

Financial Operations Overview – Part I



Extension Business Operations

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General Topics

Fiscal Roles & Responsibilities

- Guiding Policy:
 - UK BPM E-1-3 <https://www.uky.edu/ufs/sites/www.uky.edu.ufs/files/bpm/E-1-3.pdf>
- Purpose - To provide the foundation for **sound financial management** by defining fiscal roles and responsibilities for **all employees** so that operations are well-planned, controlled, and accurately reported.
- Each organizational unit (e.g., administrative area, college, department, division, center, office) shall institute and maintain internal controls.
- Each organizational unit head shall ensure that **at least two individuals** are involved in **each fiscal transaction process** as evidenced by signatures or electronic workflow.

Fiscal Roles & Responsibilities

- All Employees of the University, regardless of position, have the responsibility to:
 - **Conduct themselves** in a manner that demonstrates integrity;
 - **Preserve resources** and use those resources only for official business in a prudent manner consistent with goals and objectives;
 - **Report** known or suspected fiscal or other misconduct as stated in UK Governing Regulations;
 - **Cooperate** with those performing an investigation or audit;
 - **Be knowledgeable** about the policies and procedures related to their job functions; and

Fiscal Roles & Responsibilities

- All Employees of the University, regardless of position, have the responsibility to:
 - Depending on level of involvement with fiscal transactions:
 - Handle contract for purchases according to Kentucky Model Procurement Code (KRS 45A);
 - Ensure transactions are **authorized and in compliance** with policies;
 - Initiate, enter and/or process transactions in a **timely manner**;
 - Verify funds are **available prior to expenditure**; and
 - Maintain **supporting documentation** in accordance with related policies and procedures.

Fiscal Roles & Responsibilities

- Departmental administrators shall:
 - Assist in **setting a tone** within their respective unit for ethical conduct and integrity.
 - Participate in the **financial report review** and reconciliation process.
 - Work with the staff of the unit to ensure the **understanding of**, and **compliance with**, all pertinent **policies, procedures and guidelines**.
 - Continuously assess, adjust, and **recommend improvements** to internal controls.
 - Develop, implement, and **monitor budgets** that align with the unit's operational plans and support the University's strategic plan.

Fiscal Roles & Responsibilities

- Departmental administrators shall:
 - Ensure all transactions are:
 - **authorized** in accordance with the established approval authority
 - **in compliance** with policies and procedures
 - recorded in the appropriate **budget line item**
 - recorded in a **timely manner** to the correct accounting period
 - Maintain on file **original supporting documentation** for each fiscal transaction in accordance with minimum documentation levels and time periods as specified by the records retention schedule
 - Ensure that all equipment are **inventoried annually** or as otherwise required by Extension policies

Use of Public Funds

- Guiding Policy:
 - FAP 120-23-00
<https://finance.ky.gov/services/policies/Documents/FAP%20120-23-00.pdf>
 - Relates to: KRS 45.237; KRS 45.242; KRS 45.244; KRS 45.251; KRS 45.301; KRS 45.306
- Expenditures of public funds shall only be allowed for **carrying out the statutory responsibilities** of the agency.
- Expenditures shall be **reasonable** in amount, **beneficial** to the public and **not personal** in nature.

Use of Public Funds

- The following shall be used to determine if the expenditure of public funds is appropriate:
 - The expenditure shall be deemed **necessary** for the statutorily defined function of the agency or will **contribute materially** to the effective accomplishment of the agency's function, and is **not otherwise prohibited** by law;
 - The expenditure does not conflict with established Attorney General Opinions, the Commonwealth's Constitution, the Kentucky Revised Statutes, or any agency's official interpretation of same; and
 - The **expenditure shall be afforded by allotted budgetary funds** in both intent and amount.

Use of Public Funds

Unallowable uses of public funds include:

- Alcoholic beverages;
- Beverages for employees, including coffee, bottled or filtered water, etc. An exception to this would be providing water for outdoor work crew and at public meetings;
- Donations, in accordance with Kentucky Constitution Section 177. An exception of this would be surplus property procedure expenditures;
- Employee parties, including retirement receptions;
- Employee recognition/retirement gifts. An exception would be an inexpensive plaque with no resale value;
- Flowers;
- Holiday cards;
- Holiday decorations;
- Kitchen appliances for employee use, except for those installed as a permanent fixture of the building; and
- Paper products, utensils, and dishes for employee use.

Fraud Awareness

- Fraud definition:
 - An intentional act or omission designed to **deceive** others and resulting in the victim suffering a loss and/or the perpetrator achieving a gain. (ACFE)
 - A wrongful or criminal **deception** intended to result in **financial or personal gain**.
- Types of occupational fraud:
 - Corruption
 - Asset Misappropriation
 - Financial Statement Fraud



Fraud Awareness

Who commits fraud?

- Everyday **ordinary people commit fraud** given situational pressures.
- According to ACFE, the majority of perpetrators were **educated**, tenured, **trusted**, executives and managers.
- Less than 10% have prior criminal convictions (first-time offenders)
- There is a positive correlation between the size of the loss and the perpetrator's authority level, tenure, education level, age and gender.

