	Propriety of Expenditures Policy	Responsible Administrative Unit: Finance & Administration
	Issued: November 2009	Policy Contact: John.Kane@is.mines.edu

1.0 BACKGROUND AND PURPOSE

As a public institution, the Colorado School of Mines is entrusted with funds by various constituencies. Expenditures of these funds are governed and regulated in a variety of ways including the following policy and procedures. This policy applies to all fund types, regardless of source, and to procurements of both goods and services.

2.0 POLICY

The Colorado School of Mines requires that a valid business purpose must exist for expenditures of all School funds. Expenditures must meet all “tests of propriety” defined below. Some expenditures are more sensitive than others and require additional guidelines in addition to the normal tests of propriety. Procedures for the sensitive expenditures are also outlined below. Examples of sensitive expenses include gifts, entertainment expenses, official functions (including training functions), donations and expenditures to procure gifts and awards (see below for more detailed definitions).


3.0 DEFINITIONS

3.1 Gifts: A benefit that can be consumed or enjoyed at a School staff member’s discretion and is not enjoyed in the course of employment duties. Gifts include, but are not limited to, personal items, flowers, tickets to shows/sporting events, vouchers, tokens, etc. and may or may not be given related to a holiday and/or personal event.

3.2 Entertainment Expense: Expenditures for social functions, entertainment events, food, beverages, tickets for shows or sporting events and related supplies for events, which involve one or more School employees and or one or more guests and the purpose of the expenditure is to represent the School or provide reciprocity of hospitality or build business relationships in pursuit of School goals.

3.3 Official Function: Those meetings, special events and graduation functions, hosted by an organizational unit and attended by guests and or other associates or employees held for an official School business purpose. An event must meet the definition of an official function as defined by State of Colorado Fiscal Rule 2-7, CRS 24-30-202.

3.4 Training Function: A meeting, conference or other function which is hosted by an organizational unit and or other associates or employees and held

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to enhance staff knowledge or to educate customers or School employees that are affected by the School's operations or requirements. Training functions are defined by State of Colorado Fiscal Rule 2-7, CRS 24-30-202 and require a written agenda, study materials and be lead by an identified presenter.

3.5 Course: A seminar, an extended learning event or continuing education course offered by CSM to non CSM students, faculty or staff as a part of the core business function of the School.

3.6 Donations: Donations include cash and non-cash contributions to organizations or individuals.

3.7 Standing/Regular Meeting: A meeting that takes place more than four times a year or once a quarter.


4.0 PROCEDURES

4.1 Tests of Propriety

The tests of propriety are used to evaluate whether or not an expenditure is an appropriate use of all School funds. An expenditure of School funds will be considered proper only if it meets all of the tests of propriety. The list below contains questions designed to test the propriety of expenses by forming an evaluation framework.

Is this transaction:

- A. For official School business?
- B. In the best interest of the School?
- C. The most effective way to accomplish official School business?
- D. Without the expense, would programmatic objectives be difficult or otherwise more costly to achieve? Or would the impact, level, or quality of the achievement be reduced?
- E. In compliance with applicable policies, laws, regulations and rules; and contracts, grants and donor restrictions including having the required approvals and authorizations by the appropriate individuals?
- F. Within the available resources of the responsible unit, taking into consideration all outstanding commitments and encumbrances?
- G. Directly beneficial to the responsible unit where it is being charged?
- H. Reasonable? – (The quantity and quality of goods or services being purchased are sufficient to meet the School's identified need without exceeding it).

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- I. In compliance with School conflict of interest provisions? – (Does an employee derive private gain, or appear to derive private gain, as a result of the transaction? If yes, then the transaction violates the conflict of interest provisions in the faculty handbook).

If any of the above questions receives a “no” response then the transaction is not appropriate for School funds. Evaluating the propriety of School expenses requires exercising a high degree of judgment and discernment.

Generally it is the policy of the School not to pay for an employee’s immediate family member (s) to attend an event, function or activity. However, there are limited instances, such as external community relations, fundraising functions or recruiting of faculty and other employees where it is deemed to be necessary. The reimbursement of expenses of an immediate family member at such events must be limited to those individuals necessary to represent the School, however, may carry with it personal income tax implications.


4.2 Appearance of Impropriety

The mere appearance of impropriety with a sensitive purchase may be just as serious and damaging as the existence of actual impropriety. Reports of impropriety based on appearances can undermine the public trust in our institution and its commitment to its educational mission. Accordingly, apparent impropriety should be evaluated with the same vigor as actual impropriety.

5.0 RESPONSIBILITY

Fiscal Authority is the ultimate responsibility of the President of the School, who delegates that authority to the Vice Presidents who then delegate this responsibility to department heads, division directors, center and institute directors and student groups for funds that they manage. Those authorized to make expenditures and all fund managers are charged with management of funds in compliance with this policy and all expenditures are expected to be consistent with the operation needs of their respective units. Individual “sensitive” expenditures or a group of expenditures for a single event exceeding \$4,000 must be approved by the appropriate Vice President or Provost.

