CHAPTER 2: DISBURSEMENT

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RULE 2-1:   PROPRIETY OF EXPENDITURES

1. AUTHORITY:
   §24-77-101, et seq., C.R.S. (Fiscal Year Spending Limits)
   §24-30-202(2), and (5)(a), C.R.S. (Propriety of Expenditures)

2. DEFINITIONS:
   2.1. Donation – Property, services, or money given without receiving consideration for the transfer.
       The term “Donation” does not include the State’s purchase of any good or service; Grants, as
       defined in Fiscal Rule 3-4, where the grantee is required to provide an accounting of funds and
       progress reports regarding the work performed; restitution or court judgments; services
       provided by individuals in their individual capacity; or payments to or on behalf of beneficiaries
       of State programs defined in State statute or regulations.

3. RULE:
   All expenditures by State Agencies and Institutions of Higher Education shall meet the following
   standards of propriety:
   3.1. Are for official State business purposes only.
   3.2. Are reasonable and necessary under the circumstances.
   3.3. Are authorized by the appropriation and required approvals have been received.
   3.4. Prices or rates are fair and reasonable.
   3.5. Amount is within the available unencumbered balance or is within the balance encumbered
        specifically for the expenditure.
   3.6. Are in compliance with applicable statutes, executive orders, rules, and policies.

   State Agencies and Institutions of Higher Education shall not make a Donation to any other entity or
   individual unless specifically permitted by statute.

   All expenditures by State Agencies and Institutions of Higher Education recorded in a State fiscal year
   shall be for services performed or goods received by the last day of that fiscal year.
RULE 2-2: RECEIVING REPORTS

1. **AUTHORITY:**
   §24-30-202 (1), C.R.S. (State Controller Authority to Determine Payment Processes)

2. **RULE:**
   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. This information shall be certified by the receiver of the goods or services.

3. **EXCEPTIONS TO RULE:**
   3.1. A receiving report need not be prepared for personal service expenditures.
   3.2. When an adequate system of internal accounting and administrative controls exists to provide sufficient verification that goods or services were received, a State Agency or Institution of Higher Education may choose to not require a signed receiving report.
RULE 2-3: PAYMENT TERMS

1. AUTHORITY:
   §24-30-202 (1), C.R.S. (State Controller Authority to Determine Payment Processes)
   §24-30-202.4 (3.5) C.R.S. (Vendor Offset)

2. DEFINITIONS:
   2.1. Common Policy Payment – A payment made by a State Agency to another State Agency with an internal service fund, such as the Governor’s Office of Information Technology, the Department of Personnel and Administration, or the Department of Law, for services provided by those State Agencies to multiple other State Agencies. The General Assembly provides spending authority to both the State Agency purchasing the services and the State Agency providing the services.
   2.2. Delinquent Payable – 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 Commitment Voucher. A Payable being disputed by a contractor or State Agency or Institution of Higher Education shall become delinquent if a disbursement is not made within forty-five days after resolution of the dispute.
   2.3. Payable – A Payable is a liability incurred by the State. 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 State Agency or Institution of Higher Education's obligation to pay all or a portion of the liability.
   2.4. Payment Terms – Contractual obligations between a State Agency or Institution of Higher Education and a contractor regarding timing, amount, and preconditions of payment, as evidenced in a Commitment Voucher or on an invoice.

3. RULE:
   3.1. Payment on Time
       3.1.1. Payments shall be processed in a timely manner and made within the allowable discount period to ensure the State Agency or Institution of Higher Education takes advantage of purchase discounts, if economically beneficial to the State. All payment processing timelines shall begin upon the acceptance of a correct invoice by the State Agency or the Institution of Higher Education and the delivery of goods or completion of the services provided unless specifically stated otherwise in a Commitment Voucher.
   3.2. Interest Payment on Delinquent Payables
       3.2.1. State Agencies and Institutions of Higher Education 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 1% per month, or such other amount as may be required by §24-30-202(24), C.R.S. All Commitment Vouchers 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-fifth day after the liability for such payment arises under this Fiscal Rule.
3.3. Interagency Purchases and Payments

3.3.1. A State Agency or Institution of Higher Education 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. Where possible and practical payments shall be made by an interagency document in lieu of a state warrant.

3.4. Disputes Arising from Interagency Purchases

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

3.4.1.1. The State Agency or Institution of Higher Education 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 Officer of these State Agencies or Institutions of Higher Education involved shall assist in the resolution.

