



University of California
San Francisco

Recharge Basics

Recharge Management

Recharge Review
Budget & Resource Management

This module will help you understand the guidelines and requirements necessary to successfully **manage** your **recharge activity**

Topics:

- Establishing and using recharge projects to track recharge operations
- Recharge Chartfields
 - Flexfield
 - Fund
 - Function codes
 - Internal recharge revenue account
 - Recharge specific external revenue (sales to public) accounts
- F&A assessment on recharge revenue
- F&A waivers
- Formal agreements with external users
- Unrelated Business Income Tax (UBIT)
- It is important to bill recharges monthly
- Correcting recharge transactions
- Procedure for recording annual depreciation to a recharge operating project
- Example of an annual equipment depreciation transfer journal
- Recharge plan adjustments in Uplan
- Documentation
- Audit
- Annual Recharge Activity Monitoring Report
- Summary of financial management requirements for recharge units

All units that perform recharge activities are tracked using a specific **recharge project** in PeopleSoft which is used to **uniquely identify each distinct recharge activity**

- The recharge project is used to match all expenses directly attributable to providing the products, services, and management of the recharge activity with the revenue that is generated by charging internal and external customers
- All recharge projects must use one of the following **project uses**:
 - **Recharge** sells internally, or both internally and externally
 - **Sales and Service Agreements** sells only externally
- Recharge projects are assigned a Project ID number from within a range of project numbers used exclusively for recharge activities:

Numbering Convention for Recharges	
Project Use	Project ID Ranges
Recharge	8000000 - 8499999
Sales and Service Agreements	8500000 - 8799999

Using Projects to Track Recharge Activities

- The **Project Name** should describe the activity
- Every project in PeopleSoft must have a **Project Owner**. The **Project Owner** for all recharge projects is generally “Shared Project” and identified as “Dept/Div” (the Dept ID chartfield in the transaction identifies the owner)
- Below is an example of some recharge projects and the associated attributes:

Project ID	Recharge Project Name	Project Use	Project Owner
8000239	Radiology Optical Imaging	Recharge	Department/ Division
8000096	Refuse/Recycling		
8000088	Janitorial Service		
8000269	EH&S Radiation Waste		
8500025	Nikon Imaging Center	Sales and Service Agreements	
8500002	Biomechanical Testing Services		

Setting up sub-projects allow departments flexibility in capturing revenue and expenses for multiple service lines

- A parent recharge project can be linked with multiple recharge sub-projects by using the project **Award/Parent ID** attribute
- Linking of recharge projects facilitates the ability to perform roll-up reporting through MyReports

Project	Project Name	Project	Award/Parent ID
Parent Project	ITS Voice Recharge	8000004	8000004
Sub-projects	ITS Joint costs (records all joint costs for projects 8000004-8000009)	8000005	
	Toll Calls Recharge	8000006	
	Voicemail Recharge	8000007	
	Dial tone Recharge	8000008	
	Moves, Adds, Changes Recharge	8000009	

Recharge projects are established by the Recharge Review team of Budget & Resource Management

