

**SECTION THREE**  
**BUSINESS SERVICES**

**3A**    **Fiscal**

**3A1**    Budget (revised April 8, 2010)

**3A1A**    Each year, the Chancellor shall present to the Board a budget, prepared in accordance with Title 5 and the California Community Colleges Budget and Accounting Manual. The schedule for presentation and review of budget proposals shall comply with state law and regulations, and provide adequate time for Board study. See **Procedure 3A1** of this Manual for Budget Preparation Guidelines.

The budget development shall meet the following criteria:

**3A1A1**    The annual budget shall support the District-wide master and educational plans.

**3A1A2**    Budget projections shall address long-term goals and commitments.

**3A1A3**    The annual Budget shall not exceed estimated revenues for the Budget year excluding District-wide or College reserves.

**3A1A4**    The Budget may include a separate request to use District-wide reserves.

**3A1A5**    Assumptions upon which the budget is based are presented to the Board for review.

**3A1A6**    A schedule is provided to the Board by December of each year that includes dates for presentation of the tentative budget, required public hearing(s), Board study session(s), and approval of the final budget. At the public hearings, interested

persons may appear and address the Board regarding the proposed budget or any item in the proposed budget. See [Appendix 3A1B](#) of this Manual for current calendar for development of budget.

District-wide unrestricted general fund reserves shall be no less than five percent (5%). The budgeted unrestricted general fund reserves calculation will be based upon the projected unrestricted expenditures multiplied by five percent (5%). College budgeted reserves will not be considered as part of the District-wide reserves.

### **3A1A7** Purpose of Reserves

The District-wide and College unrestricted general fund reserves are intended to provide resources for cash flow management, unfunded liabilities, risk mitigation, significant emergencies, and a buffer against future budget reductions. The District may incorporate into the annual budget an appropriate level of reserves to provide resources for these purposes. Unless the District is confronted with catastrophic issues, at no time should District-wide reserves fall below the minimum levels contained in 3A1A6. Reserves in excess of these needs may be used for the following purposes:

- a) Provide resources to maintain mission critical educational programs (General Education/Transfer, Developmental Education, and Career Technical Education) and support services.
- b) Provide resources for the expansion, reduction, or restructuring of College/District programs and services.
- c) Provide capital funds to invest in infrastructure that will lower operational costs, improve efficiencies, improve safety/security, and/or enhance the delivery of educational and/or support services.

**3A1A8** Changes in the assumptions upon which the budget was based shall be reported to the Board in a timely manner.

**3A1A9** Budget allocations of funds will be made to the Colleges and District Office and will be reviewed by the Board of Trustees and Chancellor's Cabinet. Generally each College and District Office are allocated a proportional share of the anticipated income based upon size of the College. Procedures for allocation may be reviewed and revised annually.

The Chancellor or designee shall work with representatives of the College Academic Senates and District staff in designing the process for development of the District budget.

**3A1B** College expenditure budgets are prepared under the supervision of the College President or designee. The College President or designee shall work with the College Academic Senate in designing the processes for development of the College budget.

**3A1C** The Colleges and the District Office/Central Services will each establish unrestricted reserves for obligations and contingencies.

**3A1D** If District-wide, College, or District Office/Central Services reserves decline below the level adopted by the Board in the final budget, then Board approval is required.

**3A2** Budget Income (revised February 10, 2011)

**3A2A** All money received by the District, regardless of the source, will be deposited according to Education Code and County requirements. (Education Code Sections 41001-41002)

**3A2B** The administration will establish a procedure for clearly identifying all sources of income. Such delineation with amounts received will be shown on the budget and all income financial reports.

**3A2C** All money collected at any member College for any purpose whatsoever must be turned over to the person in charge of College finance and recorded on the books.

