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| <p><b>CAMPUS POLICY</b></p>  <p><b>UNIVERSITY OF COLORADO at<br/>COLORADO SPRINGS</b></p> | <p><b>POLICY NUMBER:</b><br/>500-001</p>   | <p><b>PAGE NUMBER:</b><br/>1 of 2</p> |
|  | <p><b>CHAPTER:</b> 500<br/>Fiscal</p>  |                                       |
|  | <p><b>SUBJECT:</b><br/>Encumbering Formal Contracts</p>  |                                       |
|  | <p><b>EFFECTIVE DATE:</b><br/>February 21, 2005</p>  |                                       |
| <p>OPR: Fiscal</p> <p>VC: Administration and Finance</p>   | <p><b>SUPERSESION:</b><br/>December 1, 1996</p> <p>Approved by Pamela Shockley-Zalabak, Chancellor, on<br/>February 21, 2005</p> |                                       |

I. POLICY:

- A. This policy exists to comply with State of Colorado Fiscal Rules which requires that "All purchase orders and contracts required to be written in accordance with Fiscal Rule 2-2 shall be encumbered." Fiscal Rule 2-2 states that "Contracts shall be used as commitment vouchers when purchasing or leasing goods and services defined in Fiscal Rule 3-1." Rule 3-1 states that "A state agency or institution of higher education shall negotiate and process a state contract when:
1. Acquiring personal services costing over \$50,000, including maintenance and service agreements.
  2. Leasing or entering into a license involving payment by the State for the use of land, buildings, or other office meeting space when the term is for more than thirty (30) days.
  3. Acquiring architectural services, engineering services, land surveying, industrial hygienist services and landscape architectural services.
  4. Expending capital construction, controlled maintenance and/or emergency maintenance project funds in excess of \$50,000, except as otherwise provided in Fiscal Rule 4-1 which exempts using a contract if previous approval has been obtained from the Director of the State Buildings Program to use a purchase order.
  5. Protecting the interest of the State can only be accomplished by using a State Contract because other commitment vouchers are not considered sufficient to adequately protect the State.

II. AUTHORITY FOR CAMPUS POLICIES:

State of Colorado Fiscal Rules: Rule 2-1, 2-2, ,3-1, 4-1.

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III. PURPOSE:

IV. DEFINITIONS:

V. PROCEDURES:

A. This policy has been created to assure compliance with State of Colorado Fiscal Rules which requires that an encumbrance be created against state contracts. The only existing mechanism to create encumbrances in the University of Colorado's Financial Reporting System is by the creation of a Purchase Order. Therefore, a Purchase Request form, along with a copy of the state contract, is to be submitted to the Procurement Service Center. Purchasing will create an encumbrance and issue a Purchase Order. Payments against the state contract will follow normal Purchase Order processing and payment procedures.

B. This policy will also assure that state contracts have been reviewed and approved by the appropriate individuals. Therefore, this policy applies to **ALL** contracts (except research grants as stated above) involving an expenditure of funds.

VI. RESPONSIBILITY:

VII. HISTORY:

VIII. ATTACHMENTS: