## External Sales & Service Quick Reference Guide

**Setup**

**1. Definition of Offering**
- Understand the service or sale offering. Confirm that it really is an external sale or service and not sponsored research or some other type activity.
- Determine the type of customers anticipated.

**2. Equipment Authorization**
- Verify ownership and authorized use of equipment and space.
- Obtain permission if necessary.

**3. Establish Rates**
- Determine whether rates will be an average cost over a period of time or quoted per project. If using average rate, start with calculation of ISC rate then add additional for external. Quoted is worked through OIC.
- Include full calculated F&A, add additional based upon competition requirements and as desired.
- Define allocation of ESA IDC between campus, college, department and PI following the policy for the college or as determined based upon special review.

**4. Develop Contract Template**
- Based upon the identified customer profile, type of work, and risks identified, OIC will develop a standard contract template for the activities.

**5. Fund Setup**
- Discuss types of fund account options and determine needed setup based on evaluation criteria. Department submits request for set-up.

**6. Role Definition**
- Define unit responsible for the management, invoicing, payment processing, rate reviews, and reporting.
- Determine whether PS Billing will be used or an internal system (with approval of Campus Controller).

**7. Promotion**
- Promote capabilities through identified channels with guidance and support from OIC.
Once setup to handle these activities, individual opportunities will arise. Processing these quickly and efficiently is important.

### 2 Transactions

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
</table>
| 1. **Contract w/ SOW and price** | • Complete the CU agreement template, including the statement of work, deliverables, dates, and price.  
• Department to determine sales tax and shipping needs.  
• OIC to approve before being sent to customer. |
| 2. **Contract / PO** | • OIC will handle negotiations with appropriate campus units and obtain signatures on agreement. |
| 3. **Perform & Track** | • Lab or other group will perform according to the SOW and contract. |
| 4. **Invoicing** | • Unit identified during setup will generate the invoices in a timely manner. Note, may invoice prior to start of work to reduce payment risk. Utilize PS Billing or follow other guidelines including revenue posting and A/R management. |
| 5. **Payment Processing** | • Prepare and deposit payments in accordance with university processing. |

### 3 On-Going Management

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. <strong>Review</strong></td>
<td>• Regularly review rates and fund accounts to include forecasting.</td>
</tr>
</tbody>
</table>
| 2. **Transactions & Monitoring** | • Reconcile monthly transactions and monitor spending.  
• Track and book appropriate activity expenses and transfers.  
• Monitor and communicate accounts receivables status initiating appropriate actions if collections are required. |
| 3. **Documentation** | • Confirm the appropriate licenses and documentation are obtained for conducting and processing services. |
| 4. **Reporting** | • Certain reports on activities must be provided on a regular basis. |
Overview

External Sales and Service offerings are a great way to bring in valuable support to CU-Boulder labs and provide a way to build a relationship with industries that may later create job opportunities for our students or sponsored research funding. The campus is interested in encouraging such activities, provided they are handled appropriately.

The External Sales and Service Guidance and Guidebook (herein referred to as “Guidelines”) is intended to help reinforce judicious business practices regarding the setup, management of indirect costs, and allocation of such indirect costs related to External Sales and Service activities. It is intended to clarify the accounting and reporting for activities such as lab testing, analysis, etc.

There are two primary groups affected by these guidelines (for further definition around applicable activities, see the External Sales and Service Guidance):

1. Any unit with an Internal Service Center who also provides such services to external entities; and
2. Any unit who conducts transactions with external organizations through a Fund 28 or 29, excluding conferences, T-shirt sales or similar items, but including units who utilize CU-Boulder-affiliated personnel and/or labs for such transactions.

Two key elements contained in the Guidelines may directly affect your service activities:

1. Recovering at least as much overhead as CU-Boulder charges the federal government.
2. The allocation of revenue, specifically the percentage portion the college/department or PI will share of the total amount received above the cost, if any.

Because there is a potential for serious consequences if these accounting and reporting procedures are not handled appropriately, the Office of Industry Collaboration (OIC) will offer significant support to these activities in both setup and transactions to help departments meet compliance requirements.

Purpose of Guidelines

The Guidelines further defines the already accepted principles in practice at CU-Boulder. However, since the campus has recognized that there exists the potential for transactions to be handled outside of the expected approach, it defined the Guidelines to clarify the requirements in writing.

Failure to adhere to these practices could potentially result in such stringent actions as researchers being prevented from future government research projects, exposure to personal liabilities, and/or exposure for the researchers and/or the university to face significant fines and/or penalties. Additionally, the campus must be concerned about proper accounting practices to maintain compliance with TABOR and other Colorado state requirements.

Effective

All activities after March 1, 2015 must comply with the Guidelines. By July 1, 2015, each department should be able to clearly state that it is in full compliance with the Guidelines. Since many of the state and federal rules and regulations have been in place for a long time, please note:

1. Any new activities should conform to the new Guidelines, and
2. Any existing activities should be reviewed for compliance.
Potential Consequences for Inappropriate Handling of External Sales

External sales and service activities have a number of requirements to be handled appropriately. The potential consequences for failing to comply could be serious. The following are some examples of poor handling of these activities and possible consequences. The key is that there may be additional risks not identified below; however, most of the risk can be avoided by implementing simple processes. Any of the below results will be a distraction and painful paperwork. CU wants to avoid putting personnel and departments at risk by making it as easy as possible to comply. Other campus units (Office of Industry Collaboration, Planning Budget Analysis, Campus Controller’s Office (OIC, PBA, and CCO) can support these activities if brought in at an early stage.

<table>
<thead>
<tr>
<th>Potential Problem</th>
<th>Possible Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>1- Personnel working under a federal funded project with appropriate payroll expenses not charged to activity SpeedType.</td>
<td>Associated personnel can be prevented from ever working on a federal project again.</td>
</tr>
<tr>
<td>2- Signing an agreement without authorization to commit the university.</td>
<td>The individual can be held responsible for the obligations of the agreement with potential action taken by the campus against the individual for signing without authorization.</td>
</tr>
<tr>
<td>3- No agreement where one is required.</td>
<td>Violation of university fiscal requirements. The greatest risk occurs if there is a problem (something breaks, etc.) and the campus and person do not have the protection that an agreement would provide.</td>
</tr>
<tr>
<td>4- Not giving the federal government our lowest rate.</td>
<td>The university would be in breach of contract with the federal contracts that have the best pricing clause that could result in fines/penalties. Risk of loss of future business.</td>
</tr>
<tr>
<td>5- Not charging sales tax where that is owed (or without documentation on exemptions such as out-of-state or tax exempt).</td>
<td>The state would determine what taxes should have been collected, add interest, and probably a fine. Most likely the unit would be responsible for paying this cost.</td>
</tr>
<tr>
<td>6- UBIT tracking (unrelated business income tax) - some universities have been audited for this.</td>
<td>If tracked correctly, campus will most likely never owe anything. Not reporting UBIT results in fines and penalties if the IRS determines CU owes tax on the income. There is the potential for loss of tax exempt status for the university as a whole if UBIT comprises a substantial (substantial is not defined, but commonly 20% is used) portion of the organization’s gross income.</td>
</tr>
<tr>
<td>7- Over 10% use of bond-funded buildings by private entities (regardless of whether income was received from private use).</td>
<td>The tax exempt status of bonds can be lost.</td>
</tr>
<tr>
<td>8- State rules on undercutting the cost of other commercial companies.</td>
<td>There is a complaint process at the university level. The activity could be determined to be discontinued.</td>
</tr>
<tr>
<td>9- State rule requiring full direct and indirect costs to be charged for industry work.</td>
<td>Violation of state law and discontinuance of activity.</td>
</tr>
<tr>
<td>10- Use of federal property for benefit of commercial company without proper permission.</td>
<td>Violation of federal contract. PI would face charges.</td>
</tr>
<tr>
<td>11- Incorrect accounting of gifts and other activities.</td>
<td>Tax exempt status of the gift can be affected. If activity is processed as a gift, but, in fact, is not a gift, it could lead to a tax fraud situation.</td>
</tr>
<tr>
<td>12- Charging full overhead (or more) but not “sharing” with the campus –</td>
<td>Campus does not have funding to cover other support expenses.</td>
</tr>
</tbody>
</table>
Process

In establishing external sales activities (ESA), many specific steps must be followed. The Office of Industry Collaboration (OIC) and the Campus Controller’s Office (CCO) will jointly support the process. Departments will have options within the setup process (i.e., invoice management can be handled by either the department or OIC). The following steps will be used in setting up external sales activities. Any new activities as of March 1, 2015 must follow these Guidelines. By July 1, 2015, each unit should be able to clearly state that it is in full compliance with these Guidelines.

1. The department is responsible for completing the External Sales Activity Information Form and returning it and any standard contracts to OIC by emailing industry@colorado.edu.

2. OIC will then:
   a. Develop equipment listing research results including Depreciation Life/Schedule and Equipment Current Book Value
   b. Schedule a meeting with department/unit accounts receivable administrators
   c. Review standard contracts and/or draft contract template(s) outlining specified scope determinations and possible options

3. Standard Rate External Sales Activity:
   a. Rate Development: Each external sales activity must develop both an internal and external rate which must be reviewed and approved by OIC.
      i. Use the CCO rate structure sheet to determine the internal rate. CCO can support this process by:
         1. Outlining and discussing the rate structure sheet
         2. Discussing setup and management of Fund 29 and Fund 78 SpeedTypes
         3. Finalizing internal rate

4. External Sales Activity with Standard, Pre-Established Methods and/or Procedures for which Each Project is Budgeted Separately:
   a. Unit must notify OIC of requests by emailing industry@colorado.edu or calling 303-492-0800.
   b. OIC will then:
      i. Consult on each request to develop appropriate budget and identify applicable external rate considerations including market rates for specified scope requested by outside organization and submit appropriate documents for system determination if Unrelated Business Income Tax (UBIT) applies and additional reporting required.
      ii. Determine if a new Fund 29 SpeedType is necessary or an existing one is appropriate for this specific activity
      iii. Customize template agreement to specific terms requested for this particular project including such items as payment terms, confidentiality provisions, etc.

5. Once the internal rate has been finalized, OIC can support the external rate development process:
   1. Discuss ESA Indirect Cost Rate (IDC) Options
   2. Identify applicable external rate considerations including market rates
   3. Discuss Fund 78 use for covering repair and replacement costs
   4. If necessary, facilitate External Sales Committee (ESC) review and determination
   5. Finalize rate document and plan

6. Invoicing & Payment Processing
   a. Option 1: Unit Manages
      i. Schedule or attend billing training with OIC/CCO if using PeopleSoft (PS) Billing and Receivables
      ii. Outline procedures (i.e., journal entry application, account codes, etc.)
iii. Determine information tracking/reporting if not using PS Billing and Receivables (unit must submit quarterly information reflecting activity in designated categories). For specific reporting deadlines, see Important Dates.

b. Option 2: OIC Manages on a per contract basis
   i. Determine billing logistics (i.e. cycle, unit submission deadlines, etc.)

c. Collection – working together to minimize collection issues of which the department is ultimately responsible. A charge may apply.

