

PROPRIETY OF EXPENSES

INTRODUCTION

The District has a wide variety of funding sources, each of which has its own spending characteristics. No set of guidelines can be written that addresses every possible expenditure decision which may arise. However, there are some basic rules, regulations, and precedents which are presented here to assist employees in making wise spending decisions. These guidelines are provided to ensure that employees can carry out the District's mission effectively, while ensuring that fiscally wise, politically sound, and legally compliant spending practices are followed.

FUNDING RESTRICTIONS

If more than one regulation or policy applies to a particular transaction, the more restrictive one must be followed. For example, the director of a local grant cannot authorize the purchase of first-class airline tickets because JCPS travel policies prohibit first-class air travel, even though the grant may not prohibit it.

APPROVING EXPENSES

All expenditures made using District funds must involve at least two different employees: a requestor and an approver. Both of these individuals must have:

1. Sufficient knowledge to evaluate the transaction, and
2. The authority to challenge or seek further approvals for questionable transactions

Approvers may not approve their own transactions, such as personal reimbursements, or travel expenses, nor are approvers permitted to approve transactions that provide personal reimbursement for their supervisor.

PERSONAL RESPONSIBILITY

Individuals involved in a transaction may be held personally liable for a transaction that is made in violation of policies, laws, regulations, rules, contracts, and grant restrictions, regardless of when the approval occurred.

Employees responsible for making expenditures using District funds have an obligation to stay up-to-date in their knowledge about, and act in compliance with, applicable policies, laws, regulations, rules, contracts, and grant restrictions, regardless of when the approval occurred. *See KRS 161.470 (5) (e) for implications regarding forfeiture of rights and benefits with the retirement system.*

DISTRICT INTEGRITY

The integrity of a public institution is primarily a function of the integrity of each of its employees. Regardless of the intentions, improper transactions are wrong and harm the credibility and integrity of the District. Employees who are aware of actual, potential, or perceived fiscal misconduct, should report their concerns to the JCPS Fraud Hotline either by calling 888.393.6780 or online at <https://secure.ethicspoint.com/domain/media/en/gui/23217/index.html>.

PRELIMINARY TESTS FOR PROPRIETY OF EXPENDITURES

Everything we do must stand the test of public scrutiny. All potential expenditures, from all fund sources, should be able to pass both tests:

1. The "**APPEARANCE TEST.**" In other words, "**How would this purchase look to the public if it were placed on the front page of the newspaper or aired on the evening news?**"
2. The "**REASONABLENESS TEST.**" In other words, "**Is this expenditure necessary for the mission of the District to be achieved?**" Reasonableness is a standard for what a prudent person would consider fair, appropriate, and not excessive in usual and ordinary circumstances.

PROPRIETY OF EXPENSES

ADDITIONAL TEST OF PROPRIETY

All of the questions that follow must be answered prior to making an expenditure using District funds. In order for expenditures to be considered an appropriate use of District funds, the answer to each of the questions must be “yes.”

Is this transaction:

1. For *official JCPS business*?
2. In the best interests of the District?
3. The most effective way to accomplish *official JCPS Business*?
Meaning that, without the expenditures, would programmatic objectives be difficult or otherwise more costly to achieve? Or would the impact, level, or quality of the achievement be reduced?
4. In compliance with applicable policies, laws, regulations, rules, contracts, grants, and restrictions including having the required approvals and authorizations by the appropriate fiscal approver(s) and purchasing?
5. Within the *available resources* of the *cost center or grant*, taking into consideration all outstanding commitments and encumbrances?
6. Directly beneficial to the *cost center* where it is being charged?
7. Reasonable?
Meaning that the quantity and quality of goods or services being purchased is sufficient to meet the District’s identified need without exceeding it.
8. In compliance with District conflict of interest provisions?
Meaning that, if an employee with procurement authority derives private gain [which includes family members], or appears to derive private gain, as a result of the transaction, then the transaction violates the conflict of interest provisions stated in JCPS Procurement Regulations.

IMPROPER EXPENDITURES

District expenditures are open to the public and must be able to sustain the test of public review. When paying for goods, services, or reimbursing employees, prudence and necessity are of primary concern.

PERSONAL CONSIDERATIONS & EXPENDITURES

The use of public funds to accommodate personal comfort, convenience, and taste is not permitted.

