

402. Financial Accounting and Reporting

I. General

Financial accounting and reporting shall be consistent with the principles and guidelines set forth in College and University Business Administration, published by the National Association of College and University Business Officers. That publication defines the two standard-setting boards which control college and university accounting and financial reporting practices as the Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB).

The University of Alabama System adheres to the standards set by the GASB. The GASB was created by the Financial Accounting Foundation (FAF) in 1984 to establish generally accepted accounting principles for state and local governments and their component units, including government-controlled, not-for-profit organizations such as colleges, universities, and hospitals.

The GASB has developed guidance on accounting issues related to recognition, measurement, and net asset classification of assets, liabilities, revenues, expenses, gains and losses included in the external general-purpose financial statements of public colleges and universities that report as special-purpose governments engaged in only business-type activities. Based on the guidance provided in GASB 34, the campuses and hospital of The University of Alabama System prepare annual financial statements as special-purpose governments engaged in only business-type activities.

The financial reports of The University of Alabama System entities shall be prepared in compliance with the most recent applicable GASB guidance as deemed appropriate by the Chancellor in consultation with the Audit Committee of the Board. Management on each campus shall be responsible for a continuous risk assessment of key financial processes and for maintaining adequate control structure and procedures for financial reporting and other financial disclosures.

II. Campus Annual Financial Reports

Campus annual financial reports to the Board shall include basic financial statements, notes to financial statements, and other supplementary information required by generally accepted accounting principles. The independent auditor's opinion letter shall be included with these reports. These statements, notes, and schedules should generally adhere to the principles and guidelines set forth in the references cited in Section I. Variations intended to accomplish more complete disclosure shall be published separately by the Chancellor.

III. Other Financial Reports

Other financial reports shall be prepared as required by the Board and the Chancellor.

(Originally adopted November 30, 1977 as Rule 411; completely revised April 9, 1980; amended April 21, 1995; renumbered December 5, 1997; amended November 9, 2007.)