3.4.1.2. If the State Agencies and/or Institutions of Higher Education involved cannot reach a satisfactory resolution within 60 days, the State Agency or Institution of Higher Education disputing the charge shall, within 30 days of the date on which the State Agencies and/or Institutions of Higher Education determined that they could not resolve the dispute, petition the State Controller to resolve the dispute.

3.4.1.3. 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.

3.4.1.4. State Agencies shall make Common Policy Payments regardless of any dispute. Disputes related to setting of the common policy appropriations, budgets, and funding sources shall be handled in accordance with Fiscal Rule 7-4.

3.5. Vendor Intercepts

3.5.1. State Agencies and Institutions of Higher Education shall withhold unpaid balance or debts owed to the State by a contractor prior to disbursement of payment in accordance with §24-30-202.4(3.5)(a)(I), C.R.S.

3.5.2. For State Agencies that utilize the State Financial System, the State Financial System automatically withholds the unpaid balance of debts owed to the State, as identified by an intercepting State Agency prior to disbursement to a vendor as outlined in the statute. Payment is then transmitted to the intercepting agency. State Agencies and Institutions of Higher Education that do not use the State Financial System shall be responsible for ensuring compliance with the statute by creating their own internal withholding procedures.

3.6. Unpaid Warrants and Payables

3.6.1. A State Agency or Institution of Higher Education that has an unpaid warrant or check shall perform due diligence to identify if the payable is valid. If valid, the State Agency or Institution of Higher Education shall reissue payment to a contractor or vendor. A check or warrant that is presumed abandoned under §38-13-106, C.R.S., shall be transferred to the unclaimed property trust fund as described in §38-13-106, C.R.S.

3.6.2. For State Agencies that utilize the State Financial System, transfer of unpaid...
warrants or checks to the unclaimed property trust fund and completion of reporting requirements is coordinated by the Office of the State Controller after State Agencies complete their due diligence. State Agencies and Institutions of Higher Education that do not use the State Financial System shall be responsible for ensuring compliance with the statute by creating their own internal procedures.
RULE 2-4: OFFICIAL FUNCTIONS AND TRAINING FUNCTIONS

1. AUTHORITY:
   §24-30-202 (1), C.R.S. (State Controller Authority to Determine Processes for Liabilities)

2. DEFINITIONS:
   2.1. Official Function – A meeting, conference, meal, training, or other function that is hosted by the Chief Executive Officer, or representative, of a State Agency or Institution of Higher Education, attended by guests and/or State employees, held for official State business purposes and includes an expenditure of State funds.

3. RULE:
   3.1. Official Functions that include purchases of food and beverages have the potential of being perceived to be for personal benefit and an abuse of public funds. Attendance shall include only those individuals directly related to the purpose of the function. Purchases of food and beverages should be kept to a minimum and shall be approved by the Chief Executive Officer or by a representative of the State Agency or Institution of Higher Education who has been delegated authority by the Chief Executive Officer. All expenditures associated with an Official Function must meet the requirements in Fiscal Rule 2-1.
   3.2. Permissible and prohibited Official Functions are further defined in the State Controller Fiscal Policies.
   3.3. For all purchases of food and beverages, State Agencies and Institutions of Higher Education shall maintain documentation that includes the following:
       3.3.1. Description of Official Function;
       3.3.2. Justification for food and beverages;
       3.3.3. Attendees; and
       3.3.4. Chief Executive Officer or delegate approval.
RULE 2-5: MISCELLANEOUS COMPENSATION AND OTHER BENEFITS (PERQUISITES)

1. AUTHORITY:
   §24-2-103, C.R.S. (Compensation for State Employees)
   §24-30-202(22), C.R.S. (State Controller Authority for Allowing Perquisites)

2. DEFINITIONS:
   2.1. Fringe Benefits – Any benefit described in §24-50-104(1)(g), C.R.S., including, without limitation, insurance, retirement and leaves of absence with or without pay.
   2.2. Metropolitan Area – A region including a city and the densely populated surrounding areas that are socially and economically integrated with it. See State Controller Travel Policies.
   2.3. Perquisite – Any payment, benefit or privilege provided by the State to a State employee other than the following, which are not considered Perquisites:
      2.3.1. Salary;
      2.3.2. Fringe benefits;
      2.3.3. Incentives and awards;
      2.3.4. Travel and non-travel related reimbursements;
      2.3.5. State sponsored job related training;
      2.3.6. Temporary housing provided to employees who are working at a work location that is not in the same Metropolitan Area as the employee’s normal work location;
      2.3.7. Permanent housing on State property, provided for the benefit of the State, where the employee is required to stay as a condition of employment;
      2.3.8. The provision of faculty housing or student apartments by Institutions of Higher Education;
      2.3.9. Housing or a housing allowance provided to the Chief Executive Officer of an Institution of Higher Education as part of that individual’s employment contract consistent with policies developed by the Commission on Higher Education and approved by the State Controller;
      2.3.10. Uniforms that are required to be worn by State employees and the necessary maintenance of these uniforms, so long as the uniform is worn as a condition of employment, is not suitable for everyday wear, is distinctive to a particular group, and serves as a means of identification; and
      2.3.11. Employee discounts offered to all State employees.