Examples of acceptable and unacceptable expenses are contained in Appendix A. If the purchaser has questions about the propriety of a proposed expenditure, he/she should consult with Procurement Services or the Controller’s Office for guidance.


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6.0 POLICY REVIEW

This policy shall be reviewed by the Provost and the Senior Vice President for Finance and Administration every three years or as the organization or responsibilities change.


7.0 APPENDIX A

Appendix A includes examples of appropriate and inappropriate expenditures under the Propriety of Expenditures Policy (see attached).


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Appendix A: Examples of Appropriate and Inappropriate Expenditures


Matrix for Sensitive Items		
Item Description	Allow-ability	Conditions/Additional Guidance
1. Alcoholic Beverages Expense		
a. Official Functions	Conditional	See the School's Alcohol Policy Statement.
b. Meetings/Conferences (where fees are charged for admission).	Conditional	See the School's Alcohol Policy Statement. This includes continuing education courses offered to non CSM students.
c. Employees in Travel Status	No	Note, however, that when official functions occur in travel statutes the official function guidelines apply.
d. Expenditures for alcohol by designated auxiliary operations (Retail centers licensed to serve alcoholic beverages to customers).	Yes	Restrictions apply to fund and account use.
e. Expenditures for alcohol products used as part of a research project and/or for instructional purposes.	Yes	Include business purpose with appropriate expenditure documents.
2. Automobile Related Expenses		
a. School-owned vehicle automobile expenses	Yes	
b. Commercial vehicle rental expenses or trip fares or taxi/shuttle services	Yes	See the School's Travel Policies
c. Private vehicle automobile allowances	No	
d. Private vehicle standard mileage reimbursement	Yes	See the School's Travel Policies
e. Private vehicle repairs	No	

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f. Moving or stationary vehicle violation tickets	No	
3. Break Room, Reception Room Equipment and Supplies		
a. Basic equipment for taking meals or snacks within the workplace, such as simple refrigerators, microwaves, stoves, coffee pots, toasters, water filtration, etc.	Yes	
b. Equipment for entertainment, such as televisions, stereos, VCR's, DVD players, etc	Conditional	If the equipment is intended for employee use the expense is not allowable. If the expense is intended for a student/public common area then the expense is allowable.
c. Supplies such as coffee, snack food, candy, drinks, paper plates etc.	Conditional	If the supplies are primarily intended for guests, students, or a general reception area such purchases are allowed. If the supplies are primarily meant for School employee consumption then the purchases are not allowed.
d. Consumable items necessary to maintain the cleanliness of a break room or reception area	Yes	
4. Food and Related Consumables		
a. Food and related consumables for the employee's personal consumption (Not in travel status and not an official function).	No	

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b. Food for official functions, including training, community relation, employee recognition, goodwill functions (for guests or volunteers), recruitment functions and other official functions	Yes	If only School associates and employees attend the official function then functions should be limited to infrequent meetings (Less than two times a year) or training events. These are usually multi-unit or campus events. Food is allowed for continuing education courses.
c. Food for standing, regular meetings or staff meetings	No	
d. Regular business meals with only employees or associates even to discuss CSM business	No	
e. Student Functions	Yes	
f. Meals for employees while in travel status	Yes	See the School's Travel Policies
5. Conferences		
a. Costs of conferences hosted by CSM	Yes	For food, decorations, awards and other needs of the conference that are covered by the conference registration fee.
b. Costs of off-campus conferences attended by School students, associates and employees	Yes	See the School's Travel Policies
6. Donations		
a. Cash donations to individuals, organizations, companies, non profits or other charitable groups.	No, one exception	Only the President's Office may issue or approve donations and they may only approve donations where the donation meets the Mission of the Colorado School of Mines and is for a public purpose. Includes a prohibition on using School funds to make contributions to the School of Mines Foundation or Athletic fundraisers.

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b. Event tickets, table or booth purchases where proceeds from the event are donated to individuals, organizations, companies, non profits or other charitable groups.	Conditional	If the event is part of a business community, professional group or other entity related to CSM's education and research mission and the purchase of such tables or booths represent a benefit to CSM the purchase is allowable. Attendance of CSM employees and or immediate family shall be limited to those individuals necessary to properly represent the School.
c. Non cash donations to individuals, organizations, companies, non profits or other charitable groups.	Conditional	With approval of the President's Office fund raising events, or campaigns that are campus-wide, such as the Colorado Combined Campaign and the President's Office Christmas food drive, may receive non cash donations such as the use of equipment (Phone, copy machines, computers), related supplies, campus space or gifts/awards.
7. Donor Cultivation and Fundraising Expenses		
a. Incurred to raise donations for others	No	However, the purchase of tickets for employees, associates and immediate family members to attend such events may be allowable if the event is directly related to CSM's education and research mission and the attendance is deemed required to represent CSM.
b. Incurred to raise donations for the School	Yes	However, required or solicited donations fees are not allowable expenses.
8. Employee Recognition		
a. Work related functions or activities and their related costs, such as team-building exercises focused on the workplace and all associated supplies and materials.	Yes	Subject matter/focus of activities must be directly related to the work environment or work tasks.

