Published on *University of Colorado* (https://www.cu.edu)

Fiscal Procedures [1]

Colorado State Senate Bill 10-003, enacted by the General Assembly and signed by the Governor and effective June 9, 2010, amends section 24-30-202, C.R.S. As amended, section 24-30-202(13)(b), C.R.S., allows a governing board of an Institution of Higher Education that has adopted fiscal procedures and has determined that such fiscal procedures provide adequate safeguards for the proper expenditure of the moneys of the institution to elect to exempt the institution from the fiscal procedures promulgated by the State Controller pursuant to section 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 section 24-30-202, C.R.S.

On June 24, 2010, the Board of Regents of the University of Colorado ("Regents") determined that existing fiscal policies and practices of the University in addition to the forgoing University of Colorado Fiscal Procedures (the "Procedures") provide adequate safeguards for the proper expenditure of the moneys of the institution. Accordingly, the Regents elected to exempt the University of Colorado system (the "University") from the fiscal rules promulgated by the State Controller. The forgoing Procedures were adopted by the University President effective July 1, 2010.

Scope of Procedures

These Procedures are applicable to all university employees and officials, and any representatives of the University authorized to conduct official University Business. These Procedures govern any transaction of any kind and in any medium that involves the commitment or expenditure of University monies or resources. These Procedures are intended to be implemented in concert with applicable state and federal laws and regulations, the Laws of the Regents, and all applicable University policies. Wherever possible, any conflict between these Procedures and any state or federal law and regulation, Law of the Regents, or applicable University policy, should be harmonized. The Vice President for Budget and Finance has final authority to interpret these Procedures.

Chapter 1: Accounting

FISCAL PROCEDURE NUMBER

1-1 Accounting Principles and Standards
1-2 Interface with the State Financial System
1-3 Delegated Authority

1-4 Financial Transactions and Internal Controls
1-5 Reporting of Fraud, Theft or Embezzlement
1-6 Accountability and Capitalization of Equipment

Procedure 1-1 ACCOUNTING PRINCIPLES AND STANDARDS

The accounting principles of the University of Colorado ("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 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 Fiscal 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.

Procedure 1-2 INTERFACE WITH THE STATE FINANCIAL SYSTEM

The University shall continue to report to the State Controller regarding its financial transactions as required by law. To facilitate such reporting, the University shall maintain an electronic interface with the State financial system acceptable to the State Controller and the University.

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 requests for query access to the financial database of the University's financial system shall be in accordance with the Colorado Open Records Act.

Procedure 1-3 DELEGATED AUTHORITY

As used herein, the Chief Executive Officer of the University is the University President, the Chief Financial Officer of the University is the Vice President for Budget and Finance, the Chief Procurement Officer is the Assistant Vice President in charge of procurement functions, and the University Controller is the Assistant Vice President responsible for the fiscal management of the University. All authority of the Chief Executive Officer described herein is delegated to the campus Chancellors for their respective campuses and may be further delegated in writing. All authority granted herein to the University Controller may be delegated by the University Controller in writing. These Procedures may only be waived or amended upon approval of the Chief Financial Officer of the University under these Procedures.

Procedure 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 Procedures 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.

Procedure 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 and the Associate Vice President of Internal Audit. Any suspected theft or embezzlement of University funds or assets shall be immediately reported to the Department of Internal Audit in accordance with University policy on Fiscal Misconduct Reporting. 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.

Procedure 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: Disbursement

Revised July 1, 2017

FISCAL PROCEDURE NUMBER

- 2-1 Propriety of Expenditures
- 2-2 Commitment Vouchers
- 2-3 Receiving Reports
- 2-4 Purchase Discounts
- 2-5 Interest Payment on Delinquent Payables
- 2-6 Interagency Purchases and Payments
- 2-7 Official Functions and Training Functions
- 2-8 Miscellaneous Compensation and Other Benefits (Perquisites)
- 2-9 Moving and Relocation

Procedure 2-1 PROPRIETY OF EXPENDITURES

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

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

Procedure 2-2 COMMITMENT VOUCHERS

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

1. 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:

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

2. 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	$10,000 and less	Small Purchase Documentation or any Commitment Voucher
	Above $10,000	PO or University Contra Create Encumbrance

Services	$10,000 and less	Small Purchase Documentation or any Commitment Voucher
	Above $10,000, but less than or equal to $150,000	PO or University Contra Create Encumbrance
	Above $150,000	University Contract Create Encumbrance
Capital Construction / Controlled Maintenance	NA	See Fiscal Procedure 4 (Capital Construction Administration) and Fis Procedures Manual
Professional Services under CRS §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 31 days	Any dollar amount	University Contract Create Encumbrance

2.1 Protecting the University's Interests. University Contracts shall be used in situations in addition to those described in this Procedure 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.

