

KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM  
BUSINESS PROCEDURES MANUAL

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Effective Date: July 1, 2011  
Supersedes: July 1, 2010  
Applies To: System Office and Colleges  
Procedure Responsibility: KCTCS Office of Legal Services

## **Core Values and Ethical Conduct**

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### **Section 1.20.1 – General**

The Kentucky Community and Technical College System (KCTCS) has the responsibility and the duty to adhere to high ethical standards and principles. KCTCS is committed to ethical conduct and to compliance with all federal, state, and local government laws and regulations to which it is subject. To help ensure ethical conduct and compliance, this procedure in collaboration with KCTCS Administrative Policy and Procedure 2.20 – Core Values and Ethical Conduct Policy establishes a process to assist in reporting of suspected waste, fraud, abuse, and corruption.

Further, this procedure outlines a set of core values and the ethical conduct that is expected of the KCTCS community (volunteers, employees, students and outsourced service providers) in conducting KCTCS' business. Like with any procedure, this procedure cannot possibly cover all possible situations. When any doubt about the propriety of an action exists, KCTCS' policy and procedure is to require a full and frank disclosure to an appropriate individual with sufficient authority to address the matter.

For interpretation, counsel or advice regarding this procedure, contact the KCTCS Office of Legal Services. Members of the KCTCS community are expected to report violations of this procedure and KCTCS administrative regulation on ethics to an appropriate individual. KCTCS will not tolerate any retaliation against any individual who makes a good faith report of a violation, as outlined in KCTCS Administrative Policies and Procedures 2.20.3 (Reporter Protection).

### **Section 1.20.2 – Code of Conduct**

The following is a list of principles of ethical conduct KCTCS employees and volunteers shall subscribe to in conducting KCTCS business.

- KCTCS employees shall promptly disclose waste, fraud, abuse, and corruption.
- KCTCS employees must follow all applicable provisions set forth in the statutes of the Commonwealth of Kentucky, and applicable federal or local laws, rules and regulations.
- KCTCS employees shall not hold financial interests that are in conflict with the conscientious performance of their official duties and responsibilities.
- KCTCS employees shall not use their position for private gain.
- KCTCS employees shall put forth honest effort in the performance of their duties and give first consideration to the objectives and policies of KCTCS.
- KCTCS employees shall make no unauthorized commitments or promises of any kind purporting to bind KCTCS. KCTCS employees are prohibited from negotiating or entering into contracts or other agreements which claim, imply or appear to involve KCTCS, unless such actions are part of their official duties and within the scope of their employment with KCTCS. The KCTCS President will specifically designate in writing those employees with signatory authority to contractually commit KCTCS.

*Note:* Please see Business Procedures 1.9 – Financial Delegation of Authority, 1.10 – Financial Transaction Approval Authority, and 1.11 – Approval Authority for Contracts and Agreements. [Business Procedures](#)

- KCTCS employees shall act impartially and not give preferential treatment to any private or public organization or individual. All KCTCS expenditures shall be made without prejudice, seeking to obtain the best value for each dollar of expenditure.
- KCTCS employees shall protect and conserve public property and shall not use it for purposes other than authorized activities. No property belonging to or under contract to KCTCS may be used for unauthorized activities.

### **Section 1.20.3 Auditing Services**

To effectively discharge their fiduciary and administrative responsibilities, KCTCS' administration and the Board of Regents are assisted by internal and external (independent) auditing services. These services provide independent, objective assurances and consulting services with respect to evaluating risk management, control, and governance processes. KCTCS considers it a violation of policy to knowingly mislead or give false information to or intentionally omit material facts from internal or external (independent) auditor(s).

### **Section 1.20.4 Financial Advantage and Interests**

#### **A. Financial Advantage**

Members of the KCTCS community must exhibit personal integrity, honesty, and responsibility in all actions. Official position or office shall not be used to obtain financial gain or benefits for oneself or members of one's family or business associates. Any action that creates the appearance of impropriety should be avoided. Purchases and contracts shall not be made with an employee of KCTCS for any item of supply, equipment, or service, nor may an employee have any interest, directly or indirectly, in any purchase made by KCTCS (KRS 164.390). An indirect interest may be defined as a real or perceived use of a KCTCS position or office with respect to a purchase or contract, leading to financial or other benefits to the individual or a member of his or her family. An indirect interest includes situations where a business owned or controlled by a family member does business with the KCTCS.

#### **B. Kentucky Statutory Requirements Regarding Financial Interests**

1. No officer or employee of KCTCS shall make transactions of any business with himself/herself, or with any corporation, company association, or firm in which he/she or his/her spouse has any interest greater than five percent (5%) of the total value.

