

# UCSF Sales and Service Center Policy Guidance and Procedures Manual

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## SECTION I: PURPOSE

The overall purpose of this policy guidance and procedures manual are to:

- A. provide support to the areas outlined in the Sales and Service Center Policy 250-11;
- B. provide detailed information on defining, establishing, and closing sales and service center activities;
- C. provide detailed information for developing, requesting, and implementing the rates for sales and service center activities; and
- D. provide guidance on charging for UCSF sponsored conferences and continuing education type courses.

This policy guidance and procedures manual complies with University and regulatory requirements of UC Business and Finance Bulletins, federal regulation [2 CFR Chapter II, Part 200, et al. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.](#), and Cost Accounting Standards (CAS), which require consistent treatment across the campus of costs incurred for the same purpose in like circumstances as either direct costs or Facilities and Administration (F&A) costs, and consistent treatment when estimating, accumulating, and reporting costs.

## SECTION II: DEFINITION OF TERMS

**Account:** the "Account" chartfield as defined in UCSF's general ledger system.

**Activity Period:** the "Activity Period" chartfield as defined in UCSF's general ledger system.

**2 CFR Chapter II, Part 200:** et al. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards: formerly [OMB Circular A-21](#), Cost Principles for Educational Institutions replaced by 2 CFR, Part 220

**Control point:** designated UCSF organizational units in the upper levels of the campus organizational hierarchy having oversight responsibility for all subordinate units. Usually this is the appropriate Dean's or Vice Chancellor's office to which a unit ultimately reports.

**Cost transfers:** unit-initiated movement of a charge originally posted to one Account, Fund, Dept ID, Project, Activity Period, Function or Flexfield to a different Account, Fund, Dept ID, Project, Function or Flexfield.

**Direct cost:** those costs that can be identified specifically with a particular sponsored project, an instructional activity, or any other institutional activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy as defined [2 CFR Chapter II, Part 200, et al. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.](#)

**Dept ID:** the "Department" chartfield as defined in UCSF's general ledger system.

**External revenue:** revenue derived from providing products or services to external users.

**F&A costs (Facilities and Administration costs):** the types of costs that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity as defined in 2 CFR Chapter II, Part 200, Cost Principles for Educational Institutions. These costs are related to the services generally provided without charge by central campus units. F&A costs include operation and maintenance of plant and campus general administrative services. F&A costs were formerly known as "indirect costs."

**Flexfield:** the "Flexfield" chart field as defined in UCSF's general ledger system.

**Full cost:** all direct costs and F&A rate for external sales of providing products or services.

**Function:** the "Function" chartfield as defined in UCSF's general ledger system.

**Fund:** the "Fund" chartfield as defined in UCSF's general ledger system.

**Indirect Costs:** see "F&A Costs".

**Leasehold improvement:** an alteration or renovation to space that is leased and paid for by the University and which is capitalized in the University's general ledger.

**Products/services:** commodities or functions provided by a University department or organizational unit that are in demand on a regular and continuing basis.

**Renovation:** an alteration or renovation to space that is owned and paid for by the University and which is capitalized in the University's general ledger.

## SECTION III: RECHARGE CLASSIFICATIONS

### A. Recharge Classifications

Each recharge proposal has a recharge classification consisting of three components: activity type, institutional risk category, and review and approval type. The classification determines the documentation and approval requirements.

#### 1. Activity type

Activity type is the first component of a recharge proposal's classification. Any activity type not otherwise listed below requires the Chancellor's approval. The Recharge Activity types are:

- a. Identifiable Goods or Services provided at the request of the user;
- b. Central Campus Administration services provided by central campus administration units to self-supporting activities, or for services provided beyond the norm to those activities;
- c. Common Cost Allocations (prior to July, 1995 these were covered under [Administrative Policy 300-22](#), Cost Transfers);
- d. Conferences, retreats, meetings, and continuing education type courses which are sponsored by a UCSF department or unit and where some or all participants will charge a UC Dept ID-Project-Fund for their participation. (See Section XI).
- e. Auxiliary Enterprises which provide goods or services to other campus units.
- f. Reapportionments and funding adjustments. Under specified circumstances, University policy authorizes the use of the contra-expense mechanism, which is not considered a direct cost transaction within the context of this policy guidance and procedures manual. These types of transactions are reapportionments or funding adjustments and are limited to the following (See UC [Business and Finance Bulletins, University Direct Costing Procedures References, Introduction \(A-47\)](#), p. 7.):
  - 1) assessing University opportunity funds for replacement of medical tuition initially charged to general project plans;
  - 2) assessing federal contract and grant administration funds for contract and grant related costs initially charged to general project plans;
  - 3) assessing student fee funds for institutional support and operation and maintenance of plant services related to student fee funded activities;
  - 4) assessing construction projects for costs initially charged to building program clearing accounts;
  - 5) charges for station land and labor of agriculture field stations as reviewed annually by the Field Station Research Advisory Committee;
  - 6) charges of administrative and supervisory costs of University Extension, residence halls, and the physical plant department to the benefiting units within the function;
  - 7) assessing general funds for teaching patient care initially charged to hospital or clinic projects; and
  - 8) financial balancing entries and adjustments at fiscal closing, authorized by the Chancellor's designate, after departmental level business has been completed, which

has no effect on the cost objective of the expense incurred. This could include limited revenue and expense transfers based on prior written support agreements.

Reapportionments, funding adjustments, revenue transfers, and similar transactions which are not specifically mentioned above are not recharge transactions and should not use any accounts specifically designated for recharge transactions.

Where the same unit is providing recharged products or services to users under different activity types, separate projects may be required to account for transactions for the different activity types. Budget and Resource Management is authorized to establish requirements for such separate accounting.

[2 CFR Chapter II, Part 200, et al. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#) defines direct and F&A costs for purposes of accounting for federal funds. Under 2 CFR Chapter II, Part 200, recharges are considered direct costs to users. As such, no Recharge Activity will be approved that shifts 2 CFR Chapter II, Part 200 F&A costs to direct costs in violation of Uniform Guidance. All recharge activities are to ensure that if a federal funding source is charged, the charge must meet 2 CFR Chapter II, Part 200 standards.

## 2. Institutional Risk Categorization

Institutional risk categorization is the second component of a recharge proposal's classification. With the exception of common cost allocations, new and renewal proposals will be evaluated based on the following risk assessment criteria:

- a. Annual recharge activity plan. The dollar volume is defined as the total annual planned costs for producing the Recharge Activity's products or services. The dollar volume ranges are:
  - \$100,000 or less
  - Greater than \$100,000 but less than \$500,000
  - \$500,000 or greater (Recharge Activities in this range are required to have a user committee that includes representatives of the largest users of the Recharge Activity plus the Recharge Activity's manager. The user committee shall review recharge rates and rate development methodologies for new recharge activities and at the time of each renewal of previously approved recharge activities. Budget and Resource Management is authorized to establish additional requirements for user committees.)
- b. Percent of federal participation is based on anticipated revenue from federal fund sources. The percentage of federal participation ranges are:
  - 0% federal participation
  - Greater than 0% but less than 50% participation
  - 50% or greater participation

## 3. Review and Approval Type

Review and approval type is the third component of a recharge proposal's classification. It refers to the proposal review type and the duration of the rate approval. The review and approval types are:

- a. new Recharge Activity: establishes a Recharge Activity that did not exist before, or re-establishes one that was previously discontinued;
- b. renewal: used for any subsequent year of an existing Recharge Activity that previously received approval;
- c. rate change: a request to adjust the rates of an approved recharge activity based on changes in the operational cost with no change in the rate methodology;
- d. discontinuation or the termination and closing out of a Recharge Activity: Budget and Resource Management is authorized to establish appropriate forms, documentation, and procedures for discontinuing recharges;

- e. transfer of ownership: the ownership of an approved recharge activity is transferred from one department to another department;
- f. annual approval: covers one fiscal year;
- g. multi-year approval: covers more than one fiscal year; and
- h. permanent approval: recharge activity is permanently approved.

Budget and Resource Management is authorized to establish additional requirements for review types.

## B. Recharge Proposal Standards

Recharge proposals are required for all recharge classifications listed in Section III.A. However, the timing, documentation requirements, and review and approval process vary with the classification.