THE FRAUD TRIANGLE

Pressure
Motivation or Incentive to
Commit Fraud

Rationalization
Justification of Dishonest
Actions



Opportunity
The Knowledge and Ability
to Carry Out Fraud

Fraud Awareness

TIPS are by far the most common initial detection method



Median duration
of a fraud scheme

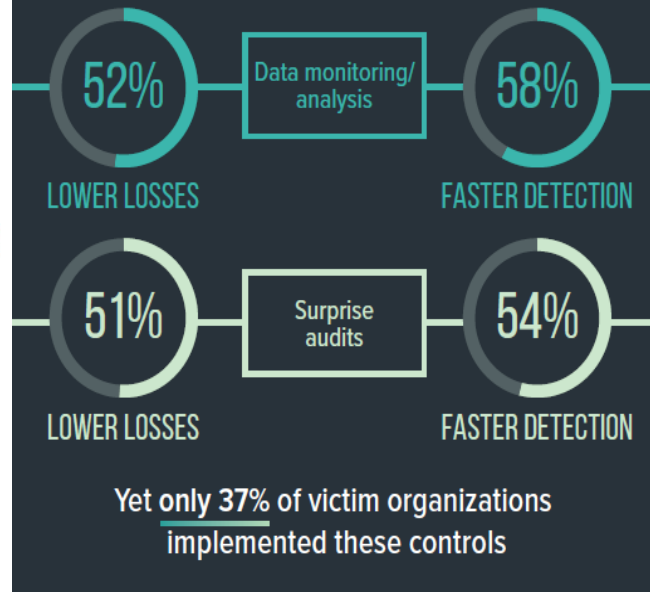


MONTHS

INTERNAL CONTROL WEAKNESSES
WERE RESPONSIBLE FOR NEARLY
HALF OF FRAUDS



DATA MONITORING/ANALYSIS and
SURPRISE AUDITS were correlated with the
largest reductions in fraud loss and duration



85%
OF FRAUDSTERS

DISPLAYED AT LEAST
ONE BEHAVIORAL

**RED FLAG
OF FRAUD**

From 2019 "Report to the Nations" - ACFE

Extension Business Operations

Fraud Awareness

5 Basic Prevention Strategies (ACFE)

- Be **Proactive** – adopt a code of ethics, evaluate internal controls, identify vulnerabilities
- Establish **Hiring Procedures** – background checks & reference checks
- Provide **Fraud Training** – ensure staff know the warning signs and basic prevention methods
- Establish a **Fraud Hotline** – fraud is most commonly detected by a tip via anonymous reporting systems
- Increase **Perception of Detection** – communicate regularly about policies, reports of misconduct and potential consequences

Internal Controls

- Guiding Policy:
 - UK BPM E-1-4 <https://www.uky.edu/ufs/sites/www.uky.edu.ufs/files/bpm/E-1-4.pdf>
- Purpose - To provide **reasonable assurance** regarding the safeguarding of assets and the achievement of operational, financial reporting, and compliance objectives.
- Definition - Processes adopted by an organization designed to provide **reasonable assurance** regarding the achievement of objectives in the following categories:
 - efficiency and effectiveness of operations
 - reliability and integrity of financial reporting
 - compliance with applicable laws, regulations and policies
 - safeguarding of assets

Types of Internal Controls

Preventive Controls:

Designed to prevent fraud and abuse from occurring in the first place.

- Policies and procedures
- Segregation of duties
- System access limitations

Detective Controls:

Designed to detect fraud and abuse that may have occurred.

- Independent audits
- Reconciliations
- Monitoring

Internal Controls

University and CES Internal Controls (not all inclusive):

- Management’s “tone at the top”;
- Compliance with policies & procedures;
- Obtain proper approval for all expenditures;
- Reconcile monthly bank statements for all bank accounts;
- Secure and account for all inventories;
- Create segregation of duties wherever possible;
- Implement proper supervisory monitoring activities; and
- Report any fraudulent or compliance related issues to supervisor.

Exceptions to Policies & Procedures

- Guiding Policy:
 - UK BPM E-1-2 <https://www.uky.edu/ufs/sites/www.uky.edu.ufs/files/bpm/E-1-2.pdf>
- Purpose - To provide a mechanism for employees to request exceptions to internal policy and procedures when necessary to achieve institutional objectives
- Requests for exceptions shall be **rare and only approved in extenuating circumstances** (exception not the rule).
- Requests for exception shall be requested sufficiently **in advance**.

Exceptions to Policies & Procedures

- Exception Request Process:
 - All requests for exception shall be made using the Request for Exception to [Business Procedures form](#)
 - Scan the form and related documentation and forward to respective Business Analyst for review/approval and submission to Director of Business Operations.
 - **Do not send form to University Financial Services – EBO will decide if the form must be submitted for further review/approval.**

Exceptions to Policies & Procedures

[Clear Form](#)

UNIVERSITY OF KENTUCKY
REQUEST FOR EXCEPTION TO BUSINESS PROCEDURES

1. For complete instructions, refer to [Business Procedures Manual Section E-1-2](#) prior to requesting an exception.
 2. Exceptions cannot be granted for laws, contract provisions, or restrictions imposed by donors and sponsors.
 3. Fill out form completely, attach documentation, and obtain required signature(s). Examples of documentation - airline ticket receipt, or copy of contract requiring payment at time of service when requesting pick-up of checks for speakers.
 4. Email form to: UFS@uky.edu . Alternatively, it may be faxed to: (859)257-4805

Date: Request for: Exception ☐ Blanket Exception ☐

Department Name: Department #:

WBS Element (if applicable):

Exception is requested for the following policy (check all that apply):

Travel Related ([Business Procedure E-5-1](#)) ☐

Traveler Name: UK Person ID: Amount Requested:

1. Reimbursement amounts for foreign lodging is limited to federal per diem rate ☐
 -Advance Approval Requested for overage > 10% ☐

2. Other travel (describe below) ☐

Note: Cost Comparison Non-Compliance Exceptions are not necessary for failure to secure valid cost comparison as reimbursement will be based upon historical airfares as explained in BPM E-5-1. Traveler must substantiate expenses within 60 days of return date.

