

## CHAPTER 2: DISBURSEMENTS

### Policy 2-1 PROPRIETY OF EXPENDITURES

All expenditures by the University shall be made for official business purposes only and shall be reasonable and necessary under the circumstances. Expenditures shall at all times be limited to the amount of funds that have been budgeted or allocated for such purposes.

The tests of propriety are used to evaluate whether or not an expenditure is an appropriate use of University funds, regardless of the source. An expenditure of University funds will be considered proper only if it meets all of the tests of propriety. The list below contains questions designed to test the propriety of expenses by forming an evaluation framework.

Is this transaction:

- i. For *Official University Business*?
- ii. In the best interest of the University?
- iii. The most effective way to accomplish *Official University Business*?
- iv. Without the expense, would programmatic objectives be difficult or otherwise more costly to achieve or would the impact, level, or quality of the achievement be reduced?
- v. In compliance with applicable policies, laws, regulations and rules; and contracts, grants, and donor restrictions including having the required approvals and authorizations by the appropriate individuals?
- vi. Within the available resources of the responsible unit, taking into consideration all outstanding commitments and encumbrances?
- vii. Directly beneficial to the responsible unit where it is being charged?
- viii. Reasonable? – (The quantity and quality of goods or services being purchased are sufficient to meet the University’s identified need without exceeding it); and
- ix. In compliance with University conflict of interest provisions? – (Does an *Employee* derive private gain, or appear to derive private gain, as a result of the transaction? If yes, then the transaction violates the conflict of interest provisions in the [faculty handbook](#) or the University [Conflict of Interest policy](#).)

If any of the above questions receives a “no” response then the transaction is not appropriate for University funds. Evaluating the propriety of University expenses requires exercising a high degree of judgment and discernment.

The mere appearance of impropriety with a sensitive purchase may be just as serious and damaging as the existence of actual impropriety. Reports of impropriety based on appearances can undermine the public trust in our institution and its commitment to its educational mission. Accordingly, apparent impropriety should be evaluated with the same vigor as actual impropriety.

Fiscal Authority is the ultimate responsibility of the President, who may delegate that authority to the Vice Presidents. Vice Presidents may further delegate this responsibility to department heads, division directors, center and institute directors, for funds that they manage. All fund managers and those authorized to make expenditures are charged with management of funds in compliance with this policy and all expenditures are expected to be consistent with the operational needs of their respective units. Individual sensitive expenditures or a group of sensitive expenditures for a single event exceeding \$4,000 must be approved by the appropriate Vice President or Provost. [Appendix D](#) includes examples of appropriate and inappropriate expenditures under this Policy.

## **Policy 2-2 COMMITMENT VOUCHERS**

1. Use of *Commitment Vouchers*
2. Dollar Limits and Requirements
3. University Purchase Orders
4. University Contracts
5. *After-the-Fact Purchases*
6. *Advance Payments*
7. Emergencies
8. Vendor Agreements
9. Purchase Order Terms and Conditions

### **2.2.1 Use of Commitment Vouchers**

The University shall not disburse funds unless a Commitment Voucher or small purchase documentation supports the disbursement. With respect to proposed expenditures, the University shall review the *Commitment Voucher* to ensure the:

- Expenditure is authorized by the appropriate departmental authorities and required approvals have been received;
- Expenditure is reasonable and necessary;
- Prices or rates are fair and reasonable;
- Expenditure amount is within the available unencumbered balance;
- Requirements, respective performance obligations of the parties, and pricing are adequately defined;
- Terms and conditions represent a commercially reasonable allocation of risks between the parties; and
- Voucher complies with applicable statutes, executive orders, University procedures, and policies.