1. The responsible unit initiates proposals for review of new and renewal Recharge Activities, rate changes, discontinuation and transfer of ownership of recharge activities. Proposals for any other review types are initiated in an annual call letter to the campus issued by the Chancellor or the Chancellor's designate.
2. Recharge proposals are required to contain the appropriate forms, plans, rate lists, exhibits, and other documentation as prescribed by the final approving authority for the proposal as specified in Section X. Documentation submitted must be consistent with this policy guidance and procedures manual, and in particular with Section IV, which establishes rate development policy guidelines, except for Conferences as defined in Section XI.

## SECTION IV: RATE COMPONENTS / DEVELOPMENT

### A. Rates

Recharge rates are the estimated costs of providing service items, divided by the estimated number of service items to be provided. Service items are defined in Section II of Policy 250-11. Generally, recharge rates are computed using estimated costs and number of service items to be provided for a specified fiscal year.

### B. Service Items

1. A Recharge Activity provides one or more products or services to its customers. Each distinct good or service provided must have a unit of product or service, which becomes the basis for charging customers. This policy guidance and procedures manual refers to this unit of product or service as the "service item."
2. The ideal service item:
  - a. is identifiable and measurable;
  - b. is able to accurately reflect the resources necessary to produce it, especially the costs;
  - c. accurately reflects the extent of benefit received by the user.

Some examples of service items for products provided by a Recharge Activity are: each, per dozen, per gram, and per liter. Some examples of service items for services provided by a Recharge Activity are: per hour of machine time, per hour of labor time, and per test.

3. For each good or service provided, it is desirable to define a service item that meets all the properties for an ideal service item. There is usually at least one such service item for any good or service provided. Consideration will be given to approving an alternative service item that does not meet all the ideal properties where either:

- a. an ideal service item cannot be determined; or
- b. the cost or effort for the accounting or tracking of the ideal service item exceeds the benefit. However, the Recharge Activity must demonstrate the benefit received by customers using the alternative service item is not significantly different from that using the ideal service item, and may be required to do testing from time to time to ensure that no significant difference develops.

## C. Costs of Providing Service Items

### 1. General requirements

The following general requirements are applicable to all service items and all costs of the Recharge Activity:

- a. all costs of providing the service items (as identified below) must be included in the recharge plan;
- b. the same rate for identical service items must be applied to all users, with the exception of "federal" and "non-federal" rates as described in Section IV.C.7.b below. Exceptions to this policy will be reviewed by Budget and Resource Management on a case by case basis.
- c. all costs of the Recharge Activity must conform to generally accepted costing principles. Costs must be allowable, reasonable, identifiable, or reasonably allocable to providing the service items or the administering of the Recharge Activity, and consistently treated in like circumstances;
- d. the Recharge Activity must actually "pay" the costs of providing service items (i.e., incurred costs must actually be charged to the appropriate chartstring of the Recharge Activity).

### 2. Salaries, wages, and fringe benefits

Salaries and wages of personnel associated with providing the service items, maintenance of equipment used in the Recharge Activity, or directly administering the Recharge Activity (see Section IV.C.6 below) should be included. Associated fringe benefit costs should also be included.

### 3. Supplies and services

Supplies and services costs in circumstances like those noted in Section IV.C.2 above should be included. The following are examples of such costs:

- a. contracts or agreements with non-University vendors, including consultants to provide all or a portion of the service items or some component of the service items, for maintenance of equipment used in the Recharge Activity;
- b. chemicals, glassware, duplicating, data processing charges, professional certifications, etc.;
- c. janitorial, building maintenance, or other operations and maintenance costs paid by the Recharge Activity, provided such costs meet the general requirements.

### 4. Lease costs

#### a. Space Lease costs

If the Recharge Activity uses non-University owned space, lease costs should be included. If only a portion of the leased space is used by the Recharge Activity, only the proportionate cost as determined by the percentage of useable square feet should be included. Any costs for janitorial, building maintenance, and other operations and maintenance costs not covered by the lease costs should be included. In certain instances, auxiliary enterprise activities will be required to charge for a "lease equivalent" cost because the space they reside in has

been debt financed and this "lease equivalent" must be recovered. These instances will be approved on an exception basis only.

b. Equipment Lease Costs

1) Capital Leases

A capital lease is a lease or installment purchase that meets the following criteria:

- a) Asset being leased has initial value of \$100,000 or more, and
- b) Lease is non-cancelable, and
- c) Lease meets at least one of the following criteria:
  - i. Asset ownership transfers to UC at end of lease, or
  - ii. Lease contains a bargain purchase option, or
  - iii. Lease term covers 75% or more of the useful life of the asset, or
  - iv. Present value of the lease payments is at least 90% of the asset value.