- 3A2D** All money collected for lost or damaged school property and for project supplies, which become property of the student shall be carried on the books of the school treasurer as District funds. All money so collected shall be turned in to the District Business Office. District or student body receipts must be issued as a means of auditing such funds. Sub-receipts need not be issued for library fines.
- 3A2E** The administration is authorized to prepare and submit federal, state, local governmental and/or local private foundation grant applications that further the Kern Community College District's strategic mission. (See **Procedure 3A2E** and **Appendices 3A2E (1 & 2)** of this Manual for Grant Preparation and Submission Procedures and Guidelines.)
- 3A2F** Gifts in serviceable condition and useful to the District, upon recommendation of the administration, may be accepted by the Board of Trustees. Gifts to the Colleges or District valued at \$1,000 (one-thousand dollars) or more shall be presented to the Board of Trustees for approval.
- 3A2G** Gifts to the District Foundation or College Foundations valued at \$1,000 (one-thousand dollars) or more shall be presented to the Board of Trustees for information and acknowledgement.

**3A3** Budget Expenditures *(Revised January 8, 2004)*

- 3A3A** The approved budget is the District plan for expenditures during the fiscal year.
- 3A3B** The adoption of the budget by the Board indicates that approval is given for the purchase of or contracting for goods and services as indicated in the budget. The administration may proceed to procure such items or services as they are needed without further referral to the Board. (Exceptions will be those items requiring formal bids and employment of personnel.) The warrant lists as approved by the Board will ratify such transactions.
- 3A3C** The administration will ascertain that all goods, services, and leases are obtained at the lowest possible competitive prices taking into consideration desired quality and services. This will entail the consideration of all qualified vendors.

Standardization of equipment may be required for efficient maintainability and reliability. See **Procedure 3A3C** of this Manual.

**3A3D** The Chancellor or designee is empowered to act for the board in making purchases or letting contracts for services, supplies, or leases which under the Education Code do not require publishing a notice calling for bids.

**3A3D1** Purchases, services, or leases under published notice calling for bids shall be awarded by the Board. Other transactions shall be submitted for Board ratification through approval of the warrant list.

**3A3D2** To accommodate routine transactions such as minor purchases, postage, freight charges, and purchases from governmental agencies, a revolving cash fund is provided. This fund will be maintained under normal audit procedures and controlled by a fund custodian approved by the Board of Trustees.

**3A3E** Materials may not be purchased or District obligations incurred without an approved purchase order. The District reserves the right to refuse payment of any invoices covering materials not listed on a District purchase order. Such invoices then become the personal obligation of the requisitioner. Under no circumstances should an item be added to a purchase order after it has been issued. Goods must be ordered exactly as the items appear on the order unless an item is to be cancelled, in which case the District Business Office should be immediately notified. The requisitioner is responsible for the exact order, certification, and receipts of goods. Shipping and receiving or designated departments should electronically approve receipt of goods. This will certify that the invoice covering the order is ready for payment by the District Business Office. Request for Purchase Request forms and related procedures are included in **Procedure 3A3C** of this Manual.

**3A3F** Copies of all correspondence with a firm in regard to purchase orders must be filed in the District Business Office.

**3A3G** The College President or designee shall approve all purchase orders which are prepared within the line-staff organization of the College, including reasonable expenditures of District funds to (1) purchase food and beverages as refreshments for

attendees at District-sponsored events which further the legitimate purposes of the District, (2) purchase commemorative awards and gifts in recognition of service to the District by non-employees when the purpose is to promote services to the District and (3) purchase awards for students.

**3A3H** Every effort shall be made to make student body or other extra-curricular activities self-supporting.

**3A3H1** The District may pay for all or part of the cost of uniforms and equipment for bands, orchestra, and athletic teams provided the activity is primarily curricular in nature and is included as a course in the regular class schedule.

**3A3H2** If there is income from gate receipts or other sources sufficient to pay part but not all of the costs of any of the equipment as listed above, the District may make up the deficit. Such requests must be estimated in advance and must be included in the budget.

**3A4** **Budget Control**

**3A4A** The administration will maintain a system of fiscal accounts which will afford an accurate and current analysis of expenditures, encumbrances, and balances for each significant item within the annual budget.

