

## Contract

- RFP solicitation
- Acquisition of specific property or services for the direct benefit or use by the sponsor
- Scheduled technical & expenditure reports and/or other deliverables
- Payment often tied to deliverables
- Numerous special terms and conditions
- Close control on budget
- Can be cancelled for non-performance

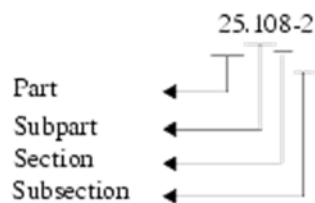
## Grant

- Standard sponsor guidelines/proposal kits
- Support for work in general programmatic areas - need to advance knowledge, national interests
- Requires technical progress reports
- Payments may be in advance, by schedule, or upon completion
- General terms and conditions
- Flexible budget control
- Rarely cancelled for non-performance

## 1.105-2 Arrangement of regulations.

(a) *General.* The FAR is divided into subchapters, parts (each of which covers a separate aspect of acquisition), subparts, sections, and subsections.

(b) *Numbering.* (1) The numbering system permits the discrete identification of every FAR paragraph. The digits to the left of the decimal point represent the part number. The numbers to the right of the decimal point and to the left of the dash represent, in order, the subpart (one or two digits), and the section (two digits). The number to the right of the dash represents the subsection. Subdivisions may be used at the section and subsection level to identify individual paragraphs. The following example illustrates the make-up of a FAR number citation (note that subchapters are not used with citations):



(2) Subdivisions below the section or subsection level consist of parenthetical alpha numerics using the following sequence:

(a)(1)(i)(A)(1)(i)

(c) *References and citations.* (1) Unless otherwise stated, cross-references indicate parts, subparts, sections, subsections, paragraphs, subparagraphs, or subdivisions of this regulation.

(2) This regulation may be referred to as the Federal Acquisition Regulation or the FAR.

(3) Using the FAR coverage at 9.106-4(d) as a typical illustration, reference to the—

- (i) Part would be “FAR part 9” outside the FAR and “part 9” within the FAR.
- (ii) Subpart would be “FAR subpart 9.1” outside the FAR and “subpart 9.1” within the FAR.
- (iii) Section would be “FAR 9.106” outside the FAR and “9.106” within the FAR.
- (iv) Subsection would be “FAR 9.106-4” outside the FAR and “9.106-4” within the FAR.
- (v) Paragraph would be “FAR 9.106-4(d)” outside the FAR and “9.106-4(d)” within the FAR.

(4) Citations of authority (*e.g.*, statutes or Executive orders) in the FAR shall follow the *Federal Register* form guides.

## ACTIVITY

### ORA Certificate Program, Module 11: Contracting and the FAR

Contracts are subject to stringent terms and conditions, which include prior approval requirements. The sponsor assigns a Contracting Officer (CO) and Contracting Officer's Representative (COR) or Contracting Officer's Technical Representative (COTR) to manage the contract. Each of these individuals play a role in ensuring the contract is managed appropriately, in accordance with applicable regulations.

**Who holds responsibility for the following actions on a contract, the CO or COR/COTR?**

| Action/Responsibility                              | CO or COR/COTR |
|--|----------------|
| No cost extension                                  |                |
| Obligate funding                                   |                |
| Provide technical direction                        |                |
| Make changes to scope of work                      |                |
| Accept deliverables                                |                |
| Approve travel                                     |                |
| Designate responsibilities to other representative |                |
| Waive contract requirements                        |                |
| Modify contract terms and conditions               |                |

NOTES:

# Types of Contracts

**FAR PART 35—RESEARCH AND DEVELOPMENT CONTRACTING STATES THAT:**

## **35.006 Contracting methods and contract type.**

**“(c) Because the absence of precise specifications and difficulties in estimating costs with accuracy (resulting in a lack of confidence in cost estimates) normally precludes using fixed-price contracting for R&D, the use of cost-reimbursement contracts is usually appropriate...”**

- Cost Reimbursement
  - A contract that provides for payment of allowable incurred costs, to the extent prescribed in the contract. These contracts establish an estimate of total costs for the purpose of obligating funds and establishing a ceiling that the contractor may not exceed (except at its own risk) without the approval of the Contracting Officer. (FAR 16.301-1)
  - There is no incentive for contractor to control costs, thus government imposes tighter controls.
  
- Fixed-Price
  - A contract that provides for a firm price or, in appropriate cases, an adjustable price, only by operation of a contract clause to raise the ceiling price. Procurement of supplies or services on the basis of reasonably definite functional or detailed specifications
  - Imposes on contractor maximum incentive to control costs, but with minimum administrative burden. (FAR 16.201)
  
- Time & Material / Labor Hour
  - Reimbursement of hours worked, not costs incurred.
  - Fixed hourly rate that incorporates salary, fringe benefits, F&A, and fee. [FAR 16.601(a)]
  - In accordance with A-21, the University certifies PI effort on projects as a percentage of effort. Time & Material projects are not appropriate for UM.

- Indefinite –Quantity
  - An indefinite-delivery contract that provides for an indefinite quantity, within stated limits (minimum and maximum), of supplies or services to be furnished during a fixed period, with deliveries or performance to be scheduled by placing orders with a contractor. [FAR 16.504 (a)]
  - An IDIQ Contract can cover multiple projects with a sponsor. This IDIQ defines contract terms that will apply to all projects under the IDIQ. Projects are added in the form of Delivery Orders. The Government can continue to add research projects to the IDIQ contract without negotiating new general terms and conditions with the University of Maryland. However, the individual projects still need to be routed through ORA and negotiated between ORA and the sponsor. An IDIQ Contract can be Cost-Reimbursable or Fixed-Price.
  