Capital leases must be treated as though the University purchased the equipment with debt financing. As such capital lease payments are actually debt service payments, which must be appropriately split between principal and interest. Only the interest component of the capital lease payment can be directly charged to the appropriate operating Account-Dept ID- Fund-Project of the Recharge Activity. The principal component cannot be charged to the Recharge Activity operating fund; it must be charged to another fund. The principal component can be charged to the Recharge Activity's associated equipment renewal and replacement fund. The Controller's Office, Capital Accounting unit, is responsible for making the lease payments, therefore the Recharge Activity should work with Capital Accounting to insure the capital lease is correctly set up as defined in the [University of California Accounting Manual Procedures](#), and the lease payments properly allocated.

c. Operating Leases

Equipment operating lease costs should be included. If only a portion of the equipment is used by the Recharge Activity, only the proportionate cost should be included. The recharge activity should work with the Controller's Office to insure the lease payments are properly set up and allocated.

5. Inventorial equipment depreciation

**Definition of Equipment - New Threshold for Capital Equipment as of July 1, 2004**

Equipment with an acquisition cost of \$5,000 or more per unit is considered inventoried or capital equipment. Campus guidelines are available on the UCSF Controller's Office website:

[http://controller.ucsf.edu/capital/files/Capitalized\\_Asset\\_Management\\_Policy.pdf](http://controller.ucsf.edu/capital/files/Capitalized_Asset_Management_Policy.pdf). The purchase of inventoried (or capital) equipment is unallowable on a recharge. However, depreciation of inventoried equipment used in a Recharge Activity should be included where allowed. Generally, depreciation will be allowed for equipment meeting the following criteria:

- a. the equipment's depreciation is not already included in the campus F&A cost rate. This typically means that equipment depreciation must begin in the fiscal year it was purchased, and the UC property numbers of the equipment are supplied expeditiously to Budget and Resource Management so the equipment can be identified for exclusion from the F&A rate calculation. In no instances shall a Recharge Activity be allowed to start depreciating equipment if the costs were already included in the latest UCSF F&A rate proposal submitted to the federal government;



- b. the portion of the equipment's purchase cost paid by federal funds is excluded from depreciation calculations.

To be consistent with the campus financial reports and F&A rate proposal, depreciation should be calculated on a straight line basis with no salvage value using the useful life in the equipment Useful Life Schedule as issued by the Office of the President and is available online at <http://eulid.ucop.edu/index.php>. Please note that useful life schedules changed effective July 1, 2001. For equipment purchased prior to this date please continue using useful life spans approved in prior years. Alternatives to this depreciation methodology may be approved where the Recharge Activity can clearly demonstrate that the alternative method more accurately represents the actual usage, consumption, or life of the equipment.

Planned depreciation costs must be charged annually, at a minimum, to the appropriate operating Account-Dept ID-Fund-Project of the Recharge Activity with the offsetting credit to an associated equipment renewal and replacement fund in accordance with procedures established by the Controller's Office. The balance of the equipment renewal and replacement Dept ID-Fund-Project may only be used to purchase equipment for the Recharge Activity, to pay for the principal component of the Recharge Activity's capital lease payments, or to repay the original Dept ID-Fund-Project that provided the monies to purchase the equipment.

The equipment depreciation schedule form is included with the recharge proposal forms and must be submitted electronically with all recharge proposals, and at any time there is a change in equipment or related depreciation costs. Recharge units must use the Budget and Resource Management format. As of July 1, 2004 equipment with an acquisition cost of less than \$5,000 is not considered inventoried (or capital) equipment and must be charged directly to recharge activity operating funds. Equipment with an acquisition cost of less than \$5,000 and previously depreciated on a recharge should continue to be depreciated on the recharge until the equipment is: a) disposed of, b) fully depreciated, or c) no longer used by the recharge activity.

#### 6. Administrative costs of the Recharge Activity

Costs associated with the direct administration of a Recharge Activity are allowable expenses on a recharge plan and should be included. Such costs include salaries and wages, benefits, supplies, services, depreciation, etc., associated with the accounting, billing, purchasing, personnel, supervision, and other general support functions of the Recharge Activity.