7. Final Setup will include finalized:
   a. Proper Internal/External Rates established based on CCO Forms/Guidelines with Finalized Rate Structures including Category Descriptions
   b. Verified Equipment Use and Availability
   c. Appropriate Contract Templates
   d. Process for Responding to Requests and Performing Work
   e. Accounts Receivable/Collections
   f. Completed Training
   g. ESA IDC Rate Plans
   h. Unit Promotional Document
   i. Link to Online External Sales Capabilities and Equipment Availability on Industry Office Website & VIVO
Definition of Offering

Clarification around and understanding of the service or sale offering confirms if the offering is an external sales or service activity (ESA) versus other activity types such as sponsored research. Identify the type of customers anticipated.

Equipment & Facility Use

There are times when university equipment and facilities have excess capacity that could be utilized by other CU researchers or by external users. The equipment must be confirmed as authorized to use within external sales.

Evaluation of Equipment for Industry Use (2 CFR 200.313)

Equipment use requirements and procedures vary depending on the funding source and existing policy of the department. The Office of Industry Collaboration (OIC) can help verify that the university holds the title of the equipment and that there are not specific restrictions on the availability of the equipment for outside projects. When equipment is no longer needed for the original project/program, it may be available for use in other activities. If it is still currently used on the project/program for which it was acquired, approval must be obtained from the funder to make the equipment available for use on other projects, always provided that it does not interfere with the work for which it was originally required. First preference for other use must be given to other projects/program supported by the federal agency that financed the equipment with second preference given to projects/programs under federal awards from other federal awarding agencies. Use for non-federally funded projects/programs is also permissible with the consideration of user fees, if appropriate.

Once the project that funded the purchase is complete, and assuming that CU has title, the equipment may be used with few restrictions although OIC will also validate such prior to use. Such use applies to both CU use and use by outside entities with an appropriate use agreement and payment. CU can benefit from the fees received for equipment maintenance and support.

Considerations:
Prior to allowing outsiders to use CU equipment, the following should be assessed. Some of these can be addressed in the use agreement:

- What is the value of the equipment and liability of damage or loss?
- Will outside users need specific training to utilize the equipment?
- Will there be an extra fee associated with an outside user operating the equipment for potential repair and replacement?
- Will personnel oversight be required during the equipment operation? (Note: build the cost into the price.)
- What other funds were used to purchase the equipment? (Note: if other CU funds were utilized, a portion of the depreciation cash transfer during the life cycle may be allocated to the original funding units.)
Tag Number

Identification of relevant tag numbers to provide for equipment use verification:

<table>
<thead>
<tr>
<th>Titled</th>
<th>Tag #</th>
</tr>
</thead>
<tbody>
<tr>
<td>University Titled</td>
<td>6 digit numeric</td>
</tr>
<tr>
<td>Government Titled</td>
<td>0F + 4 digit</td>
</tr>
<tr>
<td>Deliverable-Owned by Sponsor/Publicly Owned</td>
<td>0W + 4 digit</td>
</tr>
</tbody>
</table>

If either the government titled or deliverable/owned by sponsor tags are found, OIC will work with the Office of Contracts and Grants (OCG) on identification of management and restrictions.

Facility Use (C.R.S. 23-20-123)

Private Rental of CU-Boulder Research Space & Facilities

In the event that an external company inquires as to the rental of CU-Boulder research space and facilities, and the department with current use of the space agrees that such use represents an important opportunity for collaboration without damaging other research partnerships, follow and submit the following to William Kaempfer (kaempfer@colorado.edu), Senior Vice Provost & Associate Vice Chancellor for Budget and Planning and Patricia Rankin, Associate Vice Chancellor for Research (patricia.rankin@colorado.edu).

- Prepare a description of the space requested, the proposed lessor, the faculty contact and the nature of the research.
- Present a statement as to why the research activity cannot be undertaken through a standard research contract or grant with a faculty member or research unit as administered by the Office of Contracts and Grants.
- Present a letter of support from the Dean or Director with direct control of the space being requested including an agreement stating that the space is available and will be reclaimed for campus use before other space requests are made.

Following receipt of these materials, the request will be referred to the Associate Vice Chancellor of Research for review of any proprietary issues and to the Director of the Boulder Office of Technology Transfer for review of any intellectual property issues. Pending approval by those parties, the request will be routed to the Director of Research Property Services for lease preparation. Any lease will be subject to the established terms and rates. Space rented should always be subject to demise and clearly separable from the space and activities of all other research units. Rental amounts and invoicing will be defined during setup.

The funds received from space rentals do not follow the same allocation as other external sales. The return to the department, if any, will be based upon an analysis of the cost of the facility, operations and management costs, services to be used, and price to be paid. The department will determine if there is any return to a PI.

Rate Development

Identifying the appropriate rate for external sales activities (ESA) is more complex than with sponsored research projects. There are many factors that are associated with this rate development process; therefore, there is not one well-defined formula of costs that adds to the rate. The Office of Industry Collaboration (OIC) will support the development of these rates.
**Type of Rate**

Project price – more like a sponsored project, this is a custom bid based upon the specific statement of work (SOW). The price will be determined after the SOW is well defined.

Average price – in this model, an average price is determined based on activity over a period of time. Individual project costs will not be tracked. Instead the costs need to be monitored for rate adjustments. Often, this starts with Internal Service Center (ISC) costs.

**Requirements**

Use of university resources for external sales may be perceived as using university resources to benefit a private corporation. State law (C.R.S. 24-113-104) requires that, at a minimum, all direct and indirect costs to support the work being done be paid by such outside entity. State law also disallows CU to compete with private entities providing similar services. Competitor pricing has to be considered during rate development with special attention to Colorado companies. Pricing may not undercut a Colorado company. There is a formal complaint process for any companies who feel CU is competing directly with their offerings. In addition, most federal contracts have a requirement that the federal unit receive the university’s best pricing.

**Special Considerations**

- These activities will be done as a fixed price. Add a contingency to cover unexpected expenses.
- The PI and department become business managers and are expected to monitor costs and budgets. The campus is not approving expenses, and any deficits are your responsibility, including cash flow issues.
- There is a minimum that may be charged to external customers but no maximum. Assess charging a higher rate to make the compensation match if not exceed the effort for consideration. Determine if the market will bear a higher rate. The campus will share a portion of the return with the department/PI as recognition of their efforts. Consider needs to support other research activities or to provide for longer term lab stability.
- Consider multiple external rates – such as one rate for collaborators or non-profits that is at the minimum external level and a higher rate for commercial enterprises. Consider charging for high volume and low volume work. Only quote total price (or per unit). Do not share other prices.
- External sales activities can generate repair and replacement funds that can be saved for use in the future (not limited by current fiscal year).
- Consider adding students to the budget if they can be used in these activities.
- Items to include in pricing: equipment depreciation, sales taxes, shipping costs, repair and replacement, travel costs, copy costs, administrative/student oversight effort, contingency/reserve. See below for special details.
- Rates must start with an assessment of the actual costs. While rates cannot undercut prices charged by private companies, it is not appropriate to assume that external rate is the same as the costs. External customers can and should be charged a market rate. Volume or time discounts are permissible, provided the price stays above the minimum rates established with OIC. Note – a premium may be charged for orders under some size to account for the setup effort. Federal agencies must receive the lowest rate.

**Review & Exception Process**

OIC will review the rate calculation for average costing at the time of setup. For project costing, OIC will review at time of the transaction.
Exceptions requested to the use of full Indirect Cost Rate (IDC) will be handled through the OIC, involving the Associate Vice Chancellor for Research, when appropriate. If a reduction is requested to service center pricing, the OIC will submit the request to the External Sales Committee (ESC) for consideration.

**Allocation of Indirect Costs**

The campus possesses some discretion in how to utilize the indirect costs recovered from this work. The current campus Guidance should be consulted. The allocation may vary by college/institute.

**Project Based Pricing**

OIC will facilitate the creation of budgets for project based activities. These will tend to be non-lab activities. It will be very similar to the budget process for sponsored projects. Please read the sections on Equipment and Depreciation, Sales Taxes, and Additional External Rate Costing Considerations further in this section for other items to include or consider in advance. These prices will be established at the time the customer is identified and the statement of work (SOW) is well defined.

**Average Pricing / External Service Center**

Begin with the worksheet for an internal service center (ISC), then utilize the External Rate Calculation worksheet in the Internal Service Center and Internal Sales Activity Rate Calculation workbook. The result of the internal service center calculation is the rate that MUST be used for all charges to other university groups. Any sales to the external government (direct or when the prime) will be the internal rate plus the calculated rate (i.e. FY15 = 53%). The external rate sheet in the workbook will provide the minimum rate to be used for other external customers, perhaps using it for other universities. Then determine the rate for other external customers above that level.

Set minimum annual rates based on expected costs and expected sales level. Do not include costs of other activities and only include costs of providing these goods/services. Rates are established at levels sufficient to cover costs and beginning SpeedType balance or deficit. Maximum internal/minimum external rates are designed to cover costs on a “break-even” basis (see On-Going Management section for more detail).

Rates are substantiated with sales activity allowable cost and usage (sales) calculations and are stated in measureable units of goods/services (i.e. number of items, hours, weight, etc.).

Use a different rate sheet for distinct types of goods/services (Note: Surpluses from one type of good/service cannot cover deficit of another type of good/service.)

Rates will be reviewed and approved by OIC. Tracking the rates and calculations is critical to process payments and funds that will be distributed to various accounts.

**Internal Rates Restrictions:** The rate calculation for INTERNAL rates has many restrictions established by the federal government. Internal rates are only the starting point for external rates. What is disallowed internally will often be added before establishing the external rate. The following cost factors are not permissible to include in the internal rate: contingency/reserve or cost of equipment replacement or cost of new equipment in a repair and replacement reserve. In addition, if the equipment utilized was bought using federal funds, then no depreciation can be included in the internal rate calculation. If the equipment was purchased with non-federal funds, depreciation may be included. Standard federal unallowable costs cannot be included in the internal rate but may in the external rate. Allowable and allocable costs reflect applicable credits such as discounts, returns of goods/services, refunds for overcharges from vendors, and PIE earned. Some operating costs that are normally disallowed as direct costs to sponsored projects are allowed as sales activity costs, such as office supplies, telephone, common use equipment...
(i.e. computers, printers, etc.), and items necessary to operate sales activity. The depreciation cash transfer entry should be considered as an expense in setting the rates.

Considerations:
- Charge all internal customers at the established internal rates (direct costs only)
- One class of internal customer cannot subsidize another class of internal customer
- Maintain documentation supporting each sale

**Equipment & Depreciation**

Costs associated with equipment management including depreciation are included in rate development. If equipment was purchased from a cost share agreement, the cost share amounts and depreciation associated will be considered during rate development and ESA IDC allocation review. Depreciation should be included in the rate calculation whether in the internal rate calculation (equipment purchased with university or private entity funds) or in the external rate calculation (add equipment purchased with federal funds).

Calculate depreciation for equipment used by sales activity. Depreciation schedules and useful life classifications are available on the PeopleSoft Asset Management (PSAM) system. Determine useful life of the equipment and utilize the straight line method and the monthly convention. Do not depreciate any portion of cost paid by federal sources. In year of disposition, expense the undepreciated balance, less sale proceeds (via depreciation cash transfer).