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

- Calculated payments required under a program within the University (e.g., formula distributions, other distributions required by regulatory or statutory formulas);
- Financial aid or tuition assistance programs;
- Insurance purchases;
- Intra-University purchases;
- Moving expenses reimbursed to University employees (Fiscal Procedure 2-9);
- Payroll and related disbursements (withholding, authorized Benefits, etc.);

- Postal and other delivery charges, including messenger fees;
- University program payments to or on behalf of individuals qualified for the program's Benefits (e.g., scholarships);
- Subscriptions for journals, informational publications or similar materials (electronic or hard copy), which do not include services;
- Utility hook ups and line extensions performed by a utility company;
- Water, gas, electric, and customary local and long-distance telephone services, including pagers and cell phones, which are routinely purchased by the University; and
- Other disbursements approved in writing by the University Controller.

3. UNIVERSITY PURCHASE ORDERS

3.1 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 II of this document.

3.2 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.

3.3 Revision of Standard Terms and Conditions. When issuing a Purchase Order to a Party other than another Agency or Institution of Higher Education, the Procurement Service Center may change or delete any standard Purchase Order provision , except that:

- 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
- No changes to the Choice of Law provision (except for silence as to governing law) may be made without written approval by a Reviewing Attorney and the campus chancellor or University President, as appropriate.

3.4 Services involving transfer of confidential information. Where Purchase Orders issued by the University involve the transfer of or access to confidential electronic information, University departmental personnel shall comply with applicable University policies related to confidential information and IT security and with applicable laws and regulations related to confidential information.

4. UNIVERSITY CONTRACTS

The University shall use a University Contract as the Commitment Voucher for all purchases or leases of goods and services, as required under Fiscal Procedure 3-1. University Contracts shall comply with requirements of Fiscal Procedure 3-1 and this Procedure.

5. 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.

5.1 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 as required in this procedure.

- After-the-Fact purchases of $50,000 or less must be ratified by the respective Campus Controller.
- After-the-Fact purchases of over $50,000 must be ratified by the University Controller.

5.2 Personal Liability. Under CRS §24-30-202(3) any person(s) who incurs or orders 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.

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

5.4 Ratification. The University Controller (or the Campus Controller, for amounts of $50,000 or less), 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:

- The prices or rates are fair and reasonable;
- The amount of the expenditure is within the unencumbered balance;
- The University department provides a written explanation in accordance with the applicable PSC Procedural Statement.
- The parties did not act in bad faith or in a fraudulent manner; and
- The violation is not repeated or part of a consistent pattern of After-the-Fact Purchases.

5.5 Exceptions. The following situations are not treated as After-the-Fact Purchases:

- Late renewal of a Commitment Voucher already in place from a previous period.
- Subcontracts executed in an office of contracts and grants.
- Commitment Vouchers between the University and an affiliate institution; refer to http://www.ucdenver.edu/academics/colleges/medicalschool/PatientCare/Pages/PartnerHospital.a [2] for list of affiliates. (University Physicians, Inc., a blended component of the University of Colorado Denver, is considered an affiliate under this Fiscal Procedure subsection regarding After-the-Fact Purchases.)
- Leases or Licenses of real property or University Contracts properly executed outside the Procurement Service Center
- Commitment Vouchers for insurance.

6. ADVANCE PAYMENTS

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

Refer to the Advance Payment policy at: https://www.cu.edu/psc/psc-procedural-statement-advance-payment-suppliers [3].

7. EMERGENCIES

When an emergency condition exists that prevents the use of a competitive procurement method, the University may conduct a procurement on an emergency basis. Refer to the University of Colorado Procurement Rules, Procurement Methods at: http://www.cu.edu/psc/procurement-rules [4].

8. SUPPLIER 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.

8.1 Prohibited Use. A Vendor Agreement shall not be used in lieu of a University Purchase Order or contract, where one is required, absent the prior written approval of the Chief Procurement Officer. A Vendor Agreement is not required where a University Purchase Order or contract is not required, except as provided in this Procedure.