#### 7. Unallowable costs

Certain costs are not allowed in recharge activities. There are two categories of unallowable costs:

##### a. costs never allowed:

- 1) acquisition costs of inventoried equipment (however, depreciation of such equipment is allowed. See Section IV.C.5.);
- 2) total costs of capitalizable renovations or leasehold improvements (see Section IV.C.11.);
- 3) principal payments of capital leases (see Section IV.C.4.).

##### b. costs not allowed when charging federal funds (including federal flow-through funds), **unless specifically allowed in the awarding documents** and/or specifically related to administering the recharge activity:

- 1) administrative costs (unless related to direct administering the recharge);
- 2) advertising for recharge products/services;
- 3) bad debts;
- 4) contingency or expansion reserves;
- 5) entertainment;
- 6) fines and penalties from violations of, or non-compliance with, any governmental laws or regulations;

- 7) interest expense, including Short Term Investment Pool (STIP). Annual net STIP interest expense must be transferred to a discretionary departmental fund source from all recharge activity operating and reserve funds. Interest paid to external parties related to capital leases and/or installment purchases of equipment is allowed if the criteria of Section IV.C.4.b.1) are met;
- 8) any cost already paid for by the federal government.

Different rates (a "federal" rate and a "non-federal" rate) for the same service can be calculated to accommodate recovery of unallowable costs above from non-federal users. The federal rate must be the lowest rate charged.

## 8. Reserves

A Recharge Activity may establish and make provisions for certain types of reserves as defined in the University of California Accounting Manual or this policy guidance and procedures manual. Examples of some reserves that are allowed include a renewal and replacement fund (see Section IV.C.5.) for reserving funds for equipment renewal and replacement, renovations or surplus external revenue (see Section VI.A.5.), and a working capital surplus (not to exceed two months of planned expenses for future operating costs).

Any reserves in a Recharge Activity must conform to applicable University policies and governmental regulations, and be documented in the recharge proposal and accounted for according to procedures prescribed by the Controller's Office or Budget and Resource Management. Any reserves, set-asides, or transfers not in accordance with policies and regulations (e.g., those for contingencies or expansion) are not allowed.

## 9. Surpluses and deficits

A surplus or deficit occurs in a Recharge Activity when actual revenues received during the fiscal year for providing the service items exceed or fall short of, respectively, the actual costs incurred during the fiscal year of providing service items.

It is common for recharge activities to have a surplus or deficit at the end of any specific fiscal year. This is because the actual revenues received and costs incurred during that year differ from the planned amounts used to calculate the charge rate. However, over a period of several fiscal years (not to exceed three years), it is expected that recharge activities will operate close to break-even. An exception is allowed for a working capital surplus as defined in Section IV.H.

The amount of "Surplus / (Deficit)" on the Recharge Plan Page in the actual base year column should exactly match the June 30 net position in the General Ledger (June 30 monthly report in MyReports). During the rate development process for a subsequent fiscal year, the projected deficit or surplus (in excess of any allowed working capital surplus from the current year) must be included as a reduction from or an addition to expenses in the subsequent fiscal year's plan and rate computation. In cases where inclusion of a surplus or deficit in the subsequent year would cause a severe fluctuation in the rates from one year to the next, approval may be granted to amortize the surplus or deficit over a period of up to three years. The surplus or deficit net position should be shown on a separate line in the plan.

In some instances, a Recharge Activity may provide its products or services through a structure consisting of multiple sub-activities within the overall Recharge Activity. Generally, each sub-activity will fully recover its own defined cost basis, except in such cases where the best interest of the institution is not served. In such cases, surpluses from one sub-activity may, based on an approved plan, offset deficits from another sub-activity within the overall recharge activity. These instances will require written approval of their formal plan.

Surpluses or other monies may not be transferred out of the Recharge Activity without authorization from the Chancellor or the Chancellor's designate. The Chancellor or the Chancellor's designate may grant exceptions to this section in limited cases where it can be demonstrated that the exception is necessary.

#### 10. Renovations and leasehold improvements

Depreciation of renovations and leasehold improvements used by a Recharge Activity should be computed in accordance with this policy guidance and procedures manual and included where allowed.