**3A4B** The system will use as its base the requirements of the California Community Colleges Accounting Manual to assure that reports prepared for county, state and federal agencies are meaningful for comparative purposes.

**3A4C** The Board of Trustees shall be given regular budget control reports.

**3A4D** The Chancellor and/or the Assistant Chancellors are authorized agents to sign trustee orders drawn on the funds of the District and these agents shall be bonded.

**3A4E** Two (2) types of trustee orders shall be prepared; namely, payroll orders including employees on both salary and wage basis and orders in payment of invoices. A schedule of trustee orders should show the trustee order number, main budget classification, payee, and the amount of each order and is to be presented for Board approval at each regular meeting.

**3A4F** All income and expenditures are subject to annual audit by a private firm selected by the Board of Trustees.

**3A4G** Use of Credit Cards Issued by the Kern Community College District

**3A4G1 CAL-Cards**

**3A4G1A** CAL-Cards generally will only be issued to District and College Educational Administrators and Classified Managers when their job duties require the regular use of a credit card. CAL-Cards will be issued to non-managers only in cases where there is a compelling business reason and issuance is approved by the District Chief Financial Officer and College President or District Chancellor. (See [Procedure 3A4G](#))

**3A4G1B** CAL-Card applications will be completed prior to issuance. [See Appendix 3A4G(b)]

**3A4G1C** Transactions will be limited to travel, supplies, or equipment.

**3A4G1D** Credit card purchasing limits will be no greater than those authorized for the cardholder.

**3A4G1E** District Office Accounting will issue monthly utilization reports to the District Chief Financial Officer and the College Directors of Administrative Services.

**3A4G2 Bank of America Cards**

**3A4G2A** Generally will only be checked out to District and College staff authorized to initiate transactions by the District Chief Financial Officer.

**3A4G2B** Will be administered by Departments designated by the College Administrative Directors or District Chief Financial Officer.

**3A4G2C** Cards will be checked out on an as-needed basis.

- 3A4G2D** Verification of written purchase requisition will be made prior to checking out the card.
- 3A4G2E** After card use the card and all receipts will be returned to the designated Department.
- 3A4G2F** Transactions will be limited to travel, supplies, or equipment.
- 3A4G2G** Cards should only be used for emergencies or unusual circumstances in which the normal purchase order process cannot be utilized.
- 3A4G2H** Credit card purchasing limits will be no greater than those authorized for the cardholder.
- 3A4G2I** District Office Accounting will issue monthly utilization reports.

**3A4G3 Gas Credit Cards**

- 3A4G3A** Individual gas cards will be assigned to employees assigned a vehicle as part of their employment contract.
- 3A4G3B** Individual pool vehicles will be assigned specific cards and checked out when vehicles are approved for specific District or College use.
- 3A4G3C** Cards will be maintained by the College Administrative Director or Chief Financial Officer for check-out only.
- 3A4G3D** Checked out cards will be returned after each trip with all receipts.
- 3A4G3E** District Office Accounting will issue monthly utilization reports to the District Chief Financial Officer and the College Directors of Administrative Services.



**3A4H** All postage stamps and envelopes shall be used for official College business only. Such materials shall be under the supervision of the College administration.

**3A5** **Investments**

**3A5A** Excess funds of the District shall be invested by the Chancellor or his designee as directed by the Investment Committee. The Investment Committee will consist of the Board of Trustees.

**3A5B** All funds will be held in the name of the Kern Community College District and will be invested in accordance with California Government Code Section 53600 et seq. Permissible investments include the following:

- U.S. Treasury notes, bonds and bills
- Registered warrants, treasury notes and bonds of the State of California
- Bonds, notes, warrants, or other evidences of indebtedness of any local agency within the State of California
- Obligations issued by, or fully guaranteed as to principal and interest by the Federal National Mortgage Association or instruments issued by a federal agency
- Bankers acceptances which are eligible for purchase by the Federal Reserve System
- Rated commercial paper (A1 or P1)
- Negotiable certificates of deposit
- Repurchase agreements and reverse repurchase agreements with Master Agreement under California law
- Medium-term notes with a maximum of five (5) years maturity issued by U.S. Corporations and rated A or better
- Money market mutual funds meeting criteria prescribed in California Government Code Section 53601 (k)
- Local Agency Investment Fund (State Pool)
- Passbook Savings Account Demand Deposits
- Interest-bearing demand deposits with the County of Kern Auditor-Controller

