



MICHIGAN STATE UNIVERSITY
BOARD OF TRUSTEES
Executive Action Summary

Budget and Finance-Attachment 10

APPROVED
JUNE 13, 2025
BOARD OF TRUSTEES
MICHIGAN STATE UNIVERSITY

Date: June 13, 2025

Committee Name: Budget and Finance

Agenda Item: Rescission of BOT 601, *Accounting System – Adoption of Michigan Uniform System*

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Information

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Review

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Action

Resolution:

BE IT RESOLVED that the Board of Trustees hereby approves the rescission of BOT 601, *Accounting System – Adoption of Michigan Uniform System*.

Recommendation:

The Trustee Committee on Budget and Finance recommends that the Board of Trustees rescinds BOT 601 – *Accounting System – Adoption of Michigan Uniform System*.

Prior Action by BOT:

Board of Trustees Policy 601 was enacted on January 18, 1968. It has been amended only once, in July 1983.

Responsible Officers:

Lisa Frace – Senior Vice President, Chief Financial Officer and Treasurer

Gregory Deppong – Associate Vice President & University Controller

Summary:

In reviewing Board of Trustees Policy BOT 601, a discrepancy was identified regarding its reference to accounting standards used by Michigan State University. The policy currently cites the Michigan Uniform Accounting Manual and the American Institute of Certified Public Accountants (AICPA) Guide as the University's authoritative standards. However, these references are outdated and inaccurate. The Michigan Uniform Accounting Manual does not appear to exist as a current resource, and the AICPA Guide is no longer publicly available following AICPA's merger with CIMA.

Generally Accepted Accounting Principles (GAAP)—the widely recognized standard in the U.S.—is utilized by the University in accordance with Governmental Accounting Standards Board (GASB).

Additionally, the University's audited financial statement footnotes note "[t]he University follows all applicable GASB pronouncements."

To that end, the inaccurate and outdated information within BOT 601, combined with the Controller's office job descriptions and GASB pronouncements, makes BOT 601 redundant and unnecessary as a board policy.

Background Information:

Board of Trustees Policy 601, last amended in 1983, currently designates the Michigan Uniform Accounting Manual and the AICPA Guide as the University's accounting standards. Upon closer review:

- The Michigan Uniform Accounting Manual does not appear to exist in any current or archived form. It may have originally referred to the 1968 Uniform Budgeting and Accounting Act, but that reference is now outdated.
- The AICPA Guide is no longer issued in its original format. Following the AICPA's merger with CIMA, its publications are now proprietary and available only for purchase.
- GAAP (Generally Accepted Accounting Principles), developed jointly by the Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB), is the prevailing standard for accounting in both the governmental and nonprofit sectors.
- GAAP is widely taught in academic programs, including MBA curricula, and is required under U.S. securities law for publicly traded companies and organizations that release public financial statements.
- Most importantly, MSU already affirms compliance with GASB standards in its audited financial statements, stating: "The University follows all applicable GASB pronouncements."
- GAAP and GASB are included in the job descriptions for University Controllers.

Given these developments and the University's current practices, rescinding BOT 601 will improve clarity, accuracy, and alignment with professional standards.

Source of Funds:

Not applicable.

Resource Impact:

Not applicable.