



## The American University of Kurdistan Financial Reporting Policy and Procedures

Policy Number: BF008  
Effective Date: May 28, 2023

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### I. INTRODUCTION

- a. **Authority:** The Board of Trustees (herein referred as “Board”) at The American University of Kurdistan (herein referred as “AUK” or “University”) is authorized to establish rules and regulations to govern and operate the University and its programs.
- b. **Purpose:** This policy intends to establish AUK’s financial reporting requirements and practices to facilitate the preparation and reporting accuracy, reliability, and relevant financial information with Generally Accepted Accounting Principles (GAAP). This policy applies to internal and external quarterly and annual reporting and the ongoing accounting records used to generate these financial reports.
- c. **Scope:** This policy applies to all the employees involved in preparing financial statements, financial operations, and activities of AUK, including the Monthly Reports, Quarterly Financial reports (QFR), and the External Financial Report (EFR).

### II. ROLES AND RESPONSIBILITIES

- a. **Responsible Executive:** VPAF
- b. **Responsible Administrator:** Director of Finance
- c. **Responsible Office:** Office of Finance
- d. **Policy Contact:** Director of Finance

### **III. DEFINITIONS**

BOT – Board of Trustees

QFR -- Quarterly Financial Reports

EFR -- External Financial Report

GAAP – Generally Accepted Accounting Principles

Reporting entries – Adjusting entries recorded by the Office of Finance at the end of an accounting period to ensure the general ledger (GL) results align with GAAP presentation.

### **IV. POLICY STATEMENT**

Financial statements and reports will be prepared regularly using Generally Accepted Accounting Principles (GAAP) in accordance with AUK's Financial Accounting policy. An annual report, including the audited annual financial statements and an assessment of progress towards the financial and operational goals of AUK, will be published following the fiscal year-end and will be provided to the AUK Audit Committee (The Board of Trustees) and other organizations as required. Office of Finance ensures that the university's financial statements are presented fairly and in accordance with GAAP to internal and external parties. The Office of Finance must review all financial reports to ensure completeness and accuracy.

#### **Financial Reports Register**

With the assistance of the VPAF and the Finance Director, The Audit Committee is responsible for preparing a list of all reports and financial statements that are to be prepared on regular basis.

The financial reports list must include the required monthly information and quarterly and annual financial statements.

The Office of Finance will prepare the Financial reports and will be customized to the needs of AUK's management for monitoring purposes in the form and content suggested by the Audit Committee "BOT."

The following information must be identified for each report or financial statement listed:

- A brief description of the contents of the report
- The person in charge of its preparation
- When and how frequently it will be made accessible

The Audit Committee will evaluate and update the financial manifest reporting requirements report list annually and submit their review and recommendation list.

Financial reports:

- Revenue and expenditure statement containing a comparison to the approved annual budget
- Audited financial report from the external audit firm.

## **V. GENERAL PROCEDURES FOR FINANCIAL REPORTING**

### **Financial Statement Preparation**

#### **A. Monthly Reports**

The Office of Finance will prepare monthly information regarding the financial affairs of AUK and its quarterly and annual financial statements.

#### **PROCEDURE**

1. The finance team will prepare to report entries to ensure quarterly and annual financial statements are accurate and follow GAAP. All reporting entries must be supported by supporting documentation and approved following the AUK's accounting policy.
2. The finance team will conduct a variance analysis at the financial statement line item level to identify potential errors and/or to explain substantial fluctuations.

#### **B. Quarterly financial statements**

Quarterly financial statements must be prepared and presented to the President not more than Sixty (60) days after the end of the quarter of the fiscal year.

#### **PROCEDURE**

- The financial team will prepare the QFR, utilizing the recorded GL and other financial data.
- The Director of Finance reviews the draft QFR before submission to the President.
- The VPAF and the Director of finance review the QFR.

#### **C. Annual Audited Financial Statements**

Annual audited financial reports will be reviewed by the President and approved by the Audit Committee within 120 days of the fiscal year's end.

The Audit Committee will send the financial statements, along with their comments and recommendations, to the finance office no later than 60 days after the fiscal year ends, they were prepared.

The VPAF and the Director of Finance will consider the Audit Committee's recommendations.

## **PROCEDURE**

1. The Office of Finance compiles the Financial Reports utilizing GL and other financial data and prepares them.
2. The Director of Finance reviews the draft EFR before submission to the VPAF and President.
3. The VPAF, President and the Director of Finance will review the EFR.
4. The Office of Finance provides the EFR, supporting documentation, and financial statements in support of the external auditors for yearly audits.

### **D. Audit Responsibilities:**

Office of Finance is responsible for establishing, coordinating, and managing the annual financial statement audit performed by AUK's external audit firm, as appointed by the Audit Committee. Finance submits the yearly financial report to the Audit Committee for approval at the annual Audit Committee meeting.

### **E. Reports to Outside Parties**

The Finance Director must approve any financial reports to outside parties prior to distribution.

## **VI. MONITORING/DIRECTOR OF FINANCE**

The Office of Finance will monitor the policy's implementation, performance, and effectiveness.

## **VII. POLICY HISTORY**

- a. **Approved by:** Board of Trustees
- b. **Adopted:** May 28, 2023