- a. Generally, depreciation will be allowed for leasehold improvements and renovations meeting the following criteria:
  - 1) the leasehold improvement or renovation is not already included in the campus F&A rate. This generally means that leasehold improvement or renovation depreciation must begin in the fiscal year it was completed, and the details of the leasehold improvement or renovation are supplied expeditiously to Budget and Resource Management so that it is excluded from the F&A rate calculation. In no instances will a Recharge Activity be allowed to start depreciating completed leasehold improvements or renovations if the costs were already included in the latest UCSF F&A rate proposal submitted to the federal government.
  - 2) the depreciated portion of the cost of the leasehold improvement or renovation was not paid from a federal fund source.
- b. To be consistent with the F&A rate proposal, depreciation should be calculated as follows:
  - 1) leasehold improvements: depreciation should be calculated on a straight-line basis with no salvage value over the remaining term of the underlying lease.
  - 2) renovations: the maximum annual amount that can be depreciated is the allocable portion of the building depreciation as determined under [2 CFR Chapter II, Part 200, et al. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.](#)
- c. Depreciation costs must be charged to the appropriate operating Account-Dept ID-Fund-Project of the Recharge Activity with the offsetting credit to an appropriate renewal and replacement Dept ID-Fund-Project in accordance with procedures established by the Controller's Office. The balance of the renewal and replacement Dept ID- Fund-Project may be used to repay the original Dept ID-Fund-Project, which provided the monies to pay for the leasehold improvement or renovation, building maintenance, or equipment replacement.

#### 11. Subsidies

- a. At the discretion of the department in which the recharge is based, and with the approval of the appropriate control point, recharge activities may be subsidized from other funding sources. Subsidies can be for any single one or combination of the following purposes:
  - 1) a billing subsidy to reduce the charge price of certain service items produced by the Recharge Activity (charging a portion of the billing rate to a subsidy project); or
  - 2) a general subsidy to the Recharge Activity to offset overall expenses (e.g. transferring operating deficits at fiscal year's end to a departmental discretionary project);

Subsidies may not be used to reduce the prices charged to selected users of the Recharge Activity in a discriminatory manner.

- b. The amount, funding source, and purpose of all subsidies must be disclosed in the Recharge

Activity's rate proposal. Subsidies from multiple funding sources are allowed; however, each must be disclosed separately.

- c. External users shall be billed for full direct and indirect costs. Unless the subsidy funding source (federal or non-federal) expressly specifies, external users shall not be subsidized. Application of subsidies to external users shall be reviewed on a case by case basis.
- d. It is important for departmental, school, and campus-wide resource management to properly recognize subsidies when they occur. The following examples are some situations where subsidies must be disclosed.
  - 1) the dean or vice chancellor provides "core support" or "general funding" to the Recharge Activity;
  - 2) the department "writes-off" the Recharge Activity's deficit at the end of the year to another Dept ID-Fund-Project.

e. Recharge Activities and Program Income

UCSF should not use sponsored projects to directly subsidize a recharge activity. However, sponsored projects can provide billing subsidy for eligible participants to receive recharge services. The billing subsidy process results in no program income to the federal award, only direct costs. To facilitate this process, the full costs of operating the recharge are included in the recharge project and an appropriate rate(s) is developed and approved for customer(s). Then, when services are provided to a customer, who is an eligible participant of a sponsored project may pay a portion of the established recharge rate. The sponsored project needs to ensure that they are paying a consistent rate for all eligible participants.

Recharges receiving subvention from federal fund sources are considered as program income activities. Recharges with program income must follow accounting procedures as defined in the [UCSF Policy 400-18](#).

12. Allocating joint costs to service items

A Recharge Activity that provides more than one service item may have costs that apply jointly to two or more of the service items. In order to compute a charge rate, such joint costs must be allocated to the individual service items to which they apply. This allocation can be done on any basis that appropriately reflects the relative benefit of the joint costs to the individual service items. Some common bases for allocating joint costs are FTEs, chargeable labor hours, hours of machine usage, and assignable square footage.

A Recharge Activity with joint costs may have a single pool of joint costs, or multiple pools of joint costs that are allocated on different bases. For each pool of joint costs, the recharge proposals should show the basis used to allocate the joint cost pool and computations supporting the allocation of joint cost pool to the individual service items.