8.2 Permitted Use. The University Controller or the Chief Procurement Officer may authorize the use of Vendor Agreements up to $10,000, if a University Contract or Purchase Order is not required.

8.3 For all Vendor Agreements, the Procurement Service Center shall ensure that the Vendor Agreement complies with the requirements of Fiscal Procedure 3-1.

9. PURCHASE ORDER TERMS AND CONDITIONS. See Appendix II.

Procedure2-3 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.

Exceptions to Procedure:

- A receiving report need not be prepared for personal service expenditures.
- 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.

Procedure 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.

Procedure 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 Fiscal Procedure. 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 the University of Colorado 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.

Procedure 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.

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:

- 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.
- If the University and the state Agencies and/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.
- 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.

Procedure 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 by a departmental approver or by the University Controller.

Procedure2-8 MISCELLANEOUS COMPENSATION AND OTHER BENEFITS (PERQUISITES)

- **Honoraria**
- **Clean Air Transit Benefit for University Employees**
- **Events Sponsored by the University**
- **Instructional Courses and Job-Related Training**
- **University-Owned Housing Provided to State Employees**
- **Temporary Housing Provided to Visitors and Guests**
- **Uniforms and Maintenance of Uniforms**
- **Bookstore Discounts**
- **Authorized Commuting**
- **Exceptions to Procedure**

An employee of the University shall not receive any type of Benefit by virtue of their position unless such Benefit is provided under this Procedure. 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 Procedure. 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.

Miscellaneous Compensation and Other Benefits (Perquisites)

1. 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.

2. Clean Air Transit Benefit for University Employees:
To promote the University's mission of mitigating traffic congestion and creating clean air solutions, and to help equalize Benefits for those University employees that do not receive free parking, the Chief Executive Officer may offer a clean air transit Benefit to University employees. If offered, the Benefit shall be offered on an equal basis to all permanent full-time employees within the geographic area served by the mass transit provider and also, if deemed appropriate by the University, may be offered on an equal basis to all part-time employees within the same geographic area. Further, where the University has employees in different locations, the Benefit shall be offered based upon the applicable price structure of the

mass transit provider for each of those specific locations. The clean air transit Benefit may be the total cost of using mass transit or a portion of the total cost.

Prior to offering the Benefit, the University shall develop an implementation plan. The plan shall contain the number of employees expected to receive the Benefit, the estimated cost, if any, to be paid by the employee, and the estimated fiscal impact on the University. Any contract between the University and the mass transit provider shall be approved by the University Controller.

The University, when providing the clean air transit Benefit for their employees, shall maintain records showing the actual number of employees receiving the Benefit, the actual cost, if any, paid by the employee and the cost to the University for providing the Benefit.

3. 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 included 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.

4. 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.

5. 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.

6. 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.

7. Uniforms and Maintenance of Uniforms:
Uniforms required to be worn by University employees and the necessary maintenance of these uniforms may be provided to the employee by the University at no charge, or at a reduced charge, or through a uniform allowance.

8. Bookstore Discounts:
Discounts may be authorized by the University for faculty members and employees for purchases at its bookstores.

9. 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.

Exceptions to Procedure:

- Any housing or housing allowance established pursuant to an employment contract approved by the Board of Regents shall not be governed by this Procedure.
- Self-liquidating facilities such as faculty apartments and student housing or trailer houses used as temporary housing at remote work place stations are exempted from this Procedure.
- Any voluntary separation incentive plans established for University employees shall be governed by applicable state statute.

Procedure 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

Revised December 1, 2017

Policies, procedures, and forms related to expenditure contracts are established by the Procurement Service Center (PSC) and are found on the PSC web site.

Chapter 4: Projects

FISCAL PROCEDURE NUMBER

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

Procedure 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.

Capital Construction Contracts

- .01 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.
- .02 Capital Construction Fund contracts shall follow the contract routing procedures established by the University Controller's Office.

Procedure 4-2 CAPITAL CONSTRUCTION PROJECTS

All funds appropriated for Capital Construction Projects shall be used for their intended purpose. The University shall not use the 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 24-30-1404, C.R.S. 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.

Procedure 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

24-91-103, C.R.S. 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 38-26-107, C.R.S., and there are no outstanding claims against the project.

