

Colorado School of Mines

Guidelines on the Appropriateness of Expenditures

Purpose of Guidelines

- The 1999 School of Mines financial audit recommends that the school issue written policies for its fiscal services. These guidelines are a partial implementation of that recommendation.
- These guidelines will benefit the campus by expediting the processing of expenditure documents in Fiscal Services and Purchasing.
- These guidelines satisfy two basic requirements contained in state fiscal rules: expenditures are for official school business purposes and are reasonable and necessary under the circumstances.

Application of Guidelines

Use of:
The procurement card (MasterCard)
Voucher requests (VRs)
Field purchase orders (FPOs)
Purchase requisitions

Related to expenditures for:
Official functions
Training functions
Student activities
Miscellaneous other items

For these transactions above \$50, regardless of funding source (ledgers 2, 3, 4, 6), the fund manager will indicate the **business purpose** of the expenditure and information related to the **reasonableness of the transaction amount**. This necessary information can be included as part of the description on the procurement document itself, or it can be submitted using an Appropriateness of Expenditures Statement (refer to page 3 of these guidelines).

In turn, **Purchasing and Fiscal Services will expedite the processing** of transactions for which the required information and adequate supporting documentation are provided.

NOTE 1: Purchases of alcoholic beverages, except for small incidental purchases made in connection with a meal, should be charged only to ledger 3 (auxiliary and self-funded) or ledger 6 (CSM Foundation) accounts.

NOTE 2: For ledger 4 accounts (research), follow federal or other sponsor guidelines.

Types of Expenditures Covered by Guidelines (limited to reasonable and actual costs)

Official Function (Object Code 8587): Meeting, conference, or other function hosted by a school employee in the conduct of official school business; attended by guests and/or school employees; not solely for social purposes.

Training Function (Object Code 8580): Meeting, conference, or other function hosted, sponsored or paid for by the school to advance staff development or educate school employees and/or guests.

Student Activity (Object Code 8581): Activity sponsored by the school, a department or a campus organization on behalf of students and/or primarily for the benefit of students; attended primarily by students.

Miscellaneous (Object Codes 8593 – miscellaneous expense, 8585 – prizes/awards, or 4553 – food supplies): Expenditures such as recognition events, gifts and awards, plants and flowers, and meals for groups of school employees.

Documenting Official Business Purpose and Reasonableness of the Expenditure

Official School Business Purpose: Provide sufficient detail to explain the business purpose of the expenditure, such as topics discussed or business objectives met. For meetings, conferences or other functions, show date and location.

Reasonable and Necessary under the Circumstances: Provide sufficient detail to show the expenditure meets this standard, such as a description of the item(s) or service(s) purchased and/or the circumstances surrounding the purchase. For meetings, conferences or other functions, **list the names of participants or number and categories of participants** (e.g., faculty members, graduate students, visitors, etc.).

Examples of Appropriate (Reimbursable) Expenditures

- Functions where university personnel host guests or visitors for the benefit of the school
- Commencement ceremonies and associated receptions and events
- Events designed to generate alumni, legislative, donor, business, or community support for school programs
- Department or Division retreats
- Student club activities
- Intramural activities
- Employee or student recruitment activities
- Formal gatherings such as award ceremonies that acknowledge employee or non-employee achievements that benefit the school
- Employee retirement receptions
- Occasional lunch meetings of employees and/or official guests, where the primary purpose of the meeting is to conduct school business

Caution is Advised for Certain Expenditures

- Alcoholic beverages – except for small incidental purchases made in connection with a meal, these should be charged only to ledger 3 or 6 accounts; also, please guard against unnecessary liability and promote the safety of CSM employees and guests.
- Alcoholic beverages related to activities involving students – these must follow the Board of Trustees Alcohol Policy.
- Gifts and gatherings to recognize occasions of personal importance to employees and non-employees that are not directly related to the conduct of school business are not routinely reimbursable. The School encourages employees and departments to take up a collection and to make private gifts to colleagues in recognition of such personal events or celebrations.
- There are circumstances under which reimbursement for gifts and gatherings is justifiable with proper documentation provided on the Appropriateness of Expenditure Statement. Examples of such reimbursable items include flowers on the death of an employee's immediate family member and flowers or a gift for a hospitalized or seriously ill employee.

Contact Information

For questions and assistance regarding these guidelines, please contact Purchasing at 3258 or Fiscal Services at 3266.

Colorado School of Mines
Appropriateness of Expenditures Statement

VR
FPO
Purchase Requisition
MasterCard Trans.
(circle one) No. _____

School of Mines expenditures are subject to State Fiscal Rules, which require that they meet the following standards of propriety:

- Expenditures are for official state business purposes only; and
- Expenditures are reasonable and necessary under the circumstances.

To assist the school in documenting the appropriateness of expenditures, fund managers may complete this statement or include the information on the procurement document used (VR, FPO, purchase requisition).

Type of Expenditure: ___ Official Function ___ Student Activity ___ Training Function ___ Other

Official School/State Business Purpose:

Provide sufficient detail to explain the business purpose of the expenditure, such as topics discussed or business objectives met. For meetings, conferences or other functions, show date and location.

Reasonable and Necessary under the Circumstances:

*Provide sufficient detail to show the expenditure meets this standard, such as a description of the item(s) or service(s) purchased and/or the circumstances surrounding the purchase. For meetings, conferences or other functions, **list the names of participants or number and categories of participants** (e.g., faculty members, graduate students, visitors, etc.).*

Fund Manager

Date

Department

Attach and submit this statement with voucher request (VR), field purchase order (FPO) and purchase requisition, or attach to original procurement card (MasterCard) receipt.