

## **Business/Non-Instructional Operations**

### **Accounting Standards**

The Capitol Region Education Council (CREC) is committed to maintaining financial records and accounting practices that promote accuracy, transparency, accountability, and compliance with applicable state and federal requirements.

The accounting practices of CREC shall conform to Generally Accepted Accounting Principles (GAAP) for governmental entities, as established by the Governmental Accounting Standards Board (GASB) and recognized by the State of Connecticut.

CREC accounts shall be organized on the basis of funds and account groups, each considered a separate accounting entity. The operations of each fund will be maintained with a complete set of self-balancing accounts, which shall include assets, liabilities, fund equity, revenues, and expenditures/expenses. CREC shall maintain accounts using the Connecticut Chart of Accounts and shall prepare and submit financial reports as required by the Connecticut State Department of Education, the Office of Policy and Management, and other oversight agencies.

CREC shall undergo an annual independent audit in accordance with the Connecticut Municipal Auditing Act, and the federal Uniform Guidance, as applicable.

CREC shall implement and maintain strong internal controls, segregation of duties, and audit trails to ensure compliance with accounting standards, detect and prevent fraud, and safeguard public resources. All accounting practices shall ensure the consistent, transparent, and accurate reporting of CREC's financial condition and operations to the CREC Council, state and federal agencies, funding partners, and the public.

Legal Reference:      Connecticut General Statutes  
                            4-230 et seq. State Single Audit Act  
                            7 – 391(7) Municipal Auditing Act  
                            10-222 Appropriations and budget  
                            Other  
                            2 C.F.R. Part 200 Uniform Guidance  
                            GASB Statements, GAAP for Governmental Entities, GFOA Best Practices

Policy adopted:  
Re-adopted:      February 17, 2021  
Revised:            January 21, 2026

CAPITOL REGION EDUCATION COUNCIL  
Hartford, Connecticut

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#### **Fund Accounting Structure**

CREC shall use fund accounting, with each fund maintained as a self-balancing set of accounts including assets, liabilities, equity, revenues, and expenditures. Standard fund categories shall include, but not be limited to:

- General Fund – all unrestricted resources.
- Special Revenue Funds – grants, contracts, and other restricted-use revenues.
- Capital Project Funds – construction and long-term facility projects.
- Internal Service Funds - provide goods and services to other CREC programs.
- Proprietary/Enterprise Funds – fee-for-service operations.
- Fiduciary/Custodial Funds – funds that CREC holds for the benefit of outside parties in a trustee or agency capacity, student activity funds, scholarship funds, and other trust accounts.

#### **Chart of Accounts and Coding**

CREC shall use the Connecticut Chart of Accounts established by the State Department of Education and the Office of Policy and Management. Each transaction must be coded accurately to:

- Program or service line
- Funding source
- Object of expenditure (personnel, benefits, supplies, etc.)
- Grant or contract identifiers (if applicable)

### **Internal Controls**

Business Services shall maintain a system of internal controls to safeguard assets, ensure accurate reporting, and maintain compliance. Key controls include:

- Segregation of duties – no single employee shall both authorize, process, and reconcile the same transaction.
- Approvals – all expenditures must follow CREC procurement policy and require proper supervisory authorization.
- Reconciliations – monthly reconciliations of bank accounts, payroll, and general ledger.

- Audit trail – documentation retained for all financial transactions in compliance with statutory retention schedules.

## **Financial Reporting**

Monthly Reports: Business Services shall prepare monthly budget-to-actual reports for executive leadership and division directors.

Quarterly Reports: Consolidated financial reports will be presented to the CREC Council Finance Committee and Council.

Annual Report: CREC shall prepare a Annual Comprehensive Financial Report (ACFR) or equivalent in line with GASB standards.

## **Audits and Compliance**

Independent Audit: CREC shall undergo an annual independent audit in compliance with the Municipal Auditing Act; said audit shall be presented to the CREC Council annually.

Federal Single Audit: audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance).

State Single Audit: auditing standards generally accepted in USA (GAAS), Government Auditing Standards issued by the Comptroller General of the US and the State Single Audit Act CGS Sections 4-230 to 4-236.

Corrective Action: Findings must be addressed with corrective action plans reviewed by Business Services and presented to the Council.

## **Records Retention**

Financial records shall be retained according to Connecticut General Statutes and State Library retention schedules; and federal records retention schedules (minimum three years after final report submission).

Documents subject to retention include, but are not limited to, budgets, Council exhibits, contracts, payroll, invoices, reconciliations, and audit reports.

## **Professional Standards**

Business Services staff shall remain current on Governmental Accounting Standards Board (GASB) pronouncements; GAAP for state and local governments; and GFOA and ASBO professional standards.

Regulation issued: November 19, 2025

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