CHAPTER 2: DISBURSEMENTS

Policy 2-1 PROPRIETY OF EXPENDITURES

All expenditures by the School 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 School funds, regardless of the source. An expenditure of School 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 School Business?
ii. In the best interest of the School?
iii. The most effective way to accomplish Official School 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 School’s identified need without exceeding it); and
ix. In compliance with School 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.)

If any of the above questions receives a “no” response then the transaction is not appropriate for School funds. Evaluating the propriety of School 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. School Purchase Orders
4. School 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 School shall not disburse funds unless a Commitment Voucher or small purchase documentation supports the disbursement. With respect to proposed expenditures, the School 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, School procedures, and policies.

2.2.2 Dollar Limits and Requirements

[See Following Page for Table]
### 2.2.2 Dollar Limits and Requirements

<table>
<thead>
<tr>
<th>TYPE OF AGREEMENT</th>
<th>DOLLAR LIMIT</th>
<th>REQUIREMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total value of the commitment; Multi-year commitments, the total value is equal to the sum of the commitments for all contract years.</td>
<td></td>
</tr>
<tr>
<td>Goods</td>
<td>$5,000 and less</td>
<td>Small Purchase Documentation, including OneCard/Procurement Card, or any Commitment Voucher</td>
</tr>
<tr>
<td>Goods</td>
<td>Above $5,000</td>
<td>PO or School Contract Create Encumbrance</td>
</tr>
<tr>
<td>Services</td>
<td>$5,000 and less</td>
<td>Small Purchase Documentation or any Commitment Voucher</td>
</tr>
<tr>
<td>Services</td>
<td>Above $5,000, but less than or equal to $100,000</td>
<td>PO or School Contract Create Encumbrance</td>
</tr>
<tr>
<td>Services</td>
<td>Above $100,000</td>
<td>School Contract Create Encumbrance</td>
</tr>
<tr>
<td>Capital Construction / Controlled Maintenance</td>
<td>N/A</td>
<td>See <a href="#">Financial Policy 4-1</a></td>
</tr>
<tr>
<td>Professional Services under C.R.S. §24-30-1401, et seq., including architectural, engineering, land surveying, industrial hygienist, and landscape architect services</td>
<td>Any dollar amount</td>
<td>School Contract Create Encumbrance</td>
</tr>
<tr>
<td>Real Property lease or License of land, buildings, or a portion thereof for term of more than 30 days</td>
<td>Any dollar amount</td>
<td>School Contract Create Encumbrance</td>
</tr>
</tbody>
</table>
2.2.2.1 Protecting the School’s Interests. School Contracts shall be used in situations in addition to those described in this Policy if other Commitment Vouchers do not adequately protect the School’s interests. Refer questions regarding the proper form of Commitment Voucher to the Director of 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 School (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 School (e.g., internal printing or copying services, legal services provided by School 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;
- School 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 School; 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 School shall include the School’s standard Purchase Order Terms and Conditions.

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

2.2.3.3 Revision of Standard Terms and Conditions. The School, 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 Director of Business Operations.

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

2.2.4 School Contracts

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

2.2.5 After-the-Fact Purchases

2.2.5.1 Payment Prohibition. The School 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 School 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 finds all of the following:

- The prices or rates are fair and reasonable;
- The amount of the expenditure is within the unencumbered balance;
- The School 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. School 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 School 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 School 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 School 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 School, as required by these Policies; and
v. 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.

2.2.8 Vendor Agreements

2.2.8.1 Prohibited Use. A Vendor Agreement shall not be used in lieu of a School 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 School 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 $5,000, if a School 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 $5,000, 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 $5,000, 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 School takes advantage of purchase discounts.

Policy 2-5 INTEREST PAYMENTS ON DELINQUENT PAYABLES

The School 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 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 School 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 School 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 School 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 School shall not receive any type of benefit by virtue of their position unless such benefit is provided as part of a School 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 School 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 School, or approved by the Controller. Where School 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 School
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 6.4 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 School. An honorarium payment made by an external party may be retained by the non-faculty Employee unless resources of the School 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 School.

2.7.2 Events Sponsored by the School

The School 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.
Such discounts shall generally be offered on a first-come, first-served basis, except that the School 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 or 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 School dining facilities are primarily for the benefit of the Students housed at these facilities. However, meals may be provided to School Employees working at these facilities and guests visiting these facilities. When a meal is provided to School Employees or guests, the amount charged for the meal shall be established to at least recover the full cost of the meal. If an Employee, for the convenience of the School, is required to eat at a School facility, the meal may be provided at no cost to the Employee and 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 School in accordance with applicable School policy, if any. If the visitor or guest is to be charged for the temporary housing, the charge shall be set at an amount which will at least recover 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 School Employees and the necessary maintenance of these uniforms may be provided to the Employee by the School at no charge, at a reduced charge, or through a uniform allowance.

2.7.6 Authorized Commuting

School-owned motor vehicles may be used for commuting. The Employee must provide to their department head written justification for using a school-owned motor vehicle to commute and obtain prior written authorization from the department head. All approved use of School-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 School-owned vehicle in accordance with applicable Internal Revenue Service Code and regulations.