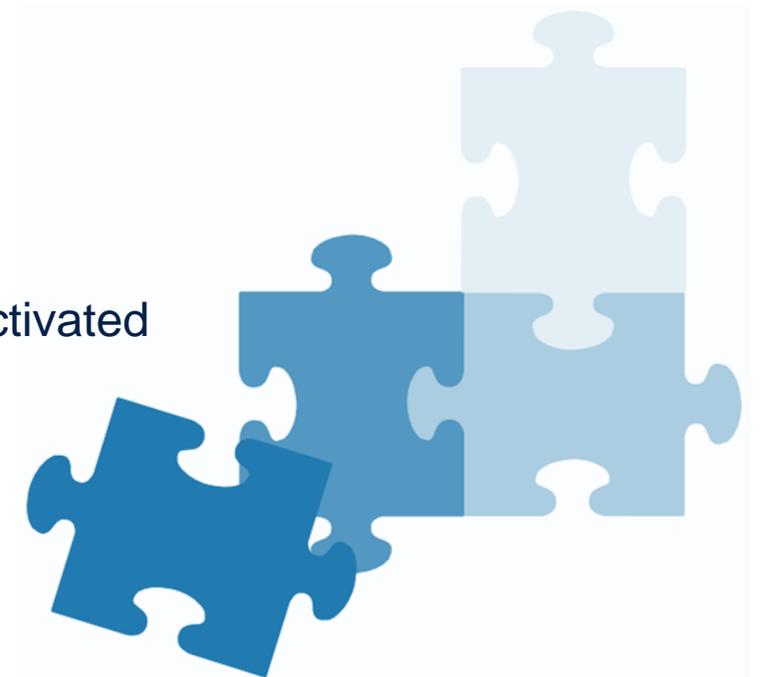
- Recharge Review must approve all **parent projects**, or **sub-projects** of a parent project where the **project use** is **Recharge** or **Sales and Service Agreements**
- The **Recharge** and **Sales and Service Agreement** projects are established in PeopleSoft and communicated to the department at the time of the rate approval



APPROVED

The **flexfield** is a 6-character optional chartfield value for departmental use designed to track information not captured by other chartfields

- Flexfields are recommended to be setup **only** when the total yearly transactions are expected to be greater than \$25,000
- New flexfield setup is coordinated by departments
 - **Medical Center** business unit flexfields **must** start with a zero
For example: 0XXXXX
 - **Campus** flexfields **cannot** start with a zero
- Flexfields that have no activity for one complete fiscal year may be inactivated and recycled



Recharge activities may only utilize the following funds to record financial transactions

Recharge Activity	Fund
Sales & Service: Educational Activity	5018
Sales & Service: Auxiliary Enterprises	5030
Renewal and Replacement Reserves	5500

The **function** chartfield fulfills internal and external **reporting requirements** to track higher **education functional classifications**

Function code determines how costs are treated in the research Facilities & Administrative (F&A) rate calculation, therefore, it is particularly important that costs are accurately coded and are consistent with Uniform Guidance (federal) functional definitions.

Function is a required field on all revenue, expense, and transfer transactions.

RECHARGE ACTIVITY: Credits for recharge revenues must mirror where the debits for recharge expenses were coded

Account	Amount	Project	Function
Expense-Salaries	\$100	Recharge-Printing	43 Academic Support
Expense-Benefits	\$25	Recharge-Printing	43 Academic Support
Expense-Supplies	\$40	Recharge-Printing	43 Academic Support
Expense-Services	\$40	Recharge-Printing	43 Academic Support
Revenue- Recharge Revenue	\$(205)	Recharge-Printing	43 Academic Support

CUSTOMER: Debits (charges) should use the Function provided by the customer that demonstrates the purpose or mission, along with other customer provided chartfields

Account	Amount	Project	Function
Expense-Reproduction/ photography svcs	\$65	Discretionary activities – Dr. Jones	40 Instruction
Expense-Reproduction/ photography svcs	\$40	Dr. Ross research program	44 Organized & Sponsored Research
Expense-Reproduction/ photography svcs	\$100	General - unspecified	43 Academic Support

Recharges should recover their internal revenue using a single revenue account **74200 - Recharge revenue**

Combo edits ensure that only Projects with a Project Use of “Recharge” can use the recharge revenue account

Example	Bus Unit	Account	Fund	Dept ID	Project	Activity Period	Function	Amount
Record Recharge activity for Sponsored Project	SFCMP	55151 Laboratory services	4000 Federal Gv Grant	104016 M_CVRI-General	123489A Structure and function of volt	01	44 Organized & sponsored research	756.00
	SFCMP	74200 Recharge revenue	5018 Sale & Service Other [Bud]	470101 E_RRP Operations	8001305 Cryo EM (“Recharge” project use)	n/a	72 Institutional support & admin	(756.00)

Recharge-specific **external revenue accounts** should be used when collecting revenue from users who do not account for their transactions through a UCSF chartstring

Activity Type	Non-exempt users	F&A waived users	Sister UC Campus (F&A waived)
Educational product/service sales	42105	42106	42106

Generally, F&A waivers are approved only for UCSF affiliates or for activities where external users are UCSF students, staff or faculty paying for services by cash, check or credit.