- Purchase Order
  - An offer by the Government to buy supplies or services, including research and development, upon specified terms and conditions, using simplified acquisition procedures. (FAR 13.001)
  - Purchase orders can take longer to negotiate as they often include warranty language.



**University of Maryland  
Office of Research Administration & Advancement**

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### Fixed Price Contract

Sponsored Program Procedure for Balances on Fixed Price Contracts.

Administrative Procedure A10.3

Effective: February 26, 1988

Responsible Administrative Office: Contract and Grant Accounting, 1410 Service Building

### Purpose

The purpose of this statement is to set forth policy and procedures to ensure timely closure of completed, fixed price contracts and the proper disposition of any unexpended balances.

### Policy

- "Fixed price contracts" referred to here are characterized by payments of predetermined amounts by a sponsor to support a project. The payments are either lump-sum or periodic and may or may not require a payment request from UMCP. The payments are not on an expense reimbursement basis but on a predetermined lump-sum project cost, without further accounting.
- Therefore, if the project costs are actually less than the award, the excess revenue is retained by UMCP. Cost overruns exceeding \$50 will be assumed by the department, college, or central campus funds (if the sponsor does not provide the needed additional funding).
- Following positive indications of contract completion, unspent on Fixed Price Contracts will revert to the department of the principal investigator if (1) there was no voluntary waiver of indirect costs, and (2) the unexpended balance is greater than \$50. If there was indirect cost waivers, funds will first be used to reimburse the campus for unrecovered indirect costs.

### Procedure

- Unspent funds from completed fixed price contracts will be transferred to the appropriate departmental revolving account following these procedures:
  - If the term of the project has passed, all end products including reports have been delivered, and the sponsor has indicated successful completion, then the project is in the closeout period. During this period of not less than 90 days, no unexpended funds may be transferred out.
  - If indirect costs have been voluntarily waived by the campus, unexpended funds will be used first to reimburse central campus accounts for such costs with the remainder reverting to the department.
  - Only expended balances greater than \$50 will be transferred to unrestricted department accounts; balances of \$50 or less will revert to central campus accounts.
  - All transfers of unexpended balances will be prepared by the Office of Contract/Grants Accounting.
- No special revolving accounts will be established; each department will elect an existing revolving account for this purpose.

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# UNIVERSITY OF MARYLAND

OFFICE OF RESEARCH ADMINISTRATION

3112 Lee Building  
College Park, Maryland 20742-5141  
301.405.6269 TEL 301.314.9569 FAX  
ora@umd.edu  
www.umresearch.umd.edu/ORAA

(date)

Contracting Officer Name  
Agency  
Address  
City, State ZIP

Reference: Contract No.

Dear (Contracting Officer Name):

Pursuant to FAR 52.232-22, Limitation of Funds, the University of Maryland is notifying the (Agency Name) that 75% of funds obligated on the above referenced contract will have been incurred within the next sixty (60) days on fulfilling the requirements tasked under this contract. Additional funds in the amount of (\$XXXXXX) are required to complete work under the approved tasking scheduled through (Date).

Should you have questions, please contact (appropriate contract administrator) in the Office of Research Administration at (301) 405-xxxx.

Sincerely,

(name)  
(title)

cc: PI/Department, COTR



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[www.umresearch.umd.edu/ORAA](http://www.umresearch.umd.edu/ORAA)

(date)

Contracting Officer Name  
Agency  
Address  
City, State ZIP

Reference: Contract Number

Dear (Contracting Officer Name):

Approval is requested for (name of traveler) to travel to (location & dates) for (purpose of travel). (Address why the travel is relevant to the contract.)

Should you have questions regarding this request, please contact (appropriate contract administrator) in the Office of Research Administration at (301) 405-xxxx.

Sincerely,

(name)  
(title)

cc: PI, Department





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(date)

Contracting Officer Name  
Agency  
Address  
City, State ZIP

Reference: Contract Number

Dear (Contracting Officer Name):

Approval is requested to incorporate a subcontract into the referenced contract budget. The University of Maryland proposes to subcontract a portion of our work, detailed below, to **(name of subcontractor)**. The subcontract value is expected to be \$xxxxx.

**(Address why this subcontract is essential to this project. Discuss the consequences and effect not having the subcontract will have on the project.)** Funds which were originally allocated for **(define where money is currently available in the budget – you should address why the funds won't be needed in that budget category anymore)** will be used to support the subcontract effort. The subcontractor's statement of work and budget are attached.

Should you have questions regarding this request, please contact (appropriate contract administrator) in the Office of Research Administration at (301) 405-xxxx.

Sincerely,

(name)  
(title)

cc: PI, Department



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(date)

Contracting Officer Name  
Agency  
Address  
City, State ZIP

Reference: Contract Number

Dear (Contracting Officer Name):

Approval is requested to purchase (name equipment to be purchased). This equipment will cost \$xxxxx. Funds which were originally allocated for (define where money is currently available in the budget – you may need to address why the funds won't be needed in that budget category anymore if it is not already in the equipment budget line) will be used to purchase this equipment. (Address why this equipment is essential to the project supported by the contract. Discuss the consequences and effect not having the equipment will have on the project.) A copy of the equipment quote is attached.

Should you have questions regarding this request, please contact (appropriate contract administrator) in the Office of Research Administration at (301) 405-xxxx.

Sincerely,

(name)  
(title)

cc: PI, Department