Getting Started with Self-Supporting Activities



"What if we don't change at all ... and something magical just happens?"

Accounting and Financial Services (A&FS) Budget and Institutional Analysis (BIA)

Agenda

- Course Objectives
- Introductions
- Section 1 What are self-supporting activities and why do we have them?
- Section 2 What you need to know before setting up an activity
- Section 3 Setting up an activity
- Section 4 How do I conduct my activity?
- Section 5 Staff Development Classes and Resources

Course Objectives

- Identify self-supporting activities
 - Differentiate between types of activities
 - Recognize where your activity fits in
- How to develop rates
 - Understand cost components
- Know the approval process
- Establish and maintain financial accountability
- What to do after the activity is set up

What to expect

- Start and end times
- Breaks
- Course content:
 - Mix of lecture, discussion and exercises

Getting to know you

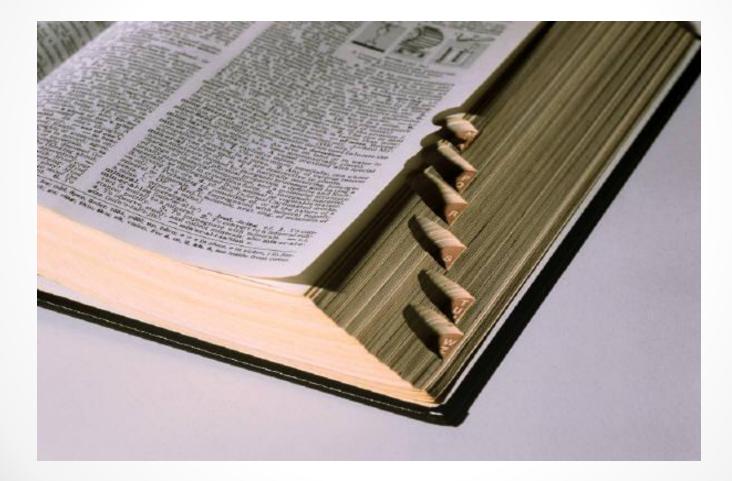
- Name
- Department
- How long have you been on campus?
- Your role in self-supporting activities
- Anything specific you came to learn?



Section 1

What are self-supporting activities and why do we have them?

Definitions



What is a Self-Supporting Activity?

- Products or services are provided, for a fee, by campus departments
- An activity functioning as a non-profit business.
- An activity that collects revenue sufficient to cover all costs.
- Services offered are necessary to advance the educational, research, or public service functions of the university.

What is not a Self-Supporting Activity?

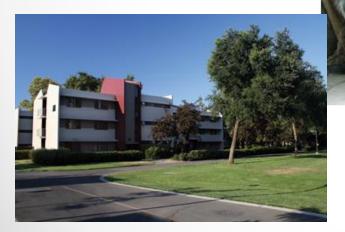
- Agency Accounts
 - Established to record activity that is performed on behalf of an external entity.
 - Purpose: Individual /group using an agency account can use University services that require an account (e.g., purchasing, accounts payable).
 - The University does not have ownership of the funds.
 - The fund provider will cover deficits and take back excess funds.

What are the Activity Classifications?











Auxiliary Enterprise

- Provides non-instructional support to students, faculty and staff.
- Examples: Bookstore and Residence Hall



Service Enterprise

- Provides service to campus departments and operating costs are primarily supported by recharges.
- Examples: Storehouse and Fleet Services



Sales and Services of Educational Activity

- Income producing activities operated by academic departments in connection with the training of students or support of research activities.
- Examples: Crocker Nuclear Laboratory Services, Dental Clinics.



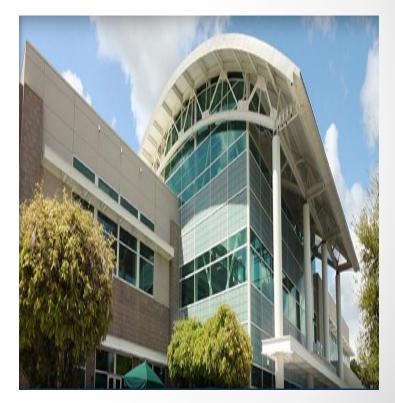
Teaching Hospital Activity

 Revenue-producing activities operated by teaching hospitals that support the clinical teaching and research programs.



Other Activities

- Other sources include income sources which do not fall naturally into any of the other classifications. Primarily sales and services from nonacademic departments.
- Examples: Patents (OTHER) or Research Conferences (OTHUNV).



Why is classifying the activity important?

Describes the fund source that is used for reporting



Section 2

What you need to know before setting up an activity

Identifying Possibilities

Before you develop a rate you need to assess the activity

Market Assessment Questionnaire can be used to assess:

- Core support issues
 - Can't move General Fund positions without BIA approval
- Relationship to department mission
 Onrelated Business Income Tax may apply
- The market potential
- Start-up costs

Rate Set-Up What do I need to know?

- How to Identify costs
- Who are your customers
- How to use the rate worksheets
- Know compliance areas

Identifying Costs



The following must be identified for each activity:

- Direct Costs
- Indirect Costs

Direct Costs

- Costs that can be directly and consistently traced to the product or service.
- Examples
 - Personnel costs
 - General Administration, if >5% effort
 - Materials for the end product
 - Equipment Depreciation



Indirect Costs

- Costs of conducting business that are incurred for common or joint objectives.
- Cannot be identified readily and specifically with particular projects or a specific activity.

• Examples

- Campus Administration
- Campus Operations and Maintenance of Plant (OMP)
- Indirect costs must be charged to <u>non-university</u> <u>clients by assessing the NUD</u>.

You Mentioned NUD

NUD is.....



You Mentioned NUD?

- NUD stands for Non-University Differential.
- Based on the Federal Facilities and Administrative (F&A) Cost Rate and changes as that rate changes.
- Complies with federal costing guidelines:
 - Recovers full costs (direct and indirect).
 - Consumers must be charged no less than what the Federal Government is charged on contracts and grants.

How is the NUD calculated?

- The F&A Sponsored Project Rate is the basis for calculation.
- Two NUD rates are available
- Full NUD
 - Deducts services typically not utilized by outside clients
 - Department receives percentage back for departmental administration.

How is the NUD calculated?

- Reduced NUD
 - Flat rate of 8%
 - Activity does not have federal clients.
 - Benefits the research mission
 - Application of the full NUD would have a detrimental effect on the unit's ability to realize the research benefits.

