



**UCDAVIS**

Supply Chain Management

# Processing Business and Revenue Agreements

UC Davis

Spring 2019

# Who's Presenting Today?

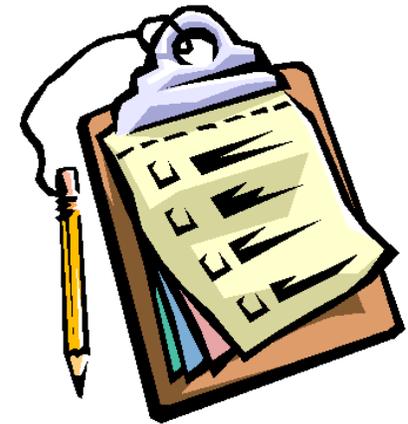
- **Victoria Chege**, Contract Administrator Lead, Business & Revenue Contracts
- **Jim Hewlett**, Supply Chain Management, Communications and Training Specialist



We're Looking forward to empowering you with information and resources today!

# Today's Agenda

- ✓ Meet the Business & Revenue Contracts Team/Overview of Primary Responsibilities
- ✓ Definition of Procurement Agreement
- ✓ Types of Agreements
- ✓ Checklist Before Submitting Agreements
- ✓ Business & Revenue Contracts Workflow/Process/Timelines
- ✓ Purchasing Against Agreements (KFS/Procurement Card)
- ✓ Q&A





# Meet the Business & Revenue Contracts (B&RC) Team!

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# B&RC is part of Procurement & Contracting Services, and Supply Chain Management

Procurement  
& Contracting  
Services

Accounts  
Payable and  
Card Services

Travel &  
Entertainment

Distribution  
Services

Repro  
Graphics

# Agreements Covered/Not Covered Today

- There are different types of Agreements at UCD, but we'll be discussing **those that are created and/or approved/managed by Business & Revenue Contracts**
- Today's training **won't** cover the **Strategic Sourcing** agreements for the UC Davis campus-wide agreements or those agreements managed by the **Commercial Services** unit of Procurement & Contracting Services

# Types of Agreements processed by P&CS

<ul style="list-style-type: none"><li>➤ <b>Maintenance, Repair &amp; Operations</b><ul style="list-style-type: none"><li>Custodial Maintenance</li><li>Animal Leases</li></ul></li><li>➤ <b>Life Sciences</b><ul style="list-style-type: none"><li>Equipment Maintenance</li><li>Gas Delivery Services</li><li>Calibration &amp; Testing Services</li></ul></li><li>➤ <b>IT /Technology Agreements</b><ul style="list-style-type: none"><li>Software Agreements</li><li>Cloud Services (hosting, platform, Infrastructure etc.)</li><li>Web Service Agreements</li><li>Application Development</li></ul></li></ul>	<ul style="list-style-type: none"><li>➤ <b>Commercial Services</b><ul style="list-style-type: none"><li>Independent Contractor Agreements</li><li>Catering Lodging &amp; Events</li><li>Mini Storage Agreements</li><li>Rental Agreements (non-equipment)</li><li>Facility Use Agreements</li><li>Independent Contractor Agreements</li><li>*Blanket Service Agreements</li></ul></li></ul>

# What Does Business & Revenue Contracts Do?

**Business & Revenue Contracts** is responsible for...

...**REVIEWING**, **NEGOTIATING**, and **ESTABLISHING**...

...legal, binding **AGREEMENTS** and **CONTRACTS**...

