

**Fiscal Management**

The Kentucky Department of Education Kentucky TECH Administrative Branch handles financial management for the Office of Career and Technical Education and area technology centers. Budget and purchasing related issues in conjunction with the Procurement Branch in the Division of Budget and Financial Management are directed to that office.

Financial management forms and information documents to be used as reference and guidelines for performing budget related activities are accessible via this link:

<http://kytech.ky.gov/SACS/P%20and%20P%20-%20Chapter%20II%20-%20%20Financial%20Management/Financial%20Mgmt%20-%20II-01%20%20Activity-Program,%20Dept,%20&%20Object%20Codes%20&%20Information.xls>

Adopted/Amended:

Order #:

## Budget Process

### **BUDGET DEVELOPMENT**

The Kentucky Department of Education Kentucky TECH Administrative Branch is responsible for developing the budget for the Office of Career and Technical Education and area technology centers on an annual basis. Information is solicited from the various departments as well as the area technology centers. This information includes, but is not limited to:

- Salaries – current, projected changes, annual increment, retirement rates
- Classroom supply needs
- Utility expenses
- Anticipated retirements/resignations
- Equipment expenses – purchases and maintenance
- Travel expenses
- Professional development

### **FUNDING**

Funding for salaries, training and instructional aids is allocated by the Kentucky Legislature each year for state operated schools. Also, Federal funds are available through the Carl D. Perkins Career and Technical Education Act of 2006:

<http://www.ed.gov/policy/sectech/leg/perkins/index.html>

### **REFERENCE:**

Carl D. Perkins Career and Technical Education Act of 2006

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### **Authority to Encumber and Expend Funds**

All funds budgeted for area technology schools and appropriated through the legislative process shall be expended for secondary students. Therefore, any program operated for adults shall recover costs associated with that operation.

All such postsecondary projects shall be approved by the Principal and a completed Customized Training Agreement shall be available to the Principal and the Associate Commissioner and Director.

#### **PROCARD**

The ProCard is a credit card that can be used for purchasing within specified limits for each cardholder. All normal purchasing rules and regulations apply when using the ProCard.

Upon receipt, secretaries shall send their original ProCard invoices to the appropriate Regional Procard Administrator. The payment accounting information shall be written on the invoices including:

**Accounting Template:** KD, KX, KF, etc

**Expenditure Object:** Such as E328 for classroom supplies

**Dept Object:** 2 Letter code used to identify program or administrative costs such as WL for welding or OP for Operations

#### **HONORARIUM**

- Within a calendar year, payment to a non-state employee cannot exceed \$1,000; otherwise a personal service contract shall be required.
- The individual shall be made aware that the amount received shall be 1099 reportable.
- A non-state employee receiving an honorarium for a specific project shall complete a Miscellaneous Expense Voucher which includes the individual's name, SS#, and address. The Forms Library and may be downloaded to a KFM File-via the following link:  
<http://www.state.ky.us/agencies/finance/depts/printing/oneforms/eformlibrary.htm>
- Honorarium to non-state employees shall only be paid by staff in the Fiscal Services Branch in the Office of Career and Technical Education, Frankfort.
- A state employee may be paid for working on specific approved projects outside normal working hours; however, an employee shall only be paid through the payroll system.

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### **Financial Management of Student Organizations**

Financial management of local chapters of student organizations shall be in accordance with established policies and procedures.

The financial management of the state association will follow these guidelines.

- Each person handling funds for the organization shall be bonded or otherwise protected for the total amount in the account at any one time.
- An organized record keeping system shall be current and available for review and audit upon request.
- All student organizations shall have a budget that is approved by its governing body prior to any expenditure for that fiscal year.
- All expenditures and requests for payment shall be prior approved by the organization's executive council, director, or designee.
- A minimum of two (2) state or organization staff signatures shall be required for each disbursement of funds. An authorization signature on vouchers and one (1) or more signatures on checks shall suffice.
- A report of financial activity shall be prepared quarterly.
- A report of financial activity shall also be prepared covering the entire fiscal year.
- A CPA, financial agent, or financial auditing group approved by the organization's governing body shall audit each student organization yearly.
- Each student organization shall complete the necessary state and federal tax forms as required by law.
- Financial records and audit reports shall be kept for five (5) years.