How is the NUD rate calculated?

	Rate Components Fiscal Year				
Facilities and Administration (F&A) Sponsored Program Rate	2013-14	2014-15	2015-16	2016-17	2017-18
Building Depreciation	2.4%	2.5%	2.7%	2.7%	2.7%
Equipment	1.3%	1.3%	1.3%	1.3%	1.3%
Building Interest	1.3%	1.3%	1.3%	1.3%	1.3%
Operations and Maintenance of Plant (OMP)	7.4%	7.7%	8.0%	8.0%	8.0%
Library	0.6%	0.7%	0.7%	0.7%	0.7%
General Administration	4.9%	5.3%	5.3%	5.5%	5.5%
Department Administration	16.0%	16.0%	16.0%	16.2%	16.2%
Sponsored Project Administration	3.1%	3.2%	3.2%	3.3%	3.3%
Total Facilities and Administration Cost Rate	37.0%	38.0%	38.5%	39.0%	39.0%

Campus Non-University Differential (NUD) Rate	2013-14	2014-15	2015-16	2016-17	2017-18
Total Facilities and Administration Cost Rate	37.0%	38.0%	38.5%	39.0%	39.0%
Less components that are not typically utilized by outside clients:					
Library	-0.6%	-0.7%	-0.7%	-0.7%	-0.7%
Sponsored Project Administration	-3.1%	-3.2%	-3.2%	-3.3%	-3.3%
Equipment	-1.3%	-1.3%	-1.3%	-1.3%	-1.3%
Campus Full NUD Rate	32.0%	32.8%	33.3%	33.7%	33.7%

The NUD is allocated as follows ₂ :	2013-14	2014-15	2015-16	2016-17	2017-18
Department Retains	16.0%	16.0%	16.0%	16.2%	16.2%
Central Administration Receives	16.0%	16.8%	17.3%	17.5%	17.5%
Campus Full NUD	32.0%	32.8%	33.3%	33.7%	33.7%

How does the NUD appear in my ledger?

Remember to update your departmental rates with the new NUD rate each year!

•Department benefits from higher return.

•Quarterly process assumes that you have charged the higher rate.



(Credit)

• Only if full NUD is charged

The calculation

		Step 1	Step 2	Step 3	Step 4	Step 5
	Income (includes 32% NUD)	Total NUD 32%	Total Direct Cost, TDC, (Actual income less NUD)	Campus NUD @ 16.0%	Department NUD @ 16.0%	TDC, Campus NUD, Department NUD = Original Income Amount
	<u>Object 0060</u>	<u>Object 0066</u>		<u>Object 0076</u>	<u>Object 0076</u>	
July-September	792.00	192.00	600.00	96.00	96.00	792.00
Calculation	Total in INC0	Total-(Total/1.32)	Total-Total NUD	TDC/.16	TDC/.16	

Example...

Consolidation	Object Consol. Name	Approp	Expend	Encumb	Balance
Note: Ca	alculations are based on	Income totals for	or a quart	er	View Ledger
0060 - INCOME					
INCO	INCOME	0.00	12,320.00CR	0.00	12,320.00CR
0060 - INCOME Totals:		0.00	12,320.00CR	0.00	12,320.00CR
0066 - NUD ASSESSMENT					
INC0	INCOME	0.00	1,620.79	0.00	1,620.79 <mark>0D</mark>
0066 - NUD ASSESSMENT TO	otals:	0.00	1,620.79	0.00	1,620.79 <mark>0D</mark>
0076 - NON UNIV DIFFERENT	AL: CENT / DEPT SHARE				
INCO	INCOME	0.00	604.37CR	0.00	604.37CR
0076 - NON UNIV DIFFERENT	AL: CENT / DEPT SHARE Totals:	0.00	604.37CR	0.00	604.37CR

How is NUD applied?

• Example of how the NUD percentage is added to the recharge rate:

 Recharge Rate 	=	\$10.00
o Apply Full NUD of 32.0%	=	<u>\$ 3.20</u>
 Non-University Client Rat 	е =	\$13.20

Allowable and Unallowable Costs



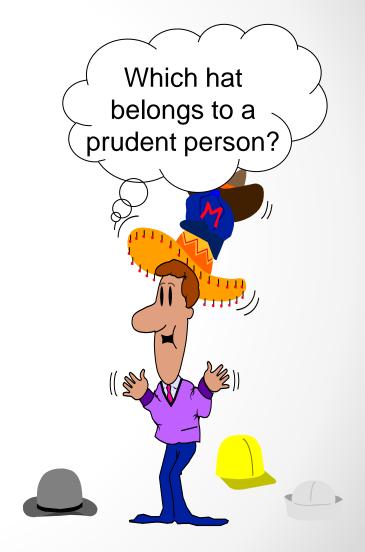
Allowable Costs

- All costs charged to the Federal Government must be allowable under OMB A-21 guidelines.
- If unallowable costs are included in rates, they will be rebated to Federal sources by General Accounting.
- Great Resource: The Charging Practices for Federally Funded Grants and Contracts guide located on-line at http://accounting.ucdavis.edu/EX/casbman.pd

Is it allowable?

- After reviewing the Charging Practices guide, you are still unsure if a cost is allowable, apply the "Prudent Person Test".
- What does "prudent" mean?

 Reasonable
 - o Careful



Is it Allowable?

What questions should a "prudent person" ask?

o Is it necessary for the operation of the activity?

 Can the cost be identified specifically to an activity?

 Is the cost consistent with institutional policies, procedures and practices?

Unallowable

- Costs that cannot be identified readily and specifically to a particular activity.
- Specific line items that are never allowed:
 - Reserve for Improvements
 - General/Auto/Employment Practices Liability (GAEL)
 - o Entertainment
 - New equipment and start-up costs
- Administrative and clerical support <= 5% annually

Unallowable

 Costs already paid for by the federal government

 Including depreciation for equipment purchased with federal funds

Salaries already included in the F&A rate

Costing Resources: Details, Details!

UC Davis P&P Manual http://manuals.ucdavis.e du/ppm/contents.htm #340-25

Extramural Accounting Charging Practices for Federally Funded Grants and Contracts <u>http://accounting.ucdavis.e</u> <u>du/EX/casbman.pdf</u>

> OMB A-21 Circular http://www.whitehouse .gov/omb/circulars/a 021/a021.html

Let's Test Your Knowledge!



With a Few Questions.....