Recharge projects are assigned F&A Base Code "L" in PeopleSoft, which assesses F&A on all revenue excluding specific exempt revenue accounts

- The indirect cost component of revenue deposited into **account 42105** will be **automatically calculated** and charged to the recharge chartstring as an expense recovery in **account 51401**
- The F&A rate collected from external users is automatically transferred in the GL system to a fund under the Chancellor's control

Recharge			
Indirect Cost Base:	<input type="text" value="L"/>	Indirect Cost Rate %:	<input type="text" value="20.60"/>
Federal Funds Allowed:	<input type="text" value="Yes"/>		

In some cases waivers of indirect cost recovery may be granted to units in accordance with BFB A-56

- Examples where a waiver may be approved include recharge activities which are:
 - primarily for instructional support and recharges to federal funds do not exceed 15% of total recharge revenue
 - for patient care services
- Waiver requests must be submitted in writing to Recharge Review
- External revenue from ***exempt or waived users*** deposited into **account 42106** will not be assessed indirect cost recovery

The example below illustrates the F&A Rate assessment for exempt and non-exempt external revenue

Approved Rates

Internal Rate	\$47.05
+ 26% Service Center Rate	\$12.23
External Rate	\$59.28

Account	External User (non-exempt)	External User (exempt - with an approved waiver to collect indirect costs)
External Revenue		
42105 - Educational-product/svc sales	\$59.28	
42106 - Educat-product/svc-F&A waived		\$47.05
Expense		
51401 - F&A indirect cost recovery (20.6% Indirect Cost Base)	\$12.23	
Net Revenue (revenue minus expense)	\$47.05	\$47.05

The 26% Service Center Rate is automatically calculated and transferred to the Chancellor's fund by applying 20.6% Indirect Cost Base percentage to non-exempt revenue, therefore only net revenue should be included in the recharge plan (and **Indirect Cost Recovery** should be excluded).

Recharge activities receiving revenue from external clients must have a formal agreement established with each client

Once recharge rates are approved, departments need to work with the **UCSF Government and Business Contracts (GBC) Division of the Office of Sponsored Research** to execute the agreements

- gbcinfo@ucsf.edu

- osr.ucsf.edu/content/government-and-business-contracts



Significant external revenue from recharges not substantially related to the University's tax-exempt functions may be subject to federal Unrelated Business Income Tax (UBIT) reporting

- This most often applies to Auxiliary Services such as Housing, Child Care, Transportation, etc.
- When a new external recharge service is approved, departments must submit a completed UBIT questionnaire to the Controller's Office to determine if **UBIT** applies (controller.ucsf.edu/)

It is important to bill for recharge services monthly, therefore recharge journals and invoices should be processed monthly, at minimum

- Facilitate timely recording of recharges to Federal Funds
 - Retroactive adjustments to recharges will generally not be approved
- **Billing should always occur after products or services are provided**
- Invoice documentation should include:
 - Description of services
 - Number of units provided
 - Amount charged per unit
- Continue to recharge using last approved rate and **Recharge Control Number** until new rate is approved

If a previous recharge transaction to a user needs to be reversed, a credit should be posted to the user

- **Debit** the recharge project in the same **Recharge Revenue Account (74200)** as the original recharge transaction
- **Credit** the user project in the same expense account as the original transaction via a recharge journal using Source Code 555 or other specifically assigned recharge source code

Original Recharge Transaction

Debit	User Project	Recharge Expense Account 5XXXX
Credit	Recharge Project	Recharge Revenue Account 74200

Reversal of Previous Recharge Transaction

Debit	Recharge Project	Recharge Revenue Account 74200
Credit	User Project	Recharge Expense Account 5XXXX