### **2.2.2 Dollar Limits and Requirements**

[See Following Page for Table]

## 2.2.2 Dollar Limits and Requirements

TYPE OF AGREEMENT	DOLLAR LIMIT	REQUIREMENTS
	Total value of the commitment;  Multi-year commitments, the total value is equal to the sum of the commitments for all contract years.	
Goods	\$4,999.99 and less	Small Purchase Documentation, including OneCard/Procurement Card, or any Commitment Voucher
Goods	Above \$4,999.99	PO or University Contract Create Encumbrance
Services	\$4,999.99 and less	Small Purchase Documentation or any Commitment Voucher
Services	Above \$4,999.99, but less than or equal to \$100,000	PO or University Contract Create Encumbrance
Services	Above \$100,000	University Contract Create Encumbrance
<i>Capital Construction / Controlled Maintenance</i>	N/A	See <a href="#">Financial Policy 4-1</a>
Professional Services under C.R.S. §24-30-1401, et seq., including architectural, engineering, land surveying, industrial hygienist, and landscape architect services	Any dollar amount	University Contract  Create Encumbrance
Real Property lease or License of land, buildings, or a portion thereof for term of more than 30 days	Any dollar amount	University Contract  Create Encumbrance

The university allows for approval of financial commitments and transactions in the following manner:

<b>Signature Matrix for Purchase Orders and Contracts</b>	
<b>Title or Role</b>	<b>Maximum Approval Amount</b>
Board of Trustees	Unlimited
President	5,000,000
Executive Vice President	5,000,000
Controller	2,500,000
Director of Procurement, Procurement Manager and Procurement Contract Administrators	100,000
Purchasing Agents	50,000

<b>Financial Expenditure Approval Limits</b>	
<b>Title or Role</b>	<b>Maximum Approval Amount</b>
President	Unlimited
Executive Vice President	Unlimited
Provost & Vice President	5,000,000
Associate/Assistant Vice President	2,500,000
Deans & Directors	1,000,000
Department Heads	500,000
Executive Assistants	100,000
Office & Program Managers	50,000
Administrative Assistants, Faculty, Staff	4,999

**2.2.2.1 Protecting the University's Interests.** In addition to situations described in this Policy, University Contracts shall be used if other *Commitment Vouchers* do not adequately protect the University's interests. Refer questions regarding the proper form of *Commitment Voucher* to the AVP of Administration (Business Operations).

**2.2.2.2 Exempt Disbursements.** A *Commitment Voucher* is not required for the following types of disbursements regardless of the amount of funds disbursed:

- Calculated payments required under a program within the University (e.g., formula distributions, other distributions required by regulatory or statutory formulas);
- Copier rental agreements when the payment is based on cost per copy;
- Conference registrations;
- Insurance purchases;
- Internal services routinely provided by the University (e.g., internal printing or copying services, legal services provided by University Counsel);
- Intra-Department purchases;
- Moving expenses reimbursed to *Employees* (Financial Policy 2-8);
- Payroll and related disbursements (withholding, authorized benefits, etc.);
- Postal and other delivery charges, including messenger fees;
- University program payments to or on behalf of individuals qualified for the program's benefits (e.g., financial aid or tuition assistance);
- Subscriptions for journals, informational publications, or similar materials (electronic or hard copy) which do not include services;
- Utility hook ups and line extensions performed by a utility company;
- Water, gas, electric, and customary local and long-distance telephone services,

- including pagers and cell phones, which are routinely purchased by the University; and
- Other disbursements approved in writing by the Controller.

### 2.2.3 Purchase Orders

**2.2.3.1 Standard Provisions.** All Purchase Orders issued by the University shall include the University's standard Purchase Order Terms and Conditions.

**2.2.3.2 Interagency Purchase Orders.** In situations where the University is issuing a Purchase Order to another Colorado State agency or institution of higher education, the University may change or delete any standard provisions.

**2.2.3.3 Revision of Standard Terms and Conditions.** The University, when issuing a Purchase Order to a Party other than another Colorado State agency or institution of higher education, shall not change or delete the standard Purchase Order provisions unless it obtains prior written approval from the Director of Business Operations, except that:

No changes to the Public Contracts for Services or Public Contracts with Natural Persons provisions may be made without legal review and written approval by the AVP Administration (Business Operations.)

