

- Documentation of budget status interim reporting to appropriate constituencies, including the CEO and members of the board.
- Internal audit and risk management reports.
- Written Management Letter if issued in conjunction with audited financial statements (while no longer required, this may still be useful, if available.)

Reference to SACSCOC Documents, If Applicable

SACSCOC position statement:

[The Impact of Budget Reductions on Higher Education](#)

Cross-References to Other Related Standards/Requirements, If Applicable

- CR 4.1 (*Governing board characteristics*), see part (b)
- Standard 4.2.b (*Board/administrative distinction*)
- CR 13.1 (*Financial resources*)
- Standard 13.3 (*Financial responsibility*)
- Standard 13.6 (*Federal and state responsibilities*)

13.5 The institution maintains financial control over externally funded or sponsored research and programs. (*Control of sponsored research/external funds*)

Rationale and Notes

Externally funded research and programs are designed to aid in fulfillment of the institution's mission. Ceding financial controls to the funding source may compromise financial, ethical, or management standards of the institution. The same prudence in financial control should prevail as in internally funded activities.

NOTE

While a separate standard exists that requires compliance with Title IV Program Responsibilities [see 13.6 (Federal and state responsibilities)] this standard generally applies to any other funding from external sources, such as grants, funding for research, or other federal programs.

Questions to Consider

- What are the policies governing the expenditures of external funds, and are they published?
- Are the institution's externally funded or sponsored research programs accounted for in an appropriate manner, consistent with the institution's financial policies and procedures?

- Are appropriate reports filed in a timely manner, as required by external source of funds?
- Who has management control over external program and research funds within the institution, and how are they qualified?
- Has the institution been required to obtain a letter of credit on behalf of any financial regulatory agency (excluding Title IV programs, which are described under Standard 13.6)?
- Are there liabilities owed back to external funding sources [excluding Title IV programs, which are described under Standard 13.6 (*Federal and state responsibilities*)]?

Sample Documentation

- Federal award audits.
- Grant policies and procedures governing externally funded programs.
- Indirect cost policy.
- Grants accounting documentation.

Reference to SACSCOC Documents, If Applicable

None noted.

Cross-References to Other Related Standards/Requirements, If Applicable

None noted.

13.6 The institution (a) is in compliance with its program responsibilities under Title IV of the most recent Higher Education Act as amended and (b) audits financial aid programs as required by federal and state regulations. In reviewing the institution's compliance with these program responsibilities under Title IV, SACSCOC relies on documentation forwarded to it by the U.S. Department of Education. (*Federal and state responsibilities*)

Rationale and Notes

Many institutions are dependent upon Title IV federal financial aid to assist students with educational expenses and maintain adequate levels of enrollment. An institution must comply with the program responsibilities under Title IV of the most recent Higher Education Act as amended, or risk the loss of federal aid for both its students and organizational needs. As the primary gatekeeper for many member and candidate institutions seeking Title IV funds, SACSCOC is obligated to review information submitted by the institution, or provided by the U.S. Department of Education, that could affect an institution's continued compliance with SACSCOC standards.