Would a Prudent Person Include in Rates if

Federal clients are Charged?

Coffee service for morning technical staff. No, not necessary for the operation of the activity.

Costs for direct supplies used while providing a service.

Yes

Reserve for improvement to renovate office. No, specifically disallowed by the OMB-A21

How about



• The bar tab accumulated by graduate students while developing the product.

No

Benefit costs for the Administrative Assistant who does purchasing for the service.

Yes, if percentage of time is > 5%

To NUD or not to NUD?

Special reports by A&FS for campus departments only.

No NUD – only recharged to campus departments

US Geological Service brings injured snake to UC Davis for surgery

Yes – Full NUD

To NUD or not to NUD?

- VMTH service needed to provide research data on the growth of tumors in small dogs.
 Yes - Reduced NUD (must be approved by BIA)
- Chemical cleansing process sold to outside companies

Yes – Full NUD

Now you know the cost components.

Let's talk about how the type of clients can change your rates!

Understanding: Recharge vs. Income Internal vs. External

Recharge vs. Income

Recharge

- Provide products / services to other UC departments.
 - Kuali Internal billing (IB)
 - Kuali Feed (GLIB)
- Financial object=3900
- Budget object = SUB9

Income

- Provide products / services to non-UC clientele only.
 - o Cash (CR)
 - o Banner (Invoice)
 - o DaFIS A/R (Invoice)
- Financial object= 0060
- Budget object =INCO

Recharge vs. Income

Recharge

- Governed by federal costing guidelines
 - OMB A-21 allowable cost principles.
- Required to recover direct costs.

Income

• Not subject to federal costing guidelines.

• Required to recover all costs; direct and indirect (e.g., NUD).

Recharge vs. Income

Recharge

- Limited to operating reserves equal to 15% of annual expenditures.
- Required to consider operating reserves and deficits in pricing rationale.

<u>Income</u>

• Can accumulate operating reserves.



Clients

- Internal clients have a university account.
- External or "non-university" clients <u>do not have a</u> <u>university account.</u>
 - Payments are made by check, credit card or cash.

Common to both Recharge and Income Activities

- Rates must be established on a per hour or per unit basis.
- Pricing rationale worksheets are used to itemize and calculate costs.

• Different rates should be established for different levels of services.

• Base & Current Budgets are required for all selfsupporting activities.

Let's Test Your Knowledge!

With a Few Questions.....



True or False?

UCD attempts to compete with local businesses when a profit can be made.

False

Self-supporting activities are an effective tool in early retirement planning.

False

Base & Current Budgets are required for selfsupporting activities.

True

True or False?

External clients pay the non-university differential (NUD).

True

Core support activities can become recharge activities without much consideration.

False

Income or Recharge?

Sale of olive oil to Paesano's restaurant Income

Reprographics printing of department handbook. Recharge

Bookstore sells grammar book to Budget Office. Recharge

Income or Recharge?

Surgery performed by the VMTH to correct my dog's "cherry eye". Income



Sale of T-shirts to public that were made during class. Income

Income or Recharge?

Analytical services charged to a Federal grant for your Pl's research project.

Recharge



In-Class Exercise

- Rate Scenarios
- Decide if a rate can be developed. If not, why?
- Divide into groups of three (if you want).

Time allotted: 10 minutes to complete 10 minutes to discuss

Rate Exercise – Scenarios

- A list of common compliance issues and real scenarios are provided.
- Names have been changed to protect the innocent!
- Read each scenario and decide if they can submit a rate and if not which compliance issue fits the scenario.
 - 1. Agency Account
 - 2. Shifting Core-Support
 - 3. None Rate can be developed
 - 4. OMB-A21 unallowable
 - 5. Included in F&A Rate

In-Class Exercise 1 -Answers



- Scenario One:
- The Center for Acrobat Science (CAS) is hosting an event sponsored by Cirque de Soele. Cirque de Soele would like to charge a nominal fee to cover basic costs. CAS wants to establish a rate for this event.
- Submit Rate (circle one): Yes or No Compliance Issue:

AGENCY ACCOUNT

• Scenario Two:

- A campus unit that provides free technical support for a campuswide program wants to off-set some of their budget cuts by charging campus units for help desk phone calls.
- Submit Rate (circle one): Yes or No
 Compliance Issue:

<u>SHIFTING CORE</u> <u>SUPPORT</u>

• Scenario Three:

- The Lab for High Level Testing (LHLT) has developed a new test. This test is very sensitive and very few customers have expressed interest, but LHLT believes that this will become popular once it is available. The clients that have expressed interest are Non-University entities.
- Submit Rate (circle one). Yes or No Compliance Issue:

None-Rate can be developed

• Scenario Four:

- The Analytical Services Lab (ASL) has a special statistics computer that has finished its federal grant cycle. The ASL would like to make it available to other researchers and only wants to cover the cost of replacing this machine by setting up 10 year depreciation. The main clients are other campus departments and other federal contracts and grants
- Submit Rate (circle one): Yes or No
 Compliance Issue: <u>OMB A-21 Equipment was</u>

purchased with Federal Funds

• Scenario Five:

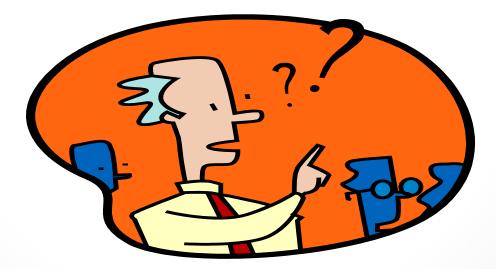
- The technology group for flower research has an ace programmer on core funds that is great with web design. Facing budget cuts, the department wants to charge 35% of his time to federal contract and grants.
- Submit Rate (circle one): Yes or No
 Compliance Issue:

Included in F&A Rate -

Part of Department Administration costs already included in the overhead rate on the contract or grant.

Discussion

- Any surprises?
- Any questions or comments on different approaches?



Where we have been...

We have learned to:

- Identify and assess opportunities,
- Identify costs,
- Determine allowability of costs,

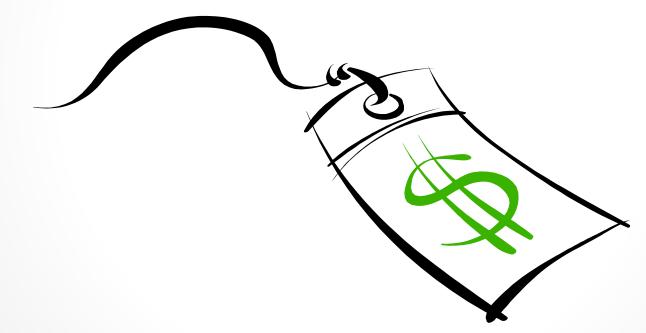
And Now....