...for the provision of **SERVICES** and **SERVICE-RELATED TRANSACTIONS**



# Let's Start with Warning on Signing Agreements

- Most university agreements can only be signed by an authorized employee in an authorized central unit, such as Business & Revenue Contracts
- If you are asked to sign an agreement on behalf of the university (as a university representative), do not do so! Contact Business & Revenue Contracts **first** to avoid potential issues





# What is an Agreement?

- Agreement: Legally binding arrangement between parties (university and non-university entity) that outlines the purchase/sale of goods/services and includes the following components:
  - **Price** of the services and total cost
  - **Description and Level of Service** (who, what, where, when, why)
  - **Term** (start and end dates)
  - **Required Deliverables**
  - **Terms and Conditions**



# Creating Department-Specific Agreement Types

- Most department-specific agreement types are processed in the Quali Financial System (KFS) on a **Purchase Agreement** document
- Electronically attach the agreement from the other entity to be signed by the university to the Purchase Agreement document in KFS (if provided by the other entity).
  - **The university prefers to use its OWN agreements whenever possible**

# Creating Department-Specific Agreement Types

Not to Exceed  
Amount:

35000.00

APO Limit:

35000.00

- On the KFS **Purchase Agreement** document, you can set the **APO Limit** higher than the default APO Limit of \$9999.99
  - This will allow you to process a Requisition against the Purchase Agreement for a higher amount than the default low value amount without the Requisition having to route to Procurement and Contracting Services for approval
- Many departments will set the **APO Limit** at the same value as the **Not To Exceed Amount** value

# Types of Business & Revenue Agreements

- ▶ Revenue Agreements (for which there are approved rates)
- ▶ Professional Agreements
- ▶ Consulting Agreements
- ▶ Equipment Rental Agreements
- ▶ Facility/Land Use Agreements (less than one year but more than one month)
- ▶ No Cost Agreements
- ▶ Reimbursement Agreements
- ▶ Fellowship Agreements
- ▶ Intergovernmental Personnel Act (IPA) Agreements

- ▶ Performance Agreements
- ▶ Affiliation Agreements
- ▶ Training Agreements
- ▶ Sponsorship Agreements
- ▶ Short Term Housing Agreements
- ▶ Executive Search Agreements
- ▶ Confidentiality Agreements (in anticipation of revenue or professional services Agreements)
- ▶ Work Study Agreements
- ▶ Student Recruitment Agreements
- ▶ Program Membership Agreements



# Facility/Land Use Agreement

- This type of agreement is utilized for the use of a **non-UC Davis facility** requiring a signed agreement
  - Facility Agreements for **30 days or less** are processed by the **Commercial Services** team of **Procurement & Contracting Services**
  - Facility Agreements for **more than 30 days but less than one year** are processed by **Business & Revenue Contracts**
  - In the two cases above, a department should complete a KFS **Purchase Agreement** to initiate transaction

# Facility Use Agreement

- Facility Agreements for **one year or longer** are processed through **UC Davis Real Estate Services** (<https://realestateservices.ucdavis.edu/>); contact them for assistance with these types of agreements



# Non-Disclosure Agreement

- Agreement that allows UC Davis or outside entity to share proprietary/confidential information with an outside entity or UC Davis for official purposes specified in the agreement
- Legally protects said information from being used by others not indicated in the agreement
- Processed on a KFS **Purchase Agreement** document



# Revenue Agreement

- Agreement that will **generate money** for the university
- The university is providing a service or being reimbursed for staff and faculty salary and benefit costs
- Generally used when \$ is coming in to the University





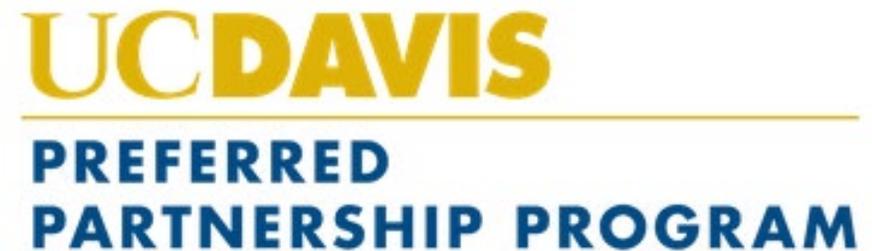
# Sponsorship Agreement

- A Sponsorship Agreement takes place when the University makes a **contribution in support of an event produced by another entity**, and the **University is receiving a benefit in exchange for the financial contribution**.
- Many Sponsorship Agreements can be completed **without** Business and Revenue Contracts' review/approval, by completing the **Sponsorship Agreement template** on the website [Forms page](#), obtain other entity's signature, and attaching signed form to KFS **Requisition**.
- *If **changes** are requested to the **Sponsorship Agreement template** OR if the total proposed cost is \$5K or higher, a KFS **Purchase Agreement (PA)** document must be completed; PA will route to Business & Revenue Contracts for review/approval.*
- *More information is on the [Sponsorship Agreement web page](#).*



