

K-STATE OLATHE INNOVATION CAMPUS, INC.

POLICIES AND PROCEDURES

Policy 202.

**Adopted August 10, 2010
Procedures implemented
January 19, 2010**

Internal Accounting Controls; Compliance with Johnson County Education Research Triangle Authority Act

.010. Introduction

This policy describes internal accounting controls implemented by K-State Olathe Innovation Campus, Inc. (K-State Olathe). It also describes steps taken by K-State Olathe to assure compliance with the requirements of the Johnson County Education Research Triangle Authority Act (JCERTA Act).

.020. Internal Accounting Controls

1. During the period when K-State Olathe has only a small number of employees at its Olathe facility, it will implement review and control procedures to compensate for its inability to completely segregate responsibilities relating to custody of assets, accounting record keeping, authorization for transactions, and subsequent reconciliation procedures.

A. To enhance internal controls, K-State Olathe will retain the services of outside accounting firms with expertise in general ledger accounting and reporting procedures. Such accounting firms will be familiar with the general ledger software utilized by K-State Olathe.

B. K-State Olathe will enhance internal controls and further segregate duties by utilizing the services of retained outside accounting firms to perform reconciliations and similar accounting review procedures.

.030. Compliance with Johnson County Education Research Triangle Authority Act; Implementation of Fund-Accounting System

.1 Pursuant to K.S.A. 19-5005, all JCERTA revenues distributed to K-State Olathe are restricted as follows:

All such funds shall be spent for building construction, academic and research program development and growth, faculty and staff recruitment and retention, and operations and maintenance in support of the research and education programs in animal health and food safety and security at the Johnson County location of Kansas State University.

.2 In order to assure that JCERTA and other revenues are spent appropriately, K-State Olathe will (a) utilize a fund-accounting system that separates JCERTA revenues from other funds and (b) maintain separate ledgers for JCERTA and other funds.

.3 In addition, expenditures will be made on a particular project only after authorization of the project by senior management. Costs will then be tracked by authorized project.

.4 Disbursements made in error from JCERTA revenues shall be reimbursed from other funds.