

**COLORADO MESA UNIVERSITY****FISCAL RULES****I. INTRODUCTION**

Colorado State Senate Bill 10-003 enacted by the General Assembly and signed by the Governor and effective June 9, 2010, amends C.R.S. 24-30-202. As amended, C.R.S. 24-30-202(13)(b) allows a governing board of an institution of higher education that has adopted fiscal rules and has determined that such fiscal rules provide adequate safeguards for the proper expenditure of the monies of the institution to elect to exempt the institution from the fiscal rules promulgated by the Colorado State Controller pursuant to C.R.S. 24-30-202. An institution that is exempt from the state fiscal rules is also not required to comply with the provisions of subsections (1), (5)(b), (20.1), (22), or (26) of C.R.S. 24-30-202.

**II. SCOPE OF COMPLIANCE**

These Rules are applicable to all University employees and officials and to any representative of the University authorized to conduct official University Business. These Rules govern any transaction of any kind and in any medium that involves the commitment or expenditure of University monies or resources. These Rules are intended to be implemented in concert with applicable state and federal laws and regulations and all applicable University policies. The Vice President for Finance and Administration has final authority to interpret these Rules.

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## **CHAPTER 1: ACCOUNTING**

### **FISCAL RULE NUMBER**

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### **RULE 1-1: ACCOUNTING PRINCIPLES AND STANDARDS**

The accounting principles of Colorado Mesa University (“University”) shall be based on generally accepted accounting principles (GAAP) as adopted by the Governmental Accounting Standards Board (GASB) and applicable laws and regulations. When a conflict between statutory provisions and GAAP exists, GAAP takes precedence in financial reporting purposes. When it is necessary to report compliance of financial transactions with statutory requirements, supplemental schedules may be used. Preparation of separate statutory based reports may also be necessary.

The Chief Executive Officer of the University and the University Controller shall annually certify to the State Controller as to the adequacy of its systems of internal accounting and administrative controls. The certification form, content and due date shall be determined by the State Controller.

### **RULE 1-2: INTERFACE WITH THE STATE FINANCIAL SYSTEM**

The University shall continue to transmit summary financial information to the state financial system. The University shall maintain an electronic interface with the state financial system that has been approved by the State Controller.

The University is authorized by the State Controller as the custodian of the University’s portion of the financial database on the State financial system. The University shall not grant any person access to financial data contained on the State financial system for general perusal, other than University employees or representatives for University business purposes. Specific request for query access to the University’s financial system shall be in accordance with the Colorado Open Records Act.

### **RULE 1-3: DELEGATED AUTHORITY**

As used herein, the Chief Executive Officer (the University President), the Chief Financial Officer (the Vice President for Finance and Administration), the Chief Procurement Officer (the Assistant Vice President for Auxiliary Services), and the University Controller are responsible

for the fiscal management of the University. These Rules may only be waived upon approval of the University Chief Financial Officer under these Rules. Substantive changes to these Rules require Board of Trustee approval.

#### **RULE 1-4: FINANCIAL TRANSACTIONS AND INTERNAL CONTROLS**

The University shall implement internal accounting and administrative controls that reasonably ensure that financial transactions are accurate, reliable, and conform to these Rules prior to recording transactions on the University financial system and prior to making payment. The factors of risk, cost, and business requirements shall be considered when establishing these internal controls.

#### **RULE 1-5: REPORTING OF FRAUD, THEFT OR EMBEZZLEMENT**

The University is responsible for the design and implementation of programs and controls to prevent, deter and detect fraud. Any suspected fraudulent misstatements of the Financial Statements shall be reported to the University Controller. Any suspected theft or embezzlement of University funds or assets shall be immediately reported to the University Controller. Also, the results of any investigation or follow-up including corrective measures implemented to prevent or reduce the likelihood of future occurrences must be reported in writing to the University Controller in a timely manner.

#### **RULE 1-6: ACCOUNTABILITY AND CAPITALIZATION OF EQUIPMENT**

The University is responsible for ensuring that all equipment acquired by the University is properly accounted for when acquired, inventoried and safeguarded throughout its useful life, and properly accounted for at the time of disposal. Items with a useful life of greater than one year purchased by the University shall be either capitalized or expensed in the fiscal year in which it was acquired, based on applicable capitalization thresholds.

## CHAPTER 2: DISBURSEMENTS

### FISCAL RULE NUMBER

- 2-1 Propriety of Expenditures
- 2-2 Commitment Vouchers
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- 2-7 Official Training and Functions
- 2-8 Miscellaneous Compensation and Other Benefits (Perquisites)
- 2-9 Moving and Relocation

### RULE 2-1: PROPRIETY OF EXPENDITURES

All expenditures by the University shall meet the following standards of propriety

- A. Expenditures are for official University Business purposes only.
- B. Expenditures are reasonable and necessary under the circumstances.

### RULE 2-2: COMMITMENT VOUCHERS

#### IV. DEFINITIONS

- A. **Advance Payment** – A payment made for goods or services prior to the receipt thereof.
- B. **Chief Procurement Officer** – The Assistant VP for Auxiliary Services
- C. **Commitment Voucher** – The elements of a Commitment Voucher include
  1. A description of the goods or services being purchased or other reasons for the disbursement of funds;
  2. The amount to be paid;
  3. That the obligation of the University is being charged to the appropriate account; and
  4. That the procurement requirements have been satisfied.

**Inclusions:** Commitment Vouchers include any approved form of Purchase Order, University contract, travel authorization, advice of employment, grant contract, license agreement, and other written authorizations which satisfy the elements required in Fiscal Rule 2-1.

**Exclusions:** Procurement cards are not Commitment Vouchers. Procurement cards are a method of payments, not a method of procurement. Purchases made with a procurement card also require the use of an appropriate Commitment Voucher or Small Purchase Documentation.

- D. **Emergency** – An unexpected event creating an immediate threat to public health, welfare, or safety, the functioning of the University or the preservation or protection of property, which requires an immediate response.
- E. **Encumbrance** – An amount reserved on the University financial system that reflects a formal University obligation.
- F. **Purchase Order** – A document, in a form prescribed by the Purchasing Department, prepared and approved by an authorized employee of the University for the purpose of encumbering funds securing goods or services from a vendor.
- G. **Reviewing Attorney** – An assistant attorney general, special assistant attorney general or other attorney authorized by the State Attorney General who has received written delegation as a Reviewing Attorney from the State Attorney General or delegee.
- H. **Small Purchase Documentation** – Small Purchase Documentation is required for purchases up to \$5,000 (with Fiscal Rules Exception). Documentation shall include:
  - 1. A description of the goods or services being purchased or other reasons for the disbursement of funds;
  - 2. The amount to be paid;
  - 3. That the obligation of the University is being charged to the appropriate account; and
  - 4. The procurement requirements have been satisfied.

**Inclusions:** Small Purchase Documentation includes, without limitation, an invoice, billing, receipt, court order or any other document appropriate to the transaction and approved by the University Controller.

**Exclusions:** Small Purchase Documentation is not required for purchases that do not require a receipt under the University’s travel rules.

## V. USE OF COMMITMENT VOUCHERS

The University shall not disburse funds unless the disbursement is supported by a Commitment Voucher or Small Purchase Documentation. With respect to proposed expenditures, the University shall ensure that the Commitment Voucher

- A. Expenditure is authorized by the appropriate departmental authorities and required approvals have been received;
- B. Expenditure is reasonable and necessary;
- C. Prices or rates are fair and reasonable;
- D. Expenditure amount is within the available unencumbered balance;

- E. Adequately defines the requirements, respective performance obligations of the parties and pricing;
- F. Terms and conditions represent a commercially reasonable allocation of risks between the parties;
- G. Complies with applicable statutes, executive orders and University procedures and policies.

## VI. DOLLAR LIMITS AND REQUIREMENTS

TYPE OF AGREEMENT	DOLLAR LIMIT: Total value of the commitment; for multiple-year commitments, the total value is equal to the sum of the commitments for all contract years.	REQUIREMENTS
Goods	\$5,000 and less*	Small Purchase Documentation or any Commitment Voucher
	Above \$5,000*	PO or University contract Create Encumbrance
Services	\$5,000 and less*	Small Purchase Documentation or any Commitment Voucher
	Above \$5,000, but less than or equal to \$100,000	PO or University contract Create Encumbrance
	Above \$100,000	University contract Create Encumbrance
Capital Construction / Controlled Maintenance	N/A	See Fiscal Rule 4-1 (Capital Construction Administration) and Fiscal Procedures Manual
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 President, Vice President for Finance and Administration and the University Controller are authorized to ratify payments above these thresholds if determined to be in the University's best interest

- A. **Protecting the University's Interests.** University contracts shall be used in situations in addition to those described in this Rule if other Commitment Vouchers do not adequately

protect the University's interests. Refer questions regarding the proper form of Commitment Voucher to the Chief Procurement Officer.

- B. Exempt Disbursements.** A Commitment Voucher is not required for the following types of disbursements regardless of the amount of funds disbursed
1. Calculated payments required under a program within the University (e.g., formula distributions, other distributions required by regulatory or statutory formulas);
  2. Copier rental agreements when the payment is based on cost per copy;
  3. Conference registrations;
  4. Financial aid or tuition assistance programs;
  5. Insurance purchases;
  6. Internal services routinely provided by the University (e.g., internal printing or copying services);
  7. Intra-University purchases;
  8. Moving expenses reimbursed to new University employees in accordance with approved University policy;
  9. Payroll and related disbursements (withholding, authorized benefits, etc.);
  10. Postal and other delivery charges, including messenger fees;
  11. University program payments to or on behalf of individuals qualified for the program's benefits (e.g., scholarships);
  12. Subscriptions for journals, informational publications or similar materials (electronic or hard copy), which do not include services;
  13. Utility hook ups and line extensions performed by a utility company;
  14. Water, gas, electric, and customary local and long-distance telephone services, including pagers and cell phones, which are routinely purchased by the University; and
  15. Other disbursements approved in writing by the University Controller.