Chapter 5: Travel

Policies, procedures, and forms related to official university travel (including authorization and reimbursement) are established by the Procurement Service Center (PSC) and are found on the PSC web site.

Chapter 6: Cash

Pursuant to C.R.S. §23-20-113, and in accordance with Article VIII, §5(2) of the Colorado Constitution, the University Treasurer is responsible for the appropriations to and funds of the University of Colorado. Policies and practices related to cash have been established by the Office of the University Treasurer in accordance with the Laws and Policies of the Board of Regents. Accordingly, these Procedures do not address this area.

Chapter 7: Budget

In accordance with Article VIII, §5(2) of the Colorado Constitution, the Board of Regents of the University via the University Treasurer has general supervision and exclusive control of all funds of and appropriations to the University. The Chief Financial Officer of the University has established policies and practices related to the University budget in accordance with the Laws and Policies of the Board. Accordingly, these Procedures do not address this area.

Chapter 8: Reporting

Annual Financial Statements prepared by the University shall be submitted to and approved by the Regents Audit Committee. Unless otherwise provided by this fiscal Procedure, Financial Statements shall be prepared by the Office of the University Controller in accordance with generally accepted accounting principles and shall reflect the financial activities of University.

The University or its contractor may 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 Colorado Operations Resource Engine (CORE) 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 the 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.

The University shall prepare quarterly Financial Reports. Quarterly Financial Reports shall be available for use by the Regents Audit Committee and others for planning purposes and decision making.

.01 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.

.02 The University Controller shall determine what is reasonable and necessary to be included in the report, the funds which are to be included, and the date each report is due.

Each quarterly reporting period shall be regarded as an integral part of the fiscal year. Revenues shall be allocated to quarterly reporting periods in accordance with generally accepted accounting principles. Expenditures such as salaries, operating expenditures and accruals of expenditures shall be allocated to interim periods in which they are incurred or, where appropriate, allocated among quarterly periods on the basis of Benefits received or time expended. Arbitrary assignment to a quarterly period shall not be allowed.

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

The University Employee Services Office has adopted policies and practices related to financial reporting and, accordingly, these Procedures do not address this area.

Appendix I - Fiscal Procedures Glossary

DEFINITIONS:

Advance Payment - A payment made for goods or services prior to the receipt thereof.

Advice of Employment - A document that includes an offer of employment.

After-the-Fact Purchase - An After-the-Fact Purchase occurs when liabilities are incurred or payments are made on the University's behalf before a University Purchase Order or contract has been issued or executed by a Delegated Officer when required under University policy.

Agency - An executive department of the State of Colorado, or any subdivisions thereof.

Approving Authority - An individual who has authority to approve travel for University Business and related matters.

Benefits - Any pecuniary or material advantage provided by the University to a University employee other than salary, leave, incentives, awards, retirement Benefits, insurance Benefits, and travel and non-travel related reimbursements. Incentive awards, salary increases, fringe Benefits established pursuant to CRS 24-50-104(8) and (9) are not considered Benefits under this Procedure.

Capital Construction - A Capital Construction Project or Controlled Maintenance Project funded wholly or in part by the state Capital Construction Fund (CRS §24-75-302) or any cash resources of the University.

Capital Construction Fund - A fund created by statute for the purpose of purchasing and/or maintaining land, buildings and equipment and for constructing buildings for use by the state.

Capital Construction Project - A construction project funded wholly or in part by funds from the state Capital Construction Fund.

Commitment Voucher - A document, the form of which has been approved by the Chief Procurement Officer of the University, evidencing the following:

- A description of goods or services being purchased or other reasons for the disbursement of funds;
- The amount to be paid;
- That the obligation of the University is being charged to the appropriate account; and That procurement requirements have been satisfied.
- Commitment Vouchers include any approved form of Purchase Order, University Contract, travel authorization, Advice of Employment, License agreement, parking License agreement, and other written authorizations for disbursement which satisfy the requirements of subsection 2.4.1 (Elements) of Fiscal Procedure 2-2

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

Contingency-Based Contract - A contract for services between the University and a vendor where:

- All or part of the vendor's compensation is computed by multiplying a stated percentage by the measurable savings in the University's expenditures or Costs of operation attributable to the vendor's services under the contract; and
- The Contingency-Based Contract is not specifically authorized by statute. See CRS §24-17-203.
- Contingent fees are prohibited in certain Professional Services Contracts. See CRS §24-30-1404(4).