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b. Non work related activities and their related costs such as sporting league registrations, sponsorships, fees and team uniforms.	No	For most units these may be purchased through a collection of donations from fellow employees. These purchases are allowable for CSM Club sports teams and CSM Athletics teams.
c. Official Staff appreciation functions (see 4b above)	Yes	Limited to not more than \$30.00 per person and is NOT associated with a holiday and does NOT occur more than two times per year per staff member.
d. Employee recognition events	Yes	Limited to not more than \$30.00 per person excluding any award value and does NOT occur more than two times per year per staff member. For related awards see item 9. below.
8. Flowers and Fruit Baskets		
a. Flowers and/or fruit baskets as centerpieces and other decorative purposes associated with an official function	Yes	
b. Flowers, fruit baskets, cakes, etc. purchased for expressing holiday, condolence, get-well or congratulation wishes to employees or associates.	No	May be purchased through a collection of donations from fellow employees.
c. Flowers, cards, fruit baskets etc for community relations, or to express condolences on a death of current employees or students.	Yes	Purchases of this type may be made only from unrestricted foundation funds.
9. Gifts, Tokens or Awards		
a. Gifts or tokens for employees (Cash or non cash)	No	With the exception of awards approved through Human Resources.

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b. Gifts or tokens for student, associates and non associates as an indication of goodwill or esteem.	Yes	Examples may include a gift or honoraria for speaking engagements, student awards/incentives.
c. Employee recruitment gifts/tokens	Conditional	Gifts above \$50.00 are considered more than a token and are not allowable. Tokens, such as CSM memorabilia, shirts, key chains, glasses, etc are allowable.
10. Holiday and Birthday Parties		
a. Events to celebrate holidays	Conditional	As approved by the Vice Presidents and President as appropriate.
b. Events to celebrate employee birthdays.	No	May be purchased through a collection of donations from fellow employees. CSM space may be used at the unit director's discretion to host such events.
11. Internet Connections from a Personal Location	Conditional	Unless approved on a temporary basis (less than six months) by a unit director.
12. License Fees, Memberships or Dues	Yes	When the license, membership or due is directly related to the School's mission and the unit or individual functions.
13. Moving Expense Reimbursement	Yes	When approved by the Provost or appropriate VP. These reimbursements are typically taxable income.
14. Office Supplies or Equipment for Home Office	No	Includes all office supplies and or equipment for home offices.
15. Parking		
a. Parking fees for an employee at a primary work location	No	
b. Parking tickets	No	
c. Parking fees associated with travel status	Yes	See the School's Travel Policies

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d. Parking fees required at a second/temporary work location such as a public lot while attending a meeting away from the primary work location.	Yes	
e. Parking for guests, businesses or organizations at an official function	Yes	
16. Passports	Conditional	These may be covered as a part of a moving/recruitment expense for new employees. These may also be covered as part of travel mandated to a CSM employee or student.
17. Political Expenses	No	
18. Recruiting Costs for prospective employees		
a. Includes such direct costs as advertising, travel, official functions and background or reference checks	Yes	Applicant meals outside of the recruitment/official function are considered to be in travel status.
b. Recruitment functions held to introduce the candidate to School employees and associates for the purpose of assisting the candidate and the School in assessing the degree to which the employment of said candidate would be mutually beneficial.	Yes	Such events should only include those individuals directly related to the purpose of the function.
19. Retirement Parties/Gifts	Yes	Parties/gifts costing over \$500 together require the approval of the Provost or the appropriate Vice President.
20. Tickets to events		

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a. Tickets to events purchased for resale to students and others in the School community.	Yes	These are only allowable when the tickets are to events directly associated with the Unit's primary functions. Or if the tickets are part of a continuing education course.
b. Tickets to events purchased for direct use of employees, associates or students	Conditional	The Provost or appropriate Vice President may approve such procurements where attending the event is deemed to be beneficial to the School.
21. Visas, Green Cards and/or Immigration Fees		
a. Fees for permits/ documents required by the student, scholar, researcher or employee in order to conduct necessary studies or work at the School.	Yes	All documents must be processed through the campus international student and scholar services office and Legal Services.
b. Fees for permits/ documents required for spouses or dependents of students, scholars, researchers or employees	Yes	All documents must be processed through the campus international student and scholar services office and Legal Services.
c. Fees for visas for travel abroad by School employees	Yes	