**2.2.3.4 Services involving transfer of confidential information.** All Purchase Orders issued by the University that involve the transfer of or access to confidential electronic information shall comply with applicable University policies related to confidential information and IT security and with applicable laws and regulations related to confidential information.

### 2.2.4 University Contracts

The University shall use a University contract as the *Commitment Voucher* for all purchases or leases of goods and services, as required under Financial Policy 3-1. University contracts shall comply with requirements of Financial Policy 3-1.

### 2.2.5 After-the-Fact Purchases

**2.2.5.1 Payment Prohibition.** The University shall not make payments to a vendor when an *After-the-Fact Purchase* has occurred, unless the Controller has ratified the *After-the-Fact Purchase*.

**2.2.5.2 Personal Liability.** Under C.R.S. §24-30-202(3), any person(s) who knowingly incurs, orders, or approves for an obligation or makes a payment that creates an *After-the-Fact Purchase* may be personally liable for such obligation, unless the Controller ratifies the *After-the-Fact Purchase*.

**2.2.5.3 Internal Controls.** The University shall maintain an adequate system of internal controls to identify *After-the-Fact Purchases*, to prevent or minimize such violations, and to implement the provisions of this section.

**2.2.5.4 Ratification.** The Controller, in their sole discretion, may ratify the expenditure or obligation creating an *After-the-Fact Purchase*, if they find all of the following:

- The prices or rates are fair and reasonable;

- The amount of the expenditure is within the unencumbered balance;
- The University department provides a written explanation for why the *After-the-Fact Purchase* occurred;
- The parties did not act in bad faith or in a fraudulent manner; and
- The violation is not repeated or part of a consistent pattern of *After-the-Fact Purchases*.

## 2.2.6 Advance Payments

**2.2.6.1 General Prohibition.** University contracts and other *Commitment Vouchers* shall not provide for *Advance Payment* for goods supplied and/or services performed or for any other contractual obligation, except as permitted herein.

**2.2.6.2 Waiver Process.** The Controller may waive this requirement upon finding that *Advance Payment* is an established industry standard and/or provides a benefit to the University at least equal to the cost and risk of the *Advance Payment*.

**2.2.6.3 Exceptions - Prior Approval Not Required.** *Advance Payments* for a period of one year or less are permitted without prior approval of the Controller for the following:

- Advertising services and related goods;
- Charter Transportation;
- Construction permits;
- Federal grants awarded by the University to sub-grantees (in compliance with Federal requirements);
- Overnight travel accommodations such as hotels, motels, etc.;
- Information Technology (IT) service agreements (including internet access, systems and database access);
- Insurance premiums;
- Interagency Agreements;
- Licenses, including Licenses for software;
- Maintenance of office equipment or information technology (IT) (software and hardware) and other maintenance agreements;
- Membership dues;
- Personal Property Lease Agreements or rentals;
- Post Office/Safety Deposit Box rentals;
- Professional services provided by expert witnesses hired for litigation purposes, mediators, entertainers, and speakers;
- Real property leases, where the University is a tenant, and perpetual easements, if the entire interest is purchased and all attendant rights are transferred upon payment;
- Sponsored projects;
- Subscriptions for journals, informational publications or similar materials (electronic or hard copy), which do not include services;
- Tuition, registration, and fees charged for trainings, classes, conferences, and seminars;
- Utility hook ups and line extensions performed by a utility company; and
- Water rights purchases or temporary leases.

## 2.2.7 Emergencies

Disbursements for Emergency procurements may be made upon presentation of invoices, receipts, or other statements describing goods or services purchased and the amount to be paid. Goods and services necessary to respond to an Emergency may be procured

immediately, without issuing a Commitment Voucher or obtaining a written waiver from the Director of Business Operations, where all of the following conditions are met:

- i. The nature of the threat requires an immediate response and there is insufficient time to issue a *Commitment Voucher*;
- ii. The procurement is authorized by the Director of Business Operations;
- iii. The procurement is made with such competition as is practicable under the circumstances;
- iv. A *Commitment Voucher* is executed as soon as possible to define future performance obligations, if any, of the vendor and University, as required by these Policies; and

**2.2.8** The department notifies the Director of Business Operations in writing, as soon as possible, of the circumstances, goods and services purchased, and the dollar amount of the commitment. *Vendor Agreements*

**2.2.8.1 Prohibited Use.** A *Vendor Agreement* shall not be used in lieu of a University Purchase Order or contract, where one is required, absent the prior written approval of the Director of Business Operations. A *Vendor Agreement* is not required where a University Purchase Order or contract is not required, except as provided in this Policy.