Controlled Maintenance Project - A maintenance project funded wholly or in part by funds from the state Capital Construction Fund.

CONUS - The 48 continental United States, including the District of Columbia.

Cost Objective - A project, grant, program, or other activity to which Costs are being allocated.

Cost Pool - An aggregation of Costs for subsequent allocation to another Cost Pool or a Cost Objective.

Costs - All expenses incurred by a project or program, either directly or indirectly. Costs include such items as labor, material, supplies, rent or building charges, operating expenses, and administrative expenses that might properly be assigned to the project or program.

Debt Contract - A financial obligation reported in the state's Comprehensive Annual Financial Report under standards promulgated by the Governmental Accounting Standards Board. Debt Contracts include without limitation contracts for revenue bonds, tax revenue anticipation notes, lease purchases, certificates of participation, and other multi-year transactions with outside third Party facilitators, issued or otherwise incurred by the University.

Delegated Officer - A University officer delegated to execute certain contracts on behalf of the University.

Delinquent - A Payable is Delinquent if a disbursement is not made within forty-five days after a liability arises, unless the time of payment has been otherwise provided in the contract or Purchase Order. A Payable being disputed by a vendor or the University shall become Delinquent if a disbursement is not made within forty-five days after resolution of the dispute.

Direct Cost - A cost incurred by a state Agency that exclusively benefits a specific Cost Objective and that may be readily identified with the same specific Cost Objective.

Economic Rent Study - A study conducted by the University to determine the rent to be charged for a University-owned house or dwelling. The purpose of the study is to determine the rental rate the house or dwelling would command if available on the open market.

Emergency - An unexpected event creating an immediate threat to the public health, welfare, or safety, the functioning of the University, or the preservation or protection of property, which requires an immediate response.

Employee Voluntary Separation Agreement - A contract between the University and a University employee setting forth the terms of the employee's voluntary separation from University service.

Encumbrance - An amount reserved on the University financial system or accounting system to reflect a formal obligation of the University. When required by University accounting procedures, the University shall encumber funds prior to recording expenditures and disbursing funds.

Equitable Relationship - A relationship that is based on cause and effect or logic and reason.

Expenditure Contract - A contract between the University and another Party resulting in an expenditure of funds by the University, directly or indirectly, or the creation of a payment obligation on the part of the University. Expenditure Contracts do not include transactions in which an expenditure of University funds is supported by Small Purchase Documentation

pursuant to Fiscal Procedure 2-2.

- 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.

Federal Funds - Funds received by the state either directly or indirectly from the federal government.

Financial Reports - Financial information compiled periodically to assist in management decision-making or for reasons other than financial statement purposes.

Financial Statements - Comprehensive reports prepared in accordance with generally accepted accounting principles, as adopted by the Governmental Accounting Standards Board.

Foreign Travel - Travel to any out-of-country destination not included within the definitions of In-State Travel or Out-of-State Travel.

Franchise Agreement - An agreement where the University grants to a Party a concession or right to provide goods or services in a particular market controlled by the University. The University may regulate service level, quality and price, but users of the service pay the other Party directly and the other Party provides the goods or services and exercises control over other management decisions.

Full Cost - The total of all Direct and Indirect Cost associated with a specific Cost Objective.

Fund Management Services - Professional consulting services regarding the management of University funds.

Goods Contract - A contract between the University and another Party for the purchase of goods. The term “goods” includes commodities, supplies, and products as such terms are used in the Uniform Commercial Code (CRS §24-1-201 General Definitions) or applicable University policy.

Grant Contract - An agreement between the University and another Party where the University:

- 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 Project Agreements, Intergovernmental Agreements, and Interagency Agreements, depending on the nature of the grant; or
- Provides funds from University of Colorado 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.

Health Benefits Agreement - Any contract for the purpose of establishing a health or welfare Benefit plan for the benefit of University employees, officials or students and which may include provisions for the payment of premium or deductible contributions to such plan by the

employee, official or student or by the University.

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.

Incidental Expenses - Fees and tips given to porters, baggage carriers, bellhops, hotel maids, and skycaps for airport check-in, and cost of personal telephone calls. Incidental Expenses do not include expenses for laundry, cleaning and pressing of clothing, and Lodging taxes.