Depreciation is not booked as a departmental expense in the Finance System ledger. However, a cash transfer to the renewal and replacement SpeedType that paid for the equipment (may be within another campus unit) provides the same effect on SpeedType balance. The calculated annual depreciation expense (cash transfer) is then used in determining billing rates.

If the full acquisition cost of the equipment is not known when setting the billing rates for the year in which the equipment was bought and, as a result, an overage or a shortage results, the amount of this overage/shortage should be included in the rate setting for the next fiscal year. The depreciation charge and transfer ceases after the acquisition cost of the equipment has been fully depreciated.

Any cost that has been paid by federal sources cannot be depreciated in the internal rate. Include depreciation cash transfer out as depreciation expense in setting rates. The projected cost of replacement equipment cannot be used in depreciation schedules.

Depreciation calculations can only include items of equipment that meet **all** of the following conditions:

1. The equipment items exist and are usable, used, and needed.
2. The equipment items are identified separately from non-I/ESA equipment. Contact Campus Controller’s Office (CCO) Property Accounting to flag the equipment in the property accounting system for I/ESA equipment.
3. The equipment items have not outlived their depreciable life.
4. Equipment items that have outlived their depreciable life are considered to be fully depreciated.

**Sales Tax**

Does sales tax need to be charged and collected? Whenever the university sells tangible property to non-university, non-tax-exempt entities, the sale is subject to sales tax unless the entity takes possession of the item outside of the State of Colorado. This includes sales made to students, faculty, and staff (not acting in an agent capacity of the university), companies, and the general public.
The definition of tangible property is broad. If the item being sold can be touched, it is probably tangible and, therefore, taxable. It is the practice of CU-Boulder to assume that the item or product being sold is taxable, unless specifically excluded by statute. Services are non-taxable; products/goods are taxable. Products that are built for an outside agency require sales tax to be applied to the entire cost of the item including labor. Labor does not include the design of the product/good but does include material fabrication.

Sales tax applies to and must be collected on any tangible good that is sold to an outside entity with the exception of non-profits with current tax exempt certificates. Sales tax backup is due to CCO at the beginning of every month, for the previous month’s activities. CCO handles the sales tax payment for the university with the exception of a few larger departments that process their own sales tax (i.e. Book Store, Athletics, and Housing).

Note: Documentation must be retained to support the evaluation of a sale for taxability (exemption certificate, shipping bill, etc.) and applicable tax determination; otherwise, the department may be responsible for a large tax bill upon a state audit.

Additional External Rate Costing Considerations

Consider the following additional project costing categories for all external service/sales types:

- Inflation: include inflation for salaries, benefit cost, and purchases within rate calculations.
- Faculty Academic Year (AY) Salary: if the faculty member will spend a portion of the campus paid AY time supporting this work, such cost should be included to avoid state support for a private company.
- Personnel: administrative and advisory time may be included in the external rate.
- Repair and Replacement: the cost of repair and replacement on existing equipment should be considered in the external rate and can be saved for future years.
- Shipping: If shipping an end product, either include the cost in the rate calculation or confirm that the price quoted states “plus shipping”. Shipping quote and payment options included in the Quotes & Proposals section.
- Computer Costs: while not normally allowable for sponsored projects, computer costs, and other similar equipment, is allowable (and appropriate) for external sales. Use of a computer paid for by federal funds may be restricted, so these activities need to cover their costs. Any purchase over $5,000 is considered a capital purchase and must comply with all university processes and procedures.
- Supplies/Materials: may include supplies not allowable for federal projects or might apply to the project costing approach.
- Contingency/Reserve: a reserve may be included in the rate to cover any expenses or shortages that may occur due to unexpected costs, miscalculated costs, inability to collect payment, or currency exchange rate adjustments.
- ESA IDC Rate: full indirect and direct costs must be included in the external rate. GAIR will be automatically applied. An additional amount equal to the current on-campus negotiated F&A rate minus GAIR must be added to the rate. Any exceptions must be approved by a request to the OIC.
- Credit Card Payments may be accepted subject to University Information Systems (UIS) policy. If credit cards are expected to accepted, add 3% to ALL transactions to cover the credit card fee. Note: the university does not allow charging more for a credit card than for cash. However, it may be built into the standard rate with a discount provided for check payments (not advisable as there are other significant costs for processing checks).
- Other: the PI may determine that it is appropriate to add an additional amount.
Contract Template

Based upon the identified customer profile, type of work, and risks identified, the Office of Industry Collaboration (OIC) will develop a standard contract template for the activities. For example, if it is anticipated that purchase orders may ask for warranty terms, these could be included in the contract template.

Student Involvement

If students are used to conduct the work associated with the ESA, whether paid or unpaid, note that additional criteria may be required to address FLSA requirements and liability concerns. Units with student involvement should contact OIC (industry@colorado.edu). Further information is being developed.

SpeedType Setup

Whether the unit utilizes an existing Fund 28 or 29 SpeedType for external sales/service activities, the same rules apply. External sales have to be less than 20% of the activity in an existing Fund 28 SpeedType or a Fund 29 SpeedType will need to be setup. OIC will work with the unit to determine if existing SpeedTypes are appropriate or if new ones should be setup. A new Fund 29 SpeedType is setup for the following:

- **New service center activity:** dependent upon the circumstances, one SpeedType may be utilized for all activities within the service center. The expenses must be able to be assessed with the revenue and tied to the budget to utilize one SpeedType for multiple activities. For example, the same materials are used for all activities. Considerations for creating a new SpeedType may include activities that span multiple months or further relation between revenue and expenses. If multiple activities (i.e. tests) are centered around a particular piece of equipment, one SpeedType may be utilized to manage those activities including services.

- **Project specific activities:** where the activities occur over an extended period of time, over fiscal years, or where there are multiple invoices.

- An individual SpeedType is optional when the amount is small (generally under $30k) and only one invoice is issued provided that a SpeedType already exists to handle external sales activities.

- A unit (college, department, and/or PI) that is receiving a portion of the ESA IDC allocation split, if one does not already exist.

A Fund 78 SpeedType may be desired for repair and replacement costs. If services are different, each Fund 29 SpeedType should have a Fund 78 associated SpeedType. Any excess funds and depreciation may be transferred by the department as a cash transfer to the Fund 78 SpeedType if depreciation was included in the rate. If there are multiple depreciations to transfer, then there should be separate Fund 78 SpeedTypes.

If a Fund 29 SpeedType has not been setup for the service center, one must be requested from CCO. A Fund 29 should be setup for each different service activity offered as described above (i.e. the production and sale of widgets vs. running a particular lab test/analysis vs. interpretation of data). To request a new setup:

1. Fill out an CCO Chartfield Request Form for a Fund 29 and/or 78 SpeedType
   a. Chartfield Request – SpeedType, Program, Subclass Form
   b. Submit completed form to OIC at industry@colorado.edu
Invoicing & Payment Processing

The department/unit has the choice to manage the invoicing and reporting process themselves. The campus also offers this as a service on behalf of the departments through the Office of Industry Collaboration (OIC) (fee may be applied). If the department/unit chooses to manage these processes, the following guidelines and responsibilities apply.

**Unit Managed**

The unit may decide that staffing and internal controls including separation of duties support their management of invoicing and deposits. Recommended setup procedures include the development of written procedures for administering accounts receivable and training staff to consistently use and apply these procedures.

Accounts receivable management should include the following: establishing and administering accounts receivable, working with credit, billing, collections and referrals to Central Collections Services (CCS), distribution of recoveries, accounting for accounts receivable (i.e. bad debt expenses and allowance for doubtful accounts, interest revenue, collection costs, calculating and recording an allowance). A departmental accounts receivable system will also assist with referring past due accounts to CCS and with identifying accounts that are uncollectible.

Setup a departmental accounts receivable system to track all accounts receivable transactions according to customer. The unit may decide to utilize PS Billing and Receivables. In this case, OIC will work with the unit to make business unit decisions and manage the user and customer setup process. If the unit is utilizing PS Billing and Receivables for invoicing and accounts receivable management, then the finance system will provide reports and tracking on the majority of the below items. If the unit does not use PS, then the management system must be reviewed and approved by the Campus Controller’s Office (CCO). It is advisable to maintain the following information:

- Customer Identification
- Date, description, and amount of each sale
- Date and amount of each payment
- Date, reason, and amount of each adjustment
- Date and amount of each approved write off
- The FOPPS to which each accounts receivable pertains
- Ability to record billing and collection activity
- Ability to age the accounts receivable
- Ability to classify the accounts receivable type, as a means of facilitating reporting required by the State Controller.

**OIC Managed**

OIC also offers this as a service, for a fee, on behalf of the departments to include full invoicing and payment processing or just payment processing. If the department/unit chooses to have OIC manage these processes, please adhere to the following guidelines and responsibilities.

OIC will manage the following processes:

- Invoicing
- Journal Entries
- Deposits
- ESA IDC Transfer of Funds
- Reporting
The Department will manage the following processes:

- Direct communication with contractual partner on project specifics
- Collections: initiate reminders and manage collections, if delayed
- Payroll Expense Transfers (PETs)
- Depreciation Cash Transfers

**Promotion**

The Office of Industry Collaboration (OIC) will work with the individual or group and the Department Chair to develop promotional materials for internal and external users including group outreach and targeted industry sectors.

**Goals**

Determine who might be interested in the offering and identify ways to contact them. Conferences are a natural way to network and promote current capabilities and offerings.

**Requirements**

All electronic and hard copy materials used to promote the service capabilities must include the following statement to adhere to state requirements:

> The provision of the described goods, service, or facility is substantially and directly related to the instructional, research, or public service mission of the University of Colorado Boulder.

**Possible Methods**

**Websites** are effective tools to provide information to possible users. Consider the following when evaluating website effectiveness for the intended purpose: Does it use words that might be used in a search engine? Is it easy to see that the unit is open to external users? Does it convey the value and expertise? Does it include contact information? Is it easy to navigate? All websites should conform to CU requirements for websites and use CU-Boulder branding.

**VIVO** ([https://vivo.colorado.edu/](https://vivo.colorado.edu/)) is a searchable database that CU-Boulder is utilizing for collaboration among researchers across all disciplines. Researchers should verify that their research information/capabilities are accurate within the database and follow the proper updating procedures ([https://vivo.colorado.edu/about#updating](https://vivo.colorado.edu/about#updating)). VIVO also includes a searchable equipment and analysis service database. OIC will update VIVO with equipment and capabilities information as provided during setup.

A **Promotional Sheet** will be created by OIC based on a promotional sheet template to provide concise information to prospective service users through the OIC website as well as face-to-face discussions when applicable.

**Electronic Engagement** such as social media and other electronic formats can provide exposure to service capabilities. On request, OIC will work with the unit to provide advice on strategies to engage users via electronic mechanisms such as website search engine optimization, two-way engagement, and promotions to further engage audiences.

**Science Exchange** ([https://scienceexchange.com](https://scienceexchange.com)) is a marketplace for scientific collaboration, where researchers can order experiments from labs world-wide. Researchers may post lab capabilities at no cost. Those interested in
utilizing this service can register and manage the entire transaction through this website. Fees may be applied. The University of Colorado does not endorse Science Exchange.

EAGLE-I [https://www.eagle-i.net] is a resource discovery tool built to facilitate translational science research by collecting and sharing information about research resources creating large collections of information about Core Facilities.

