CHAPTER 9: PAYROLL

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Effective 11/1/2018
RULE 9-1: USE OF THE STATE PAYROLL SYSTEM

1. AUTHORITY:
   §24-30-201(1)(e), C.R.S. (Authority to Manage Financial Affairs of the State)
   §24-30-202(1) and (8.5), C.R.S. (Authority to Control Expenditures and Make Electronic Payments)

2. DEFINITIONS:
   2.1. State Payroll System – The official payroll system for the State of Colorado as designated by
       the State Controller.

3. RULE:
   All State Agencies shall use the State Payroll System to record and maintain employee payroll
   information and data and to pay employees, unless the State Controller has granted an exception.
RULE 9-2:  DIRECT DEPOSIT PAYROLL FOR STATE EMPLOYEES PAID ON THE STATE PAYROLL SYSTEM

1. AUTHORITY:
   §24-30-201(1)(e), C.R.S. (Authority to Manage Financial Affairs of the State)
   §24-30-202(1) and (8.5), C.R.S. (Authority to Control Expenditures and Make Electronic Payments)
   §24-50-104(8)(a), C.R.S. (Payment of Salaries)

2. DEFINITIONS:
   2.1. Direct Deposit Payroll Program – A payroll program where an employee's net pay is deposited directly to the employee's legally established checking or savings account via an electronic fund transfer system.

3. RULE:
   State employees paid through the State Payroll System shall be on the Direct Deposit Payroll Program, unless an exception is approved by the State Controller or delegate of the State Controller.
**RULE 9-3: FINAL PAY FOR A TERMINATING STATE EMPLOYEE**

1. **AUTHORITY:**
   
   §24-30-201(1)(e), C.R.S. (Authority to Manage Financial Affairs of the State)
   
   §24-30-202(1) and (8.5), C.R.S. (Authority to Control Expenditures and Make Electronic Payments)
   
   §24-50-104(8)(a), C.R.S. (Payment of Salaries)

2. **RULE:**

   Final pay shall be available to terminating State employees as follows:

   **2.1.** When a State employee terminates employment with the State, with or without giving notice, final payment shall be made no later than the employee’s next regular pay day, unless the payroll is already processing for that pay day, in which event it shall be made no later than the following regular payday.

   **2.2.** When a State Agency or Institution of Higher Education terminates a State employee, final payment shall be made within three business days of the date of termination. The 24-hour pay provision of §8-4-109, C.R.S., does not apply to public sector employees.

   **2.3.** A State Agency or Institution of Higher Education shall deduct any amounts a State employee owes the State from that State employee’s final pay. If the State employee’s final pay is insufficient to cover the amount the State employee owes the State, then the State employee shall be liable for the remaining outstanding balance.
RULE 9-4: OVERPAYMENTS TO STATE EMPLOYEES

1. AUTHORITY:

§24-30-201, C.R.S. (Powers and Duties of the State Controller)

§24-50-104(9)(a), C.R.S. (Liability for Overpayments to State Employees)

§24-30-203.5, C.R.S. (Recovery Audits)

2. DEFINITIONS:

2.1. Overpayment – An overpayment is any payment that results from overstating the rate of pay, overstating the hours worked, understating the employee deductions, or any other payments to which the employee is not entitled.

3. RULE:

3.1. If a State employee is paid more than the amount due, provisions shall be made for the repayment of the Overpayment.

3.2. If the Overpayment is nominal, it shall all be deducted from the State employee's next paycheck. However, in some cases the Overpayment may require a repayment schedule extending over a period of time. The Chief Executive Officer of the State Agency, or a delegate of that individual, shall establish a repayment schedule based on the particular facts involved in each case. Any repayment schedule extending for more than six months shall be subject to approval by the State Controller.

3.3. A State employee's maximum liability for repayment of a payroll-related Overpayment shall be limited to the total amount of the overpayment in the present calendar year plus the total amount of any Overpayment in the three prior calendar years. A State employee's maximum liability for repayment of a non-payroll-related Overpayment shall be limited to the total amount of the Overpayment in the present fiscal year plus the total amount of any Overpayment in the three prior fiscal years.

