



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

7.3.16 Guidelines for Finance Exception Reporting

These guidelines set forth the process to be used for monitoring the budgets of each college and university and the Office of the Chancellor in order to insure financial stability throughout the fiscal year.

Purpose. The purpose of these guidelines is to inform colleges and universities where the data will be extracted for the financial stability and administration measures.

Subpart A: Financial Stability

Short Term Measures

1. Current year actual compared to current year budget by operating fund expenditures and revenues (general and revenue funds only).

Data will be extracted from ISRS using the current budget and year-to-date fields for Funds 110,120, 210, 215 and 830. Object codes for expenditures are <8000 (excluding transfers out) and revenue >8999 (excluding transfers in). Available resources will include current receipted revenue, receivables and carry forward.

2. **Actual enrollment as compared to projections.**

Prior fall enrollment projections provided by colleges and universities will be used to compare to student enrollment data extracted from ISRS using the CT_ST_FYXXXX where XXXX is the fiscal year by summing the GR_CRHR and UG_CRHR columns. Rows are only selected from ST_COU where the DROP_TIMESTAMP is null. In both columns, certain credit hours are excluded from the FYE calculation such as test-outs. Also, the FYE is adjusted by the FTE percent (e.g. shared by two institutions).

3. **Current receivables compared to current year revenues.**

Data will be extracted for GFS Fund 105 current accounts receivable and *earned charges (365 days or less) billed on the ISRS accounts receivable module, excluding any **Intra-MnSCU and PSEO (Post Secondary Education Options) billings. The data source for the calculation is from the quarterly accounts receivable report submitted to the Department of Finance. A reconciliation is performed prior to using the data in the exception reporting process. Data reconciliation process: 9001 (Accrued Revenue), A/R Balances ("AR" type charges billed in accounts receivable module), and A/R Balance Changes (Charges, Payments & Waivers occurring between quarters) reconcile to each other. **"Earned charges" are in reference to a YRTR that is in session or semester / time period that has passed. Future YRTR accounts receivable and charges are excluded from the exception

reporting calculation process. **Intra-MnSCU include any billings that take place between the Office of the Chancellor and/or among institutions, which will be identified by using customer id / name as its identifier.

Long Term Measures

4. Board required reserves – three-year consecutive history.

Actual year end reserve levels reported as part of the year end fund balance process will be compared to an approved plan.

5. Net budgetary operating revenue over a two-year period.

Data will be extracted from ISRS using the year-to-date field for Funds 110, 120 and 830. Object codes for revenue are >8999 (excluding transfers in) and expenditures <8000 (excluding transfers out).

6. Personnel costs as a percentage of total expenditures – compare to prior three-year average.

Data will be extracted from ISRS using the year-to-date field for Funds 110, 120 and 830. Object codes for personnel are <0800 and total expenditures <8000 (excluding transfers out).

7. Cash and investments compared to number of months of operating expenses.

Data will be extracted from ISRS for GEN appropriation only. Both cash and expenditures will be calculated using the 581 report at June 30. Divide total expenditures by 12 = average monthly expenditures. Divide cash total by the average monthly expenditures to determine number of months of cash.

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).

Data will be extracted from ISRS using the encumbrance and year-to-date fields for capital project Funds 820, 821 and 825 and expenditure object codes <8000. This data will be compared to the original execution plan established when project was funded. Variances to original plan are expected; however, major deviations will be highlighted and corrective actions will be instituted as necessary.

9. Repair and replacement expenditures (over a three-year period) compared to budget and plan (issued by the Facilities Unit).

Data will be extracted from ISRS using the current budget and year-to-date fields for Fund 830. Expenditure object codes will be <8000 (excluding transfers out). Three fiscal years of data will be compared against the proposed expenditure plan of \$1.50 per square foot of expenditures. Colleges or universities spending less than 1/3 of the proposed expenditure

plan (< \$.50/sq ft) will be asked to provide information as to how they will meet the minimum expenditure.

10. MnSCU to MAPS reconciliation (including adjustments).

The MAPS to MnSCU reconciliations provided by colleges and universities to their campus assistance contact will be used to determine if reconciliations are correct and current and that all adjustments indicated on the previous period's reconciliation have been entered. These reconciliations are provided monthly for the general fund and quarterly for other State Treasury accounts.

Exception coding is as follows:

Reconciled and current (could include timing issues)

Normally reconciled but late this period

Reconciled but prior period adjusting entries need to be made

Not reconciled

11. Timely and complete bank reconciliation (including adjustments).

The local bank account reconciliations provided by colleges and universities to their campus assistance contact will be used to determine if reconciliations are correct and current and that all adjustments indicated on the previous period's reconciliation have been entered. These reconciliations are provided monthly.

Exception coding is as follows:

Reconciled and current

Normally reconciled but late this period

Reconciled to a consistent difference – adjustments are current

Reconciled but prior period adjusting entries need to be entered

Reconciled but unclaimed property not submitted

Reconciled to a consistent difference – prior period adjusting entries need to be entered

Not reconciled/inconsistent difference

12. Timely and complete Financial Aid reconciliations.

Colleges and universities will reconcile quarterly the G5 (formerly GAPS) system award letter, EDGAPS, ISRS reporting, and FA0012CP. The September 30 reconciliation will also include the FISAP. The reconciliations must be completed within 30 days after the end of each quarter and submitted to campus assistance. Campus assistance will review and determine if reconciliations are correct.

13. Interfund transfers and accruals in balance.

Data will be extracted from ISRS using the year-to-date field for all funds. Object codes for non-mandatory transfers are 7104/9803 and for Due From Other Funds/Payable To Other Funds 8211/8605.

14. Proper use of chart of accounts (including program, subprogram and other accounting codes).

Data will be extracted from ISRS for all funds using data fields such as fund, program, subprogram, activity, object, etc., in order to analyze the Chart of Accounts use by the colleges and universities.

15. Timely Interim Financial Statements.

Interim financial statements are prepared using the template and instructions developed by financial reporting. The quarterly statements should be prepared, reviewed, adjusting entries made as appropriate, and placed on the portal within 60 days of the end of the quarter. By posting the interim financial statements, the college or university is agreeing that it has completed a reasonable review, made necessary adjustments and that to the best of their knowledge such statements are materially correct. Each college and university should include analysis comments regarding appropriateness of variances and expectations regarding the impact of variances on year-end operating results and financial position.

*Related Documents: Policy 7.3, Financial Administration
System Procedure 7.3.16, Finance Exception Reporting*

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

Date and Subject of Revision:

1/7/08 - Amendments throughout the guideline. Deleted previous Subpart A, Number 3 - Balance of encumbrances/expenditures as compared to estimated cash at year-end (general fund only), Number 4 - Negative appropriation balances – cash flow at year-end, Number 10 - Faculty-student ratio over three years, and Number 15 - Equipment reconciliations. New language in new Number 3 - Current receivables compared to current year revenues. Added exception coding to New Numbers 10 & 11. Added New Numbers 12 - Timely and complete Financial Aid reconciliations and 15 - Timely Interim Financial Statements.