Indirect Cost - A cost incurred by a state Agency that does not exclusively benefit a specific Cost Objective and that cannot be readily identified with the same specific Cost Objective, and, therefore shall be allocated to Cost Objectives on some basis of assumed service/benefit or other equitable distribution basis.

Indirect Cost Allocation - A systematic and rational allocation of Indirect Cost to benefiting programs and activities that result in the calculation of an Indirect Cost recovery rate or the identification of the amount of Indirect Cost assigned to the benefiting program for cost recovery purposes and/or to establish appropriations and fees. Four types of documentation representing Indirect Cost Allocations to Cost Objectives are recognized in this fiscal Procedure:

a. Statewide Federal Indirect Cost Allocation Plan - The plan prepared by the State Controller's Office, using federally approved costing principles, to allocate the allowable central administrative Costs of state government to state agencies for inclusion in its State Agency Federal Indirect Cost Rate Proposal/Plan.

b. Statewide Budget/Cash Indirect Cost Allocation Plan - The plan prepared by the State Controller's Office using Full Costing principles, to allocate the central administrative Costs of state government to state for inclusion in its State Agency Budget/Cash Program Indirect Cost Determination Worksheet.

c. University Federal Indirect Cost Rate Proposal/Plan:

- Proposal - A document prepared by the University to establish a rate used to recover Indirect Costs from federally funded programs or activities.
- Plan - A document prepared by the University to document Indirect Cost Allocation algorithms used for federal Indirect Cost recovery purposes.

d. Documentation of an Indirect Cost Allocation prepared separately or as a part of a fee formulation process, the allocations from which are used to establish a component of fees for state cash programs and services.

Information Technology Contract - A contract between the University and another Party, where the other Party provides information technology services or products and services.

Installation - Normal hookup of appliances to existing utilities. It does not include adding plumbing, wiring or vents.

Institution of Higher Education - A public college, community college, or university

established as a part of the state.

Interagency Agreement - An agreement between the University and one or more State Agencies or Institutions of Higher Education. The term Interagency Agreement does not include any agreement that has an entity that is not a State Agency or Institution of Higher Education as a party.

Interagency Purchase Order - A Purchase Order issued by a state Agency or Institution of Higher Education to another state Agency or Institution of Higher Education.

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.

Investment Advisory Services - Professional consulting services regarding securities and investments.

License - A grant by the owner of rights in real or personal property to another of a personal privilege to use such property, without the transfer of the underlying ownership interest therein.

Loan Contract - An agreement between the University and another Party, where the University agrees to loan funds to such other Party.

Lodging - Any commercial accommodations available or offered for use for which a rental schedule has been established and payment is required.

Metropolitan Area - A region including a city and the densely populated surrounding areas that are socially and economically integrated with it.

Official Function - A meeting, conference, meal, or other function that is hosted by the chief executive officer, or representative, of the University, attended by guests and/or University employees, and held for official University Business purposes.

Out-of-State Travel - Travel within CONUS, other than In-State Travel, or within Alaska or Hawaii.

Party - An individual or entity who is not an Agency or Institution of Higher Education. If appropriate in the context, the term “Party” may also refer to multiple individuals or entities who are not Agencies or Institutions of Higher Education.

Payable - A Payable is a liability incurred by the University of Colorado. A liability shall arise upon receipt of supplies and services and a correct notice of the amount due. A liability shall not arise if a good faith dispute exists as to the University's obligation to pay all or a portion of the liability.

Personal Property Lease Agreement - 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 such personal property for the term of the lease. A personal property lease may be an operating lease or a capital lease.

Personal Services Contract - A contract between the University and another Party, where

the other Party provides personal services for the benefit of the University or a third Party. An individual or entity performing services under a Personal Services Contract is an independent contractor and not an employee of the University.

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.

Price Agreement - A contract which allows the University to order goods or services from the vendor, pursuant to the terms of the Price Agreement, by issuing a Purchase Order, task order, or other approved order form.

Professional Services Contract - A contract between the University and another Party for the performance of any of the following services: architectural, engineering, land surveying, industrial hygienist, and landscape architect.

Purchase Order - A document, in a form prescribed by the Chief Procurement Officer, prepared and approved by an authorized University employee for the purpose of encumbering funds and securing goods or services from a vendor. For the purpose of this Procedure, a Purchase Order is not a University Contract.