Quotes & Proposals

Most companies interested in these services will desire a quote or proposal. The easiest way to do so is to utilize the contract template developed by the Office of Industry Collaboration (OIC) during the setup period. Do NOT change any of the terms in the body of the agreement. The section at the top, along with a possible attached statement of work (SOW), will provide the information on what will be done, what is delivered, the price to charge, payment terms, and customer information. Ideally, by using this form, it encourages the customer to use the university’s agreement and avoid a more complex review. OIC will approve any quotes prior to submission (similar to the Office of Contracts and Grants (OCG) role for sponsored research proposals).

Service Center (Average Cost) Activities/Projects

The SOW, deliverables, and price should be fairly well defined for such activities. Recall that the minimum price must be the higher of the cost estimate including all direct and full federal indirect costs or the price offered for a similar product by a commercial entity. It is often appropriate to charge a higher amount based upon an assessment of the competitive prices. OIC will work with the PI in determining the appropriate price.

Project Based

When the work is budgeted separately for the task to be performed, work with OIC to determine the price. Note: project based pricing may be an indicator that the work is more appropriate as a sponsored research project. It is important to maintain a clear delineation. Recall that the work being done must be done using pre-existing, standard methodology and analysis tools without an expectation of new methods or procedures being developed.

Both Service Types

Total

Quotes and proposals should only include a total price and are fixed price per some unit (i.e. per number of tests or samples or days of testing). They should not include itemized cost categories as in a federal grant proposal.

Example:

- **Standard Rate:**
  - Quantity: 40 samples
  - Rate: $150/sample
  - Total: $6,000.00

- **Standard Rate with unknown number of units and open project period will only include the rate per unit.**
  - Rate: $150/sample

Sales Tax

Sales tax may be applicable to the sale and must be added to the quote after the price identified during the described process. Or, at this stage, simply list “plus applicable sales taxes”. It is important to make the determination and retain documentation regarding the assessment. Without such documentation, the state may later assess sales tax,
which will be the responsibility of the department. Use the following considerations, in sequence, to determine if sales tax is applicable:

*Current tax rates can be found on the Campus Controller’s Office (CCO) website (http://www.colorado.edu/CCO/technical-operations/sales-tax).

A list of example taxable items can be found in the forms section in the CCO Sales Tax Policy & Procedure (http://www.colorado.edu/controller/about-us/technical-operations/sales-tax) document.

Sales of services (such as testing and analysis) are not taxable. If a sale involves both goods and services, the tangible property (good) is taxable (subject to the above exemptions) but the service is not. The seller should list and identify the goods portion of the sale separately from the service portion of the sale. Failure to do this can render the entire amount of the sale subject to sales tax. Sales tax must be applied to the fee associated with equipment use by external, taxable users (non-University of Colorado Boulder personnel). Invoices should itemize the equipment use fee and sales tax apart from other services completed (contracted/quoted rate). If CU-Boulder personnel are utilizing the equipment to provide analysis services (which are not subject to sales tax), the invoice should be for one total or per unit price that includes the labor and equipment use, and such service is NOT subject to sales tax.

Shipping Costs
Shipping costs might be included within the quoted cost or added separately based upon the actual cost. The variability and level of cost will contribute to that determination. For the quote/proposal, specify whether shipping...
is included or extra. If shipping is included, potential shipping costs identified in rate development should be further assessed for specific location cost adjustments. Pricing options:

- Discuss with customer if they want to pay the university for the shipping or charge directly to their established account (if applicable) with that shipping agency
- If customer will pay university, will the cost be:
  - Included in total rate
  - Separated itemized cost

Note: When shipping is being implemented, the destination and designation of location of title transfer (FOB Origin or FOB Destination) will affect sales tax and also insurance (risk of loss). Thoughtful consideration is required to balance these issues. For instance, if the customer or sale is tax exempt, then taxes are not an issue. It will be preferred to use FOB Destination if sales tax would be applicable; however, first assess the level of insurance and potential risk of loss before making this decision. If the item is high dollar and fragile, charge the tax and make it FOB Origin or make sure to add appropriate insurance on the shipping.

**Additional Costing Considerations**

- **Project performance crosses fiscal years:** If the project performance is anticipated to cross fiscal years, budgets must include any increases anticipated for the new fiscal year such as salary increases, benefit rate increases, GAIR adjustments, and calculated F&A rate adjustments.
- **Currency exchange rates:** When checks are not drawn on a U.S. Bank or not issued in U.S. dollars, fees and exchange rates will apply. The actual funds collected may be different than the anticipated amount.
- **Forms of payment:** As stated during rate development, include all anticipated costs within the applied rate including those charges for credit card transactions. The university does not allow charging more for a credit card than for cash. However it may be built into the standard rate with a discount provided for check payments (not advisable as there are other significant costs for processing checks).

**Contracting**

When a customer is identified, there are identified steps to finalizing the transaction. The Office of Industry Collaboration (OIC) is the responsible unit for review and submission of these quotes and management of the contracting process.

Assuming that the set-up steps were all completed, the following activities should, in general, be understood and can be completed quickly. If the set-up was not complete, it needs to happen at this time.

1. **Define the specific project.** Working with the customer, confirm that the expected work to be performed and the time frame is understood. Also confirm the type of customer and whether the funding is from a government prime contract (meaning the rate would have to utilize the standard federal overhead rate.) Complete and submit the Unrelated Business Income Tax (UBIT) questionnaire for university determination if the activity is unrelated business income (UBIT policy and procedures) ([http://www.colorado.edu/controller/unrelated-business-income-tax-policy-and-procedure](http://www.colorado.edu/controller/unrelated-business-income-tax-policy-and-procedure)).

2. **Develop the rate.**
   - Service Center/Average Rate – if the work is done within a service center, start with a minimum of the approved external rate. Ideally, the center has at least 3 rates (internal, not-for-profit, for-profit). A higher rate may be charged and might be appropriate if the time frame or type of work or amount of work requires a greater level of effort.
• **Project Costing** – develop an estimate of the time required and the other costs to support the project. Be sure to include all costs. This will be a fixed price bid so should include a contingency for unexpected activities. Ideally, include support for the faculty time, even if during the academic year (AY). Develop the estimate and then OIC will review the budget to approve the current rates.

• **Sales Taxes** – determine if sales tax will apply based upon the customer type, sales type, and location of sale. If necessary, collect the appropriate tax exempt certificate. If not tax-exempt, determine the tax rate and make sure that the quote includes “plus applicable sales taxes”.

• **Shipping** – if you will be shipping the final product, determine whether the shipping cost is included in the rate or will be charged in addition to the rate.

3. **Principal Investigator’s (PI) decisions and department decisions**
   a. **Payment Terms and Cash Flow** – it is not appropriate for the university to expend resources on behalf of industry. Therefore, the amount and timing of payments should be determined to avoid a deficit cash balance.
   
   o Depending upon the length of the project, the amount of advance payment will be determined.
   
   o If issuance of payment terms is desired (such as invoice submitted upon completion and customer pays in 30 days), only do so if the company is in good financial standing and the unit has a way to cover the costs prior to payment being received. Small companies and start-ups can be a real challenge.
   
   o If the customer does not pay, the department and lab/group must cover the cost of incurred expenses. Pay close attention to how to minimize that problem or at least the time in dealing with it.

   b. **Statement of Work (SOW) and Deliverables** – these need to be very clear. Unlike research contracts where there is a general area of study and the results are based upon what is done in that time frame, these contracts are very specific in terms of what is expected and when. Clarity protects those personnel involved (administrators, lab technicians, faculty, department).

4. **Pre-submission evaluation.** Similar to a sponsored research template, the following must be evaluated and permission received prior to submitting a proposal for such work:
   a. **Research Compliance** – if export compliance, human or animal subjects are involved, approvals must be obtained and special charges may be required in the budget.

   b. **Disclosure of External Professional Activities (DEPA)** – confirm that DEPAs are current for the PI and key participants.

5. **Quote/Contract.** Ideally, a template will be (or has been) developed that can serve as both the quote and contract for the majority of the transactions. If OIC has provided a template, complete the top section as instructed by OIC. Do **NOT** change any terms in the body of the contract. If a template has not been provided, contact OIC to prepare a template for the customer and provide the basic information necessary. If the customer is a foreign entity drawing on a non-U.S. Bank, it is highly recommended to accept only electronic payments in U.S. dollars due to banking restrictions.

   If the work and other details have been approved in advance by OIC, it is optional to submit the quote to OIC for review prior to submission to the customer. If the SOW, deliverables, and price have not been approved in advance, they must be submitted to OIC for review prior to sending to the customer.

6. **Negotiation and contract execution.** OIC will coordinate the negotiation and contract execution and will involve legal counsel, the Office of Contracts and Grants (OCG), or the Technology Transfer Office (TTO) as appropriate. OIC will obtain the appropriate CU signature for contract execution.
7. **Vendor Setup.** The customer may require that the university be setup as a vendor in order to process invoicing and issue payment. For these types of activities, the account information is different from that used for a sponsor to submit payment for a sponsored project. If the university has not yet been setup as a vendor with the customer, provide the appropriate account information via a secure network (i.e. standard email is not a secure network.) or submit required forms to OIC for execution. The Office of Information Technology offers a large file transfer (https://filetransfer.colorado.edu/courier/web/1000@/wmLogin.html?) resource that can be used for submitting this information. OIC can also aid in completing and submitting the appropriate information. If the university has previously been setup as a vendor, determine if it was originally for a sponsored research project. If so, then the account information will direct electronic payments to Sponsored Project Accounting (SPA). Follow the Electronic Payments instructions in the Invoicing & Payment Processing section with the exception of only submitting the Cash Receipt Form to the identified SPA contact.

8. **Purchase orders.** Once the contract has been completed, confirm whether the company will issue a purchase order (PO) in order to make payment. If so, do not start work until a PO has been received. Note: If a PO is received and the CU agreement was not used, the PO terms may need to be reviewed by legal counsel. OIC can help with the review.

9. **Next steps.** Assuming that there is an advance payment requirement, make sure that an invoice is issued upon contract execution based upon the responsible unit identified during setup. These details are the responsibility of the PI and department to initiate. Remember that this is not a sponsored research agreement and OCG and Sponsored Project Accounting (SPA) do not handle those details.

### Invoicing & Payment Processing

#### Invoicing

The department will be responsible for management and compliance of the identified processes if they are managing invoicing and payment processing while maintaining documentation to support each sale recording all transactions.

Invoicing needs to be submitted in a timely manner per contract terms. If the payment is due upon submission of a deliverable, the invoice needs to be submitted at that time. Otherwise, initiate invoices at the time that the good/service is provided. Additional invoicing follow-up practices include:

- Sending a second notice on the due date.
- Making a telephone or email contact with each customer whose payment is not received by the due date. Record the results of each contact in the departmental account receivables system.

When an invoice is issued, an accounts receivable journal entry must be created within the PeopleSoft (PS) system debiting 013000 AR Customers and crediting either the Revenue Account 325106 if the sale is to a government agency or Revenue Account 325108 if the sale is to a business. If using PS Billing and Receivables, these journal entries will book based on information chosen during the generation of the invoice.

If the department uses the PS Billing and Receivables Module, OIC will work with the unit for access to the module and processing procedures.