Procedure for recording annual depreciation to a recharge operating project

- The depreciation credits should post to the renewal and replacement reserve fund in the same Dept ID, Parent Project, and Function as the recharge activity
- Use account 59025 (Depreciatn/amort-curr/rrpl) for both the debit and credit transactions

	Fund Source Description	Account	Fund	Dept ID	Project	Function	Amount
Debit	Recharge Operating Fund	59025	5018	402005	8000150	43	\$2,400
Credit	Renewal & Replacement Reserve	59025	5500	402005	8000150	43	(\$2,400)

Recharge plan adjustments in UPlan or PLUS

- Prepared by department
 - To establish plan for a **new** recharge
 - To adjust an approved plan for an **existing** recharge
 - To delete plan for a **discontinued** recharge activity
- Employee planning in recharge activities
 - Changes in budgeted FTE levels in the recharge activity should be updated in UPlan or PLUS and in UCPath



Recharge activities are responsible for maintaining all records necessary to support and document their operations, including:



- Approved recharge proposal and rate approval letter
- Records of products or services actually provided to users and amounts charged to users
- Expenses incurred and revenues collected for each product or service provided

In the case of an audit, it is critical to be able to provide detailed documentation to support the recharge activity



Recharge activities may be subject to audits by:

▪ **Federal Government Auditors**

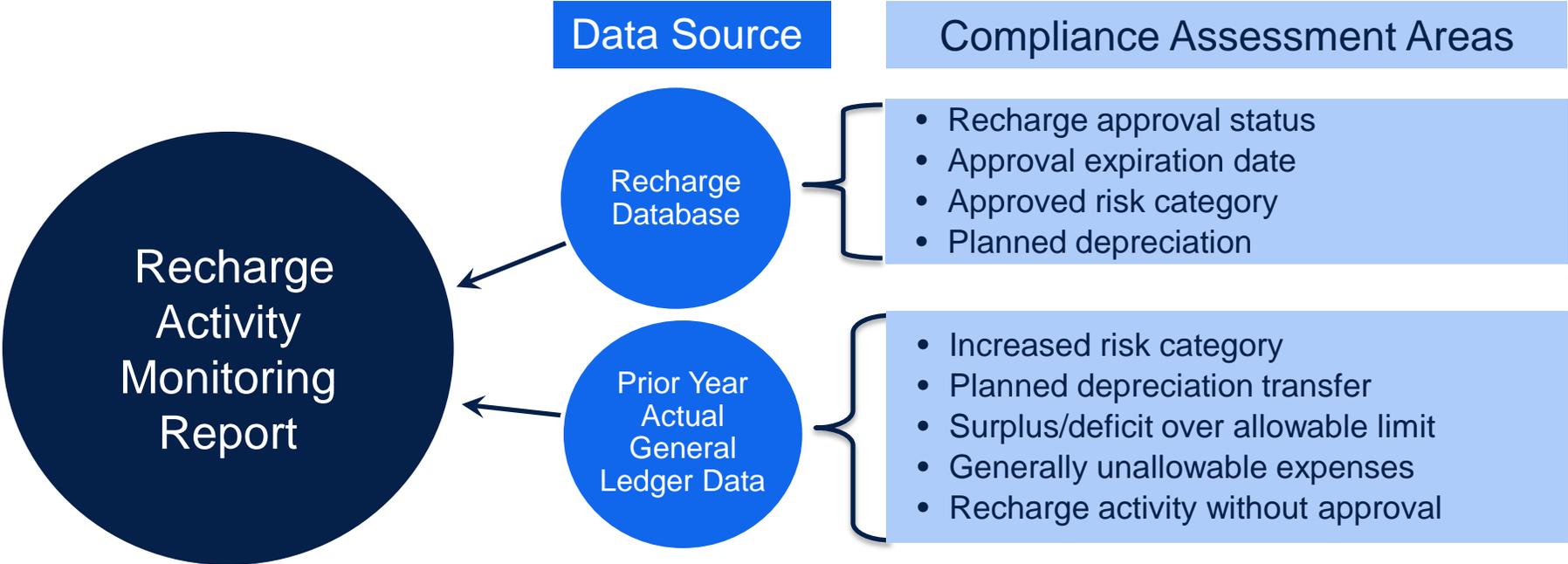
- Campus audit by the Office of the Inspector General (OIG)
- Specific grant or contract audit

