

## **Chapter 1: Accounting** <sup>[1]</sup>

### **Accounting**

The following procedures cover accounting principles and standards; interface with the state financial system; delegated authority; financial transactions and internal controls; reporting of fraud, theft, or embezzlement; and, accountability and capitalization of equipment.

#### **Procedure 1-1 ACCOUNTING PRINCIPLES AND STANDARDS**

The accounting principles of the University of Colorado shall be based on generally accepted accounting principles (GAAP) as adopted by the Governmental Accounting Standards Board (GASB) and applicable laws and regulations. When it is necessary to report compliance of financial transactions with statutory requirements, supplemental schedules may be used. Preparation of separate statutory based reports may also be necessary.

The Chief Executive Officer of the University and the University Controller shall annually certify to the State Controller as to the adequacy of its systems of internal accounting and administrative controls. The certification form, content and due date shall be determined by the State Controller.

#### **Procedure 1-2 INTERFACE WITH THE STATE FINANCIAL SYSTEM**

The University shall continue to report to the State Controller regarding its financial transactions as required by law. To facilitate such reporting, the University shall maintain an electronic interface with the State financial system acceptable to the State Controller and the University.

The University is authorized by the State Controller as the custodian of the University's portion of the financial database on the state financial system. The University shall not grant any person access to financial data contained on the state financial system for general perusal, other than University employees or representatives for University business purposes. Specific requests for query access to the financial database of the University's financial system shall be in accordance with the Colorado Open Records Act.

#### **Procedure 1-3 DELEGATED AUTHORITY**

As used herein, the Chief Executive Officer of the University is the University President; the Chief Financial Officer of the University is the Vice President of Budget and Finance; the Chief Procurement Officer is the Associate Vice President & Chief Procurement Officer; and, the University Controller is the Associate Vice President & University Controller. All authority of the Chief Executive Officer described herein is delegated to the campus Chancellors for their respective campuses and may be further delegated in writing. All authority granted herein to the University Controller may be delegated by the University Controller in writing. These Procedures may only be waived or amended upon approval of the Chief Financial Officer of the University under these Procedures.

## **Procedure 1-4 FINANCIAL TRANSACTIONS AND INTERNAL CONTROLS**

The University shall implement internal accounting and administrative controls that reasonably ensure that financial transactions are accurate, reliable, and conform to these Procedures prior to recording transactions on the University financial system and prior to making payment. The factors of risk, cost, and business requirements shall be considered when establishing these internal controls.

## **Procedure 1-5 REPORTING OF FRAUD, THEFT, OR EMBEZZLEMENT**

The University is responsible for the design and implementation of programs and controls to prevent, deter, and detect fraud. Any suspected fraudulent misstatements of the Financial Statements shall be reported to the Associate Vice President and University Controller and to the Associate Vice President and Director of Internal Audit. Any suspected theft or embezzlement of University funds or assets shall be immediately reported to the Department of Internal Audit in accordance with University policy on Fiscal Misconduct Reporting. Also, the results of any investigation or follow-up, including corrective measures implemented to prevent or reduce the likelihood of future occurrences, must be reported in writing to the University Controller in a timely manner.

## **Procedure 1-6 ACCOUNTABILITY AND CAPITALIZATION OF EQUIPMENT**

The University is responsible for ensuring that all equipment acquired by the University is properly accounted for when acquired, inventoried, and safeguarded throughout its useful life, and that it is properly accounted for at the time of disposal. Items with a useful life of greater than one year purchased by the University shall be either capitalized or expensed in the fiscal year in which they were acquired, based on applicable capitalization thresholds.

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