

COLORADO STATE UNIVERSITY-PUEBLO PROPRIETY OF EXPENSES GUIDELINES

Purpose

This procedural statement sets forth guidelines as to the propriety of expenses made using University Funds. It governs direct payment to an entity as well as reimbursement to an individual or entity. This procedure applies to all employees, associates, affiliates, and other individuals (including students).

Expenses

A. Processing Expenses

All expenses made using University funds must comply with the Tests of Propriety and other requirements found in University Fiscal procedures.

B. Funding Restrictions on Expenses

If more than one regulation or policy applies to a particular transaction, the more restrictive one must be followed. For example, a sponsor cannot authorize the purchase of first-class airline tickets on a research project because University Fiscal Procedures and related University policies prohibit using University funds to purchase first-class air travel.

C. Approving Expenses

All expenses using University funds must involve at least two different employees: a requestor and an approver.

Approvers may not approve their own transactions (e.g., personal reimbursement, travel expenses, or official functions), nor are approvers permitted to approve transactions that provide personal reimbursement to their supervisors.

The approver must have sufficient knowledge to evaluate the transaction and the authority to challenge or seek further approvals for questionable transactions. For certain expenses, such as routine procurement card purchases, it is reasonable to conduct the approval process after the transaction has been completed. For others, such as a purchase exceeding \$5,000, the approval must be done prior to incurring the expense. Whether the approval process is done before or after the transaction has been completed, it consists of the following four steps:

1. The approver initially considers the Tests of Propriety presented in this procedure to evaluate whether or not the transaction is a proper expense of University funds.

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2. The approver next evaluates the expense for propriety with respect to other applicable policies, laws, regulations, and rules; and contracts, grants, and donor restrictions. The approver also evaluates the expense in terms of campus-specific or organizational unit-specific rules.
3. The approver is expected to challenge any transaction that does not appear to be an appropriate expenditure of University funds.
4. If the approver is uncertain that the propriety of the expense has been substantiated, the approver must refer the matter to the next higher level Fiscal Role for further evaluation and approval.

D. Personal Responsibility

As per University Fiscal Rule 2.4.1, an individual may be held personally liable for a transaction that is made in violation of policies, laws, regulations, and rules and contracts, grants and donor restrictions, regardless of when the approval occurred.

Employees, associates, affiliates and other individuals (including students) responsible for making expenses using University funds have an obligation to stay up-to-date in their knowledge about, and act in compliance with, applicable policies, laws, regulations and rules, and contracts, grants, and donor restrictions, regardless of when the approval occurred.

E. Tests of Propriety

Per University Fiscal Rule 2.1.1 “all expenditures by institution shall be made for 1) official state business only, and shall be 2) reasonable and necessary under the circumstances”.

The Tests of Propriety are used to evaluate the appropriateness of an expenditure. In order for an expenditure to be considered an appropriate use of University funds, the answer to each of the Test questions must be “Yes.” If any of these questions receives a “No” response, then the transaction is not an appropriate use of University funds. Is the transaction:

1. For official university business?
2. In the best interests of the University?
3. The most effective way to accomplish official University business? Meaning that, without the expenses, would programmatic objectives be difficult or otherwise more costly to achieve? Or would the impact, level, or quality of the achievement be reduced?

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4. 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 fiscal role?
5. Within the available resources of the responsibility unit, taking into consideration all outstanding commitments and encumbrances?
6. Directly beneficial to the responsibility unit where it is being charged?
7. Reasonable? Meaning that the quantity and quality of goods or services being purchased is sufficient to meet the University's identified need without exceeding it.
8. In compliance with University conflict of interest provisions?

Meaning that, if an employee derives private gain, or appears to derive private gain, as a result of the transaction, then the transaction violates the conflict of interest policy.

Evaluating the propriety of university expenses requires the exercise of a high degree of judgment and discernment. Therefore, consider the following when deciding whether or not a particular transaction is a proper use of University funds:

- A. "Would a University outsider - such as your dentist, a teacher at the local elementary school, the clerk at your grocery store, or your neighbor - consider the expenditure to be a reasonable and necessary expense of public funds?"
- B. "Would you want others - such as newspaper, radio, television, or other media outlets - knowing and reporting about what you have decided?"

Think about whether an outsider, such as the general public or an auditor, would consider the expenditure a reasonable expense for University business and an appropriate use of university funds.

F. Tests of Propriety and *Immediate Family Members*

Generally, it is the policy of the University not to pay for an employee's *immediate family member(s)* to attend an event, function, or activity. However, there are limited instances, such as external community relations or fundraising functions, where it is deemed necessary for *immediate family member(s)* to attend an event for the purpose of promoting the University. The attendance of *immediate family members* at such events must be limited to those individuals necessary to represent the University.

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Sensitive Purchases

In addition to meeting all Tests of Propriety and other requirements, *sensitive transactions requests* may require additional documentation or approvals for an expenditure when, in the opinion of the Finance and Administration Department, a specific expenditure warrants additional support. Examples of such purchases are outlined below.

A. Cash Type Gifts:

Gifts of cash, including gift cards and gift certificates, to employees **are not allowed** regardless of the funding source. In addition, the Foundation cannot be used to circumvent the use of cash, gift cards, or gift certificates.

B. De Minimis Type Gifts:

- a. Gifts other than cash, gift cards, or gift certificates are allowed when such gifts have a business purpose and are approved in advance by the President or Vice President, and are within IRS guidelines. The gift must be valued at \$100 or less, unless a larger amount is approved by the President or Vice President. For any gift greater than \$100 in value, the department must report the following information to the payroll office for tax purposes: recipient name, social security number, address, and purpose and value of the gift.
- b. Clothing for employees of nominal value (<\$25) can be purchased with **appropriate funds** to promote the University and/or department; however, it is limited to one item per employee per year, except for uniforms required to be worn by certain employees. Coaches and athletic staff using University Funds are limited to only what is necessary as to avoid the conflict of interest provision (personal gain).
- c. Marketing and promotional items bearing Colorado State University-Pueblo name or logo are not considered gifts as long as they are not excessive in nature. Examples of marketing or promotional items are a mug or notebook with a Colorado State University-Pueblo department name provided to a Colorado State University-Pueblo employee or representative.
- d. Tickets provided to a representative of Colorado State University-Pueblo for sporting events, fine arts events, recognition banquets, etc. are not

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considered gifts when attendance at the event is to promote the university in the representative's official capacity.

C. Flowers, Fruit Baskets, and Greeting Cards:

1. These types of purchases can be made with discretionary funds that have been budgeted and approved by the President, Vice Presidents, or Deans, for purposes of good will and public relations.
 - a. For decorative purposes associated with an official function.
 - b. For community relations (external) support/indications of goodwill or esteem, restricted to individuals or organizations that have, or may have, connections to the system or campus instructional, educational, research, or public service missions.
 - c. For expressing condolences upon death of current student.
 - d. For all major life events for the employee or immediate family member of the employee (Note: includes events such as a birth, death, and significant illnesses).

2. These types of purchases **cannot** be made regardless of the funding source.
 - a. Birthdays and minor illnesses–e.g., colds and flu–are not covered.)
 - b. Expressing holiday, get-well, or congratulation wishes

D. Tipping:

The industry standard of up to 20% for tipping is used by the University.

Authority

CRS §24-30-202(13) (B) exemption for higher education from state fiscal rules