**2.2.8.2 Permitted Use.** The Controller or the Director of Business Operations may authorize the use of *Vendor Agreements* up to \$4,999.99, if a University Contract or Purchase Order is not required.

**2.2.9 Purchase Order Terms and Conditions See [Appendix B](#).**

## **Policy 2-3 RECEIVING REPORTS**

### **2.3.1 Purchase of Goods**

For the purchase of goods that exceed \$4,999.99, receiving reports, or other sufficient documentation, shall be prepared for the goods received, showing actual quantities, any unsatisfactory condition, and compliance with specifications, prior to processing a voucher for payment.

### **2.3.2 Purchase of Services**

For the purchase of services that exceed \$4,999.99, the Approving Authority shall ensure that the services provided were in accordance with terms and conditions of the commitment voucher prior to approving and submitting the invoice for payment to the Controller's Office.

## **Policy 2-4 PURCHASE DISCOUNTS**

Payments shall be processed in a timely manner and made within the allowable discount period to ensure the University takes advantage of purchase discounts.

## **Policy 2-5 INTEREST PAYMENTS ON DELINQUENT PAYABLES**

The University shall process invoices and other notices of liability as efficiently as possible in order to ensure payment in accordance with contractual or invoice terms, and in the absence of such terms, as soon as possible, or in accordance with statutory provisions. A delinquent

payable may be assessed interest at the applicable statutory rate.

All written contracts and Purchase Orders shall provide for a reasonable time of payment considering the nature of the goods or services provided and review and approval required for payment. If no time for payment has been provided for in writing, interest on the unpaid balance may be calculated beginning with the forty-sixth (46) day after the liability for such payment arises under this Financial Policy. Interest shall be assessed at the applicable statutory rate or as stated in the contract or Purchase Order.

Payment of the interest liability incurred under this Financial Policy shall be processed on a separate voucher. The voucher shall be supported by a written claim, prepared by the University or the vendor, referencing the delinquent payment, the number of days of interest to be paid, and the applicable interest rate. Such claims may be modified by the University to adjust payments to include such items as additional interest due for time required to process interest payments.

## **Policy 2-6 OFFICIAL FUNCTIONS AND TRAINING FUNCTIONS**

Expenditure of funds for *Official Functions* and *Training Functions* shall be limited to reasonable and actual costs. The attendance of University *Employees* at *Official Functions* shall include only those individuals necessary to, or directly related to, the purpose of the function. In order to be paid, expenditures incurred for *Official Functions* must first receive prior approval by the appropriate *Approving Authority*.

## **Policy 2-7 MISCELLANEOUS COMPENSATION AND OTHER BENEFITS (PERQUISITES)**

An *Employee* of the University shall not receive any type of benefit by virtue of their position unless such benefit is provided as part of a University benefits program or under this Procedure. No *Employee* shall have the authority to grant any *Perquisites*, nor shall any *Employee* receive any *Perquisite* except as provided by State statute, State Personnel Rules, general University benefits plans or programs, or under this Procedure. Monetary allowances shall not be given to *Employees* in lieu of benefits, except as provided by statute, provided under a benefits plan of the University, or approved by the Controller. Where University policies and State statutes provide allowances for maintenance and ordinary expenses incurred in the performance of duty, it is the responsibility of the Controller to establish specific expenses that are covered by the allowance so that the same expenses are not also directly reimbursed.

