program's revenue sources for the reporting year and an explanation for any changes from the previous year (e.g., changes in external funding, tuition increases, changes in enrollments, etc.)
2. A copy of the governing organization's/nursing program's approved operating budget for the reporting year and an explanation of any substantive variances between end of year budget and actual expenditures.
3. A copy of the governing organization's/nursing program's audited financial statements for the reporting year and an explanation of actions taken to resolve audit findings, if relevant.
4. A copy of the governing organization's/nursing program's and/or third party service provider's federal award audit for the reporting year and an explanation of actions taken to resolve audit findings, if relevant.

5. A copy of the U.S. Department of Education's calculated preliminary default rate (final if available) for the governing organization/nursing program received during the reporting year.
6. Non-public governing organizations: Composite score calculation based on the reporting fiscal year's audited financial statements in accordance with U.S. Department of Education, Federal Student Aid Handbook, using the financial ratios worksheet available from the Information for Financial Aid Professionals (IFAP) Quality Assurance Program website.
7. Non-public governing organizations: Where the composite score is less than 1.5, provide evidence of compliance with any cash monitoring requirements that have been placed on the governing organization/nursing program and, if applicable, evidence of a posted letter of credit if so required. See ACEN Policy #14 Substantive Changes. Copy of all correspondence between the governing organization/nursing program and the U. S. Department of Education since the nursing program submitted ACEN annual report last year.

Intermittent Reporting at Time of Occurrence

Actions Affecting the Governing Organization/Nursing Program

The governing organization/nursing program shall disclose to the ACEN any actions or recommendations of other accrediting agencies related to or involving, administrative capacity, planning and budgeting, funding resources or financial stability, financial management or internal controls, audits, or Federal requirements. The nurse administrator shall provide a copy of the other accrediting agency's report and an explanation for any recommendations and plans to correct the situation. See ACEN Policy #14 Substantive Changes. The accreditation status of the nursing program may be changed. See ACEN Policy #4 Types of Commission Actions on Applications for Accreditation and Policy #19 Focused Visit.

If a governing organization/nursing program has a change in its financial status impacting its financial stability, the nurse administrator of the program shall immediately submit to the ACEN a report explaining the reasons for the change and plans to correct the situation. The report shall identify all of the governing organization's/nursing program's revenue sources including those that have changed and an explanation for the changes (e.g., changes in external funding, tuition increases, changes in enrollments, etc.) The Commission will determine appropriate follow-up actions after review of the submitted materials. The accreditation status of the nursing program may be changed. See ACEN Policy #4 Types of Commission Actions on Applications for Accreditation and Policy #19 Focused Visit.

If a governing organization's/nursing program's and/or third party service provider's status as a grantor and/or administrator of Title IV financial aid programs changes at any point, the nurse administrator of the program shall immediately submit to the ACEN a report explaining the reasons for the change and plans to correct the situation. The report shall include copies of all communications from the U. S. Department of Education that relate to the change in status. The Commission will determine appropriate follow-up actions after review of the submitted materials. The accreditation

status of the nursing program may be changed. See ACEN Policy #4 Types of Commission Actions on Applications for Accreditation and Policy #19 Focused Visit.

The governing organization/nursing program shall disclose to the ACEN any other actions or events not previously addressed in this policy that have or will impact the ability of the governing organization/nursing program to accomplish its mission of a quality nursing education program. The Commission will determine appropriate follow-up actions after review of the submitted materials. The accreditation status of the nursing program may be changed. See ACEN Policy #4 Types of Commission Actions on Applications for Accreditation and Policy #19 Focused Visit.

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