#### Example

---

**ESA billing and receivables is not handled by OCG or SPA since these are not sponsored research agreements through OCG.**
Invoices should only reflect the service and total due. (For Example: Type A Lab Service with Analysis - $60). A breakdown is not needed when invoicing external/industry clients. Sales tax should be reflected as a separate line item on the invoice to easily identify total sales tax to book based on the transaction. Invoice numbers should have a letter leader before the numeric (i.e. OIC00101). This aids in both identifying the unit from which it was issued and provides a clear identifier in the event that an electronic payment is received. If the department is not utilizing PS Billing and Receivables, a university template is available from OIC.

Final journal entries for prior month must be created within the first two business days of the current month.

**Booking Sales Tax**

Book sales tax at the time the revenue is booked (during invoicing). Create a journal entry crediting SpeedType 12918307, account 100400 (sales tax). The department should send the Campus Controller’s Office (CCO) (Maggie Young maggie.young@colorado.edu) a copy of the invoice at this time. If there are numerous invoices, contact Maggie Young to determine different logistics. On occasion, payment may be received before an invoice can be generated. In these instances, place the sales tax on the cash receipt as a separate line item crediting the same SpeedType and account code. Copies of the Cash Receipt Form with sales tax inclusion should be submitted to CCO as stated above. Sales tax in relation to transactions such as t-shirt sales, gift store items, student supplies, etc. are handled differently. Contact CCO (Maggie Young) for guidance on booking sales transactions for these types of transactions.

Note: When a bad debt is written off, the bad debt journal will need to debit revenue and sales tax so that the university can recoup the sales tax that was paid. The university does not owe sales tax if the payment was not collected.

**Example**

<table>
<thead>
<tr>
<th>SpeedType</th>
<th>Fund</th>
<th>Org</th>
<th>Program</th>
<th>Account</th>
<th>Amount</th>
<th>Journal Line Description</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>129XXXXX</td>
<td>29</td>
<td>XXXX</td>
<td>XXXX</td>
<td>013000</td>
<td>108.36</td>
<td>Customer Name AR INV#Leader LettersXXXX</td>
<td>PO#XXXXXX</td>
</tr>
<tr>
<td>129XXXXX</td>
<td>29</td>
<td>XXXX</td>
<td>XXXX</td>
<td>325108 or 325106</td>
<td>-100.00</td>
<td>Customer Name Rev INV#Leader LettersXXXX</td>
<td>PO#XXXXXX</td>
</tr>
</tbody>
</table>

**Payment Processing**

A tracking system is required in order to evaluate when an invoice has been issued and payment has been received (accounts receivable).
**Electronic Payments**

During vendor/supplier setup with the customer, provide the correct banking account wire information. This information will be different than that provided for sponsored research projects. The university’s banking information should always be supplied to the customer via a large file transfer. If the funds are being wired, a Cash Receipt Form ([http://www.cu.edu/controller/policies/cash-receipt](http://www.cu.edu/controller/policies/cash-receipt)) needs to be completed and submitted to the Office of Cash Management (OCM) (located in the Bursar’s Office) at the time of invoice. If the customer is a foreign entity drawing on a non-U.S. Bank, it is highly recommended to accept only electronic payments in U.S. dollars due to banking restrictions. The form may be submitted electronically as identified on the bottom of the form. A copy of the Cash Receipt Form should also be submitted to Sponsored Projects Accounting (SPA) (Maribel Markham, maribel.markham@colorado.edu) at the time of invoice in the event that the funds are wired to an existing accounts payable account with the university. If the funds are being wired, verify with OCM that the funds have been received and paired with the correct Cash Receipt Form (303-492-7219). (Description also repeated below in “Deposits” section.)

**Advance Payments**

If the good/service will not be provided in the same fiscal year, a liability of unearned revenue is created upon the receipt of payment from a customer in advance of the university having earned the revenue through the provisions of goods and/or services. (Note: Liability accounts are normally in a credit status.)

Create a cash receipt crediting one of the following unearned revenue accounts codes for the associated SpeedType and submit to OCM processing the type of payment as stated earlier:

- Account 150200 – Unearned Revenue-Current
- Account 150250 – Unearned Revenue-Federal-Current
- Account 180200 – Unearned Revenue-Non-Current (Only used to record funds received prior to a good/service being provided when it is anticipated the good/service will not be provided beyond the period of one year.)

When the good/service has been provided, prepare a journal entry to convert the unearned revenue to recognized revenue in the appropriate revenue account (see Invoicing section for Revenue account codes).

- 1502xx or 180200 DR
- Revenue Account CR

**Example**

<table>
<thead>
<tr>
<th>SpeedType</th>
<th>Fund</th>
<th>Org</th>
<th>Program</th>
<th>Account</th>
<th>Amount</th>
<th>Journal Line Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>129XXXXX</td>
<td>29</td>
<td>XXXX</td>
<td>XXXX</td>
<td>1502xx or 180200</td>
<td>XXX.XX</td>
<td>Customer Name UE Rev INV#Leader LettersXXXXX</td>
</tr>
<tr>
<td>129XXXXX</td>
<td>29</td>
<td>XXXX</td>
<td>XXXX</td>
<td>325108 or 325106</td>
<td>-XXX.XX</td>
<td>Customer Name INV#Leader LettersXXXXX</td>
</tr>
</tbody>
</table>

Compare and reconcile the revenue account to the unearned revenue account, 1502xx (current) or 180200 (non-current), to verify that the entries are going into the proper accounts for the correct amount and at the correct time.
**Interdepartmental Charges**

There may be some internal sales activities charged as revenue to the Fund 29 SpeedType. In this case, enter the following journal entry: credit the Revenue Account 390019 or other appropriate account and debit the SpeedType of the department with account 530198. Add the proper description. If a Fund 30 SpeedType is provided for the interdepartmental charge, research the end date of the project when the SpeedType is provided to ensure that the contract end date has not closed. If the date is past, ask the department for a different SpeedType in which to charge the service.

**Example**

<table>
<thead>
<tr>
<th>SpeedType</th>
<th>Fund</th>
<th>Org</th>
<th>Program</th>
<th>*Account</th>
<th>Amount</th>
<th>Journal Line Description</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>129XXXXX</td>
<td>29</td>
<td>XXXX</td>
<td>XXXX</td>
<td>590019</td>
<td>-XXX.XX</td>
<td>Identify Service &amp; Units Performed</td>
<td></td>
</tr>
<tr>
<td>XXXXXXXXX</td>
<td>XX</td>
<td>XXXX</td>
<td>XXXX</td>
<td>530198</td>
<td>XXX.XX</td>
<td>Identify Service &amp; Units Performed</td>
<td></td>
</tr>
</tbody>
</table>

**Deposits**

It is ideal that checks be sent to OIC in order to provide internal controls between the person issuing the invoice and receiving the check. If the department is large enough for separation of these duties, OIC does not need to receive and process the checks.

**Cash Receipt Forms**

Once payment is received, a Cash Receipt Form needs to be completed and submitted with the payment to OCM identifying accounts receivable (013000) account deposit information. (Contract term information is listed below.)

The description on the Cash Receipt Form for the deposit entry needs to be the name of the business and the reference should be a contract or invoice number, if applicable. (e.g. Pfizer CO#400987 or IN#OIC140328). This is especially important with a wire transfer in order to pair the wired funds in the university bank account with the correct Cash Receipt Form description. Take two copies of the Cash Receipt Form with the deposit. OCM will date stamp them both. One OCM will keep and one can be kept as a receipt.

If the funds are being wired, verify with OCM that the funds have been received and paired with the correct Cash Receipt Form (303-492-7219).

**Check Endorsement**

Check Endorsement requirements can be found on the Bursar’s Office website (http://bursar.colorado.edu/resources/campus-resources/office-of-cash-management/deposit-guidelines/#checkendors). Please follow the instructions explicitly. Deposits can be made at the Office of Cash Management (OCM) (Bursar’s Office, Regent).

**Currency Exchange Rates**

If the customer is a foreign entity drawing on a non-U.S. Bank, it is highly recommended to accept only electronic payments in U.S. dollars due to banking restrictions. U.S. Banks use a standard 9 digit routing number. Fees and exchange rates may apply. The SpeedType account will be credited initially with the amount anticipated and a separate adjustment transaction will be posted when actual funds are collected.
Reviews of Service Center Activity and Rates

Frequent review must be conducted for the activities, processing, transactions, and overall business management of each SpeedType and associated activity. The following are special reviews that are appropriate where an average rate (service center) approach is utilized. Internal/External Service Centers require the closest attention. The price charged is based on an average cost with multiple assumptions made in setting the rate (such as volume of customers, mix of internal and external, etc.)

These review activities are the joint responsibility of the department and Principle Investigator/lab manager.

Financial Stability

The External Service Center should not run a deficit although there may be some intermediate cash flow issues. Monitor the financial balance and, if there are problems generating enough revenue, consider the below possible actions. Remember that the sooner action is taken, the less drastic the changes. Evaluate the source of the problem. Consider resolutions if there is too low volume or price or unexpectedly high costs. Possible solutions:

- Reduce costs: budgets are critical in managing costs
- Increase rates for external users (internal rates must still follow the Internal Service Center (ISC) protocol)
- Increase sales volume, particularly with external customers paying a higher rate. Remember that if the rate is too low, higher volume will not help.
- Request support: request usage of a portion of External Sales Activity (ESA) Indirect Cost (IDC) allocation – if the facility meets certain requirements, it is possible to request a portion of the ESA IDC from the department, college, and campus. This step requires a higher level of budgetary examination and understanding of the broad benefits from such a facility.
- Terminate the activity: the last and least desired option but sometimes a necessity

The department/unit is ultimately responsible for covering Fund 28 or 29 SpeedType deficits at the end of the fiscal year.

Interim Rate Review

Interim rate reviews should be conducted mid-fiscal year and rates adjusted if a substantial year-end surplus or deficit is likely to occur. A new or updated rate sheet should be submitted to the Campus Controller’s Office (CCO) and new rates published with the effective date. If the rate has been established within an executed and active contract or agreement, that rate must be honored unless the terms specifically state that new prices will be submitted after a certain period of time (i.e. if there is multi-year contract with the possibility of new prices submitted annually). However, goods/services provided to those not under contract after new rates have been confirmed will be charged the new rate.

Year End Review

At the end of the fiscal year, assess the relevant SpeedTypes. June 30th, or average, month-end fund balance cannot be greater than 60 days operating costs (OMB Circular A-87). If a surplus exists beyond the 60 day reserve, it may indicate a surplus not needed for general operations. For external sales or service activities, the surplus can either be:

1. Left in the SpeedType to reduce next year’s rates, or
2. Transferred out of the SpeedType to Fund 78 SpeedType and used for any allowable purpose from there. Ideally, reinvest in the research program or saving for future repair and replacement
costs. (Note: Must be able to substantiate surplus transfer. Transfers must be within allowable
fund transfer requirements.)

Rates should be approved annually during the budget cycle. Rate sheet submissions are due to CCO by March 15th.

