



**Minnesota State Colleges and Universities  
System Procedures  
Chapter 7 – General Finance Provisions  
Procedures associated with Board Policy 7.3**

### **7.3.16 Finance Exception Reporting**

**Part 1. Purpose.** As stated in Part 1 and Part 3 of 7.3, Financial Administration policy, effective financial administration will facilitate monitoring, improving managerial performance and evaluating the financial effects of management decisions. The Board of Trustees will be periodically updated on the administration and financial management of the system. This procedure is linked to the system level accountability framework as approved by the Board of Trustees in June 2003.

**Part 2. Process for Exception Reporting.** The Office of the Chancellor is responsible for reporting to the Board of Trustees the financial well-being of the system. Each institution and Office of the Chancellor's budget will be monitored on a periodic basis in order to insure financial stability throughout the fiscal year.

Specific aspects of college and university finances, as described in Part 3 of the procedure, will be reviewed according to their timeline to determine if a financial problem exists for any part of the system. If a measure raises concern, the Finance Division in the Office of the Chancellor will work with the Chief Financial Officer/Budget Officer/Facilities Officer at an institution to determine if there is a significant financial issue. If there is an issue that cannot be resolved within a reasonable period of time, the Vice Chancellor - Chief Financial Officer will contact the institution's president. If the financial problem continues beyond a reasonable amount of time, it will be brought to the Board of Trustees in an exception report.

#### **Part 3. Measures that help determine financial stability and financial administration.**

##### **Subpart A. Financial Stability.**

###### Short Term

1. Current year actual compared to current year budget by operating fund expenditures and revenues (general and revenue funds only).  
Monitoring Timeline: 3rd Quarter  
Trigger: <90% of budgeted revenue received or >75% of budgeted expenditures expended
2. Actual enrollment as compared to projections.  
Monitoring Timeline: March  
Trigger: -3% from Fall projections
3. Current receivables compared to current year revenues.  
Monitoring Timeline: 3rd and 4th Quarters  
Trigger: >=10%

Long Term

4. Board required reserves – three-year consecutive history.  
Monitoring Timeline: Close of fiscal year  
Trigger: Failure to adhere to approved plan
5. Net budgetary operating revenue over a two-year period.  
Monitoring Timeline: Close of fiscal year  
Trigger: Two consecutive years of negative net revenue for colleges and universities with a budgetary fund balance <20% of revenues
6. Personnel costs as a percentage of total expenditures – compare to prior three-year average.  
Monitoring Timeline: Close of fiscal year  
Trigger: +/- %5 over three-year average
7. Cash and investments compared to number of months of operating expenses.  
Monitoring Timeline: 4th Quarter  
Trigger: Less than 2 months

**Subpart B: Financial Administration Indicators**

8. Capital and HEAPR project execution rate compared to plan (issued by the Facilities Unit on a project-by-project basis).  
Monitoring Timeline: Quarterly  
Trigger: Material variance from plan
9. Repair and replacement expenditures (over a three-year period) compared to budget and plan (issued by the Facilities Unit).  
Monitoring Timeline: Close of fiscal year  
Trigger: Material variance from plan
10. MnSCU to MAPS reconciliation (including adjustments).  
Monitoring Timeline: Monthly (general fund); Quarterly (all other funds)  
Trigger: One period behind
11. Timely and complete bank reconciliation (including adjustments).  
Monitoring Timeline: Monthly  
Trigger: One month behind
12. Timely and complete Financial Aid reconciliations.  
Monitoring Timeline: Quarterly  
Trigger: Not reconciled
13. Interfund transfers and accruals in balance.  
Monitoring Timeline: Quarterly  
Trigger: Out of balance
14. Proper use of chart of accounts (including program, subprogram and other accounting codes).  
Monitoring Timeline: Mid fiscal year  
Trigger: Material activity not in proper accounts or not following cost accounting principles (i.e., NACUBO, NCES, etc.)
15. Timely Interim Financial Statements.  
Monitoring Timeline: Quarterly  
Trigger: One period behind

*Date of Implementation:* 12/09/03,

*Date of Adoption:* 12/09/03,

*Date and Subject of Revision:*

1/7/08 - *Amended Part 3 to update the financial exception reporting measures to assure the short- and long-term stability indicators properly reflect effective financial administration throughout the system.*