#### **STUDENT ORGANIZATION AUDITS**

Audits of student organization shall be conducted at least once in a fiscal year. The following items shall be reviewed as part of the audit: Items to look for:

1. Planned agenda for the upcoming year.
2. An organized record keeping system shall be maintained and available for review and audit upon request. Items needed include:
  - a. Checkbook,
  - b. Copies of signature cards on file at bank,
  - c. Club minutes,
  - d. Copies of paid bills with date paid and check number listed,
  - e. Treasurer's report,
  - f. Bank statements (monthly reconciled bank statements),
  - g. List of club members and officers,
  - h. Pre-numbered receipt books, and
  - i. Year-end financial report.

**Financial Management of Student Organizations****STUDENT ORGANIZATION AUDITS (CONTINUED)**

3. Club minutes documenting votes were taken to pay expenses (The club adviser and the club members shall be aware of all money transactions.)
4. Each club shall maintain a separate bank account in the name of the specific organization.
5. Two (2) signatures shall be required on each check (i.e., advisor, student treasurer).
6. The Principal or school secretary shall not sign checks.
6. Expenditures for the club:
  - Shall be from club funds,
  - Shall be approved by club members and advisor.
7. At least two (2) initials shall be required on each deposit ticket.
8. The monthly treasurer's report that includes the old balance, income, expenses, and the new balance.
9. Annual treasurer's report that includes the old balance, income, expenses, and the new balance.

**VENDING ACCOUNTS**

The purpose of vending accounts shall be to support student organizations.

Audits shall be conducted at least once a year. Principals shall make auditors aware if such "vending" accounts exist.

The following items shall be reviewed as part of the audit:

- A. Meeting minutes for vending accounts committee
  - Committee members: Principal and all advisors (and at least one (1) club officer from each club, if elections have been conducted).
  - Minutes documenting that votes were taken to pay expenses.
- B. An organized record keeping system shall be kept and available for review and audit upon request. Items required include:
  - Checkbook (vending account should be separate from student organization accounts),
  - Copies of signature cards on file at bank,
  - Committee minutes,
  - Copies of paid bills with date paid and check number listed,
  - Bank statements (monthly reconciled bank statements, cancelled checks and deposit slips), and
  - Year-end financial report.

**Financial Management of Student Organizations****VENDING ACCOUNTS (CONTINUED)**

- C. Documentation of income distribution percentages for the school year and unique issues (such as expenditures for isolated, special purchases, outside the norm scholarships, state/national conventions).
- D. Checks and deposits shall have at least two (2) signatures.
- E. The Principal shall be aware of what is typically collected in these types of accounts.

**STUDENT ORGANIZATION PROJECTS**

All student organization activities shall abide by 780 KAR 2:040 pertaining to live work, including the use of official *live work order forms*. All safety standards shall be strictly followed both on and off campus. Projects shall be instructional, co-curricular and beneficial to the student and the program. The individual program advisory committees shall provide review and make recommendations on projects a minimum of once per year. Documentation shall be maintained in the approved student organization program of work of all approved projects.

Guidelines for managing financial activities:

- A program of work shall be submitted by each student organization to the Principal prior to October 1. A copy of the program of work shall be forwarded to the business manager by October 15. The program of work is an outline of the planned activities of the student organization for the year.
- General fund dollars shall not be used to support student organizations.
  1. The club adviser and the club members shall be aware of all money transactions. An organized record keeping system shall be kept and available for review and audit upon request.
  2. The club shall maintain a separate bank account in the name of the organization.
  3. Any checks written shall include at least two (2) signatures (i.e., advisor, student treasurer).
  4. The Principal or school secretary shall not sign the checks.
  5. Copies of all minutes authorizing the expenditures noted in the year shall be available.
- Required records for clubs shall include:
  1. Checkbook,
  2. Copies of signature cards on file at bank,
  3. Club minutes,
  4. Copies of paid bills,
  5. Treasurer's report,
  6. Bank statements,
  7. List of club members and officers,
  8. Pre-numbered receipt books,
  9. Year-end financial report, and
  10. A simple record of all financial transactions.