2.7.7 Memberships

The School 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 School shall not provide individual memberships for Employees to social clubs, country clubs or other non-professional societies or clubs.
2.8.1 Background and Purpose

To specify the conditions under which the School provides reimbursements to a newly hired Employee for moving expenses incurred in taking a position with the Colorado School of Mines.

2.8.2 Policy

Moving expenses are reasonable costs resulting from the moving of a newly hired Employee, Member of Household, household goods and possessions. The reimbursement for moving expenses, including a pre-move house-hunting trip, will not exceed the amount agreed to in the School's employment offer letter.

Only those expenses that are reasonable for the circumstances of the move will be reimbursed. For example, the cost of traveling from the former home to the new home should be by the shortest, most direct route available by conventional transportation. If during the trip to the new home, the newly hired employee has a stopover, or takes side trips for sightseeing, the additional expenses for the stop over or side trips are not reimbursable as moving expenses.

Appropriate receipts, including but not limited to itemized lodging receipts, rental car receipts, moving company charges, mileage distance, and storage charges for any amounts that exceed $40, shall support all reimbursements made under this policy. Copies of credit card statements are not considered appropriate receipts.

Reimbursements made under this policy will not be treated as taxable income to the Employee, except as specifically identified below.

If the new Employee terminates their employment with Mines within the first year of employment, all moving expenses reimbursed under this policy shall be repaid to the School prior to the Employee receiving their final pay.

This policy does not apply to current School Employees. Moving expenses incurred by current School Employees will only be reimbursed if the move is for the benefit of the School, meets the criteria outlined below and are pre-approved by the President or appropriate Vice President/Provost.

2.8.3 Criteria

The following criteria must be met in order for the Employee's moving expenses to be reimbursed:

2.8.3.1 Distance Test

A newly hired Employee will be reimbursed for expenses as set forth in this policy if Mines is at least 50 miles farther from the former home than the old main job location was from the former home.
2.8.4  Reimbursable Expenses

Reimbursement will be made for the reasonable expenses, as determined by the appropriate Mines’ Approving Authority, for:

2.8.4.1  Pre-move house hunting trips.

One pre-move house-hunting trip, limited to airfare (or mileage if driving a personal car), rental car and associated fuel charges, lodging, parking charges, and meals for the Employee and the Employee’s spouse/partner. Pursuant to IRS regulations, the reimbursement will be included as taxable income and appropriate taxes withheld. Meals for pre-house hunting trips will be reimbursed based on the School’s established per diem rates and are not reimbursed for actual costs of the meals.

2.8.4.2  Travel by car.

If the new Employee uses their personal car to transport their self, members of household, or personal effects to the new home, Mines will reimburse the following:

- The Mines’ standard mileage rate reimbursed for employee travel; and
- Tolls and parking charges.

2.8.4.3  Household goods and personal effects.

The cost of:

- Packing, crating, and transporting household goods and personal effects and those of the members of the household from the former home to the new home. For purposes of moving expenses, the term “personal effects” includes, but is not limited to, movable personal property that the Employee owns and frequently uses.
- Shipping one car and household pets to the new home.
- Moving the household goods and personal effects from a place other than the former home. The reimbursement is limited to the amount it would have cost to move them from the former home.

2.8.4.4  Storage expenses.

The cost of storing and insuring household goods and personal effects within a period of 30 consecutive days after the day the items are moved from the former home and before they are delivered to the new home.

2.8.4.5  Travel expenses.

The cost of transportation and lodging for the newly hired Employee and members of newly hired Employee’s household while traveling form the former home to the new home, this includes expenses for the day of arrival. If an Employee uses their personal car to transport their self, members of household, or personal effects to the new home, Mines will reimburse the following:

- The Mines standard mileage rate reimbursed for employee travel; and
- Tolls and parking charges.
The day of arrival is the day lodging is secure at the new place of residence, even if the lodging is on a temporary basis. This can include any lodging expenses incurred in the area of the former home within one day after the Employee could no longer live in the former home because the furniture had been moved. The members of the household do not have to travel together or at the same time. However, we will reimburse expenses for one trip per person.

2.8.5 Non-Reimbursable Expenses Related to Moving Expenses

The following costs will not be reimburse related to the Employee’s move:

- Any part of the purchase price of a new home;
- Motor Vehicle Licensing/tags;
- Cost of moving furniture purchased on the way to the new home;
- Driver’s license;
- Expenses of selling a home;
- Expenses of entering into or breaking a lease;
- General repairs, general maintenance, insurance, or depreciation for a personal vehicle;
- Home improvements to help sell a former home;
- Loss on sale of a former home;
- Losses from disposing of memberships in clubs;
- Meals;
- Mortgage penalties;
- Real estate taxes;
- Refitting of carpet and draperies;
- Return trips to a former residence;
- Security deposits (including any given up due to the move); or
- Storage charges except those incurred in transit and for foreign moves.

Any other expenses explicitly not identified as reimbursable in this policy will not be subject to reimbursement.

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 School 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 School 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 School 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 School 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, or 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 Finance and Administration 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 that if purchasing alcohol for an event at which students will be present, the prior approval of the [Associate Dean of Students](#) is also required.