# Sponsorship Agreement

- UC Davis **University Preferred Partnership Program**, also known as **UP3**, is involved in identifying and establishing sponsorships as well
- Learn more on the [UP3 website](#)





# Performance Agreement

- Performers include **musicians, dancers, magicians, disc jockeys, and lecturers/speakers for the sole purpose of entertainment (not education)**.
- Most performance agreements can be completed by a department **without** Business and Revenue Contracts' review/approval, by completing the **Performance Agreement form** on the website [Forms page](#), obtain performer's signature, and attach signed form to KFS **Requisition**.
- *If changes are requested to the **Performance Agreement form**, a **KFS Purchase Agreement (PA)** document must be completed; PA will route to Business & Revenue Contracts for review/approval.*
- More information is on our [Performers web page](#).



# Consultant Agreement

- A consultant is an individual with professional or technical expertise who is not employed by the university; *the university does not control the manner of performance or the results of the service provided by the consultant.*
- A consultant's role is to **evaluate** a client's needs and to **provide expert advice** and opinions to management to solve an administrative problem.
- The end result of a Consultant Agreement is typically a **recommended course of action** via written or oral communication directed at administration or management. *NOTE: Follow-on work is prohibited by [Public Contract Code 10515-10518](#).*

# Consultant Agreement

- A **KFS Purchase Agreement** should be completed, citing **Commodity Code 80101500**.
  - Although a consultant is not the same thing as a contractor in terms of the services/work performed, the **Independent Contractor Form** (on the [Forms page](#)) is to be completed for all Consultant Agreement requests and should be electronically attached to the **Notes and Attachments** section of your **KFS Purchase Agreement** document.
  - If the cost of a consultant is \$10,000 or higher, three (3) price quotes must be included with your KFS document and should be electronically attached to the **Notes and Attachments** section. The **Request for Quotation** form (on the [Forms page](#)) can be used if desired.

# Professional Services Agreement

- Professional Services include licensed professionals such as **doctors, attorneys, CPAs** (Certified Public Accountants), **web designers**, and **executive search professionals**.
  - For setting up a Professional Services Agreement with UC Davis Health or School of Medicine, contact the UC Davis Health Purchasing Department at 916-734-2475.
  - *NOTE: Independent contractors are often confused with a professional service agreement; independent contractors are handled by the Procurement & Contracting Services team. Please refer to the [Procurement & Contracting Services website](#) and [BUS-77](#) for more information.*

# Checklist Before Submitting KFS Agreements

- ✓ Make sure desired **Start and End Dates** are entered
- ✓ **Vendor Contacts:** email address, phone number, and contact name
- ✓ **Enter Complete scope of work** (what's being requested, by whom, and clearly identify all deliverables)
- ✓ **Use an appropriate Commodity code reflective of service being requested;** incorrect commodity code can cause routing delays
- ✓ **Technical contact in campus department**  
Including contact information (email address and phone number); this is the person to whom questions will be directed regarding any technical issues and to whom a copy of the fully executed agreement will be sent

# Checklist Before Submitting Agreements

- ✓ **Attach all Documents and Forms** Ensure all applicable documents/forms are electronically attached to the KFS document.
- ✓ **Independent Contractor Pre-Hire Information Form:** Required if contracting with an individual or company owned and operated by an individual (*sole proprietorship*).
- ✓ **Report of Proposed Transaction Involving Potential Conflict of Interest:** Required if contracting with a current or former UC employee or near relative.
  - ✓ *In general, it's best to avoid any possible conflict of interest; selecting a different supplier is the better option*