## **VII. UNIVERSITY PURCHASE ORDERS**

- A. Standard Provisions.** All Purchase Orders issued by the University shall include the University's standard Purchase Order Terms and Conditions, which may be found in Appendix I of this document.
- B. Interagency Purchase Orders.** In situations where the University is issuing a Purchase Order to another agency or institution of higher education, the University may change or delete any standard provision.
- C. Revision of Standard Terms and Conditions.** The University, when issuing a Purchase Order to a party other than another agency or institution of higher education, shall not change or delete the standard Purchase Order provisions unless it obtains prior written approval of the Chief Procurement Officer or University Controller, except that
1. No changes to the provisions governing changes, vendor offset, assignment and successor, independent contractor, and funds availability may be made without the prior approval of the Chief Procurement Officer or University Controller; and

2. No changes to the choice of law, public contracts for services, or public contracts with natural persons provisions may be made without legal review and written approval by the Chief Procurement Officer or the University Controller.

**D. 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.

## **VIII. 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 Fiscal Rule 3-1, shall comply with requirements of Fiscal Rule 3 and this Rule.

## **IX. AFTER-THE-FACT PURCHASES**

An After-the-Fact Purchase occurs when liabilities are incurred or payments are made on the University's behalf without prior approval of a University Purchase Order or contract when a Purchase Order or contract is required.

- A. Payment Prohibition.** The University shall not make payments to a vendor when an After-the-Fact Purchase has occurred, unless the violation has been ratified by the University Controller.
- B. Personal Liability.** Under C.R.S. 24-30-202(3) any person who incurs, orders or votes for an obligation or makes a payment which creates an After-the-Fact Purchase may be personally liable for such obligation, unless the After-the-Fact Purchase is ratified by the University Controller.
- C. 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.
- D. Ratification.** The University Controller, in his or her sole discretion, may ratify the expenditure or obligation creating an After-the-Fact Purchase, if he or she finds all of the following
  1. The prices or rates are fair and reasonable;
  2. The amount of the expenditure is within the unencumbered balance;
  3. The University department provides a written explanation;
  4. The parties did not act in bad faith or in a fraudulent manner; and
  5. The violation is not repeated or part of a consistent pattern of After-the-Fact Purchases.

## **X. ADVANCE PAYMENTS**

An Advance Payment is a payment made for goods or services prior to the receipt thereof.

- A. **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.
- B. **Waiver Process.** The University 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.
- C. **Exceptions – Prior Approval Not Required.** Advance Payments for a period of less than one year are permitted without prior approval of the University Controller for the following
  - 1. Advertising services and related goods;
  - 2. Charter transportation;
  - 3. Construction permits;
  - 4. Federal grants awarded by the University to sub-grantees (in compliance with federal requirements);
  - 5. Overnight travel accommodations such as hotels, motels, etc.;
  - 6. Information technology (IT) service agreements (including internet access, systems and database access),
  - 7. Insurance premiums;
  - 8. Interagency agreements;
  - 9. Licenses, including licenses for software;
  - 10. Maintenance of office equipment or information technology (IT) (software and hardware), and other maintenance agreements;
  - 11. Membership dues;
  - 12. Personal Property Lease Agreements or rentals;
  - 13. Post office box rentals;
  - 14. Professional services provided by expert witnesses hired for litigation purposes, mediators, entertainers and speakers;
  - 15. 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;
  - 16. Sponsored projects;
  - 17. Subscriptions for journals, informational publications or similar materials (electronic or hard copy), which do not include services;
  - 18. Tuition, registration, and fees charged for trainings, classes, conferences, and seminars;
  - 19. Utility hook ups and line extensions performed by a utility company; and
  - 20. Water rights purchases or temporary leases.
- D. **Exceptions for Advance Payments.** Advance Payments not covered in Fiscal Rule 2-2 or any Advance Payment for a period of one or more years, if the University Controller determines, and documents in the contract file, that the Advance Payment provides a benefit to the University at least equal to the cost and risk of the payment.

## **XI. 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 Chief Procurement Officer, where all of the following conditions are met

- A. The nature of the threat requires an immediate response and there is insufficient time to issue a Commitment Voucher;
- B. The procurement is authorized by the Chief Procurement Officer;
- C. The procurement is made with such competition as is practicable under the circumstances;
- D. 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 Rules;
- E. The department notifies the Chief Procurement Officer in writing, as soon as possible, of the circumstances, goods and services purchased, and the dollar amount of the commitment.

## **XII. VENDOR AGREEMENTS**

A Vendor Agreement is any form of agreement provided by a vendor, including an on-line agreement, containing contractual provisions relating to the goods and/or services to be provided by such vendor.

- A. **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 Chief Procurement Officer. A Vendor Agreement is not required where a University Purchase Order or contract is not required, except as provided in this Rule.
- B. **Permitted Use.** The University Controller or the Chief Procurement Officer may authorize the use of Vendor Agreements up to \$5,000, if a University contract or Purchase Order is not required.

## **XIII. PURCHASE ORDER TERMS AND CONDITIONS. See Appendix I.**

### **RULE 2-3: RECEIVING REPORTS**

Receiving reports, or other sufficient documentation, shall be prepared for all goods and services received, showing actual quantities, any unsatisfactory condition, and compliance with specifications, prior to processing a voucher for payment.

## **I. EXCEPTIONS TO RULE**

- A. A receiving report need not be prepared for personal service expenditures.
- B. When an adequate system of internal accounting and administrative controls exists to provide sufficient verification that goods or services were received, the University may not require a certified receiving report.

## **RULE 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.

## **RULE 2-5: INTEREST PAYMENT 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 shall 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 shall be calculated beginning with the forty-sixth day after the liability for such payment arises under this Rule. Interest shall be assessed at the applicable statutory rate or as stated in the contract or Purchase Order and, if higher, approved by the University Controller.

Payment of the interest liability incurred under this fiscal Procedure shall be processed on a separate voucher. The voucher shall be supported by a written claim, prepared by Colorado Mesa 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

## **RULE 2-6: INTERAGENCY PURCHASES AND PAYMENTS**

The University shall make payment for purchases of goods and services from another state agency or institution of higher education within 30 days after receipt of a valid invoice.

### **I. DISPUTES ARISING FROM INTERAGENCY PURCHASES**

If a dispute arises as a result of an interagency purchase, the following steps will be used to resolve the dispute

- A. The University, if disputing the charge shall notify the state agency or institution of higher education providing the goods or services and attempt to resolve the dispute. If necessary, the chief executive officers, or designated authorities of these agencies involved shall assist in the resolution.
- B. If the University and the state agencies or institutions of higher education involved cannot reach a satisfactory resolution, the University, if disputing the charge may, within 30 days of the date of the last meeting held to resolve the dispute, petition the State Controller to resolve the dispute.
- C. If the State Controller is petitioned to resolve the dispute, the decision of the State Controller will be rendered within a reasonable time and be final and binding on all parties concerned.

### **RULE 2-7: OFFICIAL FUNCTIONS AND TRAINING FUNCTIONS**

Official functions and training functions shall be held to achieve program objectives and shall be limited to reasonable and actual costs. The attendance of University employees at official functions shall be kept to a minimum and shall include only those individuals directly related to the purpose of the function. Expenditures shall be kept to a minimum as they have the potential of being perceived to be for personal benefit and an abuse of public funds. Expenditures incurred for official functions shall be approved in advance by the President, appropriate Vice-President or by the University Controller.

### **RULE 2-8: 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 under this Rule. An employee shall not have the authority to grant any perquisites, nor shall any employee receive any perquisite except as provided by state statute or under this Rule. Monetary allowances shall not be given to employees in lieu of benefits, except as provided by statute or approved by the University 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 University Controller to establish specific expenses that are covered by the allowance so that the same expenses are not also directly reimbursed.

## **II. MISCELLANEOUS COMPENSATION AND OTHER BENEFITS (PERQUISITES)**

### **A. Honoraria**

University officials and employees may be asked to address an audience for which they receive an honorarium. If such speaking engagements occur outside normal working hours, or their normal work load, or while on annual leave, and there is no cost to the

University for travel expenses, the official or employee may retain the honorarium. However, if the engagement occurs during normal working hours, or within their normal workload, as any other duty, the honorarium is to be turned over to the University. Any travel expenses related to the engagement would then be valid expenses for reimbursement by the University.

**B. Events Sponsored by the University**

A reasonable discount may be offered by the University to officials and employees to improve attendance or participation in University-sponsored events. Examples include discounts on admission to athletic games and cultural, educational, recreational, or other events.

Such discounts shall generally be offered on a first-come, first-served basis, except that 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 or alumni relations, or for the purpose of student or employee recruitment. The Chief Executive Officer of the University shall approve in writing all plans for discounted admissions.

**C. 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 and other official functions. Only the President or the Vice President for Finance and Administration can approve discounted meal costs in excess of 10% for related business purposes.

**D. Instructional Courses and Job-Related Training**

Job related and career enhancement courses may be provided in accordance with applicable University policies or as authorized by a relevant department head to University employees at no cost or at a reduced cost as authorized by the University.

**E. University-Owned Housing Provided to University Employees**

The University may provide housing for a University employee where University-owned facilities are available and it is in the best interest of the University. The rent charged shall be based on the economic rent determined by the University and shall take into consideration any limitations placed on the employee as a condition of employment, location of the employee's work place, and other factors deemed appropriate by the University.

An economic rent study shall be conducted prior to the house or dwelling being offered for rent to a University employee. A new economic rent study shall be conducted on or before July 1, every three years thereafter. The rent charged shall be reviewed and if necessary, adjusted on an annual basis. The rent charged for each house or dwelling shall be approved in writing on July 1 of each year by the Chief Executive Officer.

The University shall execute a rental agreement with the University employee and make payroll deductions for the rent. If the rented unit does not have separate utility meters, the

University shall also make payroll deductions for the estimated utility costs. The University shall maintain adequate documentation to support the rent and utility costs assessed for each house or dwelling.

**F. 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. The charge for such accommodations 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.

**G. Uniforms and Maintenance of Uniforms**

If uniforms are required to be worn by University employees, the necessary maintenance of these uniforms may be provided to the employee by the University at no charge, or at a reduced charge, or through a uniform allowance.

**H. Bookstore Discounts**

Reasonable discounts may be authorized by the University for faculty members and employees for purchases at its bookstores. Discounts shall be based on prudent economic calculations relating to profit and loss.

**I. Authorized Commuting**

University-owned motor vehicles may be used for taxable commuting in accordance with applicable University policies. 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.

