1. **Procedure Title:** Sales of Goods and Services (Educational and Self Funded)

2. **Procedure Purpose and Effect:** The purpose of this procedure is to describe guidelines under which University sales of goods and services may be conducted and to provide certain guidelines under which the activity may be carried out while maintaining the vital tradition of an open campus. For the purposes of this policy the term “campus” shall include all locations from which the University, or any agency within the University system, provides goods and services.

**Application of Procedure:** Any College or Department that is engaging in Sales to the Campus Community and/or Sales to the External Community

3. **Exemptions:** Since the mission of the University involves providing instruction, research and public service, this policy shall not apply to charges for instruction and research programs; and the performing arts programs; academic support services; recharge centers and general operation accounts, nor shall it apply to Federal and State mandated public service responsibilities.

4. **Definitions:**

**Self-Funded Subfunds:** AUX (26), ENTERP (29), EXPSF (15) PVMSF (14)

5. **Procedure Statement:**

**A. Sales to the Campus Community:**

1. The University shall engage in the direct sale of goods and services to the campus community even though the goods or services may be available elsewhere, provided:

   a) The provision of the goods and services is substantially related to the University's instruction, research or public service mission, or

   b) The provision of the goods or services supports and is necessary or convenient for the campus community, including invited guests, or facilitates the extracurricular, public service, or residential life of the campus community.

2. If the activity meets either of the above criteria the following restrictive guidelines are imposed:

   a) The price or fee for the goods or services must be established at a sufficient level to reflect the direct and indirect costs and overhead costs of providing such goods or services.

   b) Any promotion is to be directed only to the campus community, without mention of the general public, and shall not make comparisons with off-campus business establishments or prices.

**B. Sales to the External Community:**
1. The University may provide goods and services to the external community, provided:
   
a) The goods or services represent a resource which is directly related to a specific element of the University’s instruction, research or public service mission, or
   
b) There is an external demand for the goods or services which are not commonly available or otherwise easily accessible.

2. If the activity meets either of the above criteria, the following restrictive guidelines are imposed:
   
a) The price charged should reflect the direct, indirect, and overhead costs of providing such goods or services, in addition to being reflective of the price in the private marketplace (where the price in the private marketplace can be reasonably determined by the University).
   
b) Any required advertising will include a clearly worded institutional disclosure which sets forth the rationale for offering the goods or services.

3. The University follows GASB which requires revenue to be recorded when earned.
   
a) Accounts Receivables Processing: If payment is not received when earned the Fiscal Officers are responsible for ensuring receivables are recorded in KFS. A receivable should be recorded for all sales that do not result in the immediate collection of cash. If customers are billed for goods or services that have been provided, an entry to record the revenue and the receivable is required. Departments can attempt to collect on their own receivable balances or work with Accounts Receivable Operations (ARO) to upload charges to ARIES/Banner. If a department is unsuccessful in its own collection attempts, it is suggested that they work with ARO for guidance on how to proceed. The University provides central accounts receivable processing to assist departments with the billing, collecting and tracking of past due accounts, as well as the recording of the proper accounting entry to book the revenue and the receivable. Departments that utilize ARO will have an allowance for doubtful accounts expensed to their account monthly. The amount is assessed based on a percentage of the revenue that is run through ARIES/Banner, and is calculated on an annual basis by ARO using the percentage of sales method. Departments that are collecting on their own receivable balances are required to book their own allowance for doubtful accounts.

C. Procedures for Complaints of Competition with Private Enterprise (CRS 24-113-104(3)).
   
1. Pursuant to Colorado statute and Board of Governor’s policy #209, the following procedures will apply to complaints of unfair competition with private enterprise.
   
a) Complaints received by an individual employee, department or unit, whether written or oral, from any external business or party will be immediately referred by the business officer for the department or unit to the Associate Controller.
   
b) The Associate Controller will promptly respond to the Complainant. The response will contain an explanation of the University’s procedures for resolving complaints and request the Complainant to submit a written complaint, if not already submitted, and all other pertinent documentation for consideration.
c) Upon receipt of the written complaint and supporting documents, the Associate Controller will provide the documentation to the responsible department/unit head. The department/unit head will have 10 days to submit any response, in writing, to the Associate Controller. The Complainant will be provided with a copy of the response and will be given the opportunity to submit any further documents in reply within five days.

d) The Associate Controller will consider all documents and information received, and may confer with either or both parties and any other person having knowledge or information in the matter. Within 30 days after the due date for the complainant’s reply, the Associate Controller will decide whether to: (1) deny the complainant’s requested relief; (2) require the responsible university department/unit to change or discontinue the business activity giving rise to the complaint; or (3) fashion a remedy that meets with the satisfaction of both parties.

2. The Associate Controller’s decision will be provided to the parties in writing no later than 30 days after the date that the complaint was received by the Associate Controller. The Associate Controller’s written decision will include notice to the parties that either party may request a hearing by the Director of Business & Financial Services/University Controller within seven days after the decision is received. If a hearing is requested, the Controller will hold a hearing by telephone or in person, in the Controller’s discretion, within 30 days. Each party, and any other person having relevant knowledge or information in the matter, may present written and oral evidence. Formal rules of evidence will not apply.

3. The Controller will render a decision within 15 days after the hearing. The notice of decision will advise the complainant that an appeal may be requested, in writing, within ten days after the notice of decision was sent to the complainant. Requests for appeal shall be sent to: CSUS Chief Financial Officer, c/o Office of the General Counsel, 475 17th Street, Suite 1550, Denver, CO 80202, phone: 303-534-6290, fax: 303-534-6298 (if request is faxed, receipt of fax must be confirmed by phone).

4. Upon receipt of the request for an appeal, the matter will proceed as set forth in the Board policy.

6. Reference and Cross-References:

   A. COLORADO STATUTE 24-113-104(3) Colorado Revised Statute Title 24, Article 113 regulates competition by State agencies, including institutions of higher education, with private enterprise. The Colorado Commission on Higher Education, the State Board of Agriculture and the University are, by law, required to develop and implement procedures for reviewing unfair competition complaints from privately-owned businesses.

   B. "UNRELATED BUSINESS INCOME TAX" (see FPI 2-4) was developed in response to Federal law which imposes income tax on unrelated business activities of otherwise tax-exempt entities. This procedure provides guidelines applicable to all University revenue-generating activities in order to comply with the statute on government competition with private enterprise. Revenue-generating activities consistent with it may be "unrelated business" for tax purposes, as defined within. It is complementary to it and the Sales and Related taxes procedure and the two should
be construed in a consistent fashion. Accordingly, all such activities must comply with both this procedure and Sales and Related taxes procedure.

7. **Forms and Tools:** FPI 1-3 Funds and Sub-Funds