# Checklist Before Submitting Agreements

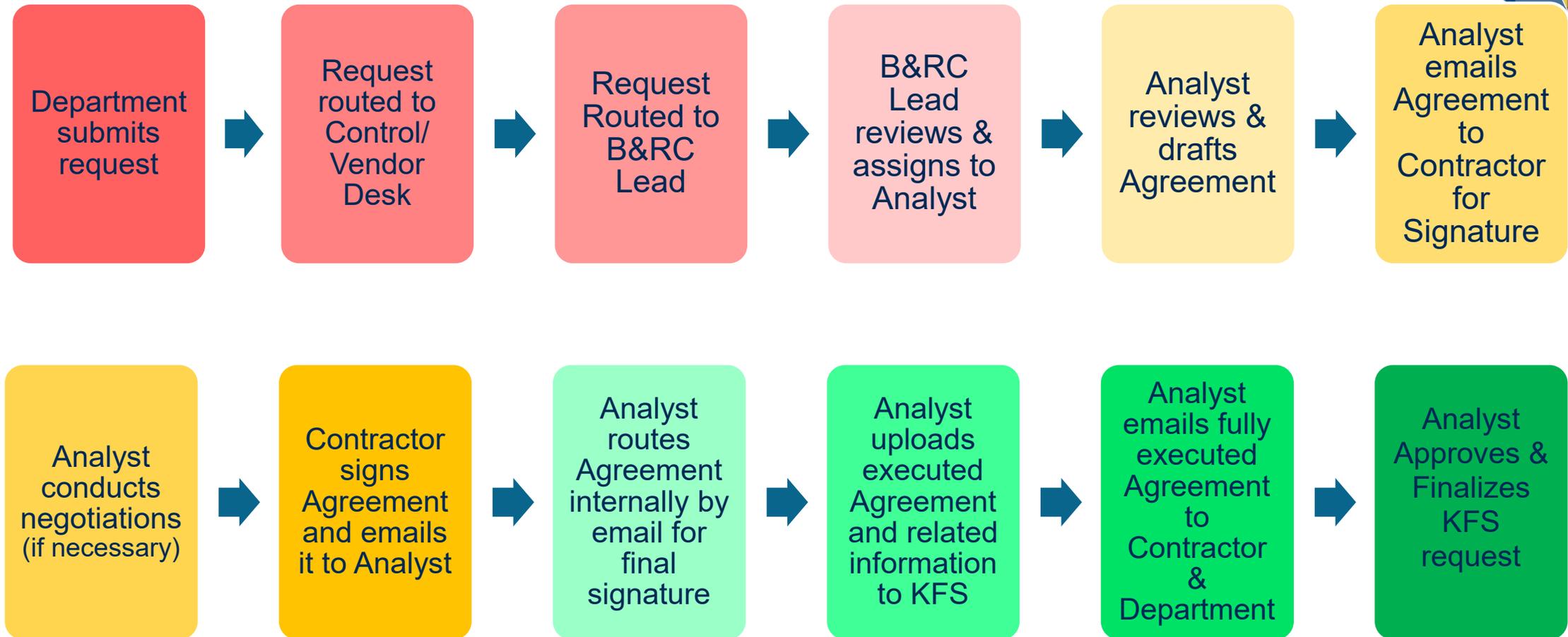
- ✓ **Attach all Documents and Forms:** Ensure all applicable documents/forms are electronically attached to the KFS document.
  - ✓ **Confirming Order Justification:** Required if work begun or was completed prior to an agreement being executed (signed by Department Head up to \$500 and signed by Dean/Vice Chancellor if total cost greater than \$500)
  - ✓ **Sole Source Forms:** To be used where there is **only one supplier** that can provide the service, and total cost of transaction will be \$100K or higher (or \$10K if utilizing federal funds for purchase)
    - ✓ *Two forms are necessary:* The **Source Selection & Price Reasonableness Justification and Approval Form** and the **Individual Disclosure Statement**

# Checklist Before Submitting Agreements

- ✓ **Attach all Documents and Forms** Ensure all applicable documents/forms are electronically attached to the KFS document.
- ✓ **Rate Approval Documentation:** If the university will be providing a service to a non-UC entity (revenue agreement), the requesting department must provide documentation showing that the rate(s) to be charged for the service(s) to be provided have been approved by the campus rate committee or their dean or vice chancellor within the last three years.



