

Elements of a Financial Plan

A Financial Improvement Plan details the institution's financial objectives, outlines how the institution plans to achieve compliance with Chapter IV.B. of the *Accreditation Manual*, and specifies timelines for when compliance will be achieved. Here are several *specific* items that could be included in your plan for review by the Commission.

- 1) **Revenue Management** – Available revenues and resources
- 2) **Cash and Investments** – Effective cash management; investment returns on funds not immediately required that can provide significant source of revenue
- 3) **Reserves** – Maintenance of reserves for unanticipated expenditures or unforeseen emergencies; provision of adequate working capital for current operating needs to avoid short-term borrowing
- 4) **Operating Budget and Compensation Philosophy** – Realistic projection of budget needs
- 5) **Capital Improvement Plan** – Realistic projection of improvements, acquisitions, etc.
- 6) **Debt Management** – Adequate resources available for repayment of debt; this is an integral part of financial management of an institution
- 7) **Accounting, Auditing and Financial Reporting** – Key to providing accurate, current and meaningful information to key management staff; consistency with timely, monthly, quarterly and/or yearly (annual) financial reports
- 8) **Compliance with Government Requirements** – Cohort Default rate; 90/10; Program Reviews; Financial Aid Compliance Audits
- 9) **Risk Management** – A plan that manages risks of loss encountered in everyday operations; helps maintain integrity and financial stability of an institution