Lets CALCULATE costs.



Developing a Pricing Rationale

Once costs have been identified, they must be calculated.



What does pricing rationale mean?

(also known as rate methodology)

- How were the existing rates calculated?
 - What cost categories were used?
 - How are the costs allocated?
- The Pricing Rationale worksheet helps organize costs. Included in this worksheet:
 - Personnel costs directly supporting the activity
 - Direct materials used in production
 - Indirect or overhead costs must be able to track and account for costs.

Let's look at an example

 Molly MSO has completed her market assessment and is ready to develop an hourly rate to charge for servicing specialized lab equipment.



Step 1: Identify Employee(s) and Billable Hours

1 Rate Calculation per Billable Hours

· ·					
2	Note: shaded cells and rows are either fixed or calculated.				
3	Rate Name (enter in cell C4):		Fiscal Year		
4	Specialized Equipment Service		2013-14		
5	POSITION TITLE:	SB0% Title Here	SUBS Title Here	SUBG Title Here	
6			Tech II		
7	BILLABLE HOURS CALCULATION on full-time annual basis				
8	Hours in year (always 261 days = 2,088 hours)	2,088	2,088	2,088	
9	Subtract hours not at work: (use actual data if available)				
10	Vacation (example: 15 days = 120 hrs)	0	120	0	
11	Sick Leave (example: 12 days = 96 hrs)	0	40	0	
12	Holidays (13 days = 104 hrs)	0	104	0	
13	Hours at work (= row 8 minus rows 10 thru 12)	2,088	1,824	2,088	
14	Subtract hours at work but not billable:				
15	Prep work, maintenance, consults, meetings, breaks, administrative work	0	40	0	
16	Training & Conferences	0	60	0	
17	Billable hours on full-time annual basis (= row 13 minus rows 15+16)	2,088	1,724	2,088	
18	For information only: billable hours as % of hours in year (= row 17/row 8)	100%	83%	100%	
19	For information only: billable hours as % of hours at work (= row 17/row 13)	100%	95%	100%	
	• A 8 ES and BIA				

• A&FS and BIA

Step 2: Personnel Expenses and FTE

21 PERSONNEL-RELATED EXPENSES on full-time annual basis						
22	Benefits rate (use actuals or composite benefit rate)		0%		34%	
23	Full-time annual average salary (including Oct 1 adjustment)	\$		\$	52,000	\$
24	Full-time annual benefits (including Oct 1 adjustment) (= row 22 * row 23)	\$		\$	17,680	\$
25	Full-time Supplies & Expense associated with positions	\$		\$	1,000	\$
26	Total personnel-related expenses on full-time annual basis (= sum rows 23 thru 25)	\$		\$	70,680	\$
27	Personnel-related expenses per hours in year on full time annual basis (= row 26/row 8)	\$		\$	33.85	\$
28	Personnel-related expenses per billable hour (= row 26/row 17)	\$		\$	41.00	\$
29						
30 FTE & PROJECTED BILLABLE HOURS THAT WILL BE SOLD						
31	FTE dedicated to rate		0.00		1.00	
32	Billable hours on annual basis adjusted for FTE (= row 17 * row 31)				1,724	
33	Note: Expenses and Rate Calculations below assume clients want to purchase all billable hours. If estimated demand is less, FTE must be reduced.					
34						

Step 3: Expense Calculation

35		
36 <mark>E</mark>	XPENSES CALCULATION adjusted for FTE	TOTAL
37	SB0% Academic Salaries (= row 23 * row 31)	\$ -
38	SUBS Staff Salaries (= row 23 * row 31)	\$ 52,000
39	SUBG General Assistance (= row 23 * row 31)	\$ -
40	SUBG General Assistance (overtime or stipend expense)	\$ -
41	SUB6 Benefits (= row 24 * row 31)	\$ 17,680
42	SUB3 Supplies & Expense associated with positions (= row 25 * row 31)	\$ 1,000
43	SUB3 Supplies & Expense	\$ -
44	SB74 Improvements Reserve	\$ -
45	SB75 Depreciation	\$ -
46	Other - Not Listed Above (specify)	
47	Total Expenses (= sum rows 37 thru 46)	\$ 70,680
48	Deficit Reduction (+) / Surplus Return (-) or Subsidy (-)	\$ -
49	TOTAL \$ (= row 47 + row 48)	\$ 70,680
5 0	Material Pass-Through costs not in rate calculation	\$ 5,000
	A & ES and DIA	

Step 4: Calculate rate

52	RATE & REVENUE CALCULATIONS	
53	Recharge rate calculations (SUB9):	
54	Recharge rate (calculated) (Total \$ / # of hours) (= row 49/row 32)	\$ 41.00
55	Recharge rate (= row 54 rounded)	\$ 41.00
56	Hours sold to recharge clients (projection)	1,724
57	SUB9 TOTAL RECHARGE REVENUE (= row 56 * row 55)	\$ 70,684.00
58	Non-University client calculations (INC0):	
59	Recharge rate (= row 55)	\$ 41.00
60	NUD amount (= row 59 * NR) NR= Nud Rate for appropriate fiscal year	\$ 13.12
61	Charge (w/o mark-up) to non-university client (= rows 59 thru 60 rounded)	\$ 54.12
62	Mark-up (object code 006M) (enter a dollar amount)	\$ -
63	Total charge to non-university client (=row 61+ row 62 rounded)	\$ 54.12
64	0066 NUD assessment transferred out (= row 60 * -1)	\$ (13.12)
65	0076 NUD assessment returned to department (= Dept NR * row 59)	\$ 6.56
66	Income for the department per unit (= sum rows 63 thru 65)	\$ 47.56
67	Hours sold to non-university clients (= row 32 TOTAL minus row 56) (projection)	0
68	INC0 TOTAL INCOME (= row 66 * row 67)	\$ -
69	Revenue from Pass-Through costs (not included in rate calculation) = row 50	\$ 5,000
70	TOTAL REVENUE = SUB9 & INC0 & Pass-through Rev (= row 57 + row 68 + row 69)	\$ 75,684

Narrative for all rate proposals

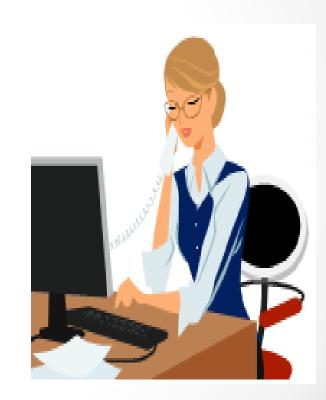
- Brief description of the proposed service
- Brief description of the rate methodology including the basis for estimating sales

What should I say in the narrative?