# Business & Revenue Contracts Process Workflow



# What Else Does Business & Revenue Contracts Do?

Business & Revenue Contracts works to ensure:

- ✓ the department is getting the lowest overall price
- ✓ policy compliance
- ✓ all legal requirements are met such as liability, insurance, governing law, etc.



# What Does Business & Revenue Contracts Do To Ensure Policy Compliance?

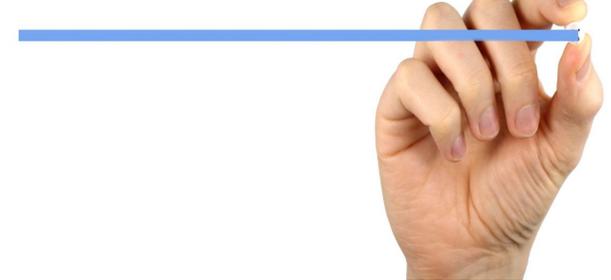
- Confirm all required information/documentation is included
- Review documents for accuracy/completeness



# What Does Business & Revenue Contracts Do To Ensure Policy Compliance?

- Conduct negotiations of Terms and Conditions (T&Cs)
  - If Contractor proposes revisions to UC T&Cs
  - If using Contractor's document, analyze and negotiate (T&Cs) as necessary
- Follow up with appropriate internal parties (e.g., Risk Management Services, Innovation Access etc.)
- Ensure Agreements are signed by the appropriate signatory

AGREEMENT



# Business & Revenue Processing Timelines

Timelines vary widely depending on various factors, so always **PLAN AHEAD!** Factors that affect processing time:

- Completeness of the KFS request: *the more accurate and complete the request, the faster the process generally goes!*
- Nature of Request – Type of Agreement (in some cases, [may have to go out to bid](#))
- Negotiations Required
- Complexity of the purchase/services
- Responsiveness of involved parties: Contractor, Department, Contract Analyst





# Creating Transactions Against Purchase Agreements

- A **Requisition** in the Kuali Financial System (KFS) should be processed, citing the **Agreement #** of the fully approved Purchase Agreement
- **Including the Agreement #** ensures that your department is covered under the terms and conditions of the applicable agreement
- KFS will enforce the specific organization code and applicable dollar limits established for the agreement



# Creating Transactions Against Purchase Agreements

- One option is to process one Requisition for the entire amount of the agreement
  - This will create an encumbrance for the entire amount of the agreement
  - You can then process multiple invoices against the one associated Purchase Order



# Creating Transactions Against Purchase Agreements

- Another option is to process a Requisition as each payment is due
  - This will create an encumbrance for that specific payment
  - You can then process the one invoice against the Purchase Order
  - Repeat the process as each payment comes due



# Creating Transactions Against Revenue Agreements

- Generally processed in the Kuali Financial System (KFS) using the **Accounts Receivable** module
  - Refer to the Accounts Receivable online training to learn more:  
<https://financeandbusiness.ucdavis.edu/systems/kuali/training>