**Forecasting**

Project the SpeedType available balance at the end of the fiscal year. Start at the beginning of the fiscal year with a
plan and update on a monthly basis. Re-assess periodically throughout the year. Consider the following:

- Effect of multi-year encumbrances on current-year resources (Note: Standard purchase orders (SPO) are encumbered as full amount even if multi-year.)
- Effect of budget adjustments and cash transfers
- Personnel changes or unencumbered personnel (hourly, temp, etc.)
- Employee recognition
- Benefits, GAIR, IDC, effects
- Inflation
- Travel costs

If a surplus is forecasted, consult with the appropriate management level in the department and/or college/institute
for evaluation on an allocation plan in the event that the projection is accurate. Refer to Planning, Budget and
Analysis (PBA) budget planning parameters (http://www.colorado.edu/pba/budget/budgetdevinfo/index.html).

**Budgets**

If the unit chooses, a budget will be loaded into the Fund 29 SpeedType for internal review and evaluation purposes
for the following categories based on annual projections. Select the categories that will be the most meaningful in
the comparison of budget to actual costs:

- Revenue
- Operating Expenses
  - Salary & Benefits
  - Tuition
  - Supplies
  - Non-Capital Equipment
  - Capital Lease Payments
  - Services
  - Maintenance & Repair
  - Printing & Copying
  - Travel
  - GAIR

**Inventory**

Inventory is required to be accounted for if the total value is $35,000 or more. If the total value is less than $35,000,
the items are expensed and not held as inventory. Sales decrease inventory and are expensed as costs of goods sold.
Note: There are significant complexities and risks with inventory and CCO should be consulted prior to establishing
inventory.
Monitoring & Oversight

SpeedType and transactional management requires continuous monitoring of activities.

Reconciliations

Reconciliations are to ensure all transactions are documented and appropriate for the SpeedType and account code, taking into consideration available resources. Reconciliations provide management with reasonable assurance that resources are safeguarded and transactions are authorized, valid, complete, and accurate. This process allows for identification and correction of errors in a timely manner and demonstrates good stewardship and accountability. Provide reconciliation and review reports to management.

Monthly PeopleSoft financial statements are ready for review/reconciliation by the 4th business day of the month. Review every transaction and compare to sales/activity transaction paperwork and documentation (either paper or electronic). Verify that transactions are appropriately charged to the specific SpeedType and correct account code. Review clearing SpeedTypes for balances. At the beginning of the year, run a payroll report from the Human Resources Management System or request the report from the unit’s Human Resources representative. Provide regular reporting to management.

Use the below financial statements and reports in m-Fin Note: As year-end approaches, make sure fulfilled POs are closed. Monitor monthly payroll for new hires and terminations.

Cash balances may reflect on reports. The allocation of excess cash will be transferred out of the SpeedType dependent upon previous management decisions. In addition, a cash balance may also include yet to be transferred ESA IDC allocations. Do not spend excess cash until reconciling that all the necessary transfers have been completed.

- SpeedType (ST) Summary
  - High-level view of available balances
  - Deficit balances
  - Balances in suspense or clearing SpeedTypes
- Balance Sheet
  - Abnormal balances
  - Look for balances in
    - 013xxx – Accounts Receivable
    - 013109 – Company Card Personal Charges
    - 070200 – Travel Advances
    - 100100 – AP Manual
    - Other accounts that should clear
- Operating Summary
  - Abnormal balances
  - Balances in suspense or clearing account codes
  - Odd account codes for the SpeedType’s activity
  - Cash balances
- Financial Detail
  - Unexpected transactions
  - Missing transactions
  - Abnormal account codes
  - Credits to expenses/debits to revenue
- Outstanding Encumbrances
  - Review for accuracy
  - Already calculated into Available Balance
Payroll Expense Transfers (PETs)

Every month, the department should review the work performed and ensure that payroll was charged appropriately to the SpeedTypes associated with any projects with work performed. A PET may need to be generated for personnel who supported the activity. Monthly evaluations and appropriate PETs are highly recommended.

The distribution of salary charges for personnel should represent a reasonable reflection of the employee’s effort as reported at the end of each semester via electronic Personnel Effort Reports (ePERs). Specifically, personnel working under federal awards are not allowed to charge efforts on external services to that award; therefore, it is imperative that salary allocations be reviewed on a regular basis and, if changes are anticipated, adjustments to funding distribution should be prepared in the Human Resources Management System (HRMS). Salary adjustments or cost transfers of salaries and wages should be made BEFORE work effort has been certified by the employee. Every endeavor should be made to process payroll adjustments or cost transfers monthly so salary expense accurately denotes the projects where effort was expended. Any corrections made on or after July 1 for the prior fiscal year will utilize the prior year’s fringe benefit rate based on the pay period in the PET. However, if the pay period is more than 1 prior fiscal year, the fringe benefit rate will only be applied to the previous year’s rate. This should be avoided. When payroll-related cost transfers are appropriate and allowable, prepare a PET in the HRMS.

Note: It is possible to transfer less than 100% of the monthly salary. Any payroll transfers including a Fund 30 SpeedType will be reviewed and approved by Sponsored Projects Accounting (SPA).

1. When preparing the payroll transfer, justification for the transfer as described in the Cost Transfer Guidelines/Procedures (http://www.colorado.edu/controller/cost-transfer-guidelines-graduate-school-procedural-statement) (Required Documentation Section) should be entered into the Journal Description panel of the PET.

2. Fund 30: Once payroll has been certified to a particular project, the PET will not be approved if it moves that payroll to another project except in highly unusual circumstances. Such transfers require documentation that adequately justify a change in the previous certification and must comply with this Cost Transfer policy. If a payroll transfer moves salary that is greater than 180 days old, the PI must provide a written statement to SPA that explains how this benefits the project receiving the expense, why this project did not receive the charges when they first occurred, and why it took so long to initiate the transfer. If a PET is submitted after the semester has ended that affects an ePER not yet certified, the payroll distribution changes will be reflected on the uncertified ePER. Once an ePER is certified, however, any changes to that ePER resulting from a PET will require the entire ePER to be recertified. Consult the Campus Controller’s Office (CCO) Electronic Personnel Effort Reporting System policy (http://www.colorado.edu/controller/sites/default/files/attached-files/Policy%20-%20ePER.pdf) for more information.

Pooled Investment Earnings (PIE)

If the Fund 28 or 29 SpeedType is in deficit over a certain period of time, PIE may be applied. PIE cannot be included in the internal rate calculations; however, PIE may be included in rate calculations if it is anticipated for external activities. PIE is assessed based on the average daily balance in deficit over a quarter. The payment schedule for services should be developed to avoid application of PIE.

Cash Accounting & ESA IDC Transfers

ESA IDC allocations will be moved from the activity SpeedType to the appropriate ESA IDC SpeedType using a cash transfer. OIC will manage these transfers. In the event that excess cash is reflected in the SpeedType, the transfer might not yet have been completed. Do not spend excess cash until reconciling that all the necessary transfers have been completed.
**Payment Notifications**

In addition to submitting an invoice for services performed (see **Transactions: Invoicing & Payment Processing**), it is suggested to send a second notice on the due date. Then follow-up with customers whose payments have not been received by the due date via telephone or email contact. Record the results of each contact in the departmental established tracking system.

**Collections**

If payment is not submitted in a timely manner, it is the responsibility of the department to initiate a reminder to the contractual partner. If an issue continues, CCO can identify next steps and options. It is ultimately the department’s responsibility to cover the cost if no payment is received. Keep this in mind when setting payment terms. If in doubt, require payment in advance.

According to Chapter 8 of the [State of Colorado’s Fiscal Procedures Manual](https://www.colorado.gov/pacific/osc/fiscalprocedures), debts 30 days past due must be referred to the State of Colorado’s [Central Collection Services (CCS)](https://www.colorado.gov/pacific/dfp/CCS). There is some flexibility within this requirement. The university is required to show due diligence in collecting the debt prior to utilizing collection services. The referral is made using the [New Account Worksheet](https://www.colorado.gov/pacific/dfp/resources). CCS charges an 18% commission rate to utilize their services.

As of October 4, 2004, exceptions to the 30 days past due referral requirement are as follows:

- **Federal, State, and Local Government Customers:** Any governmentally sponsored grant, contract, gift, or project—including federal, state, local, or other government entity—has a total blanket exemption from referral to CCS. Any institution, however, can refer these types of debts, at their discretion, to CCS at any time. State of Colorado agencies are permanently exempt from referral to CCS, but amounts in question must be referred to the State Controller’s Office.

- **Non-Government Sponsored Grants, Contracts, Restricted Gifts, and Sponsored Projects:** These accounts are exempt for referral to CCS for one year. Any institution, however, can refer these types of debts, at their discretion, to CCS at any time.

- **Student Loan Receivables and Accounts Receivable**

It is the responsibility of the unit to monitor the progress made by CCS on its respective accounts. CCS issues a variety of status reports. [Chapter 12](http://www.colorado.edu/controller/sites/default/files/attached-files/ch12_0.pdf) of The Guide has additional guidelines for submitting collections to CCS.

Departments must possess written guidelines addressing accounts receivable allowances, as allowance recognition and calculation must be logical and consistent.

**Equipment Depreciation**

Departments are responsible for annually creating a cash transfer between the I/ESA operations SpeedType (Fund 28 or 29) and the corresponding renewal and replacement SpeedType (Fund 78). Enhancements have a separate depreciation schedule and must be transferred as well as that of the original equipment.

To record depreciation: Book a cash transfer from ESA operating FOPPS (Fund 29) to Renewal & Replacement Plant Fund (Fund 78) as:
Example

<table>
<thead>
<tr>
<th>SpeedType</th>
<th>Fund</th>
<th>Org</th>
<th>Program</th>
<th>Account</th>
<th>Amount</th>
<th>Journal Line Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>129XXXXX</td>
<td>29</td>
<td>XXXX</td>
<td>XXXX</td>
<td>997106</td>
<td>XXX.XX</td>
<td>Cash Transfer Out - Depreciation</td>
</tr>
<tr>
<td>178XXXXX</td>
<td>78</td>
<td>XXXX</td>
<td>XXXX</td>
<td>995106</td>
<td>-XXX.XX</td>
<td>Cash Transfer In - Depreciation</td>
</tr>
</tbody>
</table>

**SpeedType Updates & Inactivation**

If there are fiscal personnel changes, promptly update the chartfield information associated with the relevant SpeedTypes. To initiate this request, submit an email to accounting@colorado.edu identifying the SpeedType and change of information.

If a SpeedType has been created for a particular project, the SpeedType should be inactivated once the project is complete, payments collected, and transfers posted. To initiate this request, submit an email to accounting@colorado.edu listing the desired SpeedTypes to be inactivated.

**Documentation**

- All sales documentation, including tax exemption certificates, must be retained for the past 3 years in addition to the current fiscal year. CCO can advise on record retention requirements.
- Maintain the following records:
  - Financial and statistical data to support development of billing rates
  - All sales
  - For depreciation calculation
  - Demonstration of compliance with federal and state policies

- Operations that charge sales tax are required to post a current copy of both the CU-Boulder State of Colorado Tax License and City of Boulder Sales Tax License in a conspicuous place.
- However, if customers are not on-site, then the copy posted on the University of Colorado Boulder website will suffice. Copies of the tax licenses are available from CCO.
- Items subject to sales tax can only have the tax waived when delivery occurs within Colorado if the customer provides a copy of their current tax exempt certificates, both for the State of Colorado and the City of Boulder [if delivery occurs in Boulder].
- Exemption certificate copies must be kept on file by the department making the sale for at least 3 years after the fiscal year of the sale transaction.