Narrative

Help is a click or phone call away

- Use rate forms on BIA website.
- Check with your Dean or Vice Chancellor's office for additional requirements and forms.



Activity Review Checklist

- Required!
- List of items that are auditable and included in policy.
- If you are not familiar with the item:
 - Review policy
 - Contact BIA or Costing Policy and Analysis for clarification

It's Easy to Enter on the Forms

- Let's take a look!
- First we need the forms from the website...

Recharge Activities & Rates

Development of Activities and Rates

· Proposal forms for establishing or modifying a recharge activity

The documents below should be completed and submitted to the office of the dean, vice chancellor or vice provost (D/VC/VP) for approval. If necessary, the D/VC/VP will forward to BIA.

Recharge Activity Proposal (.pdf)

• Rate Calculation Worksheets (.xls)

http://budget.ucdavis.edu/rates/index.html

Understanding the Rate Review and Approval Process



New activities

- **BIA** must approve the following new activities:
 - Mandated good/service
 - Unit is the only sole provider
 - The activity generates more than \$50,000 in annual federal recharge

Existing activities

- The office of the Dean/Vice Provost/Vice Chancellor (D/VP/VC) has the authority to approve certain modifications
- Office with final approval depends on the type of modification & risk profile of the activity

Recharge activity modification scenarios – office with final approval	Mandated <u>OR</u> >\$50,000 federal recharge	Not mandated <u>AND</u> <\$50,001 federal recharge		
New rate consistent with existing pricing	Mandated: BIA	D/VP/VC		
rationale	>\$50k: D/VP/VC			
New rate inconsistent with existing pricing rationale	BIA	D/VP/VC		
Rate increase consistent with budget planning guidelines	D/VP/VC	D/VP/VC		
Rate increase inconsistent with budget planning guidelines	BIA	D/VP/VC		
Rate decrease	D/VP/VC	D/VP/VC		
Change pricing rationale	BIA	D/VP/VC		

Definitions

- Consistent with existing pricing rationale:
 - Same cost categories + same allocation method = same pricing rationale
- Consistent with budget planning guidelines:
 - Annual published guidance from BIA that includes specific policy adjustments/updates related to recharge activities
 - Examples:
 - Increases in employment benefit costs
 - Collective bargaining unit salary increases
 - Campuswide salary programs (Automatic Merits and Ranges)

What does a change in pricing rationale look like?

- New cost category: a new rate includes depreciation or a reserve for improvement & the old rate does not
- Change in allocation method: a new rate is calculated on the number of widgets produced & no longer on the number of hours worked

You're not done!

- What is needed after the rate has been approved?
 - Clients must be properly notified before rates can be charged.
 - Schedule of rates <u>must be published</u> online or be readily available at the unit's office.
 - Documentation to set up the rate must be sent to General Accounting by using the UC Fund Request Form.

UC Fund Request Form

- Form is available on BIA website
- What is needed:
 - Fiscal Officer's name
 - Kuali Organization Code
 - Description of Activity
 - Anticipated annual revenue
 - Charts charged (i.e., chart 3, L, H, and/or S)
 - Customers' classification (internal, external, or both)
 - Depreciation information
 - Reserve for improvement (RFI) information

Office of Record

- Office of the D/VP/VC serves as the office of record
- File for each activity includes
 - List of current rates
 - Most recent approval letter & pricing rationale
 - Historical records for a minimum of five years

Annual Compliance Review

- Annual Review by BIA for funds that are out of compliance for the 15% threshold.
 - o Run FIS 193 for data
 - o BIA will request reports from units that exceed the threshold
- Additional review beyond the annual review is required for "High Risk Activities"
- High Risk Activities are defined as:
 - Mandated good/service or the sole-provider
 - Federal Recharge >\$200,000
 - Reviewed every 3 to 5
 - Schedules are available on BIA website

Section 3

Setting up an activity

Integrating with Kuali



To establish a Kuali account:

- Obtain rate approval from:
 - Rate Committee
 - sends info to General Accounting

OR

- Dean's/VC's office
 - sends letter approving rate to BIA and General Accounting



- Department sends to General Accounting the UC Fund Request Form which has:
 - Rate Name and General Description
 - Department's Organization & Fiscal Officer ID
 - List of assets to depreciate if in rate
 - o Annual improvement reserve amount if in rate
 o Charts that will be recharged (3, L, H, and/or S)

General Accounting

What does General Accounting (GA) do?

For approved rates, GA:

- Assigns operating fund (6xxxx) and reserve funds (75xxx, 76xxx)
- Creates Provision (PR), Unexpended Balance (UB) and revenue translation accounts
- Assigns recharge object code







at these terms

Operating Fund

- Begins with 6xxxx
- Fund # drives the Sub-Fund Group



 You need the fund # in order to set up your operating account(s)





Reserve for Improvement (RFI) (75xxx)

- Holds mark-up and department share of NUD
- Used if you have a reserve for improvement (RFI) component in your rate (more details in Advanced class)

Equipment Replacement

Reserve for Equipment Renewal & Replacement (76xxx)

• Holds funds so that you can replace equipment used in your activity (discussed more in Advanced class)



Unexpended Balance (UB) Account



- Annually: income, expense (not encumbrances), net income/loss
- Accumulation of net revenues (profit) or deficit (loss) in the fund
- At year end, income and expense totals for ALL ACCOUNTS in the fund are "closed" to a SINGLE UB account
- You review the account but only central offices use in transactions

Provision (PR) Account

- At year end, income and expense totals for ALL ACCOUNTS in the fund close to a SINGLE provision account
- In August, you re-appropriate funds from the PR account to operating account(s)



Recharge Objects

Recharge Object Code (usually Rxxx)

- A code unique to your activity that you use when recharging other departments
- Typically, one per fund
- Examples of College of Ag and Env Sci objects:

RAF1	CAES: FST PILOT PLANT EQUIPMENT SERVICE	
RAF2	CAES: GLYCOPROTEOMICS RECHARGE SVCS	
RAF3	CAES: GENETIC DIVERSITY RECHARGE SVCS	
RAF4	CAES: FST WESTERN CTR FOR AG EQ SVC	
RAF5	CAES: FST PPHAFF YEAST COLLECTION SVC	
RAG1	CAES: GREENHOUSE LABOR SERVICE	
RAG2	CAES: GREENHOUSE GAS SERVICE	

Recharge Objects



How to identify your unique object code?