▪ **Internal Auditors**

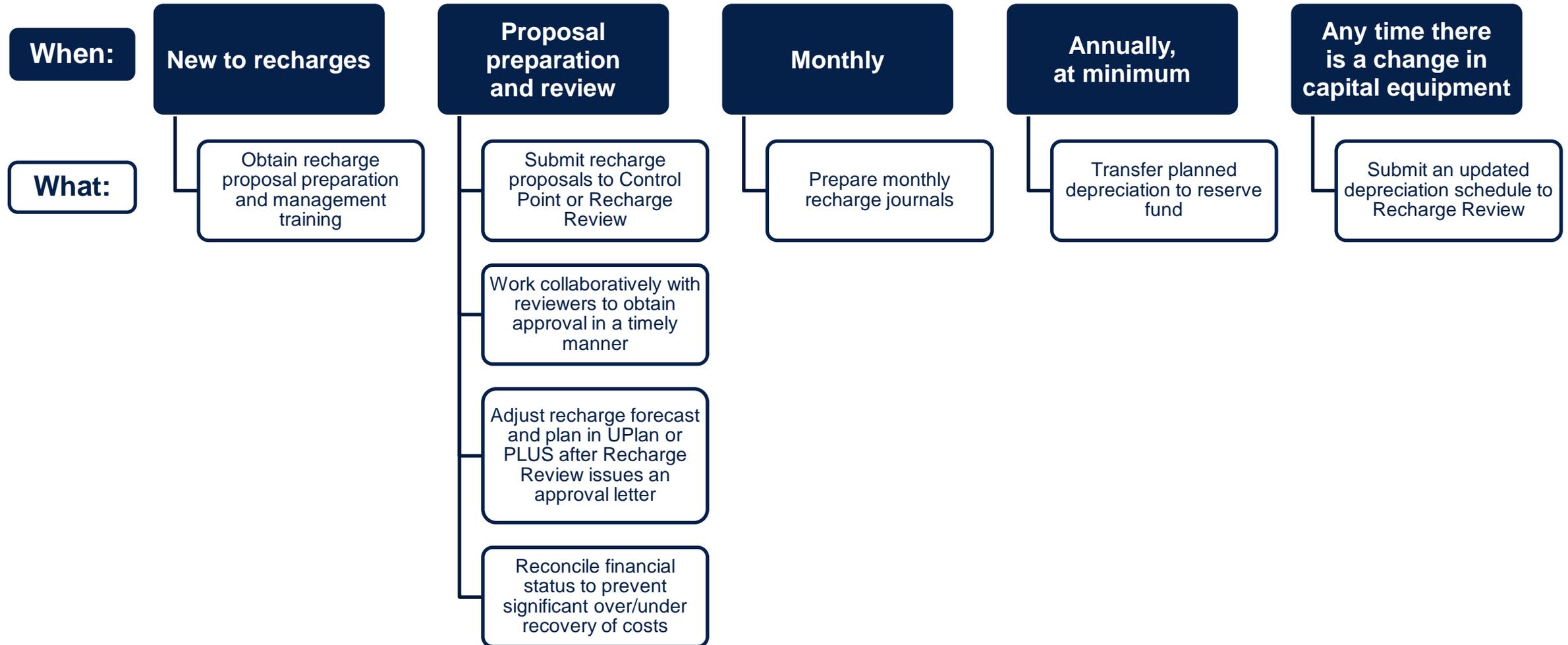
▪ **External Auditors**

- Single Audit - required for large non-profit entities
- Outside consultants – audit of specific approved recharges

While the responsibility for compliance with federal and UC policies rests at the department level, the Recharge Review provides departments with an annual **Recharge Activity Monitoring Report Summary** to help identify compliance issues and minimize the risk of unallowable charges to federal funds



Summary of financial and compliance management requirements for recharge units



UCSF

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