**3A5C** Investments will be selected based on the criteria which is prioritized as follows:

- Safety--The safety and risk associated with an investment refers to the potential loss of principal, interest or a combination of these amounts. The primary objective is to

protect, preserve and maintain intact amounts invested under this policy.

- Liquidity--Liquidity refers to the ability to dispose of investments at any moment in time with a minimal chance of losing some portion of principal or interest. An adequate percentage of the portfolio should be maintained in liquid short-term securities which can be converted to cash if necessary to meet disbursement requirements. No investment shall be for a term greater than five (5) years, unless specifically authorized by the Board of Trustees as provided in Section 53601 of the California Education Code.
- Yield--Yield is the potential dollar earnings an investment can provide.

**3A5D** The Chancellor or his designee shall render a monthly report to the Board of Trustees of all outstanding investments and investment transactions for the month including the additional information specified by California Government Code Section 53646.

**3A5E** Securities purchased from brokers/dealers may be held by the broker/dealer provided that the total principal and interest of all securities held for the account of the Kern Community College District by each broker/dealer does not exceed the amount of the individual account insurance coverage carried by the broker/dealer. In the absence of adequate insurance coverage, securities shall be held in third party safekeeping by the trust department of a designated bank in the name of the Kern Community College District.

**3A5F** Security purchases and holdings shall be maintained within statutory limits imposed by the California Government Code. Current limits are: Bankers acceptances--forty percent (40%), Section 53601 (f); Commercial paper--thirty percent (30%), Section 53601 (g); Negotiable certificates of deposit--thirty percent (30%), Section 53601 (h); Medium-term notes--thirty percent (30%), Section 53601 (j); Money-market mutual funds--fifteen percent (15%), Section 53601 (k).

**3A6** **Subsidiary Services**--Subsidiary services are those auxiliary operations which are provided to support the instructional function of the Colleges.

**3A6A** **Bookstore**

**3A6A1** Bookstores shall be under the supervision of the College Presidents. Operational responsibilities may be delegated to appropriate officers of the respective Colleges.

**3A6A2** Books, materials, and supplies that students are required to buy as a part of the classroom instruction may be purchased at the College bookstore. No books, materials, or supplies are to be sold directly to students by staff. Off-site bookstore operations shall be conducted by the College bookstores as necessary.

**3A6A3** Net proceeds derived from the operation of the College bookstores shall be used for the establishment and maintenance of adequate operating reserves for the bookstores and for the benefit of a student development program. See **Procedure 3A6A3** of this Manual for the Definition and Allocation of Net Proceeds. *(Added June 1, 1995)*

**3A6B** **Cafeteria**

**3A6B1** Cafeterias shall be under the supervision of the College Presidents. Operational responsibilities may be delegated to appropriate officers of the respective Colleges.

**3A6C** **College-Sponsored Events** *(Added June 1, 1995)*

**3A6C1** College-sponsored events are those events which are funded in whole or in part by the College or are associated with the College name by permission of the College President. College-sponsored events, including athletic events, shall be under the supervision of the College Presidents. Operational responsibilities may be delegated to appropriate officers of the respective Colleges.

**3A6C2** Extra-curricular activities are those activities which enhance but may not directly relate to the instructional program. Extra-curricular activities determined by the College President or designee to not be a part of the regular College program shall be self-supporting.

**3A6C3** Net proceeds generated from College-sponsored events, including College-operated concessions and gate receipts, shall be used to fund the costs of co-curricular programs. Co-curricular programs are those activities which occur outside of the classroom but which support the instructional program. Each College shall adopt procedures for allocating all College-sponsored event net proceeds to its co-curricular programs. The income and expense allocations shall be incorporated into the respective College budgets to be approved and adopted by the Board of Trustees.