**Financial Management of Student Organizations**

**REFERENCES:**

780 KAR 2:040

**RELATED POLICIES:**

09.32, 09.33

Adopted/Amended:  
Order #:

## **Purchasing**

### **PURCHASING REQUESTS**

Prior to purchasing, Regional Kentucky TECH Budget Support staff must approve school requests for:

- Classroom supplies over \$1,000 and up to \$3,000
- Classroom furniture over \$1,000 and up to \$5,000
- Equipment over \$1,000 and up to \$5,000 (excluding computers)
- Administrative furniture over \$1,000

After receiving the Regional Kentucky TECH Budget Support staff's approval, schools may place the order following the ATC Procurement Guide as outlined by the KDE Division of Budget and Financial Management Procurement Branch.

For IT accessories under \$1,000, the District Technology Coordinator shall be contacted prior to ordering.

All IT equipment (regardless of amount) and supply/equipment and furniture items exceeding amounts designated above should be secured following the purchase process as outlined in the ATC Procurement Guide.

### **EQUIPMENT**

Equipment is considered a unit of furniture, an instrument, a machine, an apparatus, or a set of articles that meet ALL of the following conditions:

1. It retains its original shape or appearance with use.
2. It is non-expendable; that is, if the article is damaged or if some of its parts are lost or worn, it is more feasible to repair it rather than replace it.
3. It costs \$250 or more.
4. It does not lose its identity through incorporation into a different or more complex unit or substance.

All procurements falling in the equipment category, whether new or replacement must be requested through the current equipment approval process and approved before any purchases are made.

### **SUPPLIES**

The Principal is responsible for managing the funds that are budgeted to the area technology center and for allocating classroom supply funds to each program area. Supplies, in reference to Kentucky TECH schools, means any article or material that meets any one (1) of the following conditions:

- It is consumed in use;
- It loses its original shape or appearance with use;
- It is expendable - If the article is damaged or some of its parts are lost or worn, it is usually more feasible to replace it with an entirely new unit rather than repair it;

**Purchasing**

**SUPPLIES (CONTINUED)**

- It loses its identity through incorporation into a different or more complex unit or substance.

Supply requests shall be made by teachers using an order request form, which must be approved by the Principal. Supply funds must be expended in the school year allocated. They do not carry forward.

**REFERENCE:**

780 KAR 7:070

**RELATED POLICIES:**

04.7

05.6

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## **Fraud Prevention**

All employees, consultants, vendors, contractors and other parties maintaining a business relationship with programs operated by the Office of Career and Technical Education shall act with integrity and due diligence in matters involving Kentucky TECH fiscal resources.

### **DEFINITION**

As used in this policy, “fraud” refers to intentionally misrepresenting, concealing, or misusing information in an attempt to commit fiscal wrongdoing. Fraudulent actions include, but are not limited to:

- Behaving in a dishonest or false manner in relation to Kentucky TECH assets, including theft of funds, securities, supplies, or other program properties.
- Forging or altering financial documents or accounts illegally or without proper authorization.
- Improper handling or reporting of financial transactions.
- Personally profiting as a result of insider knowledge.
- Disregarding confidentiality safeguards concerning financial information.
- Violating conflict of interest policies.
- Mishandling financial records or Kentucky TECH assets (destroying, removing, or misusing).

### **EMPLOYEE RESPONSIBILITIES**

Employees who suspect that financial fraud, impropriety or irregularity has occurred shall immediately report those suspicions to their immediate supervisor and/or the Principal/designee who shall have the primary responsibility for initiating necessary investigations. If the Principal/designee is an alleged party in the fraud complaint, provision shall be made for addressing the complaint to the Associate Commissioner.

Investigations shall be conducted in coordination with legal counsel and other internal or external departments and agencies as appropriate.