- DS report 14 search Object Type ES
- KFS Reference Queries Object Code query search by chart as well as by Object Type ES
- Check prior IB doc
- Ask your Dean/VC office or General Accounting

Note: The object code name is typically similar to the fund name so if you know the fund name, you could enter it with a wildcard in the object name field. Also, most object codes begin with the school/college acronym (e.g., CLAS, CAES).

Operating Accounts



Create KFS Account (ACCT) document(s) for your operating account(s):

- Give each rate within a fund its own account or sub-account so that the rate's revenue and expenses can be traceable to the ledger
- Use account types IN & EX if separate accounts for income & expense
- Use account type EX if income & expense in same account

Assessment Type Tab

Account Assessment Types (Self-Supporting Accounts) 👔 💌 hide	
New Assessment Type (Self-Supporting Accounts)	
* Assessment Type Code: 🔤 🔍 單	
* Active Indicator: 🗸	
Make sure to click the	
add button	

Standard Codes:

Non-University Differential (NUD):

• NUD3 = Full NUD

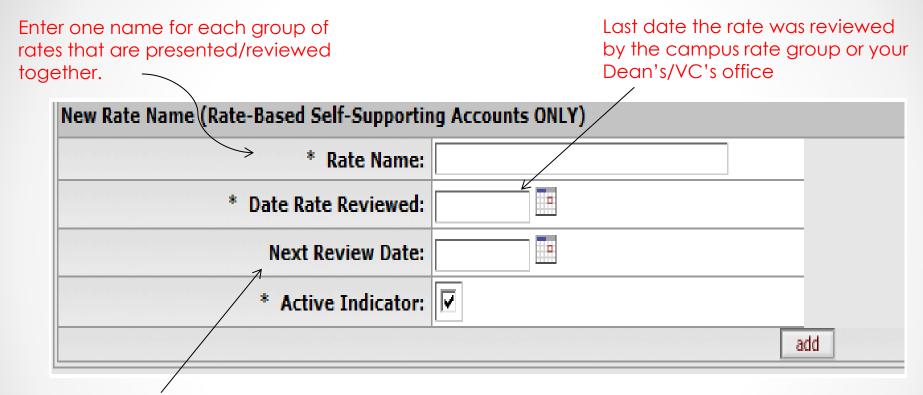
Campus Assessment:

- CAI1= Assessment on Income
- CAR1=Assessment on Recharge

Enter each code only once; uncheck active indicator to turn off

Exceptions? Contact Annette Davis at BIA – AMADAVIS@UCDAVIS.EDU

Rate Names Tab



The next time the rate should be reviewed. No more than 10 years later than the existing review date.

The same rate name CANNOT be used more than once. Add letter/number to rate name if you want to track a rate through multiple reviews.

Account Indicators Tab

Checkmark if approved rate includes depreciation expense

Account Indicators (Rate-Based Self-Supporting A	Accounts ONLY) ? 🔻 hide		
New			
Rate-Based Self-Supporting Accounts ONLY		V V	
	Depreciation:		
	Reserve For Improvement:		
	Income Authority Code:		
	Income Type Code:		•
ean/VC or Professional Staff ate Group	Checkmark if app includes a reserve improvement exp	for	
		Internal if y	you only have income, you only have recharge, I and Internal if you have



Keep all accounts (operating, reserve, PR, and UB) in the same org to better manage the activity

If you have external customers, create a reserve account for department share of NUD

Quarterly or yearly, ask General Accounting to move mark-up and department share of NUD to reserves

Budget Set-Up



Create a KFS Budget Adjustment (BA) document for:

- Base Budget (per approved rate)
- Current Budget

One-Sided Entry

When setting up your initial budget, put all entries in the To/Increase section.

Accour	nting Lines	?												hide detail
From/[)ecrease													import lines
	* Chart	* Acco	unt	Sub-Acc	ount	* Object	Sub	-Object	Project	Org Ref Id	Current Amt	Base Amt	FTE Amount	Actions
add:	v	9				•		٩	9		0.00	0	0.00	add
											Total: 0.00	Total: 0	Total: 0.00	
To/Increase														import lines
	* Chart	* Acco	unt	Sub-Acc	ount	* Object	Sub	-Object	Project	Org Ref Id	Current Amt	Base Amt	FTE Amount	Actions
add:	v	9		9		N		٩	9		0.00	0	0.00	add
	* Chart	* Acco	unt	Sub-Acc	ount	* Object	Sub	-Object	Project	Org Ref Id	Current Amt	Base Amt	FTE Amount	Actions
	3 🗸	A3WPINC S		9	INCO	N		9	9		15,000.00	0	0.00	delete
1	UCDAVIS	A3WP INCOME - APPROVED RA			BUDGETIN	IG FOR INCOME								bal inquiry
		SSEDAC - SALES AND SERVICE 3-60086 - SOE CRESS RATE-B/												сору
	3 🗸	A3WPINC S			SUB3	N		9	9		8,000.00	0	0.00	delete
2	UCDAVIS	A3WP INCOME - APPROVED RA			SUPPLIES	AND EXPENSE								bal inquiry copy
		SSEDAC - SALES AND SERVICE 3-60086 - SOE CRESS RATE-B/												сору
	3 🗸	A3WPINC S			SUBS	N		٩	9		7,000.00	0	0.00	delete
3	UCDAVIS	A3WP INCOME - APPROVED RA			STAFF WA	GES - BUDGETED POSITIO	ONS							bal inquiry copy
		SSEDAC - SALES AND SERVICE 3-60086 - SOE CRESS RATE-B/												сору
											Total: 0.00	Total: 0	Total: 0.00	
Genera	l Ledger Pe	nding Entries		▼ hide	(
Genera	l Ledge <u>r Pe</u>	nding Entries 🄇												
Sec	1# F	Fiscal Year Chart	Account	Sub-Accou			Project		Document Type (Balance Type	Obj. Typ		D/C
2			A3WPINC		INCO			BA		<u>CB</u>		IN	15,000.00	
4			A3WPINC		SUB3			BA		<u>CB</u>		EX	(8,000.00)	
6	<u>2014</u>	3	A3WPINC		SUBS			BA		<u>CB</u>		EX	(7,000.00)	

Amounts balance

• A&FS and BIA

One-Sided Entry

When **decreasing your budget**, put all entries in the From/Decrease section.