CATEGORIES OF GENERALLY INAPPROPRIATE EXPENDITURES

It would be impossible to provide an exhaustive list of prohibited expenditures, but expenditures from the following categories are deemed to be improper:

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|----------------------------------|--------------------------------------------|
| ❖ ALCOHOL | ❖ LOANS |
| ❖ AMENITIES | ❖ MEALS [NON-TRAVEL RELATED] |
| ❖ APPAREL | ❖ PARTY ITEMS |
| ❖ AWARDS/RECOGNITIONS | ❖ PERSONAL EXPENSES |
| ❖ CARDS | ❖ PERSONAL PROPERTY |
| ❖ CONTRIBUTIONS/DONATIONS | ❖ PICNIC ITEMS |
| ❖ DECORATIONS [OFFICE/CLASSROOM] | ❖ POTENTIALLY HAZARDOUS ITEMS |
| ❖ DUES [INDIVIDUAL] | ❖ PROFESSIONAL LICENSE/CERTIFICATE |
| ❖ ENTERTAINMENT | ❖ PROMOTIONAL ITEMS/PUBLIC RELATIONS ITEMS |
| ❖ FAMILY/GUEST EXPENSES | ❖ REFRESHMENTS [NON-TRAVEL RELATED] |
| ❖ FLOWERS/PLANTS [INTERIOR] | ❖ RELOCATION |
| ❖ GIFTS | ❖ RETREATS/OFF-SITE MEETINGS |

QUICK REFERENCE GUIDE FOR IDENTIFYING IMPROPER EXPENDITURES

Category	Transaction Type	General Fund	Grants†	Adult Generated Activity Funds
ALCOHOL	× Alcoholic Beverages & Setups	No	No	No
AMENITIES	× Coffee Pots/Makers × Coffee Services [e.g., John Conti]	No	No	Yes
AMENITIES [EXCLUDING STAFF LOUNGES]	× Microwave Ovens × Refrigerators, etc.	No	No	Yes
APPAREL [PER UNION CONTRACT]	× Caps, Hats, Gloves × Jackets, Windbreakers × Shirts, T-Shirts, Sweatshirts × Pants, Sweatpants × Track Suits, Socks, Shoes × Sunglasses, Visors, etc.	No	No‡	Yes
AWARDS/RECOGNITIONS [FOR EMPLOYEES & VOLUNTEERS]	× Gift Cards/Cash	No	No	No
	× Cost of Attending Events like Boy/Girl Scout Functions, Big Brothers Big Sisters Functions, etc. × Decorations for Awards/Recognitions × National Board Plaques/Award × Plaques, Trophies, Awards × Retirement Gifts/Plaques/Receptions, etc.	No	No	Yes
CARDS	× Cards for ANY Occasion: Holiday; Greeting; Thank You; Sympathy; Get Well, Congratulations, etc.	No	No	Yes
CONTRIBUTIONS/DONATIONS	× Cash/Check Donations × Fund Raising Event Tickets × JCPS Equipment/Property × Table Charges, Banquets, Benefits, etc.	No	No	No
DECORATIONS [OFFICE/CLASS]	× Artwork × Diplomas/Certificates Framing × Framing Costs × Pictures × Plants, etc.	No	No‡	Yes
DUES	× Individual Membership in any organization including professional, civic, community, social, clubs, Sam's, Costco, etc. × Professional Organization Liability Insurance, etc.	No	No	No
ENTERTAINMENT [FOR EMPLOYEES]	× ALL Entertainment Expenses	No	No	No
FAMILY/GUEST EXPENSES	× ALL expenses related to a spouse, children, relatives or guests of employees	No	No	No
FLOWERS/PLANTS [INTERIOR]	× Administrative Professionals Day × Birth/Death/Hospitalization × Congratulations/Celebrations × Office Decoration, etc.	No	No‡	Yes
GIFTS	× Cash/Bonuses × Gift Cards	No	No	No
	× Appreciation × Memorial × Retirement × Special Occasions/Tickets to Events, etc.	No	No‡	Yes