3. Payroll charges may not be transferred after retroactivity date ☐

4. Checks must be mailed (if check pick-up is requested, include the person's name who will pick it up in the justification) ☐

5. Misuse of the Procard (such as using for alternate vendor airfare or combining personal/business airfare or using for restricted commodity (describe below)) ☐

6. Other (describe below) ☐

Justification for Request (explain why exception should be granted/why policy was not followed):

a) Include scanned copies of travel voucher and all documentation or provide TRIP number when requesting exception after travel has occurred.
 b) If requesting approval for a preventable situation, include department procedures put into place to prevent a recurrence.

Contact Information:

Name:

Email Address: Phone Number:

Approval(s):

Traveler signature: Date:

Procard Owner (signature): (printed) Date:

(If reason #5 selected)

Business Officer (signature): (printed) Date:

Administrative, Provost, EVPHA or EVFPA (when required): Date:

University Financial Services: Date:

Form information:

- Travel related exceptions will be forwarded to UFS for review/approval.
- Use “Other” for all non-travel exceptions related to CES operations in county offices.
- Make sure to describe in detail the nature of the exception request.
- Provide a detailed justification for the request that explains why the exception should be granted.
- Provide contact info (name, email, phone)
- District Director should sign in open white space
- Business Analyst will initial next to “Business Officer”
- Director of Business Op will sign as “Business Officer”

Extension Filing System

- Guiding Policy:
 - Filing for County Extension Office <https://ces-manuals.ca.uky.edu/content/filing-county-extension-office>
 - Index Listing for Records <https://ces-manuals.ca.uky.edu/content/filing-county-extension-office#index>
- Filing system is designed to be simple and easy to use.
- Two basic forms of records (paper & electronic):
 - Filing system allows for similar coding and categories of files for both forms of records.
- Coding and categories are universal to all counties (see index).

Extension Filing System

- Model filing system does not include subject matter references.
 - Subject matters would vary widely from county to county
 - Subject matter files should be kept in individual agent's office
- Files system set-up guidance is provided in the manual
- Folder organization requirements
 - Folders should be set up and labelled for each item listed under the subheading (see index)
 - Not all items in the index will be utilized in every county
 - Counties may need to add folders if one becomes too large or there isn't one that fits the need
 - Counties may want to color code the folder labels by subheading
- For ease of record retrieval, an index of files may be developed and maintained.

Records Retention

- Guiding Policy
 - CES Record Disposal Guide: <https://ces-manuals.ca.uky.edu/content/filing-county-extension-office#record>
 - UK Records Retention: http://libraries.uky.edu/libpage.php?lweb_id=300&llib_id=13<ab_id=691
- Retention guide is being updated
 - Inconsistencies between UK guidance & CES manuals
 - Some inadequate retention periods
 - Multiple file types missing

Records Retention

- Working with DLG and UK Records Office to update guide
 - Will be assigning a record series number as it pertains to the [Local Government Records Retention Schedule](#) or the [State University Model](#) (whichever applies)
- Destruction of records will require a destruction certificate (will include the record series number)
- EDB records trend to the Local Government Schedule
- Program and Personnel records trend to the University Schedule
- Final determination to be discussed with DLG

Questions



Cash Handling

General Cash Handling Guidelines

Guiding policies:

- Kentucky Revised Statutes
 - KRS 164A.550-164A.630 Financial Mgt Institutions of Higher Ed
 - KRS 45 Budget and Financial Information
 - KRS 45A Kentucky Model Procurement Code
 - KRS 514.070 Kentucky Criminal Code
- UK Ethical Principles and Code of Conduct
 - <https://www.uky.edu/legal/ethics-and-compliance>
- UK Business Procedures Manual
 - E-2-1 – Treasury Operations Manual
 - <https://www.uky.edu/ufs/sites/www.uky.edu.ufs/files/bpm/E-2-1.pdf>
- Written Departmental Policies & Procedures

General Cash Handling Guidelines

- Policies & procedures are intended to protect:

- All cash receipts



- All employees involved with cash handling



General Cash Handling Guidelines

- What is considered “cash”?
 - US Coins & Currency
 - Cash Equivalents
 - Checks
 - Credit Card Sales
 - Electronic Funds Transfer (e.g. ACH, wire transfer)
 - Foreign Funds
- What are the various modes of receipt?
 - Over The Counter (In-Office)
 - Outside Events
 - Mailed Payments
 - Electronic Funds Transfer

General Cash Handling Guidelines

- **Types of Income Received In County Offices:**
 - Tax Revenues
 - Sales of Goods or Services
 - User fees
 - Gifts
 - Grants
 - Interest
 - Reimbursements
 - Other revenues

General Cash Handling Guidelines

- According to University policies and procedures, each cash handling unit is required to:
 - institute controls and procedures to ensure the physical security of cash;
 - maximize the use of cash funds; and
 - accurately record the receipt of cash to ensure the reliability of financial data.

