

1 AN ACT relating to financial disclosures of postsecondary education institutions.

2 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 164 IS CREATED TO
4 READ AS FOLLOWS:

5 *(1) (a) No later than June 30 of each year, the president or chief executive officer*
6 *of each state institution or independent institution that is licensed or*
7 *overseen by the Council on Postsecondary Education, and the chair of the*
8 *governing board of each institution, shall jointly execute a signed, sworn*
9 *statement attesting to whether the institution:*

10 *1. Was in sound financial standing with a stable financial base to*
11 *support the mission of the institution and the scope of its programs*
12 *and services during the previous fiscal year;*

13 *2. Underwent an institutional audit for the most recent fiscal year*
14 *prepared by an independent certified public accountant or appropriate*
15 *government auditing agency employing the appropriate audit guide*
16 *during the previous fiscal year; and*

17 *3. Has an annual budget for the upcoming fiscal year that is preceded by*
18 *sound planning, subject to sound fiscal procedures, and approved by*
19 *the president of the institution and the chair of the governing board.*

20 *(b) In executing the statement required by paragraph (a) of this subsection, a*
21 *president or chief executive officer and chair of the governing board of an*
22 *institution may reasonably rely upon the representations of an employee of*
23 *the institution that is responsible for the financial management and*
24 *accounting of the institution, including the treasurer or chief financial*
25 *officer of the institution, and external financial service providers.*

26 *(2) Each institution shall provide the sworn statement required by subsection (1) of*
27 *this section to the president of the Council on Postsecondary Education, the*

1 chairs of the Budget Review Subcommittee on Education of the Interim Joint
2 Committee on Appropriations and Revenue, and the co-chairs of the Interim
3 Joint Committee on Appropriations and Revenue.
4 (3) If an institution fails to provide a statement as required by subsection (2) of this
5 section, the Council on Postsecondary Education shall have the authority to
6 conduct an investigation and request any financial documentation necessary to
7 inform a report on the financial data required by subsection (1) of this section.
8 The council shall report its findings to the chairs of the Budget Review
9 Subcommittee on Education of the Interim Joint Committee on Appropriations
10 and Revenue and the co-chairs of the Interim Joint Committee on Appropriations
11 and Revenue.