CHAPTER 8: REPORTING

Policy 8-1 FINANCIAL STATEMENTS

Annual financial statements prepared by the School shall be submitted to the Finance and Audit Committee. Unless otherwise provided by this Financial Policy, the School’s financial statements shall be prepared by the Controller in accordance with generally accepted accounting principles and shall reflect the financial activities of the School.

The School or its contractor may provide draft financial statements to the Office of the State Auditor to facilitate a timely and efficient audit. Draft financial statements and accountant work papers are not public records.

The State financial system generates a balance sheet and an income statement for the School utilizing the COFRS system. These system-generated statements are considered acceptable financial statements for any purposes of the State Controller. The School shall continue to provide information to the State Controller, including exhibit information required in the fiscal year-end closing instructions issued by the State Controller and any post-closing adjustments, as necessary for the State Controller to meet the obligations set forth in C.R.S. 24-30-202(11), 24-17-102, and 24-20-204, as described in C.R.S. 24-30-202(13).

Financial statements prepared by the School shall be reconciled to the State financial system. A copy of this reconciliation shall be provided to the State Controller at least annually.

Policy 8-2 PERIODIC FINANCIAL REPORTING

The Controller shall prepare periodic financial reports. The periodic financial reports shall be available for use by management, the Finance and Audit Committee, and others for planning purposes and decision-making.

- The School's financial system shall be the system used to record the School's financial information and the system from which standard reports shall be prepared.
- The CFO and Controller shall determine what is reasonable and necessary to be included in the financial reports, the funds which are to be included, and the date each report is due.

Each reporting period shall be regarded as an integral part of the fiscal year. Revenues shall be allocated to reporting periods in accordance with generally accepted accounting principles. Expenditures such as salaries, operating expenditures and accruals of expenditures shall be allocated to interim periods in which they are incurred or, where appropriate, allocated among periods on the basis of benefits received or time expended. Arbitrary assignment to a period shall not be allowed.

Policy 8-3 COST ALLOCATION PLANS

The School shall prepare a documented Indirect Cost Allocation or Indirect Cost rate proposal/plan that assigns Indirect Costs to their programs, activities, and services relative to their benefits received from the activities whose costs are being allocated or on another equitable relationship. The allocated costs shall be used as the basis of recovering indirect costs from the federal government, determining fees for program services and activities, and assessing the cost effectiveness of a program or activity.
The School shall use a cost allocation methodology that assures that the allocations made through the methodology represent a service/benefit or other equitable relationship between the costs of the services provided and the value of the benefits received by users of the services.

The School shall periodically review its cost allocation methodology to ensure that the methodology represents the best allocation attainable. Allocations should be reconciled to actual expenditures to ensure all costs have been captured and allocated.

When the School receives federal funds, it shall prepare a federal indirect cost rate proposal/plan in accordance with OMB A-21 and sign an indirect cost rate or allocation methodology agreement with the federal government. The School’s federal indirect cost rate proposal/plan shall include all costs allocated to the School in the federal indirect cost allocation plan and other approved cost allocation plans.

Grants, contracts, and other agreements that do not allow for the recovery of the full cost incurred under the agreement should be closely evaluated to determine if their acceptance is cost effective and in the best interest of the School.

Indirect Cost recoveries shall be recorded when earned in separately identifiable accounts as determined by the Controller. Revenues from Indirect Cost recoveries shall not be deferred at the end of the fiscal year.

AUTHORITIES

C.R.S. §24-30-201
C.R.S. §24-75-102
Federal OMB Circular A-21: "Cost Principles for Educational Institutions"