**III. EXCEPTIONS TO RULE**

- A. Any housing or housing allowance established pursuant to an employment contract approved by the Board of Trustees shall not be governed by this Rule.
- B. Self-liquidating facilities such as student housing or facilities used as temporary housing at remote work place stations are exempted from this Rule.
- C. Any voluntary separation incentive plans established for University employees shall be governed by applicable State statute.

**RULE 2-9: MOVING AND RELOCATION**

Moving and relocation expenses for employees exempt from the State Personnel System are allowable in accordance with applicable University policies. Moving and relocation expenses for employees in the State Personnel System are only allowable as expressly provided in the State Personnel Rules.

## CHAPTER 3: CONTRACTS

### FISCAL RULE NUMBER

#### 3-1 University Contracts

### RULE 3-1: UNIVERSITY CONTRACTS

#### I. CATEGORIES

##### A. Expenditure Contracts

1. **Capital Construction Contract** – Capital construction or controlled maintenance projects funded wholly or in-part by the State capital construction fund (see C.R.S. 24-75-302) or any cash resources of the University.
2. **Employee Voluntary Separation Agreement** – Contract between the University and an employee setting forth the terms of the employee’s voluntary separation from the University.
3. **Fund Management Services Agreement** – Professional consulting services regarding the management of University funds.
4. **Goods Contract** – A contract between the University and another party for the purchase of goods.
5. **Information Technology Contract** – A contract between the University and another party, where the other party provides technology services or products and services. An Information Technology Contract is a type of Personal Services Contract.
6. **Investment Advisory Services Agreement** – Professional consulting services regarding securities and investments.
7. **Personal Property Lease/License (University as lessee or licensee)** – An agreement between the University, as lessee, and the owner of personal property, as lessor, where the University pays the lessor for the right to use personal property for the term of the lease. A Personal Property Lease may be an operating lease or a capital lease.
8. **Personal Services Contract** – A contract between the University and another party, where the other party provides personal services for the benefit of the University. An individual or entity performing services under a Personal Services Contract is not a University employee.
9. **Personal Services Exempted from State Personal Services Review Contract** – Personal services that are
  - a. Exempted from the State classified personnel system including State Attorney General subordinate officers and employees; faculty and professional administrative staff at institutions of higher education; and employees of the judicial branch and the offices of the Governor and Lieutenant Governor.
  - b. Non-recurring services lasting six months or less, where the need for such services is not expected to recur on a regular basis. Temporary services that do not meet these criteria are subject or personal services review.
10. **Professional Services Contracts** – A contract between the University and another party for any of the following services: architectural, engineering, land surveying, industrial hygienist, and landscape architect.

11. **Real Property Leases/ Licenses, (University as tenant or licensee)** – An agreement between the University and another party, where the University obtains, as tenant, the right of possession of such property for the lease term.
12. **Real Property Purchase Agreements (University as buyer)** – An agreement for the purchase of an interest in land (fee title or lesser interests) and improvements to land, such as buildings and other structures.
13. **Settlement Agreements** – A contract between the University and another party for the purpose of ratifying concerning employment or contractual disputes.

#### B. Revenue Contracts

1. **Franchise Agreement** – An agreement where the University grants to a party a concession or right to provide goods or services in a particular market or geographical area, such as concession stands and food services. The University may regulate quality, service level and price, but users of the services pay the other party directly and the other party provides the goods or services and exercises control over other management decisions.
2. **Real Property Lease/License, (University as landlord)** – An agreement between the University and another party, where the University, as landlord, gives the other party, as tenant, the right of possession of such property for the lease term.
3. **Real Property Purchase Agreement (University as seller)** – An agreement for the sale of an interest in land (fee title or lesser interests) and improvements to land, such as buildings and other structures.

#### C. Other Contract Types

1. **Debt Contract** – A financial obligation reported under the University’s financial statements under standards promulgated by the Governmental Accounts Standards Board. Debt contracts include, without limitation, contracts for revenue bonds, lease purchases, certificates of participation, and other multi-year transactions with outside third party facilitators, issued or otherwise incurred by the University.
2. **Grant Contract** – An agreement between the University and another party where the University
  - a. Receives grant funds from or through the other party to the grant contract. The University may receive grant funds from or through any contract type, including without limitation, Revenue Contracts, Sponsored Program Agreements, Intergovernmental Contracts, and Interagency Agreements, depending on the type of grant.
  - b. Provides funds from state, federal, or other sources to the other party to the Grant Contract. The University may grant funds to the other party from or through any contract type, including without limitation, Personal Services Contracts or Capital Construction Contracts, depending on the nature of the grant.
3. **Interagency Agreement** – An agreement between the University and another state agency or institution of higher education.
4. **Intergovernmental Agreement** – An agreement between the University and a political subdivision of the State, another state, a political subdivision or public institution of higher education in another state, or an agency of the federal government.

5. **Loan Contract** – An agreement between the University and another party, where the University agrees to loan funds to the other party.
6. **No cost/non cash Contract** – An agreement between the University and another party involving the exchange of resources, goods, or services that does not result in the direct or indirect expenditure of funds.
7. **Price Agreement** – A contract between the Colorado Department of Personnel and a vendor, which allows the University to order goods or services from the vendor, pursuant to the terms of the price agreement.
8. **Sponsored Project Agreement** – An agreement between the University and another party, where the University receives or expends restricted funds for use in connection with oversight responsibilities for research and development or other specified programmatic activities sponsored by federal, state, or local governments, or private agencies and organizations.

## II. RULE

A University contract that meets the form, content and approval requirements described in this Chapter shall constitute a Commitment Voucher for purposes of University Fiscal Rule 2-2.

## III. CONTENT OF UNIVERSITY CONTRACTS

Expenditure Contracts, Debt Contracts and Price Agreements: The form and content requirements of this section shall apply to all Expenditure Contracts, Debt Contracts and Price Agreements except as limited or excluded herein. This section shall not apply to Real Property Leases, Settlement Agreements, Voluntary Separation Agreements, Insurance Coverage Agreements or Health Benefits Agreements.

- A. **General Provisions.** The following general provisions shall be included in all contracts covered by this Rule
  1. Identification of the parties;
  2. Statement of work;
  3. Payment terms, including maximum dollar amount;
  4. Performance period;
  5. General terms and conditions;
  6. Special provisions (see Appendix I to this Rule);
  7. Signature page; and
  8. Statement that the contract shall not be valid until it has been approved by the Chief Financial Officer.
- B. **Real Property Purchases (University as Buyer), Leases (University as Tenant) and Licenses (University as licensee).** University contracts for the purchase lease or license of real property shall contain the following provisions:
  1. An appraisal is required for purchases. For commercial purchases, a phase one environmental is required.

2. If the University is the buyer, tenant or licensee, the contract shall include the following Special Provisions
  - a. University Controller's approval;
  - b. Funds availability; and
  - c. Vendor offset.
3. If the University is the buyer, tenant or licensee, the contract may include the other Special Provisions, at the discretion of the University.
4. If the University is the tenant or licensee, the contract shall include provisions specifying cancellation rights, if the real property leased or licensed is destroyed by fire and/or becomes subject to eminent domain.

**C. Capital Construction Contracts.** See Fiscal Rule 4-1.

**D. Content for other Contract Types**

**1. Interagency Agreements.** All Interagency Agreements require approval of the University Controller. Each Interagency Agreement shall include, at a minimum, the following elements

- a. Identification of the parties;
- b. Statement of work;
- c. Statement of consideration (if applicable);
- d. Payment and other performance terms; and
- e. Definition of breach and remedies.

**2. Intergovernmental Agreements**

- a. **Special Provisions.** The University, when contracting with governmental entities outside of the University, shall not agree to modify the Special Provision requiring the governance of Colorado law, but, if requested, may agree to strike the Choice of Law Special Provision, resulting in contractual silence as to governing law. **Federal Government Contracts.** All Intergovernmental Agreements with any Agency of the Federal Government shall be reviewed by the Office of the University Controller or a Reviewing Attorney.
- b. **Sponsored Project Agreements.** See applicable University policies governing sponsored projects.

**E. Provisions for All Contract Types**

1. **Indemnification by the University Prohibited.** Unless specifically authorized by the Board, the University shall not indemnify and/or hold harmless another party against any liability incurred as a result of the acts or omissions of the University or its officers, employees or agents. With approval of these Fiscal Rules, the Board delegates authority to the University President to indemnify others there are compelling reasons that benefit the institution. See Constitution of Colorado, Article V, §33 and Article XI, §1.
2. **Limitation of Vendor's Liability – Bodily Injury and Property Damage.** The University shall not limit the vendor's liability for claims or damages, including consequential damages, arising out of bodily injury (including death) and damage to tangible property, if tangible risk is inherent in the nature of the contract.

3. **Limitation of Vendor's Liability – Other Types of Damages.** The University may accept commercially reasonable limitations of liability and/or remedies provisions, or the exclusion of consequential damages, if the benefits are deemed to outweigh the risks and this determination is documented in the contract file. Such action requires approval of the University Controller or such other individuals specified in a delegation letter from the University Controller.

#### **IV. APPROVED UNIVERSITY CONTRACT FORMS**

All University Expenditure Contracts shall be in a form approved by the Chief Procurement Officer. The Chief Procurement Officer has approved the following contract forms and may approve additional forms at his or her sole discretion.

- A. **Capital Construction Contracts** – See Fiscal Rule 4-1. See also approved contract forms available on the website of the Office of the State Architect.
- B. **Model Contracts** – The Chief Procurement Officer, if determined to be beneficial, may consult (not seek approval) with the Reviewing Attorney and may adopt Model Contracts, as appropriate.
- C. **Contract Amendments** – All modifications to a University contract shall be made by a formal written amendment signed by the parties to the contract and approved by the University Controller, unless an alternative modification tool has been approved by the Chief Procurement Officer. A contract cannot be amended or extended (revived) after the contract term has expired.
- D. **Real Property Lease Agreements** – Lease agreements involving real property shall be in a form approved by and set forth on the website of the Office of the State Architect, except for leases exempted by statute.
- E. **Special Provisions** – All University (a) Expenditure Contracts and (b) Grant Contracts where the University is the grantor and provides funds from University, federal government, or other sources to the other party, (c) Intergovernmental Agreements where the University provides funds to another governmental entity, (d) Debt Contracts, (e) Price Agreements, and (f) Capital Construction Contracts shall contain the Special Provisions. No modification shall be made to a Special Provision without the prior written approval of the University Controller, or as authorized by the University Controller, or if deemed necessary, in consultation (solicitation of advice, not approval) with a Reviewing Attorney, except as otherwise expressly provided herein.
- F. **Waived Contracts** – Where the University will enter into multiple contracts containing identical provisions, except for the date, contractor and consideration amount, the University Controller may waive any requirement as to contract format.
- G. **Other contract forms** – Any other contract form which may be approved by the University Controller or Chief Procurement Officer from time-to-time.