1. Honoraria
2. Events Sponsored by the University
3. Meals
4. Temporary Housing Provided to Visitors and Guests
5. Uniforms and Maintenance of Uniforms
6. Authorized Commuting
7. Memberships
8. Exceptions to Policy

### **2.7.1 Honoraria**

For a faculty *Employee*, the requirements outlined in Section 6 of the [Faculty Handbook](#) shall be followed. A non-faculty *Employee* may earn an honorarium for a speaking engagement that: is outside of the scope of the non-faculty *Employee's* official duties and working hours, is non-recurring, and is commensurate with the nature of the event and the

benefit to the external party making the payment. Honoraria may not be used to pay an *Employee* for services of any type rendered to the University. An honorarium payment made by an external party may be retained by the non-faculty *Employee* unless resources of the University were used in preparing the presentation, event scheduling, etc., or the engagement was during working hours and the non-faculty *Employee* did not take leave for that time. In the latter case, the honorarium should be turned over to the Controller's Office for proper recording. Any travel expenses related to the engagement would then be valid expenses for *Reimbursement* by the University.

### **2.7.2 Events Sponsored by the University**

The University may provide a reasonable discount to *Employees* for events such as sporting events, seminars, instructional *Courses*, cultural events and the like, so long as the discount is fair and equitable among *Employees*.

Generally, such discounts shall be offered on a first-come, first-served basis; except, the University may reserve a specified and reasonable number of admissions to particular events to be distributed on a targeted basis for the purpose of public relations, alumni relations, or for the purpose of *Student* or *Employee* recruitment. The CFO must provide prior approval in writing of all plans for discounted admissions.

### **2.7.3 Meals**

Meals prepared at University dining facilities are primarily for the benefit of the *Students* housed at these facilities; however, meals may be provided to University *Employees* working at these facilities and guests visiting these facilities. When a meal is provided to University *Employees* or guests, the amount charged for the meal shall at least recover the full cost of the meal. If an *Employee*, is required to eat at a University facility for the convenience of the University, the meal may be provided at no cost to the *Employee*; however, if a meal is provided, the value of the meal shall not be reported as taxable income to the *Employee*.

### **2.7.4 Temporary Housing Provided to Visitors and Guests**

Where space is available, temporary housing may be provided to visitors and guests of the University in accordance with applicable University policy, if any. If the visitor or guest is to be charged for the temporary housing, the charge shall be set at an amount that will recover at least all direct and indirect costs, and be reasonable in comparison to the charge for similar housing, if such housing is available.

### **2.7.5 Uniforms and Maintenance of Uniforms**

Uniforms required to be worn by University *Employees* and the necessary maintenance of these uniforms may be provided to the *Employee* by the University at no charge, at a reduced charge, or through a uniform allowance.

### **2.7.6 Authorized Commuting**

University-owned motor vehicles may be used for commuting. The *Employee* must provide to their department head written justification for using a University-owned motor vehicle to commute and obtain prior written authorization from the department head. All approved use of University-owned motor vehicles must be reported to the Controller by the department head that authorized the use. Imputed income may be assessed and reported for the use of a University-owned vehicle in accordance with applicable Internal Revenue Service Code and regulations.

### 2.7.7. Memberships

The University may provide for memberships for *Employees* to professional organizations related to their employment responsibilities. Unless recommended by the appropriate Vice President/Provost and approved by the President, the University shall not provide individual memberships for *Employees* to social clubs, country clubs, or other non-professional societies or clubs.

## Policy 2-8 MOVING and RELOCATION ALLOWANCE

### 2.8.1 Background and Purpose

To specify the conditions under which the University may provide a moving and relocation allowance to a newly hired *Employee* or to an existing *Employee*.

### 2.8.2 Policy

A new *Employee* is eligible for a moving and relocation allowance if the *Employee's* offer letter states that a moving and relocation allowance will be paid and the offer letter contains a specified amount.

An existing *Employee* may receive a moving and relocation allowance if the *Employee's* move is deemed to be for the benefit of the University and is pre-approved by the Provost or the appropriate Vice President.