Accour	nting Lines	?									hide detail
From/[)ecrease	K									import lines
	* Chart	* Account	Sub-Account	* Object	Sub-Object	Project	Org Ref Id	Current Amt	Base Amt	FTE Amount	Actions
add:	V	9	•	•	•	٩		0.00	0	0.00	add
	* Chart	* Account	Sub-Account	* Object	Sub-Object	Project	Org Ref Id	Current Amt	Base Amt	FTE Amount	Actions
1	3 V UCDAVIS	A3WPINC S A3WP INCOME - APPROVED RATE SSEDAC - SALES AND SERVICE OF ED ACTIVITY 3-60086 - SOE CRESS RATE-BASED SERVICES	•	INCO S BUDGETING FOR INCOME		•		15,000.00	0	0.00	delete bal inquiry copy
2	3 V UCDAVIS	A3WPINC S A3WP INCOME - APPROVED RATE SSEDAC - SALES AND SERVICE OF ED ACTIVITY 3-60086 - SOE CRESS RATE-BASED SERVICES	•	SUB3 (S) SUPPLIES AND EXPENSE		•		8,000.00	0	0.00	delete bal inquiry copy
3	3 V UCDAVIS	A3WPINC A3WP INCOME - APPROVED RATE SSEDAC - SALES AND SERVICE OF ED ACTIVITY 3-60086 - SOE CRESS RATE-BASED SERVICES	•	SUBS STAFF WAGES - BUDGETED POSITIONS	•	•		7,000.00	0	0.00	delete bal inquiry copy
								Total: 0.00	Total: 0	Total: 0.00	
To/Inc	rease										import lines
	* Chart	* Account	Sub-Account	* Object	Sub-Object	Project	Org Ref Id	Current Amt	Base Amt	FTE Amount	Actions
add:	V	9	•	•	9	9		0.00	0	0.00	add
	r							Total: 0.00	Total: 0	Total: 0.00	
Genera	l Ledger Pe	ending Entries	▼ hide								
Genera	l Ledger P	ending Entries 9				_					
Genera Sec	al Ledger Po	ending Entries 🔍 Fiscal Year Chart Account	Sub-Account	Object Sub-Object	•	Document Type C		Balance Type	Obj. Typ		D/C
Genera Sec 2	al Ledger Po 1 # 2014	ending Entries Fiscal Year Chart Account <u>3</u> <u>A3WPINC</u>	Sub-Account	INCO	<u>BA</u>	Document Type C	<u>CB</u>	Balance Type	IN	(15,000.00)	D/C
Genera Sec	l Ledger Po # <u>2014</u>	ending Entries Fiscal Year Chart Account <u>3 A3WPINC</u> <u>3 A3WPINC</u>	Sub-Account	INCO SUB3	•	Document Type C		Balance Type	IN		D/C

Amounts balance



One-Sided Entry

For details and other examples, see:

http://accounting.ucdavis.edu/doc_Help/financial/ budget_adjustment/Balancing_transactions.cfm

Section 4

Conducting an activity

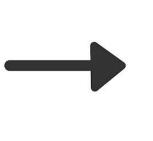
External Customers

To invoice customers outside the university, use Accounts Receivable through Banner or DaFIS. More info at: <u>http://dafis.ucdavis.edu/ar/</u>



UC Davis Customers

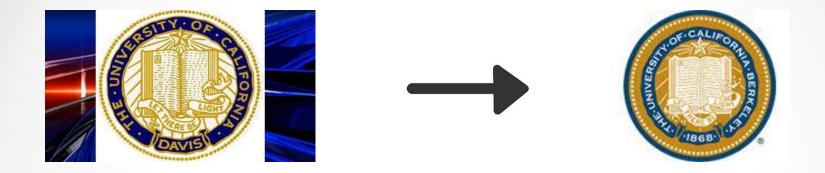






Use the KFS Internal Billing (IB) document for recharges at UC Davis

Other UC Customers



Use the Intercampus Order Charge process to charge other UC campuses:

http://accounting.ucdavis.edu/GA/IOCs.cfm



- No advance billing for recharges or intercampus transfers. Advance billing for external customers requires approval from General Accounting.
- When receiving income, use object code 0060.

IB Doc

When recharging, use object 39xx (e.g., 3900) with your account (fund 6xxxx) and a unique expense object (e.g., RJE9) with the customer's account.

Accounting Line	25 ?							hide detail
Income								
* Chart	* Account	Sub-Account	* Object	Sub-Object	Project	Org Ref Id	* Amt	Actions
UCDAVIS	3860089 ENC2-MIC2-MICROFABRICATION LABORATORY SSEDAC - ALES AND SERVICE OF ED ACTIVITY 3-60089 - E&CS MICRO FABRICATION LAB INCOME		3900 INTERDEPARTMENTAL RECHARGE			CASTO	600.00	
	Line Desc							
Expense							Total: 600.00	
* Chart	* Account	Sub-Account	* Object	Sub-Object	Project	Org Ref Id	* Amt	Actions
3 UCDAVIS	RHCNSF1 CASTRO: NSF - Thermochem of Nanoceramics FGNSF - FED GRANTS NATL SCI FDN 3-81752 - NSF 201015810 DMR-1055504		RJE9 ENGRYMICRO FABRICATION LAB SVC				600.00	
	Line Desc							
							Total: 600.00	

IB DocTime

Complete and route your doc promptly to allow your customers time to approve. IB doc auto-approves in **12 calendar days**.

IB Doc Routing



Do NOT ad hoc route document for **approval** (FYI is ok). It negatively affects auto-approval.