General Cash Handling Guidelines

- Separation of duties: Perform functions of receiving cash, voiding transactions, balancing cash, preparing deposits, recording transactions, and reconciling so that no single person has control over the entire process.
- If staffing levels do not allow for proper separation of duties, unit will establish compensating controls to properly perform this function.
 - Two individuals review and verify cash receipts, deposits and records
 - Management review of cash reports
 - Increased supervisory oversight of all cash handling functions

Receiving Funds

- Maintain a receipt book for each program area and account.
- Create a receipt (triplicate form) for all funds received and handle copies as follows:
 - one copy to payer (if present)
 - one copy kept with deposit documentation
 - one copy kept in receipt book
- Acceptable receipt forms include: computerized point of sale system printed receipts and preprinted/pre-numbered receipt forms.

RECEIPT		No. 123456
DATE _____		
FROM _____		\$ _____
		_____ DOLLARS
<input type="radio"/> FOR RENT		
<input type="radio"/> FOR _____		
ACCT.		<input type="radio"/> CASH <input type="radio"/> CHECK <input type="radio"/> MONEY ORDER <input type="radio"/> CREDIT CARD
PAID		
DUE		
		FROM _____ TO _____
		BY _____
		A-2501 T-46820

Receiving Funds

Receipt forms must include:

1. The amount of the payment.
2. The mode of payment (e.g., cash or check).
3. Name of person making payment.
4. Purpose of payment.
5. Date of payment.
6. Sequential number.
7. Account payment is applied to, if applicable.
8. Signature of employee receiving funds for written receipts.

RECEIPT		No. 123456	
DATE _____			
FROM _____		\$ _____	
		_____ DOLLARS	
<input type="radio"/> FOR RENT			
<input type="radio"/> FOR _____			
ACCT.		<input type="radio"/> CASH	FROM _____ TO _____ BY _____
PAID		<input type="radio"/> CHECK	
DUE		<input type="radio"/> MONEY ORDER	
		<input type="radio"/> CREDIT CARD	
		A-2501 T-46820	

Receiving Funds

- Count cash and balance to the totals of the cash receipts at the end of each day and/or offsite event. Report any difference in the total of the actual receipts and the total of the receipt forms as a shortage or overage on the receipt log.
- Two employees should not work out of the same cash drawer or bankers bag.
- Restrictively endorse checks immediately upon receipt as follows:
 - “For Deposit Only”

Receiving Funds

- Cash Receipts Transmittal Form

- Form should be dated and used for any Extension account.
- Record the name of payee and their receipt number.
- All Cash and Checks (w/check number) should be recorded in their respective column.
- Each entry should be initialed by the person filling out the form.
- The total from previous sheet section should be used for days when deposits will not all fit on one page.
- Signatures are required for the preparer and the fiscal contact.

[illegible]

Recording Funds

- Record all receipts of cash in accounting system as they are received.
- Receipts should be recorded by someone different than the person who received the cash.
- Receipts should be deposited by someone different than the person who received the cash.

Safeguarding of Funds

- Limit access to cash and keep funds secure at all times.
- Restrict access to areas where cash is counted or handled to persons directly involved and restrict visibility by the public in areas where money is handled.
- Never leave cash unattended. If an employee leaves his or her workstation for any reason, regardless of how briefly, appropriately secure cash in a locked place.

Safeguarding of Funds

- Keep working funds to a minimum at all times. All other cash must be in a locked safekeeping device.
- Keep all cash in a safekeeping device that cannot be easily removed from the premises.
- Keep safe doors closed during business hours when the safe is in use, and locked when it is not in use. Keep safes locked at all other times.

Safeguarding of Funds

- Give safe combinations/keys to a minimum number of employees and only to those whose functions require access.
- When staffing levels permit, to prevent access to secured cash after normal business hours, no one employee should have access to both a key to a door to an office and the safe combination.
- Where staffing levels do not permit this preferred internal control measure, the supervisor must develop a plan and exercise control to maintain the proper level of security over cash.

Safeguarding of Funds

Safekeeping Device Log:

1. Log should be kept with the safekeeping device to record all openings and closings.
2. Log would be referenced in the case of a discrepancy.
3. Two people should be present each time the safekeeping device is accessed.
4. Log should be completed with the following information at each opening: Date; Time; Initials for the two people present at opening; amount entered or removed; and purpose for entry.



Safekeeping Device Log

County _____

Note: When the safekeeping device is accessed, there must be two people present and both must initial the log.

Date	Time	Individual #1 Initials	Individual #2 Initials	Amount (+/-)	Purpose for Entry

Depositing Funds

- Order and use pre-printed deposit slips.
- Prepare a separate deposit slip for each log or transmittal.
- Cash or checks must be summarized on the deposit slip.

Depositing Funds

- Make all deposits as follows:
 - daily, if cash receipts accumulate to \$500, although more than one deposit a day is not required;
 - each time during the week deposits accumulate to \$500 if receipts are less than \$500 per day;
 - on the last working day of the week if cash is on hand; or
 - by the local bank's cut off time on the last working day of the month if cash is on hand in order to ensure that activity is included in the correct accounting period.

