

BP 207 Institutional Staff Reviews

Reference: Federal Regulation §602.19(b)

Adoption Date: June 2013 Last Revision Date: February 2015

A. General Comments

The purposes of the **Institutional Staff Reviews** are to follow up on various areas of non-compliance which may be discovered as a result of reports from any source that an institution is out of compliance with any TRACS Standard (including information from the institution's *Annual Report*) and/or to monitor institutional *financial stability*.

B. Institutional Staff Reviews

The specific purpose of the **Institutional Staff Review (ISR)** is to provide a process to formally address any possible or impending non-compliance with the TRACS Standards of an institution 1) discovered in the review of tracked items in the institution's *Annual Report* documentation, 2) discovered in the review of any complaint against an institution or, 3) discovered in the review resulting from the receipt of information from any source asserting that an institution is out of compliance.

The ISR will be conducted whenever, after the formal review of documentation, the TRACS Staff believe that an institution is or may become out of compliance with any TRACS Standard and becomes the formal process of required reports from the institution, visits to institutions (when necessary), and the receipt of *Progress Reports* from the institution until deficiencies are corrected or compliance is reached. All normal timelines for coming into compliance detailed in the TRACS *Adverse Action* policies will be maintained.

C. Institutional Staff Reviews - Financial

The purposes of the **Institutional Staff Review – Financial (ISR-F)** are to ascertain the current financial condition of the institution, review the institution's plan to reestablish or maintain financial stability into the future, consider the need for recommending an adverse action to the Accreditation Commission, and/or to offer such support and advice as may be helpful to the institution.

The ISR-F will be conducted whenever, after the normal on-going review of an institution's financial documents and all events which may impact the institution financially, TRACS Staff determines that the financial stability of an Institution is in question. Specific events that may precipitate an ISR-F include but are not limited to:

1. An Institution reporting a negative change in Unrestricted Net Assets or Total Net Assets for two out of five years.
2. A negative change in Total Net Assets.

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3. An Enrollment decline of 20% or more.
4. An Institution receiving notification from the DOE that their composite score has fallen below 1.5 and they are not in compliance.
5. An Institution's annual audit indicates that the required 10% line of credit has been substantially depleted.
6. The recording of *Pledges* in revenue or *Pledges Receivable* in assets.
7. Notice of pending legal action and associated contingencies in the *Annual Audit Report*.
8. Any combination of 1-7 above.

The ISR-F will usually necessitate a staff visit to the campus but may be conducted via either written or electronic communication. The staff visit and review will include all financial aspects of the institution.

~~The President of TRACS may initiate the following additional levels of staff review in conjunction with a recommendation of any adverse action or in the circumstances described in number 2:~~

- ~~1. The requirement that the institution submit a board approved strategic plan on how the institution will reestablish or maintain financial stability into the future or~~
- ~~2. Financial Monitoring – when the institution reports a negative change in Unrestricted Net Assets or Total Net Assets for two out of five years.~~

The President of TRACS may recommend, after the consideration of all relevant financial information included in the ISR-F events, the following *Commission Actions Against Institutions*:

1. Financial Monitoring - when the institution reports a negative change in Unrestricted Net Assets or Total Net Assets for three out of five years. (Note: Institution is not out of compliance with Standards 17.1 or 17.4 at this point.)

9-2. Warning – when the institution reports a negative change in Unrestricted Net Assets or Total Net Assets for three out of five years and has not demonstrated improved Financial Stability since being placed on Financial Monitoring. (Note: Institution is not out of compliance with Standards 17.1 or 17.4 at this point.)

10-3. Probation – when the institution reports a negative change in Unrestricted Net Assets or Total Net Assets for four out of five years. (Institution may be continued on probation if progress is being made toward compliance, but has not yet met compliance.)

11-4. Show Cause – when the institution reports a negative change in Unrestricted Net Assets or Total Net Assets for five out of five years.

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