## V. UNIVERSITY CONTRACT APPROVALS

The President has final authority for all University contracts. No person may enter a University contract on behalf of the University without delegation from the Chief Executive Officer and any University contract executed without proper delegation shall be deemed null and void unless it is ratified. The University shall obtain all required approvals and signatures and retain documentation thereof in its files for any period specified in the applicable University document retention policy.

No Expenditure Contract is valid unless it has been approved as required by this Rule. Any person who causes a contract to be executed in contravention to this Rule may be personally liable for any obligation incurred thereby. See C.R.S. 24-30-202(3).

Additional approvals are required as follows

- A. **Capital Construction and Controlled Maintenance Contracts** require the approval of the State Architect or delegate, unless otherwise exempted by statute or waived by the State Architect. See C.R.S. 24-30-1303(1)(d).
- B. **Legal Services Contracts** require the approval of the President or delegate and shall be in concert with state statute regarding legal services.
- C. **Contingency-Based Contracts** require the approval of the Vice President for Finance and Administration or delegate.
- D. **Debt Collection Service Contracts** require the approval of the University Controller. See C.R.S. 24-30-202.4.
- E. **Personal Services Contracts** require the approval of the University Human Resources Director as provided by C.R.S. 24-50-501, et seq.
- F. **Utility Cost-Savings Contracts** require the approval of the State Personnel Director or delegate. See C.R.S. 24-30-2003(1)(b).

## VI. UNIVERSITY CONTRACT LEGAL REVIEW

- A. **Mandatory Review.** Unless a pre-approved contract form, legal review shall include, without limitation, scrutiny of contract provisions to ensure that the following requirements are met
  1. Compliance with the United States and Colorado Constitutions, federal and state statutes, state regulations, and applicable University policies and procedures;
  2. Authority of the University representatives;
  3. All essential elements of a legally binding contract;

4. A statement of work or comparable provisions and business or commercial terms, which are sufficiently clear and definite, under the applicable circumstances, to be enforceable;
5. Required signatures.

**B. Discretionary Review.** Legal review also may include

1. Review and analysis of the significant risks and issues of a particular transaction;
2. Inquiry into the availability of specific remedies; and
3. Review of compliance with grant conditions, federal funding requirements, and required assurances, where provided by the University.

## **VII. CHIEF FINANCIAL OFFICER REVIEW AND APPROVAL**

Chief Financial Officer review and approval is required for all Expenditure Contracts, Intergovernmental Agreements and Price Agreements, except as expressly provided in these Rules. The Chief Financial Officer will review other contracts as requested. The Chief Financial Officer may delegate in writing authority to approve University Contracts as required by this section. Any such delegation is personal to the delegate and may not be further delegated.

### **Process for Review, Approval, and Signature**

- A. **Review** The Chief Financial Officer shall review all Expenditure Contracts to determine if the expenditure
  1. Is authorized by the fund to which it will be charged;
  2. Does not exceed the unencumbered balance of the fund;
  3. Complies with all applicable constitutional and statutory provisions, and University policies; and
  4. Is encumbered.
- B. **Prices** or rates are fair and reasonable and in accordance with state law and administrative procedures;
- C. **Form and Content** of the contract are sufficient and appropriate for the parties and subject matter under applicable state and federal laws, and University policies; and
- D. **Risk** of the contract is outweighed by the contract's benefits.
- E. **Approval and Signature** After review, the Chief Financial Officer or delegate shall approve or disapprove the University Expenditure Contract. If approved, the University Controller or designee shall evidence such approval by signing the contract.
- F. **Contracts Not Approved by Vice President for Finance and Administration Not Binding.** An Expenditure Contract is not binding on or enforceable against the University unless and until it is signed by the Vice President for Finance and Administration.

**Null and Void.** Any Expenditure Contract disapproved by the Vice President for Finance and Administration is null and void.

## **VIII. ENCUMBRANCES**

The University shall encumber Expenditure Contracts in accordance with University accounting and financial policies.

## **IX. MONITORING OF STATE CONTRACTS**

The University is exempt from the requirements of C.R.S. 24-102-205 and 24-103.5.

## **X. INDEPENDENT CONTRACTOR RELATIONSHIP**

The University shall take care in maintaining the distinctions between services performed by persons who are employees of the University and services performed by independent contractors, and their employees, agents and representatives, pursuant to a Personal Services Contract. The University's responsibilities and obligations with respect to employee/employer arrangements differ from its responsibilities and obligations with respect to independent contractors. The University may be liable to a party for the actions of its employees, whereas independent contractors and their employees, agents and representatives are liable for their own actions. The University is responsible for social security taxes and benefits for its employees, whereas independent contractors are responsible for social security taxes and benefits of their employees. The University shall follow guidelines issued by the Internal Revenue Service, the Colorado Division of Human Resources, Colorado statutes, and opinions of the State Attorney General in determining whether an individual is an employee or independent contractor.

## **XI. EXCEPTIONS**

**Personal Services Contracts.** This Rule does not apply to University contracts for personal services paid through an authorized University payroll system, which are exempted from the State Personnel System pursuant to C.R.S. 24-50-135.

## **XII. SPECIAL PROVISIONS**

These provisions apply to all contracts except where noted in *italics*.

- A. **VICE PRESIDENT AND UNIVERSITY CONTROLLER APPROVAL.** This contract shall not be valid until it has been approved by the Vice President for Finance and Administration and the University Controller.
- B. **FUND AVAILABILITY.** Financial obligations of the University payable after the current fiscal year are contingent upon funds for that purpose being appropriated, budgeted and otherwise made available.

- C. **GOVERNMENTAL IMMUNITY.** No term or condition of this contract shall be construed or interpreted as a waiver, express or implied, of any of the immunities, rights, benefits, protections or other provisions, of the Colorado Governmental Immunity Act, C.R.S. 24-10-101 et seq., or the Federal Tort Claims Act, 28 U.S.C. §§ 1346(b) and 2671 et seq., as applicable now or hereafter amended.
- D. **INDEPENDENT CONTRACTOR.** Contractor shall perform its duties hereunder as an independent contractor and not as an employee. Neither Contractor nor any agent or employee of Contractor shall be deemed to be an agent or employee of the University. Contractor and its employees and agents are not entitled to unemployment insurance or workers compensation benefits through the University and the University shall not pay for or otherwise provide such coverage for Contractor or any of its agents or employees. Unemployment insurance benefits will be available to Contractor and its employees and agents only if such coverage is made available by Contractor or a third party. Contractor shall pay when due all applicable employment taxes and income taxes and local head taxes incurred pursuant to this contract. Contractor shall not have authorization, express or implied, to bind the University to any agreement, liability or understanding, except as expressly set forth herein. Contractor shall (a) provide and keep in force workers' compensation and unemployment compensation insurance in the amounts required by law, (b) provide proof thereof when requested by the University, and (c) be solely responsible for its acts and those of its employees and agents.
- E. **COMPLIANCE WITH LAW.** Contractor shall strictly comply with all applicable federal and state laws, University policies, procedures, and regulations in effect or hereafter established, including, without limitation, laws applicable to discrimination and unfair employment practices.
- F. **CHOICE OF LAW.** Colorado law, and procedures and regulations issued pursuant thereto, shall be applied in the interpretation, execution, and enforcement of this contract. Any provision included or incorporated herein by reference which conflicts with said laws, procedures, and regulations shall be null and void. Any provision incorporated herein by reference which purports to negate this or any other Special Provision in whole or in part shall not be valid or enforceable or available in any action at law, whether by way of complaint, defense, or otherwise. Any provision rendered null and void by the operation of this provision shall not invalidate the remainder of this contract, to the extent capable of execution.
- G. **BINDING ARBITRATION PROHIBITED.** The University does not agree to binding arbitration by any extra-judicial body or person. Any provision to the contrary in this contract or incorporated herein by reference shall be null and void.
- H. **EMPLOYEE FINANCIAL INTEREST/CONFLICT OF INTEREST.** See C.R.S. 24-18-201 and 24-50-507. The signatories aver that to their knowledge, no employee of the University has any personal or beneficial interest whatsoever in the service or property described in this contract. Contractor has no interest and shall not acquire any interest, direct or indirect, that would conflict in any manner or degree with the performance of

Contractor's services and Contractor shall not employ any person having such known interests.

- I. **VENDOR OFFSET.** *[Not Applicable to Intergovernmental Agreements]* If required by C.R.S. 24-30-202.4 (3.5), the University Controller may withhold payment under the state's vendor offset intercept system for debts owed for: (a) unpaid child support debts or child support arrearages; (b) unpaid balances of tax, accrued interest, or other charges specified in C.R.S. 39-21-101, et seq.; (c) unpaid loans due to the Student Loan Division of the Department of Higher Education; (d) amounts required to be paid to the Unemployment Compensation Fund; and (e) other unpaid debts owing to the state as a result of final agency determination or judicial action.
- J. **PUBLIC CONTRACTS FOR SERVICES.** See C.R.S. 8-17.5-101. *[Not Applicable to agreements relating to the offer, issuance, or sale of securities, investment advisory services or fund management services, Sponsored Projects, Intergovernmental Agreements, or information technology services or products and services]* Contractor certifies, warrants, and agrees that it does not knowingly employ or contract with an illegal alien who will perform work under this contract and will confirm the employment eligibility of all employees who are newly hired for employment in the United States to perform work under this contract, through participation in the E-Verify Program or the Department program established pursuant to C.R.S. 8-17.5-102(5)(c), Contractor shall not knowingly employ or contract with an illegal alien to perform work under this contract or enter into a contract with a subcontractor that fails to certify to Contractor that the subcontractor shall not knowingly employ or contract with an illegal alien to perform work under this contract. Contractor (a) shall not use E-Verify Program or Department program procedures to undertake pre-employment screening of job applicants while this contract is being performed, (b) shall notify the subcontractor and the University within three days if Contractor has actual knowledge that a subcontractor is employing or contracting with an illegal alien for work under this contract, (c) shall terminate the subcontract if a subcontractor does not stop employing or contracting with the illegal alien within three days of receiving the notice, and (d) shall comply with reasonable requests made in the course of an investigation, undertaken pursuant to C.R.S. 8-17.5-102(5), by the Colorado Department of Labor and Employment. If Contractor participates in the Department program, Contractor shall deliver to the University a written, notarized affirmation, affirming that Contractor has examined the legal work status of such employee, and shall comply with all of the other requirements of the Department program. If Contractor fails to comply with any requirement of this provision or C.R.S. 8-17.5-101 et seq., the University may terminate this contract for breach and, if so terminated, Contractor shall be liable for damages.
- K. **PUBLIC CONTRACTS WITH NATURAL PERSONS.** See C.R.S. 24-76.5-101. If a natural person eighteen (18) years of age or older, hereby swears and affirms under penalty of perjury that he or she (a) is a citizen or otherwise lawfully present in the United States pursuant to federal law, (b) shall comply with the provisions of C.R.S. 24-76.5-101 et seq., and (c) has produced one form of identification required by C.R.S. 24-76.5-103 prior to the effective date of this contract.