Spending Guidelines

Category	Transaction Type	General Fund	Grants†	Adult Generated Activity Funds
LOANS	<ul style="list-style-type: none"> × JCPS Funds Loaned to Anyone 	No	No	No
MEALS [NON-TRAVEL RELATED]	<ul style="list-style-type: none"> × Breakfasts/Lunches/Dinners × Department/Cost Center Social Activity × Employee Orientations/Receptions × Entertaining Guests × Luncheons × Retirement Dinners × Snacks, etc. 	No	No	Yes
PARTY ITEMS	<ul style="list-style-type: none"> × Balloons × Decorations × Invitations × Party Hats × Streamers, etc. 	No	No	Yes
PERSONAL EXPENSES	<ul style="list-style-type: none"> × Anniversaries × Baby Showers × Birthdays × Wedding Showers 	No	No	Yes
	<ul style="list-style-type: none"> × Aspirin, Pepto-Bismol, Alka-Seltzer × Babysitting/Pet Sitting/House Sitting Expenses × Cough Drops × Fines and Penalties × Immigration & Naturalization Fees × Interest Charges on credit cards × Late Payment Fees on credit cards × Passports & Visas × Personal Bills × Sales Tax × Traffic Citations [both personal & District vehicles] × Upgrades to Business or First-Class Travel, etc. 	No	No	No
PERSONAL PROPERTY	<ul style="list-style-type: none"> × Expenses for repair or replacement of damaged, lost or stolen personal property—even if the employee was conducting JCPS business at the time of the loss or damage. × Includes, but is not limited to personal vehicles, cell phone and computers. Employees should make claims to their own personal insurance for such repair or replacement. Note that the District does not pay personal insurance deductibles. 	No	No	No
PICNIC ITEMS [FOR EMPLOYEE USE]	<ul style="list-style-type: none"> × Cups × Napkins × Paper Plates × Utensils: Forks; Knives; Spoons, etc. 	No	No	Yes
POTENTIALLY HAZARDOUS	<ul style="list-style-type: none"> × Ammunition × Explosives × Firearms × Radioactive Materials, etc. 	No	No	No
PROFESSIONAL LICENSE/CERTIFICATE	<ul style="list-style-type: none"> × Initial Issuance Fees × Reissue Fees, etc. 	No	No	No

Spending Guidelines

Category	Transaction Type	General Fund	Grants†	Adult Generated Activity Funds
PROMOTIONAL ITEMS/ PUBLIC RELATIONS ITEMS	<ul style="list-style-type: none"> × Alumni Activities × Coffee Cups/Mugs × Dinners/Admissions Charges × Giveaway Items × Items with JCPS or School Logo /Name × Lunch Bags × Messenger Bags × Thermal Coolers × Thumb Drives × Umbrellas, etc. 	No	No‡	Yes
REFRESHMENTS FOR EMPLOYEES [NON-TRAVEL]	<ul style="list-style-type: none"> × Bottled Water × Candy × Coffee × Snacks/Food × Sodas × Tea, etc. 	No	No‡	Yes
RELOCATION	<ul style="list-style-type: none"> × Personal Moving Expenses 	No	No	No
RETREATS/OFF-SITE MEETINGS	<ul style="list-style-type: none"> × Requires Approval of Cabinet and CFO 	No	No	Yes

FOOTNOTES

†Restrictions for each grant vary. Grants may require: specific criteria to be met; adherence to restrictions; appropriate documentation; and prior authorization and approvals.

‡Authorized exceptions may exist for specific grants. Contact Grants & Awards Accounting for grant specific information.

ADDITIONAL NOTES

This *Quick Reference Guide* reflects the rules that generally apply, but it is NOT an all-inclusive list of improper expenditures. Use both the “Appearance Test” and the “Reasonableness Test” to help you comply with, rather than circumnavigate the rules in determining what is improper.

Please note that while an item may not be listed under a category [e.g., Gift Card does not appear under Personal Category], if it appears in the Transaction Type column, then it is an improper expenditure in any category.

The user of this Quick Reference Guide should always read the Spending Guidelines Document in its entirety, as well as applicable policies and procedures, before making a final determination of appropriate spending from the various fund sources.

- For more detail regarding food and beverages, please refer to the *JCPS Meals & Refreshments Guidelines*.
- For more detail regarding travel, please refer to the *JCPS Travel Guidelines*.

If your research fails to resolve your spending question, please contact the appropriate Financial Services Office [i.e., Accounting for General Fund; Grants & Awards for Fund 2; Internal Audit for Activity Funds, etc.] for further discussion and resolution of your question.