Real Property Lease Agreement - An agreement between the University and another Party, where the University:

- As landlord, owns the real property subject to the lease and gives the other Party to the Lease, as tenant, the right of possession of such property for the lease term; or
- As tenant, obtains the right of possession of the real property subject to the lease from the owner of such property, as landlord, for the lease term.

Real Property Purchase Agreement - 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.

Reimbursement Request - A request for reimbursement of travel expenses incurred by a Traveler under this Procedure.

Revenue Contract - An agreement between the University and another Party where cash and/or property are paid to the University, resulting in revenue recognition. Revenue Contracts do not require the expenditure of University funds or create an obligation on the part of the University.

Reviewing Attorney - An attorney employed by the Office of University Counsel and designated by the State Attorney General as a special assistant attorney general, or any attorney employed by the State Attorney General who is authorized to review contracts on behalf of the University.

Sale of Securities - The offer, issuance or Sale of Securities by the University of Colorado. Securities include certain Debt Contracts.

Settlement Agreement - A contract between the University and another Party for the purpose of ratifying agreements concerning employment or contractual disputes.

Small Purchase Documentation - Small Purchase Documentation is required for purchases

of $5,000 or less. Documentation shall include:

- Description of goods or services being purchased or other reasons for the disbursement of funds; and
- The amount to be paid.

The University of Colorado shall ensure that:

- The University's obligation is being charged to the appropriate account; and
- Procurement requirements have been satisfied.
- 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. Small Purchase Documentation is not required for purchases that do not require a receipt under Fiscal Procedure 5-1(Travel).

Sponsored Project Agreement - An agreement between the University and another Party, where the University of Colorado receives or expends restricted funding 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 or organizations.

Temporary Work Location - A location where employment is expected to continue, and does continue, for one year or less.

Training Function - A meeting, conference, or other function which is hosted by the University, attended by customers of the University and/or University employees, and held to enhance staff knowledge or to educate customers of the University or University employees, that are affected by the University's operations or regulations. Training Functions should have a written agenda, study materials, and be led by an identified presenter.

Travel Advance - The advance of funds to a Traveler for approved travel expenses by the University.

Traveler - A University employee, official or student who receives required approvals to travel on University Business.

Traveler's Regular Work Location - Generally, the primary location where the Traveler works, including the entire Metropolitan Area of the Traveler's Regular Work Location.

Traveler's Residence - The location where the Traveler maintains his or her primary family home.

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 Traveler's Regular Work Location substantially longer than an ordinary day's work, and b) the Traveler needs to sleep or rest to meet the demands of his or her work while away from home.

Transportation - Travel by commercial airline, railroad, bus, taxicab, University owned, leased, or personally owned automobile or airplane or any other means of conveyance.

University Business - Official University Business or other duties undertaken for University

purposes and for the benefit of the University.

University Contract - Any formal, legally binding document between the University and another Party, the form, content and process for approval of which is described in Fiscal Procedure 3-1. A University Contract that meets the requirements of Fiscal Procedure 3-1 shall constitute a Commitment Voucher for purposes of Fiscal Procedure 2-2.

Utility Cost-Savings Contract - An energy performance contract, shared-savings contract, or other agreement in which utility cost savings are used to pay for service or equipment. See CRS §24-30-2001(6).

Vendor Agreement - 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. All references to “contract” or “agreement” refer to University of Colorado contracts, which are formal, legally binding documents. The terms “contract” and “agreement” are used interchangeably in the following definitions to reflect their common usage in the University and include any amendments to the contract or agreement. The following definitions include terms used in this Fiscal Procedure as well as various types of contracts entered into by the University of Colorado.

Appendix II - Purchase Order Terms and Conditions

See PSC website [5].

Groups audience:
Controller
Right Sidebar:
OUC: Fiscal Procedures Questions

Source URL:https://www.cu.edu/controller/fiscal-procedures-2

Links
[1] https://www.cu.edu/controller/fiscal-procedures-2
[2] http://www.ucdenver.edu/academics/colleges/medicalschool/PatientCare/Pages/PartnerHospital.aspx
[3] https://www.cu.edu/psc/psc-procedural-statement-advance-payment-suppliers
[4] https://www.cu.edu/psc/procurement-rules [5] https://www.cu.edu/psc/purchase-order-terms-and-conditions