## **CHAPTER 4: PROJECTS**

### **FISCAL RULE NUMBER**

- 4-1 Capital Construction Administration**
- 4-2 Capital Construction Projects**
- 4-3 Capital Construction Project Retainage**

### **RULE 4-1: CAPITAL CONSTRUCTION ADMINISTRATION**

The State Capital Construction Fund was established to provide a source for appropriations to state agencies and institutions of higher education to acquire and maintain their physical facilities. The fund has special requirements that must be followed by state agencies and institutions of higher education receiving appropriations from the fund.

#### **I. CAPITAL CONSTRUCTION CONTRACTS**

- A. Formal contracts shall be required when expending funds in excess of \$100,000 appropriated for Emergency maintenance projects including construction services or installation of fixed equipment unless previous approval has been obtained from the Director of the State Buildings Program to use a Purchase Order. Purchases of fixed equipment that do not require installation services may be purchased with a University Purchase Order. A Purchase Order may be used for construction not exceeding \$100,000 if the Director of State Buildings Program records written approval on the face of the Purchase Order. Such approval by the Director of State Buildings Program shall require compliance with approved building codes and signify compliance with bonding requirements in C.R.S. 38-26-106 and 24-105-201. In addition, the Purchase Order shall be bilateral requiring written acknowledgment of acceptance by the contractor prior to the beginning of work.
- B. Capital Construction Fund contracts shall follow the contract routing procedures established by the University Controller's Office.

### **RULE 4-2: CAPITAL CONSTRUCTION PROJECTS**

All funds appropriated for Capital Construction Projects shall be used for their intended purpose. The University shall not use funds received from the State Capital Construction Fund to pay or reimburse University employees for construction management, administrative activities, direct labor performed, or any other expense outside the scope of the Capital Construction or Controlled Maintenance Project.

Contracts funded by the State Capital Construction Fund shall be executed and the funds encumbered within the time limits established by C.R.S. 24-30-1404. If the University determines that the deadlines imposed by the statute cannot be met, the University may request

the Capital Development Committee to recommend to the State Controller that the deadline be waived. The State Controller may grant the waiver request.

### **RULE 4-3: CAPITAL CONSTRUCTION PROJECT RETAINAGE**

The University shall withhold retainage for all Capital Construction and Controlled Maintenance Projects where the total amount of the contract exceeds the limit established by C.R.S. 24-91-103. The retainage shall be in the form of monies withheld from the contractor or in any other form authorized by statute and acceptable to the University. The retainage shall be released by the University only when the contract has been satisfactorily completed and accepted, the University has proof of publication of "Notice of Final Settlement", in accordance with C.R.S. 38-26-107, and there are no outstanding claims against the project.

## CHAPTER 5: TRAVEL

### FISCAL RULE NUMBER

#### 5-1 Travel

### RULE 5-1: TRAVEL

#### I. DEFINITIONS

- A. **Approving Authority** – An individual who has authority to approve travel for University Business and related matters.
- B. **University Business** – Official University Business or other duties undertaken for University purposes and for the benefit of the University.
- C. **CONUS** – The 48 continental United States, including the District of Columbia
- D. **Electronic Signature** – Any identifier or authentication technique attached to or logically associated with an Electronic Signature that is intended by the person using it to have the same force and effect as a manual signature. “Electronic Signatures” include digital signatures.
- E. **Expenses Incurred for the Benefit of the University** – Expenses incurred that enable a University employee or University official to perform assigned duties or enable the University to carry out responsibilities required by law.
- F. **Foreign Travel** – Travel to any out-of-country destination not included within the definitions of In-State Travel or Out-of-State Travel.
- G. **In-State Travel** – Travel within the State of Colorado and to the immediate area outside the State that is a necessary part of an otherwise “in-state” trip.
- H. **Incidental Expenses** – Fees and tips given to porters, baggage carriers, bellhops, hotel maids, and skycaps for airport check-in, and the cost of telephone calls. Incidental Expenses do not include expenses for laundry, cleaning and pressing of clothes, and lodging taxes.
- I. **Lodging** – Any commercial accommodations available or offered for use which a rental schedule has been established and payment is required.
- J. **Metropolitan Area** – Any region, including a city and the densely populated surrounding areas that are socially and economically integrated with it.
- K. **Out-of-State Travel** – Travel within CONUS, other than In-State Travel, or within Alaska or Hawaii.

- L. **Political Expenses** – Expenses incurred in relation to activities that are primarily designed to further the interests of a candidate, political party, or special interest group.
- M. **Travel Advance** – The advance of funds to the traveler for approved travel expenses by the University.
- N. **Traveling Away from Home** – A traveler is Traveling Away from Home if: a) the traveler’s duties require him or her to be away from the University substantially longer than a regular work day, and b) the traveler needs to sleep or rest to meet the demands of his or her work while away from home.
- O. **Transportation** – Travel by commercial airline, railroad, bus, taxicab, State or University owned, leased, or personally owned automobile or airplane, or any other means of conveyance.

## II. RULE

- A. **Scope** – This Rule addresses Travel Advances and reimbursement of travel expenses to University employees and officials. University employees and officials shall follow this Rule when Traveling Away from Home and for all other situations included in this Rule.
- B. **Reimbursement** – A traveler may be reimbursed for travel expenses under this Rule only if the traveler is Traveling Away from Home, or meets the criteria in one of the special situations described in Section X of this Rule
  - 1. Travel
    - a. Is on University Business – travel charged to the University, regardless of the funding source, shall be for the benefit of the University;
    - b. Is only for the time period necessary;
    - c. Is completed using the most economical means available which will satisfactorily accomplish the University Business; and
    - d. Is approved by the appropriate University Approving Authority as required by this Rule;
  - 2. Expenses are reasonable under the circumstances;
  - 3. Traveler submits adequate documentation of the travel expenses to the Approving Authority;
  - 4. Reimbursement requests and travel advances are settled as required by Section VIII of this Rule; and
  - 5. Policy of the University complies with this Rule.
- C. **Traveler’s Responsibilities** – A traveler is responsible for controlling expenses at a reasonable level and ensuring that the University receives adequate value for the amounts expended. A traveler shall identify expenses incurred for the benefit of the University while Traveling Away from Home and request an advance or reimbursement for only those expenses.

- D. **Approving Authority's Responsibilities** – The Approving Authority shall review the expenses claimed by a traveler and authorize an advance or reimbursement for only those expenses incurred for University Business. The Approving Authority may require documentation, in addition to the documentation prescribed by this Rule, deemed necessary or advisable by the Approving Authority in connection with the review and authorization of expenses.

### III. TRAVEL AUTHORIZATIONS

All travel shall be authorized in accordance with the procedures in this Rule regardless of the sources of funding (including reimbursements by third parties).

- A. **In-State Travel** – Prior written or electronic authorization by the Approving Authority for all In-State Travel may be required, at the discretion of the University.
- B. **Out-of-State Travel** – Prior written or electronic authorization by the traveler's supervisor or higher authority shall be required for all Out-of-State Travel.
- C. **International Travel** – Prior written or electronic authorization by the traveler's immediate supervisor and the President of the University shall be required for all International Travel.
- D. **Travel at No Cost to the University** – Prior authorization by the Approving Authority is required for any University Business travel for which reimbursement is made directly to a University employee by a non-University organization. Absent this authorization, a traveler shall submit a Reimbursement Request to the University authorizing the travel, and the University will send an invoice to the non-University organization for the amount of reimbursement requested by the traveler.

### IV. TRAVEL ADVANCE

- A. **Use of University Travel Cards** – When possible, Travel Advances shall be withdrawn from one of the state travel cards described in this Rule. A Travel Advance may be requested from the University if the Travel Advance cannot be obtained from one of the state travel cards.
- B. **Amount of Advance** – The amount of the advance shall be computed using the applicable per diem rates and other allowable estimated out of pocket amounts. Under no circumstance shall a Travel Advance exceed the \$1,500 statutory limit per traveler per trip. See C.R.S. 24-30-202(20.1).
- C. **Approval** – Travel Advances requested from the University require prior authorization from the appropriate Approving Authority.
- D. **Settlement of Advance** – Upon completion of travel, a traveler shall settle his or her Travel Advance by following the requirements for timing, content and receipts set forth

in Section VIII of this Rule. The traveler shall reimburse the University within 30 days of the end of the trip to the extent that the amount of a Travel Advance received by the traveler pursuant to this Rule exceeds the actual expenditures for reimbursable items in Section V of this Rule.

## V. TRAVELING AWAY FROM HOME

A traveler Traveling Away from Home shall be reimbursed for the items set forth in this section, if all other requirements of Section II of this Rule are met.

