

R561, Accounting and Financial Controls¹

R561-1 Purpose: To provide for standardized accounting records and procedures in the Utah System of Higher Education.²

R561-2 References

- 2.1 Utah Code § 53H-1-209, Standardized Systems Prescribed by the Board
- 2.2 Utah Code § 53H-8-202, Combined Requests for Appropriations – Appropriation Formulas
- 2.3 Board Policy R120, Board of Higher Education Bylaws
- 2.4 COSO Internal Controls—Integrated Framework: An Implementation Guide, COMMITTEE OF SPONSORING ORGANIZATIONS OF THE TREADWAY COMMISSION (2013)
- 2.5 Statements of Governmental Accounting Standards, GOVERNMENTAL ACCOUNTING STANDARDS BOARD
- 2.6 State of Utah Accounting Policies & Procedures
- 2.7 Advisory 00-08: Expense Cross-walk: Public Institutions, footnote regarding reporting natural classifications, NATIONAL ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS

R561-3 Policy

3.1 Annual Financial Reports of Member Institutions to be Issued in Accordance with Generally Accepted Accounting Principles for Colleges and Universities: Each member institution shall issue an annual financial report for each fiscal year, in accordance with generally accepted accounting principles for colleges and universities and such annual reports shall be filed with the Office of the Commissioner for the use of the Board and its staff upon publication.

3.1.1 Fixed Asset Accounting Conventions: To preserve financial statement comparability in reporting fixed assets, institutions will calculate depreciation using the straight-line method and adopt the following guidelines related to capitalization, useful lives, and residual values. An institution may deviate from these guidelines upon showing contravening federal or state regulations, likely adverse audit determinations, or other exceptional circumstances.

3.1.1.1 Equipment: Capitalization limits for equipment are as follows: \$5,000 for all USHE institutions. The determination of useful lives for

¹ Adopted March 23, 1971, amended April 27, 1971, September 25, 1973, September 2, 1999, April 20, 2001, May 31, 2002, January 18, 2008, November 14, 2014, and July 14, 2022.

² Technical edits August 30, 2024; and December 1, 2025.

equipment shall be as reflected in the State of Utah Standard Useful Life Table (FIACCT 09-17.01). Residual values will be determined by each institution on a case by case basis.

3.1.1.2 Land: All land shall be capitalized and not depreciated.

3.1.1.3 Buildings: Capitalization limits for buildings are as follows: \$250,000 for the University of Utah, Utah State University, Weber State University, Utah Valley University and Salt Lake Community College; \$100,000 for Southern Utah University, Snow College, Utah Tech University, and technical colleges. Buildings are determined to have a 40-year useful life at the time initial construction is completed. Residual values will be determined by each institution on a case by case basis.

3.1.1.4 Building Improvements: Capitalization limits for building improvements are as follows: \$250,000 for the University of Utah, Utah State University, Weber State University, Utah Valley University and Salt Lake Community College; \$100,000 for Southern Utah University, Snow College, Utah Tech University, and technical colleges. When an improvement extends the useful life of a building, the building and the improvement shall be determined to have a remaining useful life equal to the length of time which the improvement extends the building's useful life. When an improvement does not extend the useful life of a building, the useful life of the improvement shall be determined to be the remaining useful life of the building. Residual values will be determined by each institution on a case by case basis.

3.1.1.5 Infrastructure: Capitalization limits for infrastructure items are as follows: \$250,000 for the University of Utah, Utah State University, Weber State University, Utah Valley University and Salt Lake Community College; \$100,000 for Southern Utah University, Snow College, Utah Tech University, and technical colleges. The determination of useful lives for infrastructure items shall be as reflected in the State of Utah Standard Useful Life Table (FIACCT 09-17.01). Residual values will be determined by each institution on a case by case basis.

3.1.1.6 Land Improvements: Capitalization limits for land improvements are as follows: \$250,000 for the University of Utah, Utah State University, Weber State University, Utah Valley University and Salt Lake Community College; \$100,000 for Southern Utah University, Snow College, Utah Tech University, and technical colleges. The determination of useful lives for land improvements shall be as reflected in the State of Utah Standard Useful Life Table (FIACCT 09-17.01). Residual values will be determined by each institution on a case by case basis.

3.1.1.7 Library Books: All library books shall be capitalized. The useful life of all books shall be determined to be 20 years. Residual values will be determined by each institution on a case by case basis.

3.1.1.8 Works of Art: Capitalization limits for Works of Art are as follows: \$5,000 for the University of Utah, Utah State University, Weber State University, Utah Valley University and Salt Lake Community College; \$2,000 for Southern Utah University, Snow College, Utah Tech University, and technical colleges. Pieces classified as inexhaustible works of art shall not be depreciated. Useful lives for other works of art shall be determined by each institution on a case by case basis. Residual values for other works of art will be determined by each institution on a case by case basis.

3.1.2 Reporting Expenditures in the Financial Statements: To preserve financial statement comparability, institutions will report expenditures as follows:

3.1.2.1 Use natural classifications on the Statement of Revenues, Expenditures and Changes in Net Position as illustrated in GASB statements, and

3.1.2.2 Present both natural and functional classifications in a footnote to the financial statements consistent with the format specified in the NACUBO Advisory Report 2000-8.

3.2 Certification of Financial and Other Documents: Financial and other documents requiring official certification by officers of the Board shall be subject to the following procedures:

3.2.1 Board authorization or approval for certification of such documents shall first be obtained, ordinarily at a regular Board meeting.

3.2.2 The necessary documents shall then be certified in writing (a) as to the above approval and (b) as to their accuracy and consistency with the Board authorization, by the President of the institution concerned, or by the Office of the Commissioner of Higher Education, or both.

3.2.3 The documents thus certified and submitted may then be taken directly to the officer or officers of the Board concerned for any required signatures.

3.2.4 The Commissioner of Higher Education and the Chief Financial Officer are hereby authorized to sign for either the Secretary or the Treasurer of the Board in the event of the unavailability of either the Secretary or the Treasurer.

3.2.5 A Treasurer of the Board is appointed pursuant to subsection 3.2.4 of R120, Bylaws of the Board of Higher Education, and shall serve in such capacity subject to the recommendation of the Commissioner of Higher Education to, and action by, the Board.

3.3 Accounting and Operating Controls: The Board authorizes each President and institutional Board of Trustees to establish and maintain a system of internal accounting and operating controls for their institution. This system of internal controls shall incorporate the principles and objectives specified by the Committee of Sponsoring Organizations of the Treadway Commission report “Internal Control—Integrated Framework.” In addition, the Board recommends the following:

3.3.1 That institutional Boards of Trustees authorize the President and Chief Financial Officer, or Chief Financial Officer and Controller, to establish imprest bank accounts for such purposes as they deem necessary for efficient operation of their institution and authorize appropriate signatures for same.

3.3.2 That institutional Boards of Trustees authorize all bank accounts and approve all signatures except as provided in recommendation 3.3.1.

3.3.3 That the Controller or Treasurer at each institution maintain an up-to-date record of all bank accounts and authorized signatures.

3.3.4 That from time to time there should be a review of cash on hand and cash receipts and internal examiners shall undertake an examination of cash disbursements, accounts payable, and purchasing.