

KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM  
BUSINESS PROCEDURES MANUAL

Procedure 1.10  
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Effective Date: July 1, 2011

Supersedes: Procedure 1.10 dated January 1, 2007

Applies To: System Office and Colleges

Procedure Responsibility: System Director of Business Services

## **Financial Transaction Approval Authority**

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### **Section 1.10.1 - General**

The person responsible for the budget, unless delegated in writing to another party, must approve expenses and sign the financial transaction document for expenses placed to their budget. To document the budget approver locally a Signature Authority Form (BC1) shall be on file at the college for college personnel and System Office for System Office personnel. Where an auditor signs as the approver in lieu of the person responsible for the budget, a Signature Authority Form (BC1) shall be filed with the college's business office where the approvers are below the college cabinet level. Cabinet level positions (College or System Office) shall have a Signature Authority Form (BC1) on file with the Office of Business Services for all persons being delegated.

In general:

- All delegations must be in writing; See Procedures 1.9 (Delegation of Financial Approvals) and Procedure 4.3 (Requisitions).
- Individuals cannot approve financial transaction documents payable to themselves (i.e. travel or other reimbursement). The employee's immediate supervisor and/or higher level supervisor must approve the payment.
- An original signature approval is required, unless electronic signature is present via KCTCS' ERP electronic workflow process.

The responsible person is directly responsible for maintaining that each financial transaction charged and posted to their budget is consistent with policies and regulations and is reflective of the appropriate expenditure account.

- A. Transaction documents that do not require approval at a level higher than the responsible person or minimum approval level may be submitted directly to the appropriate offices for final processing (unless otherwise directed by System Office or College procedure).
- B. Transaction documents that require approval at a level higher than the responsible person shall be submitted to the appropriate next in line office for processing. All transaction documents requesting the procurement of goods or services must comply with any purchasing requirements, as defined in Section 4.1 of KCTCS' business procedures.

### **Section 1.10.2 - Delegation of Financial Approval Authority**

The KCTCS President or a College President/CEO or may delegate the financial approval authority listed in this procedure to other staff in their organization, as specified in Business Procedure 1.9.

### **Section 1.10.3 - Title Definitions – Colleges and System Office**

The following titles are defined for purposes of compliance to financial transaction approval at the Colleges.

- A. Budget Manager - is defined as a person designated as being in charge of a specified budget.
- B. Office Head - is defined as a system office management position that reports directly to a KCTCS cabinet member.
- C. Campus Chief Administrative Officer - is defined as a campus director reporting to the College President/CEO.
- D. College Dean/Vice President - is defined as the officer in a College functional area normally reporting to the College President/CEO, such as Student Affairs Officer, Business Affairs Officer, etc.
- E. College President/CEO - is defined as the Chief Executive Officer of a college.

### **Section 1.10.4 - Additional Approval Levels**

Approval levels listed in Section 1.10.5 are at the minimum executive approval level. Lower levels of approval are required as a part of the workflow process prior to the requisition being processed and the purchase order being made. For example, an employee (department) requisitions an item costing \$600,000. That expense would be approved by the department supervisor, the functional Dean, the College President/CEO or Cabinet Area Vice President, with the KCTCS Vice President of Finance as the final approval as necessary per the transaction matrix listed below.

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If the requisitioned item is a piece of capital equipment at the \$200,000 threshold or greater, the item would have to be included with KCTCS' biennial budget request and listed as approved to be purchased in the biennial appropriations bill. KCTCS is prohibited from acquiring any capital equipment items in an amount that exceeds \$200,000 without prior approval by the Kentucky General Assembly. In such an instance where the funding for the equipment is funded by private or federal funds at greater than 50 percent of the cost, the purchase may proceed but must be reported to the Capital Projects and Bond Oversight Committee. For reporting purposes the Office of Budget and Financial Planning should be informed of the plan to purchase the equipment prior to a requisition being processed.

A College President/CEO or KCTCS cabinet member may require a higher level of approval other than the minimum approval level listed below. Additional levels required must comply with Business Procedure 1.9.

**Section 1.10.5 – Financial Transaction Approval Levels**

***Note:** All of the following transactions are non-capital, see capitalization procedure (3.13) for capital approval process.*

**Approval Levels**

Transaction Documents	Lowest Levels of Review and Assigned Responsibility	Final Approval
Guest speaker fees including honorarium up to \$5,000	Campus Chief Administrative Officer, Dean or Office Head at the System Office	College President/CEO or KCTCS Cabinet Member
Guest speaker fees including honorarium > \$5,000	College President/CEO or KCTCS Cabinet Member	KCTCS Vice President for Finance
Relocation expenses	Chancellor (prior approval required)	KCTCS Vice President for Finance
Other transactions including requisitions less than \$5,000	Budget Manager	Budget Manager
	<i><u>Table continued below.</u></i>	

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Transaction Documents	Minimum Levels of Assigned Responsibility	Final Approval
Other transactions including requisitions between \$5,000 and \$40,000	Budget Manager	Campus Chief Administrative Officer, College Dean/Vice President, Office Head – System Office or as identified by the College President/ CEO or KCTCS Cabinet Member
Other transactions including requisitions between \$40,000 and \$99,999	Campus Chief Administrative Officer, College Dean/Vice President, Office Head – System Office	College President/CEO or KCTCS Cabinet Member
Other transactions, excluding requisitions, greater than \$100,000, but less than \$1,000,000. (See “ <b>Note</b> ” below.)	College President/CEO or KCTCS Cabinet Member	KCTCS Vice President for Finance
Other transactions, excluding requisitions, greater than \$1.0 million. (See “ <b>Note</b> ” below.)	College President/CEO reviews and recommends to KCTCS Vice President for Finance who then reviews and recommends to the KCTCS President	KCTCS President
<p><b>Note:</b> Requisitions equal to or greater than \$100,000 require the approval in PeopleSoft workflow of the KCTCS Vice President for Finance and are required to be reported to the Office of Budget and Financial Planning for biennial budget request and reporting purposes, e.g., capital equipment items requiring General Assembly approval.</p>		

For administrative expediency purposes the KCTCS President has the authority to delegate the approval of withholding and tax remittances such as garnishments, liens, payroll benefits other withholding payments, and procurement card service provider payments, as may be necessary (regardless of the dollar amount) to ensure compliance, continuity of business and expediency in provision of benefits or services provided KCTCS. In such instances, the KCTCS President’s delegation may then be delegated to at the lowest reasonable level of assurance for internal controls for the payments to be processed timely and without interruption. Example, the KCTCS President may delegate the signature/approval authority for such remittances to the KCTCS Vice President of Finance who may delegate the signature/approval authority to the KCTCS System Director of Business Services who may delegate the signature/approval authority to the KCTCS Director of Payroll.

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**Section 1.10.6 – Additional Reviews**

Additional review(s) and authorization may be requested from time to time as necessary for internal and external reporting purposes. Example: House Bill 269 Cost Initiatives.

**END OF PROCEDURE**