

DECENTRALIZATION MANAGEMENT STANDARDS
FOR INSTITUTIONS OF HIGHER EDUCATION
DESCRIPTION OF STANDARDS

1. An Unqualified Audit Opinion

The receipt of an unqualified opinion from the Auditor of Public Accounts upon the audit of the annual financial statements of the institution.

2. No Significant Audit Deficiencies as Attested to by the Auditor of Public Accounts

The absence of significant management letter findings.

3. Compliance with Financial Reporting Standards Endorsed by the State Comptroller

Complete conformance with the Comptroller's Directives concerning financial statement preparation which includes the requirement to submit annual financial statements for the institution that are prepared in conformance with generally accepted accounting principals (GAAP).

4. Attainment of Accounts Receivable Standards

A. A past due rate of 10 percent or less on all receivables regardless of fund, excluding Perkins federal student loans. The percentage is calculated as follows:

$$\text{Past Due Rate} = \frac{\text{Sum of receivables over 120 days past due for prior twelve months}}{\text{Sum of gross receivables for prior twelve months}}$$

For the University of Virginia Medical Center only, effective July 1, 1998, less than 65 days in accounts receivable.

Compliance with this part of the standard is measured on the calendar year, for the period January 1 through December 31.

B. In addition, this standard requires a default rate of 10 percent or less, or the minimum rate necessary for continued participation in the federal program, on Perkins federal student loans, as submitted subsequent to June 30 each year to the U.S. Department of Education (the FISAP report). Compliance with this part of the standard is measured as of June 30.

5. Attainment of Accounts Payable Standard (Prompt Pay)

The average of the monthly compliance rates will be greater than or equal to 95 percent. Compliance with this standard is measured on the calendar year, for the period January 1 through December 31.