3. RULE:
   A State employee shall not have the authority to grant any Perquisites, nor shall any State employee receive any Perquisite except as provided by State statute or this Fiscal Rule. Monetary allowances shall not be given to State employees in lieu of Fringe Benefits, except as provided by State statute or approved by the State Controller. Where State statutes provide allowances for maintenance and ordinary expenses incurred in the performance of duty, it is the responsibility of the Chief Executive Officer of the State Agency or Institution of Higher Education to establish specific expenses that are
covered by the allowance so that the same expenses are not also directly reimbursed. A State Agency or Institution of Higher Education may provide any payment, benefit, or privilege to a State employee, that is not considered a Perquisite, in its sole discretion. If a State Agency or Institution of Higher Education provides a Perquisite allowed under this Fiscal Rule, then it shall equitably determine which State employees are eligible to receive such Perquisites.

3.1. Allowed Perquisites

3.1.1. Clean Air Transit Perquisite for State Employees – A State Agency or Institution of Higher Education may offer a clean air transit Perquisite to its employees on an equal basis to all permanent full-time employees within the geographic area served by the mass transit provider and, if deemed appropriate by such State Agency or Institution of Higher Education, also may be offered on an equal basis to all of its part-time employees within the same geographic area.

3.1.1.1. Clean air transit perquisites for State employees may include mass-transit passes, such as the Regional Transportation District EcoPass, provided to State employees at a reduced or no cost; the provision of electric vehicle charging stations for use by State employees at a reduced or no cost; or any other Perquisite intended to reduce the effects of State employee transit on air quality as may be determined by the State Controller in the State Controller Policies.

3.1.2. Events Sponsored by State Agencies and Institutions of Higher Education – A reasonable discount may be offered by a State Agency or Institution of Higher Education to State officials and State employees to improve attendance or participation in State sponsored events. Examples include discounts on admission to athletic games and cultural, educational, recreational, or other events.

3.1.3. Meals – Meals prepared at State dining facilities are primarily for the benefit of the students, patients, or inmates housed at these facilities. However, a State Agency or Institution of Higher Education may provide meals to State employees working at these facilities.

3.1.4. Instructional Courses and Job Related Training – A State Agency or Institution of Higher Education may provide job related and career enhancement courses to State employees that are not sponsored by the State or may provide tuition reimbursement for such courses and training. A State Agency or Institution of Higher Education may only offer or provide tuition reimbursement for courses and training that will benefit the State and enhance the employee's performance. Such instructional courses and job related training may include, without limitation, continuing education courses for licensed professionals, regardless of whether such license is a mandatory requirement of the employee’s position; courses provided by private entities to enhance job-related skills; and courses provided by public or private colleges and universities, including State Institutions of Higher Education.

3.1.5. State Housing Provided to State Employees – A State Agency or Institution of Higher Education may provide housing for a State employee where State-owned facilities are available and it is in the best interest of the State. If the employee will pay any rent or otherwise be charged for the housing, then the State Agency or Institution of Higher Education shall execute a rental agreement with the State employee. If the rented unit does not have separate utility meters, the State Agency or Institution of Higher Education shall also include in the rental agreement payment for the estimated utility costs.
3.1.5.1. A State employee may be provided housing as a condition of employment for reasons that may include the employee is required to live in the State facility, the State employee is required to be available twenty-four hours a day to perform the assigned duties, the State employee is required to live in close proximity to the State facility in order to provide protection or discourage trespassers from entering the property, or the State employee’s work location is in a remote area that is difficult to reach and has no housing available other than State furnished housing.

3.1.6. De Minimis Employee Appreciation Items – A State Agency or Institution of Higher Education may provide awards, items of clothing, meals and other items intended to show employee appreciation, so long as those items are de minimis. The State Controller may issue policies regarding the frequency with which such items may be provided and value of those items that are considered de minimis.