Depositing Funds

Once the deposit is made the final file should include:

1. Copy of the receipt for each transaction
2. Copy of associated receipt log
3. Copy of deposit summary from QBO/accounting system
4. Copy of deposit slip/transmittal form
5. Receipt of deposit from the bank

Petty Cash

- What is “Petty Cash”?
 - Petty cash is a small amount of discretionary funds in the form of cash used for instances where it is not sensible to make any disbursement by check.
 - Primarily petty cash funds are used to provide change for customers in Cooperative Extension Offices.

Petty Cash

- Petty Cash Fund Management & Policies
 - Detailed receipts and cash must always equal the amount established for the fund.
 - Do not commingle personal and business expenses from Petty Cash.
 - Checks written to replenish the Petty Cash fund must equal the amount of the detailed receipts of expenditures and replenishment must occur regularly.
 - Record detailed receipts in a log maintained by the office support staff and reviewed by the fiscal contact.
 - Petty Cash funds must always be secured and locked in a safekeeping device unless in current use. Access to funds must follow established guidelines and access should be limited to only approved personnel.

Petty Cash

- Petty Cash Fund Management & Policies (continued)
 - A **custodian is authorized to make small cash disbursements** from the fund only for the specific purpose for which the fund was established (e.g., custodians may not use petty cash to pay for expenditures, if the fund was established for making change).
 - The **custodian will be responsible for reconciling the fund** and bank accounts at the end of every month and reporting any unusual activity.
 - Petty cash funds are also **subject to audit and/or random verification** by Internal Auditors, External Auditors, and Cooperative Extension Business Operations.

Petty Cash

- Establishing A Petty Cash Fund

- The amount for a petty cash fund is established by either the County Extension Council or the Extension District Board (EDB). The amount is usually no more than \$100.
- The fund custodian (typically the Fiscal Contact) must complete a Payment Voucher with the following information provided:
 - Amount requested.
 - EDB Treasurer signature/approval.
 - Indicate the type of fund requested.
 - Business purpose for the fund.
 - For a temporary fund, the date the account will be closed.
 - Once a check is written, the check may be cashed to provide the cash necessary to establish the fund.

Questions



Purchasing & Disbursements

General Purchasing Guidelines

- All Extension Offices are delegated procurement authority for ordering goods and services. County Offices may use Price Contracts established by the Purchasing Division of the University of Kentucky and may order directly from these vendors.
- Prompt payment for purchases will ultimately result in better vendor relations, improved service and lower prices.

General Purchasing Guidelines

- All requests for reimbursement must be submitted to the appropriate Treasurer or through TRIP within 30 days after expense is incurred.
- Agents, assistants, office secretaries or other Extension employees should not sign checks or be authorized to sign checks.


General Purchasing Guidelines

- Payment/Reimbursement Vouchers must be properly documented, including a detailed description of the activity/program purchase is for and detailed original receipts and/or invoices.
- Standard Payment Voucher is now available on EBO website and must be used.
- Volunteer groups should also use the standard Payment Voucher.

Payment/Reimbursement Vouchers

- Bills should not be paid by Treasurer without a signed Payment Voucher and a detailed receipt.
- Employees must use Payment Voucher form or TRIP with detailed receipts attached.
- Even automatic bill payment bills need a Payment Voucher.

- 2 Versions to choose from
 - Electronic Version – to be completed online and printed
 - Printed Version – to be completed by hand
 - Both are the same
- 5 Sections to be completed
 - Section 1 – Basic Purchase Info
 - Who, What, When, Where and How
 - Section 2 – Authorization and Approval
 - Authorization from EDB (IF NEEDED)
 - Approval Signatures
 - Section 3 – Accounting Information
 - Mainly for bookkeeping purposes
 - To make sure that the items purchased are recorded in the correct GL/Line Items
 - Section 4 – Paid Section
 - Completed when voucher has been paid
 - Section 5 – Line Items
 - Reminder of GL/Line Items



University of Kentucky
College of Agriculture,
Food and Environment
Cooperative Extension Service

PAYMENT/REIMBURSEMENT VOUCHER

☐ PAID
 Date: _____
 Check: _____
 Initial: _____

County _____

4

(Attach original itemized receipt/invoice)

BASIC PURCHASE INFO

1

Purchase Date: _____

Purchaser Name: _____

Vendor Name: _____

Amount: _____

Items Purchased:

Person Submitting Form: _____

Account (EDB, Council, Etc): _____

Check Payable to: _____

☐ Personal Funds
 ☐ Credit/Charge
 ☐ Invoice/Bill
 ☐ Auto-Pay

Business Purpose:

PRE-AUTHORIZATION

SEE DISTRICT BOARD POLICIES FOR
PRE-AUTHORIZATION REQUIREMENTS

EXPLAIN ANY EMERGENCY PURCHASES MADE W/O PRE-
AUTHORIZATION IN BUSINESS PURPOSE ABOVE

Board Chair/Treasurer _____ Date _____

APPROVAL SIGNATURES

2

Purchaser Signature _____ Date _____

Supervising Agent Signature (if applicable) _____ Date _____

Fiscal Contact (or Delegate) Signature _____ Date _____

ACCOUNTING INFORMATION

Item(s)	Line Item (G/L Account)	Fund (Class)	Amount
Grand Total:			

Additional Info as Needed (building #, location, serial #, model #, etc):