**3A7** Library--See **Procedure 3A7** of this Manual for procedures on the selection of library materials. (*Revised June 1, 1995*)

**3A7A** The basic responsibility for the acquisition or withdrawal of library materials rests with the College President or designee.

**3A7B** The head librarian at each College has the primary responsibility for the withdrawal of obsolete and/or damaged materials from the library collection.

**3A7C** Materials shall be disposed of in a manner which may be economically feasible and may be beneficial to groups, institutions, and individuals.

**3A8** Auxiliary Organizations (*Revised June 1, 1995*)

**3A8A** Auxiliary organizations are entities whose purpose is to provide supporting services to the Colleges or District. They may be formed by the Board of Trustees pursuant to the Education Code, California Administrative Code, Title 5, and Board of Trustees-approved implementing regulations and shall require:

**3A8A1** That a recommendation is submitted to the Board of Trustees by the Chancellor when the organization will serve the District; or by the Chancellor on behalf of a College President when the organization will primarily serve a particular College;

**3A8A2** Prior to the recognition of an Auxiliary Organization, a public hearing on the recommendation will be held at a time, place, and

in the manner determined by the Board of Trustees;

- 3A8A3** The approval of the establishment of the Auxiliary Organization by the Board of Trustees. Approval by the Board of Trustees shall include a designation of the recognized services, programs, and functions and an identification of the number and category or categories of members of the Board of Directors of the Auxiliary Organization; and
- 3A8A4** The approval of a written agreement between the District and the auxiliary organization under which one (1) or more of the services, programs, or functions are to be performed.
- 3A8B** Each Auxiliary Organization may occupy, operate and use District facilities and property at its respective College site separately or jointly with the District.
- 3A8C** The Auxiliary Organizations shall use the facilities and property only for those services and functions which are consistent with the policies, rules, and regulations, which have been or may be adopted by the Board of Trustees of the Kern Community College District.
- 3A8D** The right to use any of the District facilities or equipment shall cease upon written notice by the District Chancellor that the facilities are needed for the exclusive use of the District.
- 3A8E** The independent certified public accounting firm retained to audit the District will also audit the Auxiliary Organizations. The costs of the additional services may be paid by the Auxiliary Organizations.
- 3A8F** The Auxiliary Organizations shall be included in the District's insurance policies for all regular functions. When special events are sponsored by an Auxiliary Organization, separate insurance coverage may be required by the District.
- 3A8G** The Auxiliary Organizations shall not enter into any transaction concerning real property without the prior approval of the Board of Trustees.
- 3A8H** The Auxiliary Organizations shall not permit anyone else to use the District facilities or any part thereof without written permission of the Board of Trustees.

**3A9** **Bids and Contracts.** [See **Procedure 3A9(a-b)** of this Manual for the procedures for bids and contracts and the Independent Contractor Checklist.] *(Revised February 2, 2006)*

**3A9A** The Board delegates to the Chancellor or designee the authority to enter into contracts on behalf of the District and to establish administrative procedures for contract awards and management, subject to the following:

**3A9A1** Contracts are not enforceable obligations until they are ratified by the Board.

**3A9A2** Contracts for work to be done, services to be performed or for goods, equipment or supplies to be furnished or sold to the District that exceed the amounts specified in Public Contracts Code Section 20651 shall require prior approval by the Board.

**3A9A3** When bids are required according to Public Contracts Code Section 20651, the Board shall award each such contract to the lowest responsible bidder who meets the specifications published by the District and who shall give such security as the Board requires, or rejects all bids.

**3A9B** If the Chancellor or designee concludes that the best interests of the District will be served by pre-qualification of bidders in accordance with Public Contracts Code Section 20651.5, pre-qualification may be conducted in accordance with procedures that provide for a uniform system of rating on the basis of a questionnaire and financial statements.