**Record Retention**

Sales tax is paid based on when the sale was made.

**Sales Tax Reporting**

At the time of invoicing, departments must send the Campus Controller's Office (CCO) (Maggie Young maggie.young@colorado.edu) a copy of the invoice (which should have the sales tax stated separately) at the time of invoicing. Departments must also send CCO a copy of any of the month’s cash receipts (if payment was received before invoice generation) for sales of goods on which sales tax must be applied before the 10th of the month for previous month activities/sales. Currently, departments that have non-taxable sales are not required to report activities to CCO. As of January 1, 2015, the rate is currently 8.845% for sales that occur in Boulder (current rates can be found on the CCO website [http://www.colorado.edu/CCO/technical-operations/sales-tax]. The Department of Revenue updates rates in January and July.

**Customer & Activity Reporting**

If invoicing does not occur through PeopleSoft Billing, an Excel report should be submitted to the OIC quarterly in the provided format template.
ESA IDC Reporting

The ESA IDC returned to the units is to be used to provide investment in new approaches, support for new equipment, or other support for research that is of long term value. The use of such funds will be reported to the External Sales Committee (ESC) at least twice per year to confirm that the return of ESA IDC is being used in an appropriate manner. If the unit does not use a Fund 29 SpeedType to track ESA IDC allocation expenses, the unit will submit an Excel report by the 20th of July and January for the 6 month period ending the previous month. Such reports will identify specifically how the funds were spent. Additional information may be requested to convey the use of the funds and the benefits achieved.

Accounts Receivable Reporting

The campus requires that each unit supply a list explaining unearned revenue balances by customer as of June 30th to CCO as directed in the fiscal year end closing instructions. The below information must be provided to CCO for the annual accounts receivable work paper required for audit. When CCO sends the annual notice for reporting to units, indicate if the unit is utilizing PeopleSoft for billing and accounts receivables for external sales activities in the appropriate SpeedTypes along with the business unit; otherwise, the unit must provide the following information:

- Provide details of customer names, transaction dates, and dollar amounts to support the accounts receivable balance for each FOPPS in which an accounts receivable is recorded
- Explain the methodology used to calculate the allowance amount for each FOPPS in which an allowance is recorded
- Reconcile the detail amounts to the Finance System accounts receivable account balance or allowance account balance

Equipment Reporting

Trainings are available for department personnel to become Certified Departmental Property Managers [http://www.colorado.edu/property/training]. All non-consumable supplies greater than $5,000 must be CU tagged. It is recommended to include a CU identifier on Electronic Devices. Funds may be used to purchase, upgrade, repair and/or replace equipment following university established procedures. Contact the Property Accounting Office (PAO) [http://www.colorado.edu/property/training] to discuss when and how appropriate reporting is required for such circumstances as fabrications, cannibalization, off location, new purchases, and disposition. Appropriate adjustments must be tracked and identified within the asset management system and managed appropriately.

Reporting Determination

Consider the following when determining when to file the appropriate paperwork: Is the new purchase associated with something already purchased? Is this an upgrade or repair?

- An upgrade is an enhancement or additional capability that was not present originally. Once the upgrade/enhancement is completed and the equipment is in operation and depreciating, it must be capitalized if over $5,000.
- A repair, regardless of the price, is restoring operational capabilities as was available when the equipment was originally purchased. Repairs do not require paperwork to be filed with property management units and cannot be capitalized.
Roles & Responsibilities

Many people are involved in the efficient and appropriate handling of work done for external entities. Handling these activities requires a high level of complexity that many units deal with on a very rare basis. The following describes the roles and expectations for key personnel so the campus has confidence that these activities are being handled appropriately and personnel are supported in performing their duties.

- **Campus Controller’s Office (CCO)**
  CCO is the primary campus unit responsible for the administrative processes related to internal services, taxes, and facilities use.
  - Guides Internal Service Center Rate Determination Process & Annual Updates
  - Approves Fund Setup Requests
  - Collects unrelated business tax income (UBIT) Questionnaires & Submits for Determination
  - Supports Sales Tax Questions & Reporting
  - Manages Asset Management Adjustments such as New Equipment Purchases, Fabrications/Enhancements, and Disposals
  - Reviews and Approves Billing & Accounts Receivable Tracking if PeopleSoft (PS) Billing and Receivables not Utilized
  - Collects Annual Unit Accounts Receivables Reporting

- **Planning, Budget and Analysis (PBA)**
  - ISA Rate Development Considerations
  - Provides Budget Development Information Planning Parameters (FY Salary, Benefits, Inflation, etc.)

- **Facilities Management**
  - Conducts Annual Space Survey

- **Office of Industry Collaboration (OIC)**
  The OIC facilitates the setup and processing of the external sales and service activities (ESA), makes their existence publicly available, and supports the efficient processing of individual transactions.
  - Reviews & Approves Finalized External Rates
  - Coordinates to Determine if UBIT Applies
  - Supports Project Definition and Procedural Oversight
  - Identifies and Customizes Contract Templates for Each Unique Activity Use
  - Manages Contract Process Including Negotiation and Execution
  - Provides Business Process Guidance, Training and Oversight
  - Provides Support Services, when necessary
  - Coordinates Multi-Unit/Agency Participation
  - Identifies and Processes PS Billing Setup and Invoicing Procedures
  - Conducts Guidance and Training on Utilizing PS Billing and Receivables
  - Processes Deposits to Provide Departmental Separation of Duties
  - Guides External Rate Determination Process including Coordinating External Sales Committee to Define Facility Type and Appropriate ESA Indirect Cost (IDC) Allocation
  - Provides Information to CCO for Annual Space Survey
  - Provide Campus ESA IDC Allocation Reports
- **Office of Contracts & Grants (OCG)**
  In most cases, once the transaction is confirmed to be a service activity, there is no involvement from OCG for external sales and service activities unless the contract has federal flow-down terms.
  - Reviews and Negotiates Agreements Containing Federal Flow-Down Terms
  - Manages Adjustments and Disposals on Equipment not yet CU Titled

- **Technology Transfer Office (TTO)**
  - Negotiates IP Terms for Agreement, when applicable

- **University Counsel**
  - Reviews Contract Terms for Legal Sufficiency when Template Modifications are Desired or when Customer Provides their Own Agreement

- **Dean/College Administration**
  - Finalizes ESA IDC Allocation for Department & Allocation to Researcher
  - Evaluates Options and Makes Decisions if ESA is not Generating Sufficient Revenue
  - Determines Equipment Use Process
  - Determines Appropriate Use of College ESA IDC Share to Provide Investment in Research Activities and Incentive for Researchers
  - Provides Semi-Annual Report on ESA IDC Allocation Use

- **Department Chair**
  - Negotiates and Approves ESA IDC Split for PI and Department with College
  - Establishes Department Billing, Accounts Receivables, and Reporting Approach to Confirm Department Compliance with Accounting and Business Processes
  - Provides Oversight that Activities are Appropriate for Service Classification
  - Determines Appropriate Use of Department and PI ESA IDC Share(s) to Provide Investment in Research Activities and Incentive for Researchers.
  - Provides Semi-Annual Report on ESA IDC Allocation Use
  - Reviews Existing Activities for Transition with all New Activity Processing under New Guidelines

- **Department Research Administrators/Finance Personnel**
  - Contacts OIC when External Sales or Service Activities are Identified
  - Submits Fund 29 and 78 SpeedType Requests when necessary
  - Oversees Fund 29 and 78 SpeedType Uses
  - Monitors Appropriate Use and Processing
  - Processes and Trains Appropriate Personnel on Established Billing, Accounts Receivable, and Report Approach
  - Manages Collection Risk (Advance Pay, Invoice Promptly)
  - Reviews and Identifies Inappropriate Use (No Cost, Inconsistent Rates, Not Covering Full Costs)
  - Processes Invoicing, Preferably using PS Billing
  - Provides Quarterly Customer/Activity and Aging Report if PS Billing and Receivables is not used.
  - Assures Payments are Submitted Directly to OIC for Payment Processing if Separation of Duty cannot be Managed within Department based upon Campus Internal Control Requirements
• Processes PETs to Assure Time is Appropriately Charged to Activity Fund 29 that Reflects Revenue
• Reviews SpeedTypes and Reports to Management
• Reconciles SpeedType Transactions and Conducts Forecasting
• Provides ESA IDC Share Use Reports to Department and PI
• Processes Required Depreciation Cash Transfers, when applicable
• Manages Property Inventory and Notifies Proper Units when New or Fabricated/Enhanced Equipment has been Purchased/Completed
• Provides Annual Accounts Receivable Reporting

• Researcher/Principal Investigator
  • Coordinates with Department Administrator and OIC to Define and Establish External Sales and Service Activity Budget and Approach
  • Schedules and Develops SOW with Customer then Collaborates with OIC to Develop Budget and Contract
  • Obtains Department Approvals Based on Internal Requirements
  • Complies with Project Requirements for Reporting, Scheduling, and Delivery
  • Manages Daily Project and Related SpeedType Operations (Fund 29 and 78)
  • Does Not Start Work Until Contract is Executed
  • Identifies Fund 78 Goals with Department
  • Utilizes ESA IDC Share to Best Support New Opportunities or New/Existing Capabilities
  • Communicates Activities Regularly with Key Personnel and OIC
  • Manages Communication on Capabilities and Regularly Updates Capability Description Information and Showcasing Outlets
  • Communicates regularly with Industry Partners on Services and Facilitates Relationship Development
The following are definitions of words that may be encountered in working with industry.

- **External Sales Committee (ESC):** Responsible for review and approval of the designation of the type of activity and F&A allocation as provided for under this policy.

- **External Service Center User:** An entity that is directly accessing a service offered by the campus without utilizing a sponsored research or other internal speed type for payment. If an outside group access the service through a sponsored research or other speed type, campus F&A will be applied when the charge is entered on the other speed type. If accessed without going through a different speed type, then F&A has not yet been charged and needs to be included in the charge. Example: a company has samples analyzed by a CU lab. If the samples are analyzed as part of a Fund 30 project, the charge by the lab is treated as an internal user with the F&A added to the Fund 30 charge. If the samples are analyzed and invoiced directly, F&A will be added to the rate calculation.

- **Additional Charge:** Any additional amounts added to avoid underpricing commercial entities or to account for the unique nature of such offerings.

- **Contingency or Reserve:** The budgeted amount included above the estimated costs to account for potential increases in the cost of labor, other direct costs, or unanticipated levels of effort to perform a specific task. If the contingency is not needed, the unit who would have been responsible for covering such cost overrun may retain the excess contingency up to 20% of the direct cost. Fixed price projects are highly encouraged to include a contingency.

- **ESA IDC:** the indirect cost associated with external sales or services included in the project cost including the campus GAIR charge for expenses. Generally equivalent to calculated Facilities & Administrative (F&A) rate.

- **Internal User:** any user that does utilize a speed type for payment. (i.e. other CU units, external users obtaining the service in support of a sponsored research project, etc.) See External Service Center User for further information.

- **Equipment Fabrications:** complex, not commercially available item that is configured as a one-of-a-kind piece of equipment by CU Boulder personnel that meets unique research or testing requirements. Fabrications have specific requirements for acquisition, accounting, tracking, capitalization, and reporting.