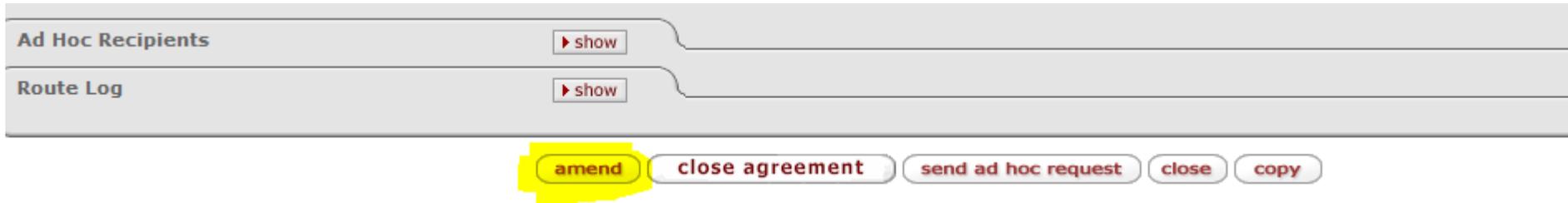


# Requesting an Amendment to an Agreement

- An amendment should be processed if:
  - Prices have increased
  - Terms and conditions have changed
  - Additional service(s) are being added
- An amendment should NOT be processed if:
  - Services were completed and a new project with the same scope of work is to commence. In this case, a **new agreement is required**.
- Plan ahead! Don't wait for agreement to expire, if you wish to extend it. Requests for Agreement amendments will go through the same routing as the initial Agreement request.

# Requesting an Amendment to an Agreement

An amendment request must be issued against the **original** agreement in KFS by locating the final **Purchase Agreement** and clicking on the **amend** button at the bottom of the screen



- **Do not delete** existing line items. Existing line items should not be modified. New line items may be added as necessary
- All changes to dollar amounts and dates should be made directly to and throughout the KFS document
- Note must be added to explain why change is necessary. For example, why is extension necessary (e.g., more of the same services are needed), justification for price increase (e.g., additional hours required, scope of work has changed).

# Locating Department Agreements in KFS

## KFS Document Search Screen:

- **Document Type:** PA
- **Application Document Status:** OPEN
- **End Date From:** > Current Date
- **Chart Code:** Enter your Chart of Accounts
- **Organization Code:** Enter your Organization Code

<b>Document Type:</b>	pa
<b>Initiator:</b>	
<b>Document Id:</b>	
<b>Application Document Status:</b>	Approved - Pending Print - Pending Finalization Complete <b>- Open</b>
<b>Date Created From:</b>	
<b>Date Created To:</b>	
<b>Document Description:</b>	
<b>Organization Document Number:</b>	
<b>Agreement Number:</b>	
<b>Agreement Short Description:</b>	
<b>Agreement Type:</b>	
<b>Vendor #:</b>	
<b>Vendor Name:</b>	
<b>City:</b>	
<b>Organization Restriction:</b>	
<b>Commodity Code Restriction:</b>	
<b>UCOP/System-wide Agreement #:</b>	
<b>Assigned Buyer:</b>	
<b>Agreement Availability:</b>	
<b>Begin Date From:</b>	
<b>Begin Date To:</b>	
<b>End Date From:</b>	>10/29/2018
<b>End Date To:</b>	
<b>Chart Code:</b>	3
<b>Organization Code:</b>	ACCN
<b>Account Number:</b>	
<b>Ledger Document Type:</b>	
<b>Search Result Type:</b>	<input checked="" type="radio"/> Document Specific Data <input type="radio"/> Workflow Data
<b>Name this search (optional):</b>	

# Best Practices for Ensuring Success!

- Ensure Contractor profile is complete, accurate and includes current contact information
- All required documents/information included/attached to KFS document
- New Agreements vs. Amendments (what changes are being requested to agreement?)
- Using the [correct commodity code](#)
- Understanding when to use KFS Purchase Agreement document versus KFS Requisition document



# Business & Revenue Contracts Resources

- **Business & Revenue Contracts Website:**  
<https://supplychain.ucdavis.edu/procure-contract/biz-rev-contracts>
- **Business & Revenue Contracts Team Reference Manual**
- **KFS Purchase Agreement Document Help:**  
<https://financeandbusiness.ucdavis.edu/systems/kuali/docs/purchasing/pa>
- **How Do I Buy? Guide**



# Business & Revenue Contracts Policy Links

- [PPM 330-05](#) - Business and Revenue Contracts Policy
- [BUS-43](#) - Purchase of Goods and Services, Supply Chain Management
- [PPM 380-70](#) - Consultant Agreements
- [PPM 270-25](#) - Commercial Activities (e.g. Sponsorships)



# Thanks for your Participation!