Reverse IB Doc

To reverse an IB **in its entirety**, open the document and click the error correction button

Ad Hoc Recipients	l show
Route Log	>show
	error correction send ad hoc request close copy

Reverse IB Doc

Accounting Line	es	▼ hide							
Accounting Line	ec 🖸		_		_	_	_	_	hide detail
Income			_			_	_	_	The detail
* Chart	* Accou	nt	Sub-Account	* Object	Sub-Object	Project	Org Ref Id	* Amt	Actions
2	SSDSRCH SSDS: RECHARGE/EXPENSE ACCT OSSSO - OTHER SERVICES - OTHER RATE E 3-66390 - IGA SERVICES INCOME	SASED ACTIV		3900 INTERDEPARTMENTAL RECHARGE			Abedi	(100.00)	
	Line	Desc				/	/	_	
								Total: (100.00))
Expense									
* Chart		nt	Sub-Account	* Object	Sub Object	Project	Org Ref Id	* Amt	Actions
3 UCDAVIS	JXAWEST Jamal Abedi - WestEd - Write project PRCONF - PRIVATE CONTRACTS FFT 3-84405 - WESTED (FRMLY FAR WEST LABC			RCS3 CLAS: SSPS SITE LICENSE & PUBLICATION			Abedi	(100.00)	
	Line	Desc						-	
Items General Ledger	r Pending Entries	> show	it's	ount in parent the opposite of				Total: (100.00))
Notes (2)		▼ hide	trar	nsaction					
Notes	Posted Timestamp	Author	_	* Note Text	_	-	_	A	ctions
add:					\sim			ł	add
1	01/02/2014 08:50 AM	FISCHER, MONICA L.		copied from document 31276096					
2	01/02/2014 03:43 PM	SEIBERT, JAMES O.		error-correction for document 31276105					
Ad Hoc Recipier	nts	▶ show		\leftarrow					
Route Log		▶ show			— A	uto	matic	note	
	Click Su	bmit –	>	submit close copy					
• 4	&FS and BIA								

Partial Reversal

To **partially** reverse an IB, open the document and click the **copy** button.

Ad Hoc Recipients	▶ show	
Route Log	▶ show	<u></u>
		error correction send ad hoc request close copy

Partial Reversal

Next, enter the amount you want to reverse, and include a negative sign. Amounts are now in parentheses.

CCO	unting Lines	;	▼ hide						
CC0	unting Lines	5 8	_				-	_	hide deta
ncon	ne								
	* Chart	* Account	Sub-Account	* Object	Sub-Object	Project	Org Ref Id	* Amt	Action
2	<u>3</u> UCDAVIS	SSDSRCH SSDS: RECHARGE/EXPENSE ACCT OSSSO - OTHER SERVICES - OTHER RATE BASED ACTIV 3-66390 - IGA SERVICES INCOME		3900 INTERDEPARTMENTAL RECHARGE			Stamps	(100.00)	
		Line Desc							
								Total: (100.00)
хреі	nse								
	* Chart	* Account	Sub-Account	* Object	Sub-Object	Project	Org Ref Id	* Amt	Action
	<u>3</u> UCDAVIS	JASVDD1 EVE:Evolution & Ecology Res. (Stamps) PRGIFT - PRIV RESTRICTED GIFTS 3-42071 - EVE: RESEARCH (STAMPS)		RCS3 CLAS: SSPS SITE LICENSE & PUBLICATION			Stamps	(100.00)	
		Line Deer							
3		Line Desc							
		Line Desc							

Let's Test Your Knowledge!



With a Few Questions.....

What KFS document type is used to record a recharge?

Financial Transactions

Financial Transaction Document Lookup

Financial Processing

Auxiliary Voucher Budget Adjustment Distribution Of Income And Expense General Error Correction Internal Billing Journal Voucher Pre-Encumbrance

Cash Processing

Cash Receipt

Answer 1

What KFS document type is used to record a recharge?

Financial Transactions

Financial Transaction Document Lookup

Financial Processing

Auxiliary Voucher Budget Adjustment Distribution Of Income And Expense General Error Correction Internal Billing Journal Voucher Pre-Encumbrance

Cash Processing

Cash Receipt

The Internal Billing (IB) document

True or False: Money received from external customers is recorded using a 39xx object

code.





True or False: Money received from external customers is recorded using a 39xx object code.



False. It's recorded using object code 0060 – INCO. 39xx object codes are only for recharges.

How do I fully reverse an IB document?



Answer 3

How do I fully reverse an IB document?



Open the IB and click the Error Correction button at the bottom of the document.

Can I record income and expense in the same account?



Answer 4

Can I record income and expense in the same account?



Yes, as long as it's Account Type EX - Expense

For which of the following are you allowed to bill in advance?

a. UC Davis customers
b. UC customers
c. Both a and b
d. External customers
e. None of the above
f. Any customer

	INVOICE				
Qty	Unit	Total			
1	\$3	\$ 3			
1	\$ 25	\$ 25			
1	\$ 533	\$ 533			
1	566	\$ 566			
4	6 5454	\$ 21816			
	\$ 4545	\$ 4545			
1	\$ 2512	1512			
3	\$ 15	16			
	\$ 235				

Answer 5

For which of the following are you allowed to bill in advance?

- a. UC Davis customers
 b. UC customers
 c. Both a and b
 d. External customers*
 e. None of the above
- f. Any customer

* with General Accounting's approval.

	INVOICE			
Qty	Unit	Total		
1	\$ 3	\$ 3		
1	\$ 25	\$ 25		
1	\$ 533	\$ 533		
1	A 1 566	\$ 566		
4	A 5454	\$ 21816		
1	\$ 4545	\$ 4545		
1	\$ 2512	3512		
3	\$ 15	16		
1	\$ 235	The second secon		

Section 5

Staff Development Classes and Resources



Staff Development Classes

Managing Self Supporting Activities:

- Computer lab
- Analyze various reports
- Leave with an action plan for making adjustments to their selfsupporting activity

Date/Time/Location: February 26, 2014 1:30-4:00 Hamilton Room, Heitman Staff Learning Center

Staff Development Classes

Advanced:

- Covers advanced concepts
 - Mark-ups
 - Reserves
 - Equipment
 - Depreciation
 - Reserve for Improvement
 - Uncommon Situations
- Date/Time/Location:

April 2, 2014 1:30-4:00 Hamilton Room, Heitman Staff Learning Center



Resources

For NUD and rate information contact your D/VP/VC office. Info is also available at: http://budget.ucdavis.edu/rates/index.html

For help completing the KFS documents discussed in class, see the Help Resources section of:

http://accounting.ucdavis.edu/projects/UC DKuali/

Contact General Accounting for other help: <u>http://accounting.ucdavis.edu/GA/staff.cfm</u>