3.1.7. Bookstore Discounts – An Institution of Higher Education may provide equitable discounts for its faculty members and employees for purchases at its bookstores.

3.1.8. Commuter Use of State Owned Vehicles – A State Agency or Institution of Higher Education may provide a State owned vehicle to an employee to use for commuting purposes when the State Agency or Institution of Higher Education determines that the employee requires the use of the State owned vehicle for work purposes and also allowing the employee to use the State owned vehicle for commuting is the most efficient use of State fleet resources, as described in Fiscal Rule 9-6.

4. PAYMENTS FOR PERQUISITES:

4.1. A State Agency or Institution of Higher Education that provides any Perquisite to a State employee may choose to either provide that Perquisite without cost to the employee or may charge the employee for that Perquisite. For each Perquisite offered by a State Agency or Institution of Higher Education for which an employee is charged, the Chief Executive Officer of that State Agency or Institution of Higher Education shall annually determine the amount that the agency will charge its employees. All such charges shall be equitable for all employees to whom the Perquisite is offered.

4.2. If a State Agency or Institution of Higher Education will charge a State employee for any Perquisite, then the State Agency or Institution of Higher Education shall make a payroll deduction from that employee’s pay in the amount of the charges for such Perquisites received by that employee.

5. TAXABILITY OF PERQUISITES:

5.1. State Agencies and Institutions of Higher Education shall report all payments for Perquisites in accordance with the Internal Revenue Code and its implementing regulations. State Agencies and Institutions of Higher Education shall report all taxable Perquisites received by State employees in accordance with the Internal Revenue Code and its implementing regulations, and State Controller Fiscal Policies.
RULE 2-6: MOVING AND RELOCATION

1. AUTHORITY:

§24-50-134, C.R.S. (Moving and Relocation Expenses)

Internal Revenue Service Publication 521 (Moving Expenses)

2. DEFINITIONS:

2.1. Incidental Expenses – See Fiscal Rule 5-1 (Travel).

2.2. Moving Expenses – Reasonable expenses of moving a State employee’s Household Goods and Personal Effects to the State employee’s new home.

2.3. Household Goods and Personal Effects – This includes household and personal effects such as furniture, clothing, musical instruments, household appliances, foods, and other items which are usual and necessary for the maintenance of a household.

2.4. Relocation Expenses – Relocation expenses are equal to the total per diem for the destination location in the latest per diem rates published by the U.S. General Services Administration. The total per diem includes the lodging per diem rate plus the meals and Incidental Expense (M&IE) rate.

2.5. Transportation – See Fiscal Rule 5-1 (Travel).

3. RULE:

When an employee in the State personnel system, other than an Elective Officer, qualifies for moving, such State employee shall be allowed moving expenses as set forth in §3.1. In addition, such State employee shall be allowed relocation expenses up to a maximum of thirty days for necessary expenses incurred while relocating to a permanent residence. The State Agency or Institution of Higher Education shall not reimburse or pay moving expenses for a State employee when the move is made solely for personal reasons. Moving expenses shall be authorized by the Chief Executive Officer, or a delegate, of a State Agency or Institution of Higher Education if the move of residence is occasioned by a change in assignment, a promotion, or for another reason related to the State employee's duties. This rule does not apply to new hires.

3.1. Employee Qualification for Moving Expenses

A State employee must meet all of the following conditions to qualify for moving expenses under this Fiscal Rule:

3.1.1. An appointing authority requires the State employee to change the employee’s primary place of residence because of a change in assignment or a promotion or for any other reason related to the employee’s duties. See §24-50-134, C.R.S.

3.1.2. The State employee’s move is closely related to the start of work, both in time (move occurs within one year from the date the employee first reported to work at the new location) and in place (the distance from employee’s new home to the new job location is less than the distance from the employee’s former home to the new job location).

3.2. Moving Expenses

3.2.1. Moving of Household Goods and Personal Effects – Overall

3.2.1.1. The State employee shall obtain at least two competitive bids and submit
those bids when the employee seeks reimbursement. State payment shall be made at the rate proposed in the lowest responsible bid.

3.2.1.2. The amount of moving expenses shall be reasonable and necessary under the circumstances.

3.2.2. Moving of Household Goods and Personal Effects – Commercial Mover

3.2.2.1. Moving expenses include packing, insurance, Transportation, and storage not to exceed thirty days, unpacking, and installation at the new location of the State employee's Household Goods and Personal Effects. Moving expenses also include charges by commercial vendors for towing of mobile homes.