Program Support

☐ 4-H

☐ ANR

☐ FCS

☐ Other _____

Travel

☐ 4-H

☐ ANR

☐ FCS

☐ Other _____

Prof Improv

☐ 4-H

☐ ANR

☐ FCS

☐ Other _____

Contracted Svcs

☐ Prof Services

☐ Maint & Repair

☐ Rents & Leases

☐ Insurance

☐ Equipment Repair

☐ Vehicle Insurance

☐ Vehicle Repair

☐ Electric

☐ Gas

☐ Water

☐ Sanitation/Sewer

☐ Telephone

☐ Internet

☐ Cable

☐ Other _____

Materials & Supplies

☐ Mkt & Spec Prog

☐ Supplies & Svcs

☐ Postage

☐ Publications

☐ Janitorial Supplies

☐ Other _____

Administration

☐ Dues & Subscrip

☐ Board Expense

☐ Bookkeeping

☐ Cell Phones

☐ Other _____

Capital Outlay

☐ Equipment

☐ Vehicle

☐ Other _____

3

Authorization of Purchases and Disbursements

- The Fiscal Contact authorizing a purchase or expenditure is responsible to assure funds are available for payment of all obligations made under this authority.
 - Each Payment/Reimbursement Voucher should be reviewed and signed by the Fiscal Contact before the check is written
 - When reviewing the voucher,
 - Is the expenditure allowable & reasonable?
 - Is the expenditure coded to the correct line item?
 - Are there adequate funds budgeted to cover the expense?

County Credit Cards

- Extension District Boards (EDBs) have the option to allow credit/credit card accounts.
- Actions by the District Board should be reflected in the minutes before any credit/credit cards accounts are established.
- EDBs may impose spending limits.
- Debit cards are not allowed.

County Credit Cards

- EDBs may choose to have one major credit card and/or individual store credit cards and maintain card in office.
 - Either way the EDB EIN# should be used to obtain credit.
 - No UK Employee should have their credit/SS# tied to an EDB Credit Card
- Credit is to be issued in the name of the EDB.
 - Cards assigned to individuals should also include the employee name and EDB name.
 - Tax exemption should be by the EDB's number, NOT the University of Kentucky.

County Credit Cards

- Office Credit Cards must be kept in a locked location in the Extension Office and checked out by the Extension Staff for purchases
 - One designated staff assistant/agent should be in charge to the office credit card check out process.
- Credit Cards assigned to individuals can be kept in the possession of the individual and those individuals are responsible for any and all purchases.
 - If any employee's individual county credit card limit is met during any given month, then personal funds should be used and then eligible for reimbursement.
 - In this situation another employees EDB issued Individual Credit Card cannot be used.

County Credit Cards

- All Credit Card purchases must be documented with a detailed receipt attached to a payment voucher (see voucher above).
- **ABSOLUTELY NO PERSONAL PURCHASES!**
 - To do so is misappropriation of public funds and a basis for termination of employment.
- EDB Credit Cards are **not to be used** for subsistence on any trip.
 - Registration, airfare, hotel rooms, parking, etc. are acceptable purchases with EDB Credit Cards if any Agent or Assistant is in official travel status.

County Credit Cards

- No comingling of purchases is allowed.
- If purchases are made at the same time for two different accounts, or programs, the charges should be made as if making two separate purchases.
- EDB, Council and Grant Purchases should be made separately.
- In the event of employee separation, all credit cards for that employee should be cancelled immediately.
- If any fraudulent activity is suspected by anyone concerning county office expenditures, notify your District Director, and the EBO Team immediately.

Discretionary Expenses

- All employees and volunteers must practice good stewardship of public funds. Purchases that may be discretionary in nature, should always be discussed with the fiscal contact and District Director before the purchase is made.
- Repeat or questionable purchases can and will be reviewed and could result in corrective action if misuse of funds is discovered.
- Discretionary expenditures should be paid for using non-tax funds.

Bidding Process

- A bidding process is used for 2 reasons
 - Ensure equal opportunity for qualified vendors
 - Obtain the best price for the purchaser
- KRS 424.260 provides bidding requirements that would apply to Extension District Boards in regard to bidding for services and equipment.
 - County policies may be more restrictive and should be followed if so.
 - Check with County Attorney concerning bidding requirements.

Sales Tax Exemption for Purchases

- Kentucky Extension District Boards and entities associated with them are exempt from state sales tax.
- Employees are to make all reasonable efforts to make sure that sales taxes are not paid when making purchases on behalf of the Extension District Board or the entity.

Purchase Type	UK Exemption	County Exemption
Travel expenses paid by the employee that are reimbursed via TRIP	X	
Travel expenses paid on behalf of the employee by the county		X
All other expenses paid by the county		X

Reimbursement of Travel Expenditures

University Travel Reimbursement Policies & Procedures (E-5-1)

- <http://www.uky.edu/ufs/sites/www.uky.edu.ufs/files/bpm/E-5-1.pdf>
- EBO Training: <http://cafebusinesscenter.ca.uky.edu/content/travel-reimbursements>
- Purpose - To provide guidance to faculty and staff traveling on behalf of the University of Kentucky and its affiliated corporations that will:
 - **safeguard the assets and reputation** of the University,
 - describe expenditures that are reimbursable in accordance with Internal Revenue Service (IRS) guidelines, and
 - inform employees and TRIP travel expense report approvers of their responsibilities regarding the management of official University travel.
- This policy **applies to all units and employees, regardless of source of funds.**

Reimbursement of Travel Expenditures

- General
 - Written approval must be secured prior to travel at the level required by department or division. Employees must disclose plans for combining personal with business travel.
 - Travelers are strongly encouraged to utilize UK Travel Services.
 - Reasonable judgment must be given to travel only on dates that are necessary to complete University business.
 - Travelers are expected to return home on the same day that business concludes if transportation schedules allow arriving home by end of the calendar day.