Any moving and relocation allowance paid pursuant to this policy will be treated as non-PERA eligible taxable wages and compensation paid to the *Employee*. Only Medicare taxes will be withheld at the time of payment. The new *Employee* is responsible for any federal or state income taxes associated with the allowance.

If the *Employee* terminates their employment with the University within 12 months of receiving a moving and relocation allowance, any such allowance received under this policy shall be repaid to the University prior to the *Employee* receiving their final pay.

### 2.8.3 Criteria

The following criteria must be met in order for the new *Employee* to be eligible for a moving and relocation allowance:

#### 2.8.3.1 Distance Test

The University must be at least 50 miles farther from the former home than the old main job location was from the former home. For example, if the *Employee's* former home was 35 miles from the *Employee's* former job location, then the University, not the *Employee's* new home, must be at least 85 miles from the *Employee's* former home.

## Policy 2-9 ALCOHOL PURCHASE

### 2.9.1 Purpose and Application

The purpose of this Policy is to set forth requirements to be followed in the purchase of alcohol for *Official University Business*. Please note that all members of the Mines community shall also adhere to the [Institutional Alcohol Policy](#), and when planning events with alcohol where *Students* will be present shall also adhere to the [Student Alcohol Policy](#)

## [& Procedures.](#)

The alcohol purchase policy applies only to alcohol intended for consumption, whether purchased or donated.

Per Policy 2-1, the purchase of alcohol is permissible at the University depending upon the purpose of the event or activity for which it is being purchased. Alcohol may be purchased for any of the following purposes:

- *Official Functions;*
- *Meetings/conferences/continuing education courses* for which fees are charged; and/or

### *Fundraising Events.*

When alcohol is being purchased for one of these purposes, the purchase shall only be made from *Indexes* used to record discretionary *Gift funds*, consortium funds, or auxiliary funds related to conferences/continuing education courses.

## **2.9.2 Purchase of Alcohol while in Travel Status**

The University shall not reimburse for alcohol that is purchased for personal consumption while *In Travel Status* unless such purchase meets the requirements of 2.9.1 above.

## **2.9.3 Quantity of Alcohol Purchased**

Approved alcohol purchases shall be made in a quantity that accurately reflects and limits the estimated amount to be consumed at the event in order to prevent excessive consumption and minimize an accumulation of alcohol inventory on University premises.

## **2.9.4 Procurement and Accounting**

All alcohol purchases, regardless of cost or quantity, must be made using purchase requisitions only. All alcohol purchased shall be charged to the appropriate *Index* using accounts 5529 – Student Activity, 5559 – Official Function, or 5560 – Conferences, as appropriate.

## **2.9.5 Required Approvals**

Events where alcohol will be served/consumed require approval from the President, Provost, appropriate Vice President or respective Department Head. If the President, Provost, appropriate Vice President or respective Department Head is not available, the Executive Vice President for Administration and Operations shall have the authority to review and approve such requests.

Approval may be indicated by signature on purchase requisition form or via an electronic signature. Note: if purchasing alcohol for an event at which *Students* will be present, the prior approval of the [Dean of Students](#) is also required. See [Student Alcohol Policy](#).

## **2-10 OUT-OF-POCKET REIMBURSEMENTS**

### **2.10.1 Receipt Thresholds**

Receipts are not required for reimbursement of *Out-of-Pocket* expenses of \$75.00 or less that does not include the purchase of alcohol.

### **2.10.2 Timely Submission**

The University shall reimburse *Employees* and *Students* for miscellaneous *Out-of-Pocket* expenses provided the request complies with University Financial Policies. Reimbursement requests for *Out-of-Pocket* expenses, not related to travel, received by the Controller's Office after 60 days of incurring the expense will be included on the *Employee's W-2* as additional income. Reimbursement requests for *Out-of-Pocket* expenses, not related to travel, received by the Controller's Office later than 6 months of incurring the expense may not be reimbursed.

### **2.10.3 Reimbursement for Colorado Sales Tax**

University *Employees* will not be reimbursed for Colorado sales tax paid on *Out-of-Pocket* expenses.