

IHL Board of Trustees ***Policies & Bylaws***

communicated to the Commissioner and the Budget, Finance and Audit Committee and in order that efforts can be made to ensure internal controls are sufficient to deter such actions in the future.

- G. The Board, the Budget, Finance and Audit Committee and/or the Commissioner, may direct the Board's or university's internal audit staff to investigate any system issues, allegations, or audit matters, in order to carry out the fiduciary duties of the Board. The IEOs and all system employees must cooperate fully with the Board's system and/or the university's internal audit staff on any system issues, allegations, or audit matters directed to be performed on behalf of the Board, the Budget, Finance and Audit Committee and/or the Commissioner.

(BT Minutes, 6/2010)

713 INSTITUTIONAL FINANCIAL SUSTAINABILITY

713.01 STATEMENT OF PURPOSE FOR INSTITUTIONAL FINANCIAL SUSTAINABILITY

The mission of the Board of Trustees includes the fiscal management of the institutions of higher learning in Mississippi in order to see that the mission of the IHL System is accomplished. The Board of Trustees finds that this includes providing financial guidance and oversight so that the core functions of instruction, public service, and research can be accomplished in a financially sustainable manner for the long term benefit of Mississippi. Furthermore, while the Board has authority to manage institutional resources across institutions, the Board finds that it is in the best interest for each institution to operate within the resources available at the institution per Board Policy 301.0801(B). While many new opportunities to serve students, citizens, and patients arise from time to time, the Board wishes to ensure that each institution engages these opportunities from positions of financial sustainability. Therefore, the Board outlines in this section general guidelines for financial policy to be carried out by the Commissioner in coordination with Institutional Executive Officers to ensure that sustainable institutions continue to serve the state of Mississippi.

(BT Minutes, 4/2017)

713.02 ANNUAL BUDGET PLANNING

The Board of Trustees approves the Annual Operating Budget for each institution annually along with related escalations. Prior to the Board approving the Annual

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Operating Budget, the Institutional Executive Officer shall review the financial condition of the institution based on the most recent version of the Institutions of Higher Learning Financial Ratios. Upon review of an institution's financial condition, the Commissioner of Higher Education shall arrange a meeting with Institutional Executive Officers to obtain a basis to recommend approval of an institution's budget to the Board of Trustees in accordance with financially sustainable objectives. The Commissioner of Higher Education may recommend financial targets that take into account the size, mission, and current financial condition of the institution. These recommendations should be appropriate to the current financial capacity of the institution. Management of the institution for financial sustainability, including possible recommendations by the Commissioner of Higher Education, shall be a component of the Institutional Executive Officer's evaluation by the Commissioner and Board of Trustees as set out in Board Policy 301.0802.

(BT Minutes, 4/2017)

713.03 MINIMUM CRITERIA FOR INSTITUTIONAL FINANCIAL SUSTAINABILITY

The minimum criteria for institutional financial sustainability shall cover the following areas: adequate financial reserves, adequate liquidity, and adequate coverage of annual debt payments. These ratios shall be prepared using annually audited accounting statements prepared under Governmental Accounting Standards Board guidelines and calculated in the manner prescribed in the most recent version of the Institutions of Higher Learning Financial Ratios. During Annual Budget Planning, the Commissioner of Higher Education may recommend target ratios to Institutional Executive Officers that address the current financial condition of institutions.

(BT Minutes, 4/2017)

713.04 MAJOR PROJECTS AND ENCUMBRANCES AND INSTITUTIONAL FINANCIAL SUSTAINABILITY

Because the Board of Trustees must maintain financially sustainable institutions, the Board may elect to postpone consideration of projects or activities that involve major commitments of expenditures or debt burden when an institution fails to meet the minimum criteria for institutional sustainability.

(BT Minutes, 4/2017)