3.4. Any amount that an employee of a State Agency has not repaid in accordance with this rule is subject to the Accounts Receivable Collections Administrative Rule, set forth in 1 CCR 101-6. Any amount that an employee of an Institution of Higher Education has not repaid in accordance with this Fiscal Rule is subject to the accounts receivable policies of that Institution of Higher Education.
RULE 9-5: MISCELLANEOUS COMPENSATION

1. AUTHORITY
   §24-30-201(1)(e), C.R.S. (Authority to Manage Financial Affairs of the State)

2. DEFINITIONS
   2.1. Honorarium – the payment of cash or a cash equivalent in recognition of services provided for no or a nominal charge

3. RULE:
   3.1. Honorariums
       3.1.1. State officials and employees may be asked to address an audience for which they receive an Honorarium. If the State official or employee does so, the State official or employee may retain the Honorarium. Any travel expenses related to the engagement will qualify for reimbursement by the State if the engagement occurs during normal working hours, or within the State official’s or employee’s normal workload.
RULE 9-6: ASSIGNMENT OF STATE-OWNED VEHICLES

1. AUTHORITY:

§24-30-1112, C.R.S. (Permanent Assignment of Vehicles)
§24-30-1113. C.R.S. (Assignment of Vehicles to State Agency Officers or Employees)
Internal Revenue Service Publication 15-B (Employer’s Tax Guide to Fringe Benefits)
Internal Revenue Service Publication 5137 (Fringe Benefit Guide, Office of Federal State and Local Governments)

2. DEFINITIONS:

2.1. Eligibility – The State employee meets the eligibility requirements for assignment of a State vehicle as provided in this Fiscal Rule.

2.2. State Business – See Fiscal Rule 5-1 (Travel).

2.3. State Fleet – State Fleet Management, in the Division of Central Services, Department of Personnel & Administration.

2.4. Taxability – The use of the State-assigned vehicle may be either taxable or non-taxable, depending on the facts and circumstances.


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

3. RULE:

State Agencies and Institutions of Higher Education shall comply with Eligibility requirements for assigning State-owned vehicles. If a State employee does not meet the Eligibility requirements, the State Agency shall not assign a State-owned vehicle to that employee.

State Agencies shall comply with the Taxability of assignment of State-owned vehicles included in the Technical Guidance and the Internal Revenue Code and its implementing regulations.

State Agencies shall submit annual documentation of compliance with both Eligibility requirements and Taxability requirements for assignment of state-owned vehicles.

3.1. Eligibility for Assignment of State-owned vehicles

3.1.1. A State employee must meet all of the following conditions to be eligible for assignment of a State-owned vehicle:

3.1.1.1. Assignment of the vehicle is necessary to conduct official and legitimate State Business, and

3.1.1.2. Assignment of the vehicle satisfies at least one of the following requirements:

3.1.1.2.1. The vehicle meets the Internal Revenue Service definition of qualified nonpersonal use in 26 CFR 1.274-5(k), or

3.1.1.2.2. The assignment of the vehicle is the most cost-efficient means of Transportation, as defined in this Fiscal Rule.

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3.2. Responsibilities of State Agencies

3.2.1. A Chief Executive Officer or designee of a State Agency shall authorize the assignment of a State vehicle to a State employee of that State Agency.

3.2.2. Each State Agency shall maintain documentation of the assignment of the State vehicle, including the Chief Executive Officer’s justification for authorizing the assignment of the vehicle.

3.2.3. Each year, on or before October 1, the Chief Executive Officer of a State Agency, or a designee of that individual, shall review each assignment of a vehicle to ensure the assignment complies with the Eligibility requirements in this Fiscal Rule, the Taxability requirements in the Technical Guidance, and the Internal Revenue Code and its implementing regulations. Each State Agency shall send this information to the Office of the State Controller and to State Fleet.

3.3. Responsibilities of the Department of Personnel and Administration (DPA)

3.3.1. The Office of the State Controller and State Fleet shall review the information submitted by the State Agencies and Institutions of Higher Education for the initial application and for subsequent annual renewals. The Office of the State Controller and State Fleet shall:

3.3.1.1. Verify that the assignment of the vehicles complies with the Eligibility requirements of State vehicles; and

3.3.1.2. Verify that the Taxability is in compliance with the Technical Guidance and the Internal Revenue Code and its implementing regulations.

3.3.2. If the verification process establishes that the assignment of a vehicle no longer complies with the Eligibility requirements of State vehicles, then DPA shall revoke the assignment of the vehicle.

3.4. Cost Analysis

3.4.1. State Fleet has developed a spreadsheet for State Agencies to evaluate whether use of State vehicles or the use of the employee’s personal vehicle is the most cost efficient means of Transportation.

3.4.2. State Agencies shall submit this spreadsheet with the initial application and annual reviews to the Office of the State Controller and State Fleet.

3.5. Taxability of State-Assigned Vehicles

3.5.1. Any Elective Officer or State employee who is assigned a State-owned vehicle because it is the most cost-efficient means of Transportation receives a taxable fringe benefit and the State Agency shall include the value of this fringe benefit in the income of the Elective Officer or State employee.

3.5.2. The Technical Guidance the Office of the State Controller should be followed by all State Agencies, branches of government, and Institutions of Higher Education. Executive agencies shall follow policies on State-Assigned Vehicles issued by State Fleet and the Office of the State Controller.