Reimbursement of Travel Expenditures

- General

- Airline tickets or other travel expenses acquired with airline frequent flyer or credit card points/awards are not reimbursable.
- Employees who do not complete and approve the TRIP travel expense report within these 60 calendar days will be reimbursed and considered taxable wages.
- Multiple trips without an overnight stay (day trips) may be reported on a single TRIP travel expense report on a monthly basis.
- Any expenditure paid by a third party (e.g. EDB) must be reported on the TRIP travel expense report if there is any reimbursement to the employee.
- Any travel resulting in zero reimbursement to the employee does not need to be entered into TRIP.

Reimbursement of Travel Expenditures

- Receipts

- Receipts **must include** the following:
 - name and location of the establishment
 - an itemized list of the goods or services provided
 - the date of the transaction and the amount paid
- For airline tickets, the receipt **must include** the following:
 - ticket number (13 or more digits)
 - issue/purchase date
 - issuing travel vendor
 - detailed itinerary with dates/flight times/destinations
 - purchase price including service fee
 - form of payment.

Reimbursement of Travel Expenditures

- Airfare

- Tickets purchased for commercial airline travel must be nonrefundable coach class or other similarly reduced airfare.
- Additional expense incurred for first class and business class travel or ability to upgrade will not be reimbursed.
- When personal and University business travel are combined on an airline ticket, the ticket must be purchased with a personal credit card. The traveler will be reimbursed the lesser of either the actual ticket value or the airfare cost comparison from Concur showing the lowest fare for what the ticket would have cost for official University business travel only (no personal travel included).

Reimbursement of Travel Expenditures

- Cost Comparisons
 - Cost comparisons are required for any of the following:
 - Purchasing BUSINESS ONLY airline tickets costing \$500 or more through an alternate vendor (not through UK Travel Services);
 - Combining personal with business travel; and
 - Driving over 400 miles one-way to destination.
 - Cost comparisons must be generated using Concur.

Reimbursement of Travel Expenditures

- Cost Comparisons
 - Cost comparisons must include the following:
 - show the first page listing of airfares/itineraries for the same dates of travel, the same travel destinations, and the same approximate times of departure as shown on the ticket purchased from the alternate travel vendor;
 - show the search parameters used and the airline matrix (all airfares) across the top of the screen; and
 - be printed and date-stamped on the same day as the ticket is purchased.
 - Failure to submit a valid cost comparison may result in your reimbursement reduced to the lowest historical airfare in the market.

Reimbursement of Travel Expenditures

- Historical Cost Comparisons

- Historical cost comparisons can only be completed by UK Travel Services
- Request for Historical Airfare Cost Comparison: Use the form below to request historical airfare when a traveler fails to secure a valid cost comparison. The lowest historical airfare will be used as the cost comparison, which may result in reduction in reimbursement.
- Link to form: [Request for Historical Airfare Cost Comparison](#)
- There will be delays in processing the travel expense report when historical cost comparisons are required.

Reimbursement of Travel Expenditures

- Personal Vehicle (mileage)
 - The traveler must have a Motor Vehicle Record (MVR) Release and Information Form on file with the University's Risk Management Department.
 - Mileage from the traveler's residence to workstation is considered commuting and is not reimbursable.
 - Mileage is reimbursed from the traveler's workstation to the destination unless driving from the traveler's residence is closer.
 - Mileage from the traveler's workstation to an airport is computed as follows:
 - For travelers whose workstation is not Lexington, the distance from their workstations to their airports must be confirmed with documentation and mileage reimbursement is limited to this distance.

Reimbursement of Travel Expenditures

- Driving Less/More than 400 Miles One-Way
 - When using ground transportation (personal vehicle, rental car, or motor pool vehicle), the maximum reimbursement for all travel expenses will be calculated as follows:
 - When the destination is 400 miles or less one-way from the traveler's workstation or residence, expenses incurred while traveling to and from the destination are limited to:
 - Tolls
 - Subsistence
 - mileage for a personal vehicle
 - or actual costs for a rental car or motor pool vehicle
 - Any lodging expenses incurred when the traveler is en route to and from the business destination will not be reimbursed.

Reimbursement of Travel Expenditures

- Driving Less/More than 400 Miles One-Way
 - When using ground transportation (personal vehicle, rental car, or motor pool vehicle), the maximum reimbursement for all travel expenses will be calculated as follows:
 - When the destination is over 400 miles one-way from the traveler's workstation or residence, the maximum reimbursement, including any ground transportation costs (mileage for personal vehicle, actual costs for a rental car or motor pool vehicle), tolls, lodging and subsistence, is limited to no more than the normal expenses that would have been incurred if commercial air had been used. A valid airline cost comparison must be printed from Concur at least three weeks before travel, showing the lowest airfare for business travel. Also, an Air vs. Auto Travel Expense Form must be completed and submitted with the TRIP travel expense report, comparing actual driving expenses to airfare expenses.
 - The traveler will be reimbursed the lesser of either actual driving expenses or the comparative airfare expenses.