The Principal/designee shall inform employees with financial/accounting responsibilities of the following anti-fraud standards:

1. The Kentucky TECH system shall operate in a culture of honesty and ethical behavior with employees doing all within their power to further that goal.
2. Employees shall comply with all laws, rules, regulations and court orders of the Commonwealth of Kentucky and of the United States, as well as policy addressing fiscal matters.
3. Employees shall practice good stewardship of Kentucky TECH financial resources, including timely reporting of fraudulent expenditures.
4. Employees with financial/accounting responsibilities shall support and follow sound business practices to the best of their ability and in keeping with their assigned responsibilities and job-related training by:
  - a. Maintaining and protecting Kentucky TECH financial records;

**Fraud Prevention****EMPLOYEE RESPONSIBILITIES (CONTINUED)**

- c. Performing one's job with the highest attention to detail to minimize and prevent error, falsification of accounting records, and omission of transactions;
- d. Reporting knowledge of fraud or suspected fraud, including intentional misstatements and omissions of amounts or disclosures;
- e. Guarding against misappropriation of assets; and
- f. Resisting incentives, pressures, and negative attitudes that detract from performance of assigned responsibilities.

**INTERNAL CONTROLS/INVESTIGATIONS**

The Associate Commissioner/designee shall be responsible for developing internal controls to aid in preventing and detecting fraud or financial impropriety or irregularity within the program. Reports of suspected fraudulent activities shall be investigated in a manner that protects the confidentiality of the parties and avoid unfounded accusations. Employees involved in the investigation shall be advised to keep information about the investigation confidential.

If an investigation substantiates occurrence of a fraudulent activity, the Principal/designee shall issue a report to appropriate personnel and to the Associate Commissioner. Final disposition of the matter and any decision to file a criminal complaint or refer the matter to the appropriate law enforcement and/or regulatory agency for independent investigation shall be made in consultation with legal counsel. Results of the investigation shall not be disclosed to or discussed with anyone other than those individuals with a legitimate need to know.

**RELATED POLICIES:**

03.17  
03.1721  
04.8

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## **Inventory and Property Tags for Fixed Assets**

### **CAREER AND TECHNICAL EDUCATION PROGRAM**

Inventory management and control for equipment purchased for use in the career and technical program shall be administered in compliance with applicable legal requirements.<sup>1</sup>

The Office of Career and Technical Education, with the Division of Resource Management, shall track equipment based on the guidelines linked below:

<http://education.ky.gov/CTE/techednews/Documents/Inventory%20and%20Property%20Tags%20for%20Fixed%20Assets.pdf>

### **DONATED EQUIPMENT**

Equipment donated to area technology centers will be inventoried by the same procedures as purchased equipment. The Principal should maintain a record of all donated equipment and the estimated value.

### **INSTRUCTIONAL PROGRAMS**

Items of equipment costing under \$250 will receive a Kentucky TECH sticker. Equipment costing over \$250 must receive a barcode and be placed on the school inventory.

Property identification stickers or barcodes must be placed on equipment before the equipment is placed in service.

### **MISSING EQUIPMENT**

Equipment that is missing or can not be accounted for should be put into a new program code setup to hold the equipment until deemed necessary to delete it. **NOTE:** The office of Fiscal Services is the only office that can delete equipment from the inventory.

### **REFERENCE:**

<sup>1</sup>780 KAR 7:060

### **RELATED POLICY:**

04.8

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**Disposal of Kentucky TECH Property**

Disposal of surplus equipment, trade-in of equipment and equipment transfer of state property will be handled as directed in the Surplus Property Guidebook located at the link below:

<http://finance.ky.gov/services/surplus/Pages/default.aspx>

**RELATED POLICY:**

04.7

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**Management of Financial Records**

Career and Technical schools follows the guidelines in the Records Retention Schedule, Public School District.<sup>1</sup>

<http://kdla.ky.gov/records/recretentionschedules/Documents/Local%20Records%20Schedules/PublicSchoolDistrictRecordsRetentionSchedule.pdf>

Unless otherwise provided for in Kentucky Administrative Regulation, the school shall retain or dispose of financial records shall be retained or disposed of as outlined in that schedule.

In that guidance, the column on the right depicts how long specific record shall be kept. (A designation of P indicates a record to be maintained permanently.) Permanent items may be archived in Frankfort.

**REFERENCES:**

<sup>1</sup>725 KAR 1:030; Records Retention Schedule, Public School District  
KRS 171.410

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