- A. **Lodging** – A traveler shall follow the travel policy of the University regarding the use of approved or designated lodging facilities. The traveler shall submit receipts for lodging as documentation of the expense and shall be reimbursed for the actual cost of lodging, provided the traveler complies with University Fiscal Rules.
- B. **Meals** – Under regulations issued by the Internal Revenue Service, travelers are required to use the method chosen by the University for reimbursement of meals. The University has chosen to use the standard allowance method for meals, rather than the actual cost method. Under the standard meal allowance method, a traveler shall claim the authorized meal per diem rate for each meal the traveler would normally have eaten while Traveling Away from Home. If a meal is included in a conference fee or is provided with the cost of lodging, a traveler shall not request reimbursement for the standard meal allowance, unless the meal is determined to be inadequate by the traveler. Under no circumstances shall a traveler request reimbursement for more than the applicable per diem rate. Receipts for meals are not required. See University Travel Policy for reference to the current standard per diem rates for meals.
- C. **Meals for Days Traveler Departs and Returns** – A traveler may claim meals based on departure and arrival time. A traveler may claim meals based on departure and arrival time. Breakfast cannot be claimed unless departure is prior to 5:00 A.M. at the departing city. Lunch cannot be claimed unless departure is before 11:00 AM at the departing city, or return is after 1:00 P.M. at the destination city. Dinner cannot be claimed, unless return is after 8:00 P.M. at the destination city. Under this method, the applicable per diem rate is based on where the meal is eaten.
- D. **Incidental Expenses** – The University employs the standard allowance method for reimbursement of Incidental Expenses under applicable Internal Revenue Service regulations, pursuant to which a traveler may seek reimbursement at the total Incidental Expense per diem rate for each overnight stay, but shall not be reimbursed for Incidental Expenses for travel days that do not include an overnight stay. Under no circumstances shall a traveler request reimbursement for more than the applicable per diem rate. Receipts for Incidental Expenses are not required. See the University Travel web site for current rates for Incidental Expenses.

A traveler may include the total Incidental Expense per diem rate for each overnight stay. No incidental per diem may be claimed for travel within a single day. Receipts for Incidental Expenses are not required.

- E. **Transportation** – A traveler shall be reimbursed only for the dollar equivalent of the most cost beneficial method of transportation available to the traveler that satisfactorily accomplishes the University Business. Reimbursement shall be limited to the actual cost of commercial transportation. A traveler requesting reimbursement shall submit receipts for all transportation expenses except as provided in this Rule.
- F. **Rental Vehicles** – A traveler may use a University motor pool vehicle or shall be required to use an approved or designated vehicle rental company, as available and in accordance with applicable campus policies. Certain upgrades provided at extra cost by vehicle rental companies, such as satellite radio, GPS units, etc., may be not reimbursable unless necessary for University Business or safety reasons and approved by the Approving Authority. A traveler shall submit receipts for rental vehicles as documentation of the expense and shall be reimbursed for the actual cost of rental vehicles, provided the traveler complies with all relevant provisions of this Rule.
- G. **Mileage for Personal Vehicles** – A traveler shall be allowed mileage reimbursement for each mile actually and necessarily traveled on University Business using the traveler’s personal vehicle as provided in University Travel Policy. A traveler normally shall be reimbursed at the mileage rate designated for two-wheel drive vehicles. A traveler shall be reimbursed at the mileage rate designated for four-wheel drive vehicles only when the use of four-wheel drive is necessary because of road, terrain, or adverse weather conditions. Commuting expenses incurred while traveling between a traveler’s residence and traveler’s regular work location are non-reimbursable personal expenses. C.R.S. 24-9-104(2) establishes the mileage rate to be used for reimbursement of University Business travel. Current mileage rates will be posted periodically by the Procurement Service Center (PSC), and will be updated accordingly in the Expense System.
- H. **Airfare** – A traveler shall follow applicable PSC Procedural Statements regarding the use of approved or designated airlines and, in accordance with such Procedural Statement, may purchase airline tickets and seek reimbursement, including baggage fees if not included in the airfare.
- I. **Tips** – A traveler cannot claim tips as a separate item on a Reimbursement Request. Tips paid to porters, baggage carriers, bellhops, hotel maids, and skycaps for airport check-in are included in Incidental Expenses. Tips paid in conjunction with meals are included in the standard meal allowance. Tips paid in connection with taxi and shuttle expenses should be included as part of these expenses.
- J. **Other Allowable Travel Expenses** – In addition to lodging, meals, and transportation, the actual expenses identified below, incurred as a part of approved travel, are allowable if necessary to complete University Business

1. Commercial transportation such as taxi and shuttle expenses, including tips. A receipt shall be required for each individual ride in a commercial vehicle costing over \$25;
2. Camping site fees paid for a commercial camp ground or a state or national park. A receipt shall be required for any fee over \$25;
3. Parking fees. A receipt shall be required for any single fee over \$25;
4. Registration fees for conferences or other meetings. A receipt shall be required for all registration fees;
5. Telephone, fax, internet access, and other similar miscellaneous business expenses paid for University Business. A receipt shall be required for any single charge over \$25;
6. Toll road charges. A receipt shall be required for charges over \$25; and
7. Traveler's checks or transaction charges for the use of the State Travel Card. A receipt shall be required if the total reimbursement claim for such checks or charges is over \$25.

### K. Summary of Allowable Travel Expenses

#### Type of Travel Expense Reimbursement – Receipt Required?

Type of Travel Expense	Rate	Receipt Required?
Lodging	Actual	Yes
Meals	Per Diem Rate	No
Incidental Expenses	Per Diem Rate	No
Transportation (other than airfare)	Actual	Yes, if over \$25
Rental Vehicle	Actual	Yes
Mileage for Personal Vehicles	Miles x 90% of current fed. mileage rate (or 95% for 4-wheel drive)	No
Airfare	Actual	Yes
Registration	Actual	Yes
Other Allowable Expenses	Actual	Yes, if over \$25
Tips Included in Per Diem Rate		No

### VI. NON-ALLOWABLE TRAVEL EXPENSES

A traveler shall not be reimbursed for the following expenses

- A. Alcoholic beverages;
- B. Entertainment expenses;
- C. Personal expenses incurred during travel that are primarily for the benefit of the traveler and not directly related to University Business;
- D. Political expenses;

- E. The cost of traffic fines and parking tickets;
- F. Late fees for University credit cards; and
- G. Certain insurance coverage – travel insurance for travelers who use a University credit card in accordance with University policy may be in effect. The cost of additional or other types of coverage shall not be reimbursed by the University, including without limitation, expenses paid by a traveler for the following
  - 1. Collision damage waiver or loss damage waiver for rental vehicles, unless the vehicle is rented from an approved rental company;
  - 2. Supplemental liability insurance on rental vehicles;
  - 3. Value premiums on airline tickets;
  - 4. Trip cancellation insurance;
  - 5. Additional liability insurance for rental vehicles;
  - 6. Personal accident insurance on rental vehicles; and
  - 7. Supplemental life insurance for airline or common carrier travel.

## VII. CERTIFICATION AND APPROVAL

- A. **Certification** – Each Travel Advance request form or Reimbursement Request shall contain the following certification signed manually or electronically by the traveler: "I certify that the statements in the above schedule are true and correct in all respects; that payment of the amounts claimed herein has not and will not be reimbursed to me from any other source; that travel performed for which an advance or reimbursement is claimed was or will be performed by me while on University Business and that no claims are included for expenses of a personal or political nature or for any other expenses not authorized by these Rules; and that I actually incurred or paid the operating expenses of the motor vehicle for which reimbursement is claimed on a mileage basis. Further, I hereby authorize the University to deduct from my pay any amount paid to me in excess of my authorized expenses as provided by University Travel Policy."
- B. **Approval** – If approved, the Approving Authority shall endorse the Reimbursement Request or Travel Advance request manually or by Electronic Signature.

## VIII. REIMBURSEMENT REQUIREMENTS

- A. **Timing** – A Reimbursement Request shall be filed within 60 days of completion of travel to allow for proper recording of expenses and to obtain reimbursement for approved travel expenses.
- B. **Content** – Travel Reimbursement Request forms may be obtained from the PSC and must include the following information
  - 1. **Amount** – The amount of each separate expenditure incurred while Traveling Away from Home, such as the cost of transportation or lodging;

2. **Time** – Dates of departure for and return from Traveling Away from Home and the number of days spent on University Business while Traveling Away from Home;
3. **Place** – Destinations or locality of travel, described by name of city or town or other similar designation; and
4. **University Purpose** – Reason for travel or nature of University Business benefit is derived or expected to be derived as a result of the travel.

#### C. Receipts

1. **Receipts Required** – Receipts are required for all expenses over \$25, except for meals, Incidental Expenses, mileage for personal vehicles, and tips, which do not require receipts regardless of dollar amount. Receipts are required for lodging, rental vehicles, airfare and registration, regardless of the amount. Receipts shall be original, detailed vendor receipts. Non-specific charge card transaction slips shall not be accepted as proper documentation.
2. **Receipts Waived** – The University Controller or designee may waive the requirement for a receipt in extenuating circumstances, upon receipt of a written certification from the traveler, certifying that the cost was incurred and providing the reason why a receipt was not obtained or available. Further, the University Controller may establish alternative documentation requirements for recurring travel to certain locations, e.g. Foreign Travel, or for group travel, where compliance with the receipt requirement is determined to be impractical by the University Controller.

D. **Application to Travel Advances** – The requirements with respect to timing, content and receipts set forth shall apply to the settlement of Travel Advances.

E. **Compliance** – A traveler shall comply with the reimbursement requirements in this section regardless of the method of payment used.

### IX. PAYMENT OF TRAVEL EXPENSES

The University shall use one or more of the methods set forth in this section to pay for travel expenses or reimburse travelers.

A. **Electronic Reimbursement** – The University shall pay a traveler for expenses claimed on the Reimbursement Request form or the Travel Advance form by direct deposit using Electronic Funds Transfer (EFT). University warrants shall not be used for the payment of travel reimbursement, unless the traveler is not on the payroll of the University.

#### B. University Credit Cards

1. **Types of State Credit Cards Approved for State Travel** – Travel expenses may be paid directly or indirectly with the following University-issued credit cards
  - a. **Individual Travel Card** – The Individual Travel Card is issued in the traveler's name. The traveler is personally liable for the card and transactions paid for with the card are not tax exempt. If a traveler receives an Individual Travel Card, the traveler shall sign the cardholder agreement and comply with the requirements of the Individual Travel Card agreement.