No KCTCS officer or employee shall knowingly for himself/herself or by his/her partners or through any corporation which he/she controls or in which he/she owns or controls more than ten percent (10%) of the stock, or by any other person for his/her use or benefit or on his/her account, undertake, execute, hold, or enjoy, in whole or in part, any contract, agreement, sale or purchase of the value of twenty-five

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dollars (\$25) or more, made, entered into, awarded or granted, unless said contract, agreement, sale or purchase was made or let after public notice and competitive bidding.

2. No KCTCS officer or employee, including persons who serve without salary or other payment for their services, shall knowingly receive or agree to receive, directly or indirectly, compensation for any services rendered or to be rendered, either by himself/herself or another, in any case, proceeding, application or other matter which KCTCS functions.
3. No member of KCTCS' Board of Regents shall have an interest in any contract with KCTCS unless such contract shall have been subjected to competitive bidding, unless such Regent shall have been the lowest bidder and unless such Regent shall have first notified in writing the remaining members of the board, and the newspaper having the largest circulation in the county in which KCTCS operates, of his/her intention to bid on such contract.
4. No KCTCS employee shall have an interest in any contract or purchase for the building or repairing of any structure or furnishing of any supplies to KCTCS.

**Section 1.20.5 Acceptance of Gifts or Benefits**

KCTCS members' decisions and actions should be based on the best interest of the KCTCS. No member should accept any type of reward, monetary or non-monetary, if there is an explicit or implicit assumption that influence has been exchanged for the favor. When no favor is asked for or gained, gifts of nominal value or moderate acts of hospitality, such as meals, in relation to one's position with KCTCS may be accepted. The following guidelines should be observed:

- Gifts or acts of hospitality valued up to \$50 annually from any one source need not be reported
- Gifts or acts of hospitality valued between \$50 and \$200 should be reported to the supervisor and the supervisor should report those to the College President/CEO, or if at the System Office, Vice President for Finance, prior to acceptance.
- Acts of professionally related hospitality above \$200 must be specifically justified and reported through the chain of command. Written approval for acceptance must be provided by the Vice President for Finance, in advance.

- Individuals may not accept gifts valued above \$200. These gifts or benefits acknowledged and accepted on behalf of KCTCS should be directed to the Vice President for Finance, where they can be acknowledged and accepted on behalf of the KCTCS.

### **Section 1.20.6 - Reporting of Infractions**

A person or entity making a protected disclosure may be KCTCS employees, applicants for employment, students, vendors, contractors or the general public. The reporting party is not considered an investigator or finder of fact nor are they to determine the appropriate corrective or remedial action that may be warranted.

#### **A. Protected Disclosure**

1. When a person reports allegations of suspected improper activities to an appropriate authority, the report is known as a *protected disclosure*. The rights of KCTCS employees and applicants for employment when making a protected disclosure are covered by Kentucky Revised Statute 61.102.
2. Any person may report allegations of suspected improper activities. Knowledge or suspicion of improper activities may originate from faculty or staff carrying out their assigned duties, internal or external auditors, law enforcement, regulatory agencies, customers, vendors, and students or other third parties. Allegations of suspected improper activities may also be reported anonymously.
3. Reports of allegations of suspected improper activities are encouraged to be made in writing to help assure a clear understanding of the issues raised. However, reporting of suspected improper activities may be made orally. Such reports should be factual rather than speculative or conclusive and contain as much specific information as possible to allow for proper assessment of the nature, extent, and urgency of preliminary investigative procedures.

#### **B. Reporting an Infraction**

1. When possible and under normal conditions it is encouraged that a report by a KCTCS employee of allegations of a suspected improper governmental activity should be made to the reporting employee's immediate supervisor or other appropriate administrator within the operating unit.

2. If there is a potential conflict of interest or for other reasons a report may be made to another KCTCS official whom the reporting employee may reasonably expect to have either responsibility over the affected area or the authority to review the alleged improper activity on behalf of KCTCS.
3. When the alleged improper activities involve a college president/CEO, KCTCS President, or KCTCS President's Cabinet member, the report should be made to through the KCTCS reporting service.

**C. Reporting Service**

KCTCS has established a reporting service with EthicsPoint, Inc. Reports can be filed through a secure website at <http://kctcs.ethicspoint.com> . In addition, reports can be filed by telephone at 1-866-594-3115, which is available 24/7, 365 days a year.

**D. Employee Reporting Responsibilities**

Employees in supervisory roles shall report any allegations of suspected improper activities—whether received as a protected disclosure, reported by their subordinates in the ordinary course of performing their duties, or discovered in the course of performing their own duties.

**E. Review of Reports**

All reports will be reviewed and addressed through the KCTCS Office of Legal Services.

**End of Procedure**