- **Fund 29:** Auxiliary Fund for self-generated revenue not applicable to Funds 20, 26, or 28. Major use should be external users. Most service centers with a majority of outside users or work for hire agreements will be established as Fund 29.

- **Facilities & Administrative (F&A) Rate:** also referred to as “overhead” or “ICR”. This rate covers real costs incurred in support of sponsored research that are not easily attributable to individual projects and are better handled as an average across the campus. The rate is calculated on a regular basis and approved by the federal cognizant agency. The Uniform Guidance establishes the standards for what is allowed as a direct versus indirect cost.

- **Fund 78:** Renewal and Replacement Plant Fund. This fund is associated with Fund 29. Whenever there is a 29 for a service center it is recommended that there should be an associated 78. This will allow a “savings” toward repair and replacement costs. Transfer cash (External Rate-Internal Rate=Amount eligible for Transfer) from Fund 29 to Fund 78 at least once annually. Expenses charged to this account have to be for capital purchases (i.e. $5,000+); otherwise, the funds have to be transferred to Fund 29 for expense.

As a not for profit institution, CU does not generate a profit. Amounts in excess of specific costs may be accumulated to be reinvested in the research or academic mission of the university. This
amount is allowed to be cash transferred to associated Fund 78 to provide for reinvestment and repair of the associated lab.

- **Allowable Transfers**: Transfers include those funds that are identified as authorized to move to another fund (i.e. profit transfer of cash to Fund 78 from Fund 29). Ending fund balances must be adjusted for allowable transfers.

- **Supplies**: Consumable materials/items such as towels, gases, metal. The cost of supplies related specifically to the work should be included in the service center rate calculation. Some of the minor supplies that may normally be covered by F&A returned to the department must be covered by the external rate.

- **Subsidy**: Department or other unit is providing funds toward operation without expectation of repayment.

- **Payroll Expense Transfer (PET)**: After-the-fact transfers to move salaries between SpeedTypes, projects and within awards to reasonably reflect the distribution of salary charges based on the employee’s efforts as reported at the end of each semester via electronic Personnel Effort Reports (ePERs). PET’s can affect the ePER system.

- **Maintenance/Repair (Fund 29)**: Cost incurred to bring an asset back to an earlier condition or to keep the asset operating at its present condition (as opposed to improving the asset). Routine maintenance is also debited to repairs and maintenance. If a repair is made that extends an asset’s useful life, the amount is not expensed immediately; rather, the amount is recorded as an asset and is then depreciated over the remaining useful life.

- **Pooled Investment Earnings (PIE)**: The PIE program keeps the vast majority of the university’s cash reserves invested. The PIE income is accounted for at the system level and a designated portion of the earnings on these investments is returned to the campus via the PIE cash transfer accounts. Some of the PIE is returned to specific programs according to law. PIE is applied for a SpeedType in deficit over a certain period of time. It is assessed based on the average daily balance in deficit over a quarter.

- **Depreciation**: for equipment costing over $5,000 and with an estimated useful life of over 1 year, the allocation of the acquisition cost of an asset (equipment, building, computer, etc.) over the estimated useful life of the asset, usually measured in years. Each accounting period is charged with a proportionate depreciation expense for the estimated useful life of the asset, rather than charging the full cost of the asset as an expense in the year in which it was acquired. Depreciation includes both the federal and non-federal portion of the total acquisition cost. However, depreciation cash transfers may not include the federal portion. The speed type on the rate sheet may reflect a deficit even if depreciation cash transfers are not done. GAIR is not applied to depreciation since it was collected during the equipment purchase. Calculated annual depreciation transfers are used in calculating billing rate.

- **Allowable costs**:
  - **Internal**
    - Cost of Goods Sold
    - Salaries, Wages, Benefits
    - Office Supplies, Telephone, Postage
    - Computers
    - Travel
    - Utilities, Rent (if paid to external party)
    - Equipment Maintenance Costs
    - GAIR, etc.
  - **External**

- **Unallowable costs for service centers**
Internal
- Interest cost due to deficit
- Depreciation related to items purchased with federal funds
- Any cost estimates (labor, supplies, etc.) exceeding the actual level of those costs in prior periods
- Advertising (Job Ads Allowed)
- Alcoholic Beverages
- Alumni Activities
- Bad Debts
- Commencement & Convocation Costs
- Contingency Provisions
- Defense & Prosecution of Criminal or Civil Proceedings
- Donations & Contributions
- Entertainment Costs
- Financial Aid (a/c 770xxx)
- Fines & Penalties
- Fundraising
- Goods/Services for Personal Use
- Lobbying Costs
- Memberships, Subscriptions & Professional Activity Costs in Civic or Community Organizations, Country Club, Social or Dining Clubs
- Promotional Items & Memorabilia
- Salaries or Wages for Personnel that do not Directly Support the Sales Activity
- Student Activity Costs
- Transfers of Cash to Other University Activities
- Public Relations Costs
- Rental Costs Under Less-Than-An-Arms-Length Lease
- Other Costs that do not Directly Support Sales Activity

External
- Very few limitations

General Administrative and Infrastructure Recharge (GAIR): a tax that the university levies on those fund groups that benefit from university services and support but would otherwise not pay them. GAIR is only applied against expenses, not cash transfers. GAIR is a combination of the General Administrative Recharge (GAR) and the General Infrastructure Recharge (GIR).

- GAR is a percentage rate charged to auxiliary and self-funded funds (20, 26, 28. 29) and their renewal and replacement fund (78) and agency funds (80). Calculated monthly on expenditures and paid to the general fund in recognition of the general fund administrative expenses (i.e. accounting, payroll, employment, purchasing, accounts payable, etc.) incurred in support of these fund activities. These expenses include:

<table>
<thead>
<tr>
<th>Area</th>
<th>Detail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chancellor’s Office</td>
<td>Chancellor’s office operations, Boulder Faculty Affairs support, Staff Council</td>
</tr>
<tr>
<td>Planning, Budget, &amp;</td>
<td>PBA Operations, Inter Campus Cost Allocation (this is the pass-through</td>
</tr>
<tr>
<td>Analysis (PBA)</td>
<td>costs from the CU System Office), Senior Vice Chancellor operating</td>
</tr>
<tr>
<td></td>
<td>expenses, Connectivity charges for Institutional Support</td>
</tr>
<tr>
<td>Ombudsman</td>
<td>Ombuds Office</td>
</tr>
<tr>
<td>Office of Diversity, Equity, &amp; Community Engagement (ODECE)</td>
<td>ODECE operations, Diversity Summit</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Academic Affairs</td>
<td>VCAA operations, Faculty Development, Faculty Affairs operations</td>
</tr>
<tr>
<td>Undergraduate Education</td>
<td>Associate Vice Chancellor Undergrad operations</td>
</tr>
<tr>
<td>OIT</td>
<td>OIT Administration, Academic Technology, Common Good Licenses, Program &amp; Project Management, Messaging/Calendaring, IT Security (Note: Does NOT include data center or research computing).</td>
</tr>
<tr>
<td>HR</td>
<td>Faculty/Staff Assistance Program, HR Operations, Labor Relations, OSHP Operations, Employment Services, Organization &amp; Employee Development</td>
</tr>
<tr>
<td>VCA</td>
<td>VCA operations, CVCN Program</td>
</tr>
<tr>
<td>Finance</td>
<td>CCO (General Only, does not include SPA), Bursar</td>
</tr>
<tr>
<td>Other</td>
<td>GF Scanning Services, Mail distribution, Cross Allocations done for F&amp;A from Building &amp; Equipment Depreciation, Interest, &amp; O&amp;M (in other words, the portion of those categories that the F&amp;A model determined was related to General Administration).</td>
</tr>
</tbody>
</table>

- GIR is a percentage rate charged to auxiliary and self-funded funds (20, 26, 28, 29) and their renewal and replacement plant fund (78). Calculated monthly on expenditures and paid to the general fund in recognition of the general fund administrative infrastructure expenses incurred in support of these fund activities. The general fund credit is to operations and maintenance of plant. These expenses include the operation and maintenance of campus grounds, asphalt, benches, campus outdoor safety, concrete, electricity for outdoor lighting, the Euclid Underpass, exterior lighting, railings, signage, general flood control (not specific buildings), landscaping, north/south bikeway, sidewalks, snow removal, streets, and West Nile virus control.

- Why is GAIR so much lower than campus F&A? It does not include any costs related to campus facilities such as offices and labs, repair and replacement, utilities, operating expenses. It also does not cover invoicing, collection, budgeting, and reporting activities that may be required (SPA, OCG) or library costs. GAIR is calculated using a different base/denominator.

- Central Collection Services (CCS): An office within the state of Colorado’s Division of Finance and Procurement. The main function of CCS is collection of state debt. The university is required by state law to use CCS and to follow their procedures in the collection of past due accounts receivable, other receivables, and debt. Additional CCS info: [https://www.colorado.gov/pacific/dfp/CCS](https://www.colorado.gov/pacific/dfp/CCS).
<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>By 2nd business day of month, 6pm</td>
<td>Create journal entries for Non-Fund 30/31/34</td>
</tr>
<tr>
<td>@ 4 days prior to the end of the calendar month</td>
<td>Deadline to submit journal entries for Fund 30/31/34 approval</td>
</tr>
<tr>
<td>By 2nd business day of month</td>
<td>Review unapproved journals and follow-up with Approver</td>
</tr>
<tr>
<td>3rd business day of month, by 10am</td>
<td>Copy into next month and/or delete unposted or “saved incomplete status” journals</td>
</tr>
<tr>
<td>4th business day of month</td>
<td>SpeedTypes/Financial Statements ready for review and reconciliation</td>
</tr>
<tr>
<td>By 2nd business day prior to end of calendar month</td>
<td>Deadline to submit fully approved Concur travel and expense reports</td>
</tr>
<tr>
<td>By 3rd business day prior to end of calendar month</td>
<td>End-of-Month gift expenditure wire transfer cut-off</td>
</tr>
<tr>
<td>By 2nd business day of month</td>
<td>Review budgets and create necessary budget journal entries</td>
</tr>
<tr>
<td>4th business day of month and after</td>
<td>Begin account reconciliations</td>
</tr>
<tr>
<td>After account reconciliation is complete</td>
<td>Review financial forecasts</td>
</tr>
<tr>
<td>March (could vary year-to-year)</td>
<td>Service Center rate sheets are due</td>
</tr>
<tr>
<td>June 30th (May Vary)</td>
<td>Accounts receivable reporting due to CCO</td>
</tr>
<tr>
<td>Quarterly</td>
<td>Accounts receivable reporting due to CCO</td>
</tr>
<tr>
<td>• April 15th (Period January-March)</td>
<td>If PeopleSoft Billing not used, then:</td>
</tr>
<tr>
<td>• July 15th (Period April-June)</td>
<td>• Customer/activity report due to OIC</td>
</tr>
<tr>
<td>• October 15th (Period July-September)</td>
<td></td>
</tr>
<tr>
<td>• January 15th (Period October-December)</td>
<td></td>
</tr>
<tr>
<td>20th of January &amp; July</td>
<td>ESA IDC expense reports due to OIC</td>
</tr>
</tbody>
</table>