



# University of Colorado Denver

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## Fiscal Policy

**Title:** Contract Guidelines for Contracts with Other State of Colorado Agencies, 4-15

**Effective Date:** June 17, 2002

**Replaces:** N/A

**Applies:** Anschutz Medical Campus

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### A. Introduction

The purpose of this policy is to provide general guidelines for selected terms and conditions for contracts issued by other State of Colorado (State) agencies to the University of Colorado Denver (UCD). It shall be the responsibility of the UCD departments that are contracting with other State of Colorado agencies to ensure that State agreements are in compliance with the requirements specified within this policy. Grants and Contracts will additionally review contracts for compliance prior to final agreement execution.

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### C. Reference

1. State of Colorado Fiscal Rules, Chapter 2, Disbursement
2. State of Colorado Fiscal Rules, Chapter 3, Contracts

### D. Definitions

1. Cost reimbursement agreement – the State agency agrees to reimburse UCD the actual costs of fulfilling the scope of work.
2. Fixed price agreement – the State agency agrees to pay UCD based upon the provision of a service or deliverable that is quoted by UCD at a specific price and no funds are returned to the State agency if the service or deliverable is completed.
3. Fixed rate agreement – the State agency agrees to pay UCD based upon the provision of a unit(s) of service that is quoted by UCD at a specific rate and no funds are returned to the State agency for the unit of service that is completed.

## E. Policy

### 1. Contract Guidelines

UCD departments, and Grants and Contracts should make sure contracts issued by State agencies for services contain clear terms. Contract language that is vague or contrary to UCD policy will necessitate Grants and Contracts negotiating the terms and conditions of the contract. If this is not feasible or the State does not agree to the changes, the department may request a waiver, which may allow UCD to accept the terms and conditions of the contract. See Exhibit A for additional information.

### 2. Specific Agreement Payment and Invoicing Terms (not all-inclusive)

- a. **Budget Categories** – When required in a State contract, budgets should reflect standard cost categories (for example, salaries, benefits, operating, travel, equipment, facilities and administrative) and avoid line-item detail. Contract language that allows UCD to rebudget monies from one budget category to another without the need for State agency approval is preferred over language that is restrictive, or reflects detailed line-item budget categories.
- b. **Payment** - The agreement should be clear as to the payment terms. Generally agreements will be cost reimbursement, fixed price, or fixed-rate, but may be a combination of two or more types of payments. To ensure proper payment to UCD it is important that both parties agree on the type(s) of payment under the contract. If the contract has multiple payment types, the parties must understand and agree as to which portions are cost reimbursement, fixed price, and/or fixed rate. Multiple payment types will require multiple projects in PeopleSoft (also see B.4.d).
  - (1) **Cost reimbursement** – the State agency agrees to reimburse UCD the actual costs of fulfilling the scope of work. The budget is typically based upon a contract budget that states a maximum contract price. Cost reimbursement budgets categories include: personnel, travel, supplies, equipment, consultants, subcontract(s), patient care and other expenses.
  - (2) **Fixed price** – the provision of a service or deliverable is quoted at a specific price. For the service or deliverable provided to the State agency, UCD will receive payment in regular intervals up to the fixed price amount at the specified price, regardless of actual cost to UCD. No funds are returned to the State agency if the service or deliverable is completed. The UCD department will be responsible for covering any costs that exceed funds received from the Agency.
  - (3) **Fixed rate** – a unit(s) of service is quoted at a specific rate. For each unit of service provided to the State agency, UCD will receive payment at the specified rate, regardless of actual cost to UCD. No funds are returned to the State agency for the unit of service that is completed. The UCD department will be responsible for covering any costs that exceed funds received from the Agency.
- c. **Invoicing** – The agreement must be clear on the specific requirements for invoicing. State agencies generally make payment to UCD based upon invoices and/or financial reports submitted to the Agency, regardless whether the contract is fixed rate, fixed price, and/or cost reimbursement. Contract terms should be clear on the

specific requirements for invoice or financial report submissions to the State agency. Invoice due dates and/or frequency of invoicing should be clear.

If the contract is funded through a State appropriation (this information should be contained in the “whereas” clauses), cost reimbursement contracts will be invoiced based on expenses incurred during the contract fiscal year. Contracts with wording that reflects that UCD will be reimbursed for actual, reasonable, and necessary expenses incurred and a payment schedule that provides for periodic fixed payments during the term of the agreement (e.g., monthly payment for one-twelfth of the total contract amount during the contract year) will be treated as a cost reimbursement agreement. If excess funds remain at the end of the contract fiscal year, UCD will revert the excess funds to the State agency for the amount in excess of final contract costs. Residual funds will not be transferred to an auxiliary program. Fixed rate and fixed price contract invoicing will be based on services performed during the contract fiscal year unless specified otherwise in the contract.

Invoicing at the end of the project may include terms that the invoice must be submitted within a specified time period in order for the invoice to be paid by the State agency. The time frame allowed should be no less than 60 days from termination to allow time for all charges to be reflected in PeopleSoft and for invoice preparation (please note that invoices received late by the agency may not be paid). If the contract provides for advance payment on a cost reimbursement type contract, the contract language should address the reversion of funds to the State agency for advance payments in excess of final contract costs. Invoicing the State agency in advance of incurring actual expenditures or in advance of the delivery of goods or services by UCD is not allowed.

### 3. Guidelines on Invoicing by Contract Type(s):

The UCD Grants and Contracts office and/or the PI’s department will be responsible for the preparation of invoices based upon the terms outlined in the contract.

- a. Cost reimbursement contracts are invoiced by Grants and Contracts and must be based on information contained in PeopleSoft.
- b. Fixed rate and fixed price contracts are invoiced by the PI’s department unless alternative arrangements have been made between the department and Grants and Contracts.
- c. Fixed price contracts with a specified, regular payment schedule can be invoiced by Grants and Contracts.
- d. Projects that are both fixed rate (or fixed price) and cost reimbursement will have separate projects set up in PeopleSoft for each costing component. The PI’s department will prepare the fixed rate invoice component and forward to Grants and Contracts. Grants and Contracts will prepare the cost reimbursement component and then combine the departmental information into a complete invoice that is submitted to the State agency.

### 4. Invoicing Address:

The address for submission of UCD invoices should be provided in the contract, as should the instructions for directing State agency payments to the UCD lock-box (reference memorandum of 01-28-00 concerning payments to UCD Grants and Contracts lock box). The lock-box address is Grants and Contracts, #(enter proposal routing no., PI's initials), F428, P.O. Box 238, Denver, CO 80291-0238. The State agency's guidelines or instructions on invoicing, if any, should be provided at the time of contract review and approval.

5. UCD as Subrecipient of Federal Flow-through Monies

If the contract is the result of Federal monies awarded to the State agency which in turn are subcontracted to UCD, the contract should specify the project period and whether the contract will require expenditures reporting during the equivalent of a budget year. In this situation, each budget year will be set up in a separate PeopleSoft project (separate FOPPS) for invoicing purposes.

6. Timeliness on Contract Approvals

Departments should ensure that fully executed original contract documents are forwarded to Grants and Contracts by the beginning of the contract performance period.

7. Questions on Terms and Conditions

If a department has any questions about these guidelines or is uncertain about the acceptability of other terms and conditions, it is recommended that the department contact Grants and Contracts prior to the preparation of contract language.