3.2.2.2. Upon approval by the State Controller or an individual with a delegation from the State Controller, the State employee may arrange for the commercial mover to bill the State Agency or Institution of Higher Education directly.

3.2.3. Moving of Household Goods and Personal Effects – Employee Moves Household Goods and Personal Effects

3.2.3.1. A State employee may move Household Goods and Personal Effects by rental trailer or truck, or portable moving container, in lieu of using a commercial mover, and shall be reimbursed for the actual cost of using that trailer, truck, or portable moving container, so long as such costs are reasonable.

3.2.3.2. If the State employee uses the State employee’s vehicle to move, the State employee shall be entitled to the standard State mileage rate for moving, not travel.

3.3. Relocation Expenses

3.3.1. A State employee shall receive the per diem allowance up to a maximum of thirty days for necessary expenses incurred while locating permanent residence at the new location. The per diem shall consist of the lodging, meals, and Incidental Expenses rate for the destination location published by the U.S. General Services Administration. The employee may exclude interruptions caused by sick leave, vacation, other authorized leave of absence, or ordered travel. The maximum amount paid for the per diem allowance shall not exceed the daily rate multiplied by thirty days.
RULE 2-7: STATE COMMERCIAL CARDS

1. AUTHORITY:

§24-102-207, C.R.S. (Statewide Procurement Card)

2. DEFINITIONS:

2.1. Commercial Card Program – All card (Procurement, Travel, One Card) accounts and services provided to the State and participating entities by the bank.

2.2. Commercial Cards – State issued payment cards including Procurement Cards, Travel Cards, and One Cards.

2.3. Procurement Card – Used for small purchases of general merchandise and services as governed by State statutes, the Procurement Rules, and these Fiscal Rules. A Procurement Card is a corporate liability card.

2.4. Travel Card – Used for travel related purchases as governed by State statutes, State travel rules, and these Fiscal Rules. A Travel Card may be centrally billed (corporate liability) or individually billed (individual or joint and several liability).

2.5. One Card – Allows for the combination of the functionality of both the Procurement Card and the Travel Card. A One Card is a corporate liability card.

3. RULE:

All State Agencies and participating Institutions of Higher Education eligible for the State Commercial Card Programs shall enter into an agreement with the applicable State Commercial Card Program to participate. State Agencies and Institutions of Higher Education may not enroll in other credit or debit card program agreements (including store credit or other extension of credit).

3.1. Personal Services – Commercial Cards may be used to pay for services as well as goods. Under present Internal Revenue Service guidelines, it is the responsibility of the banking institution to fulfill 1099 reporting requirements.

3.2. Purchases in Excess of $5,000 – If authorized by the Chief Fiscal Officer of the State Agency or Institution of Higher Education, Commercial Cards may be used to pay invoices in excess of $5,000. Commercial Cards are a method of payment. Use of the Commercial Card is not a substitute for a Commitment Voucher or Encumbrance, as required by and defined in Fiscal Rule 3-1.

3.3. Pre-audit Responsibility – Use of the Commercial Card does not eliminate the need for a Pre-audit, which shall be completed when the disbursement is made to the bank. The State Agency or Institution of Higher Education is responsible for reconciling the disbursements made to the bank with the total of validated individual charges for the State Agency or Institution of Higher Education. The dispute mechanism in the card agreement shall be used when charges from the bank are challenged.

3.4. Reporting Misuse – All incidents of State Commercial Card misuse that are recurring, significant, or in excess of $500 shall be reported in writing to the State Controller annually. Reports shall be submitted to the Office of the State Controller by November 1 each year. This report should include results of any investigation or follow-up including corrective measures implemented to prevent or reduce the likelihood of future occurrences. Misuse may include
actions such as the purchase of goods/services or travel related transactions for personal use, splitting a purchase to circumvent single purchase dollar limits or cardholder credit limits, travel related transactions on the Procurement Card, purchasing related transactions on the Travel Card, or any other unauthorized transactions disallowed by State Agency or Institution of Higher Education policy. All incidents of Commercial Card suspected theft or embezzlement shall be reported according to Fiscal Rule 1-2.

3.5. Monitoring and Training – Administrators of Commercial Card Programs shall ensure compliance with card agreements, monitor proper usage of the card, and provide direction to State Agencies and Institutions of Higher Education on proper use of the card.

3.6. Cardholders – State Agencies and Institutions of Higher Education shall only issue a Commercial Card to permanent State employees and shall not issue a State Commercial Card to contractors, temporary State employees, or non-State employees.