Reimbursement of Travel Expenditures

- Lodging
 - The University does not pay lodging expenses for an overnight stay within 40 miles of the traveler's official workstation or residence.
 - Reimbursement for lodging must not exceed the cost of a single room rate.
 - An itemized original receipted bill showing a zero balance and method of payment must be attached to the TRIP travel expense report for all lodging reimbursements.
 - Travelers sharing lodging will be reimbursed a pro rata share of the room charge. Notify the hotel at check-in that each traveler will require a receipt with the individual's name on it.
 - The University is sales tax exempt for Kentucky hotels, and other out of state hotels as well. See Purchasing's tax-exempt information for Kentucky and other applicable state

Reimbursement of Travel Expenditures

Meal	Begin Time	End Time
Breakfast	6:30 a.m.	9 a.m.
Lunch	11 a.m.	2 p.m.
Dinner	5 p.m.	9 p.m.

- Subsistence

- Subsistence is only paid when the traveler's authorized work requires an overnight stay. Lodging receipts or suitable documentation is required.
- Subsistence payment for a meal requires the traveler to be in travel status for the entirety of the time frame established for that meal by the subsistence chart above.
- Subsistence cannot be claimed for meals included in registration fees or otherwise provided at no cost to the traveler as part of the event.
- A traveler attending a function such as a luncheon or dinner meeting may be reimbursed for actual meal cost instead of subsistence when the traveler's attendance is required. The traveler must submit the receipt for the meal and a memorandum from a supervisor noting the traveler's required attendance.

Reimbursement of Travel Expenditures

- Non-reimbursable Expenses [\(see E-5-1 for complete list\)](#)
 - Items requiring a receipt when one is not attached to the TRIP travel expense report.
 - Flight, trip or rental car insurance (except for foreign car rentals).
 - Automobile expenses such as repairs, towing, and rental fees or mileage for sightseeing or other personal travel.
 - Traffic citations, parking tickets and other fines
 - Incremental costs for additional person(s) in room.
 - Personal entertainment such as pay-per-view movies in room, sightseeing tours and golf outings.

County Travel Funds

- County Travel is defined as that travel which occurs on a day to day basis. Examples include: travel to a local event, program, or collaborative meeting. This travel is primarily within the county but can also be out-of-county but within Kentucky to present programs, support committee meetings or attend District Staff. These funds may occasionally be used for out-of-state travel if programmatically connected and approved by the District Director.
- All travel reimbursements are to be requested through the TRIP system according to University of Kentucky and Extension Policies.
- Travel, subsistence and registration fees related to day to day travel within the mission of Extension.

Professional Improvement Funds

- Professional improvement funds are only to be used for dues, travel, subsistence, and registration fees for involvement in the approved state and national professional associations listed below. PI funds should only be budgeted when all other obligations are met (staff salaries & benefits, program support, travel, office operations, etc.).
 - Approved Agent Associations
 - KACAA & NACAA
 - KAE4-HA & NAE4-HA
 - KEAFCS & NEAFCS
 - ESP (State & National)
 - JCEP
- Fine Arts Agents do not have state and national associations like other program areas. Their District Director and program area leader, will help identify appropriate professional improvement opportunities.
 - Approved Support Staff Associations
 - ChiES

Professional Improvement Funds

- Professional Improvement funds are limited to \$3,500 per agent and \$1,500 per support staff. For those agents who participate in Epsilon Sigma Phi, the county may allocate up to \$1,000 in additional PI funds. Any other use of PI funds is prohibited without prior approval from the respective District Director.
- Cannot be used to pay for tuition of courses offered as college credit.
- Cannot be used to pay for individual's Rotary, Kiwanis, or other professional, civic or association dues.
- Request to spend PI funds must be submitted with direct supervisor.
- Reimbursement must be received through the TRIP system (unless payment is for standalone dues when travel is not involved).

Program Support Funds

- Funds that are used for program expansion and support, such as supplies for demonstrations and equipment used to expand a program.
 - Supplies for demonstrations and equipment used to expand a program
 - Packaged programs for use in the county
 - Visuals, digital cameras, videos, reference books, curricula, etc.
- Funds require annual budgets.

Program Support Funds

- Reimbursement of program support funds are required to have a properly documented receipt.
- Program support funds are **NOT** to be used to replace funds needed by program councils.
- Program support funds are not to be used for expenses which benefit an individual such as a camp scholarship.
 - Can be used for leader training materials and workshop expenses.
- Gift Cards or other gifts for individuals may not be purchased with program support funds.

Program Support Funds

- For many county Extension offices, there are personal service needs such as lawn care, cleaning, maintenance of equipment, etc. These services may be acquired on a contract basis if they are not provided by Extension staff.
- Personal service contracts for professional services must include use of their own equipment and materials (not those owned by the Extension District Board).
- Please note that if payment is over \$600, an IRS Form 1099 may be required at the end of the calendar year.

Personal Service Contracts

- When a contract for personal services of \$30,000 or less is required, it is recommended that the office informally solicit proposals, make a determination of the best qualified contractor and establish a PSC contract.
- When a contract for personal services greater than \$30,000 is required, the office must conduct a formal bid process (KRS 424.260).
- County Fiscal Court purchasing policies may be more restrictive.
- Extension Employees are not to sign contracts on behalf of the Extension District Board.
- All contracts should be reviewed by the District Board and perhaps the County Attorney before presented to the contractor.

Questions