**3A9C** If the best interests of the District will be served by a contract, lease, requisition or purchase order through any other public corporation or agency in accordance with Public Contracts Code Section 20652, the Chancellor or designee is authorized to proceed with a contract.

**3A10** **Insurance** *(Revised June 1, 1995)*

**3A10A** The District shall be a member of the Self-Insured Schools of Kern Property and Liability Program (SISK-II). SISK-II provides policies of insurance against losses and perils for student accidents, property and fire damage, damage and liability cases.

**3A10B** A comprehensive crime policy covering employee dishonesty, depositors forgery and inside and outside crime shall be obtained through SISK-II.

**3A11 Fiscal Accountability** *(Revised June 1, 1995)*

**3A11A** The Chancellor, Assistant Chancellor, Business Services, and Internal Auditor are delegated the authority to implement the procedures required to properly administer technical duties relative to fiscal responsibility formerly performed by the County Superintendent or designee.

Procedures for implementing this policy are detailed in **Procedure 3A11A** of this Manual.

**3A12 Claims Against the Kern Community College District** *(Added November 6, 2003)*

**3A12A** Any claims against the District for money or damages, which are not governed by any other statutes or regulations expressly relating thereto, shall be presented and acted upon in accordance with Title 1, Division 3.6, Part 3, Chapter 1 (commencing with Section 900) and Chapter 2 (commencing with Section 910) of the California Government Code.

**3A12B** Claims must be presented according to this policy as a prerequisite for filing suit against the District. Claims that are subject to the requirements of this policy include, but are not limited to, the following:

**3A12B1** Claims by public entities, claims by the state department or agency, or by another public entity.

**3A12B2** Claims for: fees, salaries or wages, mileage or other expenses and allowances

**3A12C** The designated place(s) for service of claims, lawsuits or other types of legal process upon the District is/are:

Claim	Learning Services Center	Bakersfield College	Porterville College	Cerro Coso College
Student Records	Front Receptionist	Enrollment Services Campus	Admissions and Records Campus	Admissions and Records Campus
Employees	Front	Human	Human	Human

Records	Receptionist	Resources Campus	Resources Campus	Resources Campus
District/College	Front Receptionist	Learning Services Center	Learning Services Center	Learning Services Center

**3B Facilities and Equipment** *(Revised May 10, 2007)*

**3B1** Use of Facilities--The public use of the facilities, equipment and services, (hereinafter sometimes referred to as property) of the Kern Community College District should be made available for community purposes when under the supervision of responsible persons. Public use must be within the policy guidelines adopted by the Board of Trustees, provided that such use does not interfere with the educational program of the College(s). Procedures shall be developed which include priorities for use, application, a fee schedule, and the method of payment for the use of District/College-managed facilities, grounds, and equipment. See **Procedure 3B1(a)** of this Manual for Guidelines for Use of District/College Property/Facilities. See **Appendix 3B1(a)** of this Manual for the Application and Agreement for Use of District Property form and **Appendix 3B1(b)** of this Manual for Kern Community College District Facility, Equipment, and Service Fee Schedule.

**3B1A** Request for use of District/College facilities, equipment, and services for public use must be submitted on the Application and Agreement for Use of District Property form by the applicant [see Appendix 3B1(a)]. The request application form, fees, if applicable, estimated attendance, and the name of the official representative/contact person must be submitted to the District/College thirty (30) working days prior to the requested dates for use of the facility. A District/College representative will respond within ten (10) working days of receipt of a completed application for use of facilities, equipment, and services.

**3B1B** Statutes on the use of District/College property for public purposes in Education Code Sections 82537, 82542, 82544 and 82548 are policy as if set forth herein.

**3B1C** Use and occupancy of College property shall be primarily for the educational programs of the District. Any authorized use or occupancy of the property for other than College purposes shall be secondary and subordinate to this primary purpose.

**3B1D** Any permit may be revoked without previous notice where conflicting days have resulted or where need of the property for District/College purposes have subsequently developed.