- b. **Central Travel System Account (Ghost Card)** – The Central Travel System Account is maintained by the State and the State is liable for the use of the Account. This Account enables the University to book airline reservations through travel agencies. Transactions paid through the Account are not tax exempt because all common carriers, such as airlines, always charge tax. All airfares shall be billed to the Central Travel System Account.
  - c. **Central Travel Card (Event Card)** – The Central Travel Card is issued to the State. The State is liable for the use of the card and transactions paid for with the card are tax-exempt. The University may issue a Central Travel Card to an individual employee or official for personal travel.
- C. **Procurement Card** – The Procurement Card shall not be used to pay for travel expenses.
- D. **Use of Travel Cards** – University-issued travel cards shall be used in accordance with the applicable cardholder agreement and PSC Procedural Statement.
- E. **Travel Advance** – See Section IV of this Rule.

## X. SPECIAL SITUATIONS

- A. **Travel within a Single Day** – If travel is completed wholly within a single day, reimbursement for lunch shall not be allowed. If, however, an employee or official leaves home prior to 5:00 a.m. on University Business that requires the employee to extend the workday, the Approving Authority may allow a meal per diem for breakfast. In addition, if an employee or official remains away from home after 8:00 p.m. on University Business that requires the employee to extend the workday, the Approving Authority may allow a meal per diem for dinner.
- B. **Travel to a Temporary Work Location** – A traveler may be reimbursed for transportation expenses to a temporary work location in accordance with these Rules.
- C. **Travel to Conferences, Meetings, Training Sessions, and Other Business-related Activities** – A traveler may be reimbursed for transportation expenses for these activities in accordance with these Rules.
- D. **Allowances for Members of Board of Trustees** – Members of the Board of Trustees may be reimbursed in accordance with these Rules and applicable University policies.
- E. **Allowances for University Job Applicants** – To obtain the best-qualified individual for a given University employment position, it may be necessary to pay interview related travel expenses for job applicants. At the discretion of the designated Approving Authority, such travel expenses, including the meal per diem rate established by these Rules may be reimbursed to the applicant.
- F. **Allowances for Travel Not Solely for University Business** – In some instances, the purpose of travel may be partially for University Business and partially for personal

reasons. In these instances, the traveler shall make a reasonable allocation of the expenses between University Business and personal or political purposes and the Reimbursement Requests for such expenses shall contain such allocation and sufficient documentation to explain the basis for the allocation. If a University employee obtains lower rates for lodging or transportation because travel is extended for personal or political reasons, these lower rates shall also apply to the University Business portion of the travel.

- G. Allowances for Travel Paid Directly by a Non-University Entity** – In limited instances, University officials and employees may be invited to attend a committee meeting, seminar, or conference concerning University Business where their travel expenses are paid directly or reimbursed by the sponsor of the meeting, seminar or conference. In such instances the official or employee may accept the invitation if the travel has been approved by the appropriate Approving Authority and does not violate other state statutes or constitutional provisions.
- H. Allowances for Travel with Spouse, Relatives, or Friends** – The University shall not reimburse the cost of an employee's spouse or other person(s) accompanying the University employee on a business trip, unless specifically permitted by these Rules.
- I. Allowances for Travelers Furnishing Their Own Lodging and Meals** – When a traveler furnishes his or her own lodging and meals, the University may negotiate a special per diem rate for that period of travel. The rate negotiated shall be on a case-by-case basis and under no circumstance shall the negotiated rate exceed the normal per diem rates established by this Rule.

## **XI. PER DIEM RATES – MEALS AND INCIDENTAL EXPENSES**

The current maximum meal and Incidental Expense per diem rates are posted on the University website under “Purchasing and Travel.”

## CHAPTER 6: CASH

### FISCAL RULE NUMBER

- 6-1 Cash Receipts and Deposits – University Cashier**
- 6-2 Cash Receipts and Deposits – Other Departments**
- 6-3 Change Funds and Petty Cash Funds**
- 6-4 Bank Accounts**
- 6-5 Checks Returned for Insufficient Funds**
- 6-6 Payment Card Industry (PCI) Compliance**

### **RULE 6-1: CASH RECEIPTS AND DEPOSITS – UNIVERSITY CASHIER**

The University Cashier receives payments from students, faculty and staff, other University departments and other customers. Payments include cash, check, credit card and electronic fund transfers. Receipts are generated by Banner and issued for all payments received, and are recorded in the account records. Collections are balanced to the accounting records and are deposited into the State Treasurer’s clearing account on a daily basis.

#### **I. CHECK PAYMENTS RECEIVED**

- A. Amount of Payment** – Checks will be received for the amount of payment due. Customers are not allowed to cash personal checks.
- B. Payable to Colorado Mesa University** – All checks will be payable to Colorado Mesa University.
- C. Restrictive Endorsement** – All checks will be restrictively endorsed “For Deposit Only” to the Colorado Mesa University clearing account when received.
- D. Post-Dated Checks** – The University will not accept post-dated checks for payment.

#### **II. CREDIT CARD PAYMENTS**

Payments must be from a credit card company (i.e. MasterCard, Visa, American Express, Discover) that has a contract with the University, and can only be accepted for the amount of purchase.

See Fiscal Rule 6-6 for requirements related to accepting credit cards from vendors that have contracts with the University.

### **RULE 6-2: CASH RECEIPTS – OTHER UNIVERSITY DEPARTMENTS**

- A. Timely Deposits with the University Cashier** – Departments that receive funds on a daily basis are to make daily deposits with the University Cashier. Departments that make

sporadic collections may allow funds to accumulate up to \$100 before depositing them with the University Cashier. All collections, however, must be deposited on the last working day of each month.

- B. Receipting System** – Departments must account for all collections with the use of a receipting system which may include pre-numbered receipts or tickets, or log records. Departments must reconcile deposits posted to Banner on a monthly, or more frequent, basis to ascertain that all monies have been deposited. Any discrepancies are to be resolved with the Business Office.
- C. Check Payments Received**
1. **Amount of Payment** – Checks will be received for the amount of payment due. Customers are not allowed to cash personal checks.
  2. **Payable to Colorado Mesa University** – All checks will be payable to Colorado Mesa University.
  3. **Restrictive Endorsement** – All checks will be restrictively endorsed “For Deposit Only” to the Colorado Mesa University clearing account when received.
  4. **Post-Dated Checks** – The University will not accept post-dated checks for payment.
- D. Credit Card Payments Received**

Payments must be from a credit card company (e.g. MasterCard, Visa, American Express, Discover) that has a contract with the University, and can only be accepted for the amount of purchase.

See Fiscal Rule 6-6 for requirements related to accepting credit cards from vendors that have contracts with the University.

## **RULE 6-3: CHANGE FUNDS AND PETTY CASH FUNDS**

### **I. DEFINITIONS**

- A. Change Fund** – A fund established at a University department that receives cash for purpose of making change.
- B. Petty Cash Fund** – A fund established at a University department to allow cash payment for small, incidental purchases.

### **II. PROPRIETY**

- A. Change Funds** – Change funds will only be issued for the purpose of making change when cash receipts are accepted from customers during the course of University Business. Temporary change funds will be issued for the purpose of making change when cash receipts are collected at specific University events. Change funds will not be used to cash personal checks, make temporary loans, purchases or refunds.

- B. **Petty Cash Funds** – Petty Cash funds will only be issued for the purpose of paying Incidental Expenses of nominal amounts that require cash payments that are not appropriately paid for by the use of the University procurement card or processed through Accounts Payable. Petty Cash funds will not be used to cash personal checks or to make temporary loans.

### III. APPROVAL

The University Controller or designee will approve the issue of Change and Petty Cash funds to custodians in amounts and denominations necessary to meet operating needs.

### IV. AMOUNTS

- A. **Change Funds** – Permanent Change funds should be adequate to allow a reasonable amount of time before funds need to be replenished. Temporary Change funds should be sufficient to be able to make change for a particular event. The University Controller will not approve excessive amounts.
- B. **Petty Cash Funds** – Petty Cash should be kept to a minimum. The University Controller will not approve excessive amounts.

### V. SAFEGUARDING THE FUNDS

Fund custodians are responsible for ensuring funds are physically secure at all times. Funds must be locked and secure when not in use, and must be personally attended to when in use.

### VI. YEAR-END VERIFICATION

- A. **Change Funds** – At the end of each fiscal year, all Change Funds will be verified by the custodians. Any excess cash will be returned to the Business Office and the departments' revenue accounts will be credited. If there is a deficit, the fund will be replenished and the department's cash short account will be charged. The Controller will maintain year-end cash verification records and reconcile change funds to the accounting records.
- B. **Petty Cash Funds** – At the end of each fiscal year, all Petty Cash funds will be verified by the custodians and replenished. The Department's expense accounts will be charged for expenditures made. The Assistant Controller will maintain year-end cash verification records and reconcile Petty Cash funds to the accounting records.

### RULE 6-4: BANK ACCOUNTS

**Deposit of Public Funds** – Public funds are required by statute to be deposited in eligible public depositories. C.R.S. 11-10.5-111 states in part,

“Any official custodian may deposit public funds in any bank which has been designated by the banking board as an eligible public depository. It is unlawful for an official custodian to deposit public funds in any bank other than one that has been so designated... Each official custodian shall inform an eligible public depository that the public funds on deposit are subject to the provisions of this article before entering into a depository agreement with the eligible public depository.”

The University will only deposit funds into banks that have been approved by the Vice President for Finance and Administration and the University Controller are designated as eligible public depositories by the Colorado Banking Board.

## **RULE 6-5: CHECKS RETURNED FOR INSUFFICIENT FUNDS**

The University will assess a reasonable fee on checks returned for insufficient funds. The fee will be at least equal to the additional bank charges incurred by the University and may include up to an additional 25% to cover administrative costs. This penalty is in addition to any other penalty provided by statute except the penalty provided by C.R.S. 24-35-114.

## **RULE 6-6: PAYMENT CARD INDUSTRY (PCI) COMPLIANCE**

### **I. INTRODUCTION**

This Rule explains the University’s credit card security requirements as required by the Payment Card Industry Data Security Standard (PCI DSS) Program. University management is committed to these security policies to protect information utilized by the University in attaining its business goals. All employees are required to adhere to the policies described within this document.

### **II. SCOPE OF COMPLIANCE**

The PCI requirements apply to all systems that store, process, or transmit cardholder data. Currently, the University’s cardholder dataflow includes only paper media and electronic data transmittals using the University’s ecommerce provider, TouchNet. Information is processed by the vendor which is PCI compliant. Electronic storage of cardholder data is not permitted. Other service providers, including the University’s food services provider and others, may attach to the University network to conduct legitimate transactions for student services. PCI compliance for those vendors is addressed in Section III of this Rule. Due to the limited nature of the in-scope environment; this document is intended to meet the PCI requirements as defined in Self-Assessment Questionnaire (SAQ) B ver. 1.2, October, 2008.

