



UCCS CAMPUS POLICY

Policy Title: Financial Responsibility of Auxiliary Enterprise Units

Policy Number: 500-008

Policy Functional Area: FISCAL

Effective:

27 March 2017

Approved by:

Venkat Reddy, Interim Chancellor _____

Responsible Vice Chancellor:

Vice Chancellor of Administration and Finance (VCAF)

Office of Primary Responsibility:

AVCFHR

Policy Primary Contact:

Controller's Office, 719-255-3684

Supersedes:

November 9, 2006

Last Reviewed/Updated:

February 9, 2017

Applies to:

Auxiliary Unit Staff and Administration

Reason for Policy: This policy sets forth the financial responsibility of Auxiliary Enterprise Units.

I. INTRODUCTION

This policy sets forth the financial responsibility of Auxiliary Enterprise Units.

II. POLICY STATEMENT

A. Purpose:

To provide a description of the procedures and responsibilities of accounting for revenue activities of Auxiliary Enterprise units.

B. Procedures:

No new Auxiliary Enterprise units will be created nor will any be deleted without approval of the President and the Board of Regents. Annually, each Auxiliary Enterprise unit shall be reviewed to ensure that each continues to provide beneficial service to the University.

C. Responsibility:

The primary responsibility for managing and operating each unit shall be with the director of each Auxiliary Enterprise unit. The Associate Vice Chancellor of Administration and Finance, with final approval from the Senior Vice Chancellor of Administration and Finance, shall develop budgets and operating plans with input from unit directors. The auxiliary unit directors shall

monitor the financial status of the entity under a schedule developed by the Division of Resource Management. Monitoring includes making necessary adjustments to budgets or plans if there are differences from original projections and correcting entry errors on actual transactions. These financial oriented functions shall be periodically reviewed and approved by the Dean or Director in the organization structure applicable to the entity.

Each Auxiliary Enterprise Unit shall develop formal documented procedures outlining their operating philosophy and pricing criteria. The procedures must include the processes for evaluation costs and determining prices, fees, charges, etc.

Auxiliary Enterprise Units shall develop budgets, operating plans, and prices to include the funding of reserves for renewals and replacements, required debt service, planned capital improvements, and general operating contingency reserves. The amount of each reserve shall be determined by the nature of the reserve.

Renewal and Replacements – should be based upon depreciation schedules for fixed assets used in the operations of the unit.

Required Debt Service – determined by debt instrument.

Planned Capital Improvements – should be based upon approved plans and should be identified by specific project.

General Operating Contingency – the amount of reserve should be funded on a case by case basis upon thorough review of the rationale, justification, and best judgment of the director.

Auxiliary Enterprises Units shall develop annual operating budgets that set formal financial goals for each unit. Budgets shall follow overall University budget policy and shall include the total financial operation of the unit.

The University shall maintain a centralized financial system which provides an accrual basis accounting system for all Auxiliaries. Auxiliaries are required to process all financial transactions through the centralized system on an accrual basis and to prepare uniform statements and reports.

The Division of Resource Management shall provide assistance to Auxiliary Enterprise Units in the establishment of effective and efficient financial procedures within the units which comply with policies and procedures.

III. KEY WORDS

- A. Auxiliary Enterprise
- B. Finance System
- C. Financial Reporting
- D. Financial Report Review Process
- E. Functional Area of Responsibility
- F. Internal Controls

- G. Unrelated Business Income
- H. University Funds

IV. RELATED POLICIES, PROCEDURES, FORMS, GUIDELINES, AND OTHER RESOURCES

- A. Administrative Policy Statements (APS) and Other Policies
The Laws of the Regents, 1190, Article 3 Section B.8
- B. Procedures
- C. Forms
- D. Guidelines
- E. Other Resources (i.e. training, secondary contact information)
- F. Frequently Asked Questions (FAQs)

V. HISTORY

Initial policy approval November 9, 2006