### **III. REQUIREMENTS**

#### **A. Protect Stored Cardholder Data**

##### **1. Prohibited Data**

Sensitive authorization data will be retained only until completion of the

- authorization of transaction. Storage of sensitive authorization data post-authorization is forbidden. Specifically, sensitive authorization data includes the following
- a. The full contents of any track from the magnetic stripe (located on the back of a card, contained in a chip, or elsewhere). This data is alternatively called full track, track, track 1, track 2, and magnetic-stripe data. (PCI requirement 3.2.1)
  - b. The card verification code or value (three- or four-digit number printed on the front or back of a payment card) used to verify card-not-present transactions. (PCI requirement 3.2.2)
  - c. The personal identification number (PIN) or the encrypted PIN block. (PCI requirement 3.2.3)
- 2. Displaying PAN**  
The University will mask the display of PANs (primary account numbers), and limit viewing of PANs to only those employees and other parties with a legitimate need. A properly masked number will show only the last four digits of the PAN. (PCI requirement 3.3)
- 3. Encrypt Transmission of Cardholder Data Across Open, Public Networks**  
Sending unencrypted PANs by end-user messaging technologies is prohibited. Examples of end-user technologies include email, instant messaging and chat. (PCI requirement 4.2)
- B. Restrict Access to Cardholder Data by Business Need to Know**  
Access to University cardholder data is limited to only those individuals whose job requires such access. (PCI requirement 7.1)
1. Restriction of access rights to cardholder data to the least access needed to perform job responsibilities.
  2. Access to cardholder data is based on an individual's job classification and function.
  3. Access to cardholder data will be granted only after completing an authorization request form. This request and agreement will be approved by the University Controller.
- C. Restrict Physical Access to Cardholder Data**  
**Physically Secure all Paper Containing Cardholder Data.** University procedure is to shred materials containing confidential or sensitive information when the transaction is complete. No paper containing such information is to be retained or stored. (PCI requirements 9.6, 9.7.1, 9.7.2, 9.8, 9.10 and 9.10.1)
- D. Maintain a Policy that Addresses Information Security for Employees and Contractors**
- 1. Security Policy**  
The University maintains its Electronic Communication Policy that addresses security and cardholder data protection. This policy is reviewed at least annually, and updated as needed to reflect changes to business objectives or the risk environment. (PCI requirement 12.1.1, 12.1.3)
- Employees shall not use or otherwise employ employee-facing technologies to store, process or otherwise handle cardholder data. Employee-facing technologies include

remote-access technologies, wireless technologies, removable electronic media, laptops, personal data/digital assistants (PDAs), email and internet usage. (PCI requirement 12.3)

The policies and procedures delineated in this document will apply to all employees and contractors involved in the processing, storage, or other handling of cardholder data. The University obtains PCI certifications from contractors that attach to the University's network. (PCI requirement 12.4)

## 2. **Reporting an Incident**

Employees must be aware of their responsibilities in detecting security incidents to facilitate the incident response plan and procedures. All employees have the responsibility to assist in the incident response procedures within their particular areas of responsibility. (PCI requirement 12.5.3)

- a. Contact the University Controller to report any suspected or actual incidents.
- b. No one should communicate with anyone outside of their supervisor or the University Controller about any details or generalities surrounding any suspected or actual incident.
- c. Document any information you know while waiting for the University Controller to respond to the incident. If known, this must include date, time, and the nature of the incident. Any information you can provide will aid in responding in an appropriate manner.

## 3. **Incident Response**

Responses can include or proceed through the following stages: identification, severity classification, containment, eradication, recovery and root cause analysis resulting in improvement of security controls. The University Controller will notify the University's merchant bank and work with the bank to notify all necessary parties including but not limited to

- a. Applicable card associations
- b. Local authorities
- c. Federal authorities
- d. The University IT Department and the service provider where the intrusion occurred

## 4. **Security Awareness**

The University shall implement and maintain an security awareness program with the intent of ensuring all employees that process, store, or are otherwise involved in handling cardholder data are aware of the importance of cardholder data security. (PCI requirement 12.6)

The University will ensure employees receive security awareness training upon hire and at least annually. The security awareness program must provide multiple methods of educating employees, including, memos, web-based training, meetings, etc. (PCI requirement 12.6.1)

## 5. **Service Providers**

The University will implement policies and procedures to manage service providers. (PCI requirement 12.8) This process must include the following

- a. Maintain a list of service providers (PCI requirement 12.8.1)
- b. Maintain a written agreement that includes an acknowledgement that the service providers are responsible for the security of the cardholder data the service providers possess (PCI requirement 12.8.2)
- c. Implement a process to perform proper due diligence prior to engaging a service provider (PCI requirement 12.8.3)
- d. Monitor service providers' PCI DSS compliance status (PCI requirement 12.8.4)

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**CHAPTER 7: BUDGET**

In accordance with C.R.S. 23-53-104, the University Board of Trustees has general supervision and exclusive control of all funds of and appropriations to the University. The University Chief Financial Officer has established policies and practices related to the University budget in accordance with the policies of the Board. Accordingly, these Rules do not address this area.

## **CHAPTER 8: REPORTING**

### **FISCAL RULE NUMBER**

- 8-1 Financial Statements**
- 8-2 Quarterly Reporting**
- 8-3 Cost Allocation Plans**

### **RULE 8-1: FINANCIAL STATEMENTS**

Annual Financial Statements prepared by the University shall be submitted to and approved by the Board. Annual Financial Statements shall be prepared by the University Controller in accordance with generally accepted accounting principles and shall reflect the financial activities of University.

The University will provide draft Financial Statements to the Office of the State Auditor to facilitate a timely and efficient audit. Draft Financial Statements and accountant work papers are not public records.

#### **State-Generated Financial Statements for the University**

The State financial system generates a balance sheet and an income statement for the University utilizing the State's financial system. These system generated statements are considered acceptable Financial Statements for any purposes of the State Controller. The University shall continue to provide information to the State Controller, including exhibit information required in the fiscal year-end closing instructions issued by the State Controller and any post-closing adjustments, as necessary for the State Controller to meet the obligations set forth in C.R.S. 24-30-202(11), 24-17-102 and 24-20-204, as described in C.R.S. 24-30-202(13).

#### **Required Reconciliation to the State Financial System**

Financial Statements prepared by the University shall be reconciled to the State financial system. A copy of this reconciliation shall be provided to the State Controller

### **RULE 8-2: QUARTERLY REPORTING**

The University shall prepare regular Financial Reports. The Financial Reports shall be available for use by the Board of Trustees and others for planning purposes and decision making.

- A. The University's financial system shall be the system used to record the University's financial information and the system from which standard reports shall be prepared.
- B. The Vice President for Finance and Administration shall determine what is reasonable and necessary to be included in the report, the funds to be included and the date reports are due.

### **RULE 8-3: COST ALLOCATION PLAN**

The University shall prepare a documented Indirect Cost Allocation or Indirect Cost rate proposal/plan that assigns indirect costs to their programs, activities, and services relative to their benefits received from the activities whose costs are being allocated or on another equitable relationship. The allocated costs shall be used as the basis of recovering indirect costs from the federal government, determining fees for program services and activities, and assessing the cost effectiveness of a program or activity.

The University shall use a cost allocation methodology that assures that the allocations made through the methodology represent a service/benefit or other equitable relationship between the costs of the services provided and the value of the benefits received by users of the services.

The University shall periodically review its cost allocation methodology to ensure that the methodology represents the best allocation attainable. Allocations should be reconciled to actual expenditures to ensure all costs have been captured and allocated.

#### **Indirect Cost Allocations Made for Federal Indirect Cost Recovery Purposes**

When the University receives federal funds, it shall prepare a federal indirect cost rate proposal/plan in accordance with OMB A-21 and sign an indirect cost rate or allocation methodology agreement with the federal government. The University's federal indirect cost rate proposal/plan shall include all costs allocated to the University in the federal indirect cost Allocation plan and other approved cost allocation plans.

Grants, contracts, and other agreements that do not allow for the recovery of the full cost incurred under the agreement should be closely evaluated to determine if their acceptance is cost effective and in the best interest of the University.

#### **Accounting for Indirect Cost Recoveries**

Indirect cost recoveries shall be recorded when earned in separately identifiable accounts as determined by the University Controller. Revenues from indirect cost recoveries shall not be deferred at the end of the fiscal year.

## CHAPTER 9: PAYROLL

### FISCAL RULE NUMBER

- 9-1 Propriety of Expenditures
- 9-2 Use of the Payroll System
- 9-3 Pay Periods and Advances
- 9-4 Deductions
- 9-5 Final Pay for Terminating Employees

### RULE 9-1: PROPRIETY OF EXPENDITURES

The University will generate payrolls for only those with approved employment authorizations.

### RULE 9-2: USE OF THE UNIVERSITY PAYROLL SYSTEM

All payments for employee compensation will be generated through Banner, the University's integrated information system.

### RULE 9-3: PAY PERIODS AND ADVANCES

- A. Professional personnel and State classified employees are paid once a month, on the last working day of the month, except for June which is paid on July 1. Faculty members employed on nine- or ten-month assignments are paid in twelve equal installments, August-July.
- B. Student employees, including work-study and student assist, will be paid on the last working day before the 10<sup>th</sup> and 25<sup>th</sup> of each month.
- C. Direct deposit of earnings is required for all faculty, professional staff, and State classified employees.
- D. There will be no advances on salaries or hourly wages.

### RULE 9-4: DEDUCTIONS

- A. **Mandatory Deductions** – The University will withhold mandatory deductions (e.g. state and federal income taxes, retirement) and remit the withholdings by required dates.
- B. **Voluntary Deductions** – Employees can authorize payroll deductions only for those deductions approved by the University and by the Executive Director of the State Department of Personnel Administration. No voluntary deductions will be honored until the appropriate written authorization is received from the employee.

**RULE 9-5: FINAL PAY FOR TERMINATING EMPLOYEES**

- A. When an employee terminates employment with the University, with or without giving final notice, final payment shall be made no later than the regular pay day.
- B. When the University terminates an employee, final payment shall be made within three working days of the date of termination.