13. Model for Calculating a rate based on per hour of labor

When the rate calculation is based on a per hour labor service unit, the rate per hour should reflect only the employee's billable time. A sample billable hour calculation follows:

Standard FTE annual working hours	2,088
Less vacation leave (15 days x 8 hours)	(120)
Less sick leave (12 days x 8 hours)	(96)

Less holiday leave (13 days x 8 hours)	(104)
Less administrative time (average)	(48)
Billable Hours	<u>1,720</u>

Annual Salary + Benefits = \$60,000  
 Billable Hours = 1,720 hours (see definition and example above)

Rate calculation: \$60,000 / 1720 hours = \$34.88 per hour

#### D. Auxiliary Enterprise Units

Auxiliary enterprise units, as defined by the [UC Business and Finance Bulletins](#) need to also develop fully-costed rates as part of their business practices. However, they are granted much more latitude in how they establish their pricing lists than are recharge activities. Generally, recharges only constitute a very small percentage of an auxiliary's business base and they are not subject to the same detailed level of review and scrutiny as recharge activities. Auxiliaries are required to submit business plans detailing the methodologies used in establishing rates and reflecting the distribution of revenues between recharges and other revenue sources for each activity for which recharges are a revenue source. The recharge proposal format may be used for the auxiliary business plan. However, review of the business plan will focus on ensuring that they do not charge unallowable costs to state, federal, or other restricted fund sources and that all costs included in rate development are allowable under applicable state or federal policies and regulations. Auxiliaries are required to submit business plans and rates for approval by the Chancellor or the Chancellor's designate annually.

#### E. Plans Greater than \$500,000

Recharge activities with planned expenditures greater than \$500,000 must establish a user committee and identify the committee's members. The user committee must review and approve the proposed rates before review and approval by Control Points and final approval by Budget and Resource Management. Documentation of user committee review and approval must be provided with the proposal and kept on file in the department of record.

#### F. Costed Central Activities

Activities that receive funding from two or more major UCSF control points are not a recharge activity, but may be required by the funding control points to cost their activities. UCSF recharge policy does not apply to these activities. See also definition for Costed Central Activities under [Policy 250-11](#).

#### G. NIH Salary Cap

All recharge proposals submitted for approval should apply the full salary (including over the cap salary) for faculty salary planned on a recharge. NIH salary cap is not applicable to recharge rate development as long as the faculty FTE effort included in the rate calculation solely supports the recharge activity.

#### H. Working Capital

Although recharge activities are expected to operate close to break even on an annual basis, federal policy allows over or under recovery of one month planned expense, and UCSF recharge policy allows recharge activities to retain a reserve (up to 60 days of planned expense) as "Working Capital" (see UCSF Recharge Policy 250-11, Section III.A.3.c at <http://policies.ucsf.edu/policy/250-11>).

## I. Proposal Forms

The recharge proposal forms are revised annually (see Attachment Three - Recharge Proposal Forms of the annual Recharge Activity Proposals Review Process Letter) and include checklists to assist departments in the completion of proposals. Please do not use prior versions of the forms. Note that the recharge proposal forms include “cell comments” which contain important instructions. These cell comments can be viewed electronically or on hard copy by printing the forms.

## J. Proposal Signatures

Authorized department administrators are required to certify that they have reviewed the recharge proposal for compliance with federal regulations and campus policies. As all proposals and approvals are required to be submitted electronically, the required signature pages can be scanned and e-mailed to Recharge Review, or proposals can be certified by email. Approvals no longer require written signatures of Department Administrative Officer/MSO and/or Control Point for Dean/Vice Chancellor on Proposal Page 1 as long as a certificate of approval and validation of review is provided via email at the time of submission. A certification statement for approval via email is included in the Recharge Proposal Cover Page (Proposal Page 1).

## K. Reversing or Correcting Previous Recharges

If a previous recharge transaction to a user needs to be reversed, a credit should be posted to the user in the same account as the original recharge, by debiting the recharge Dept ID-Fund-Project in the recharge revenue account and crediting the user Dept ID-Fund-Project in the expense account via a SC 555 recharge journal.

If a previous recharge transaction to a user needs be corrected and moved from one Dept ID-Fund-Project to another, the original department's expense account should be credited and the new department's expense account should be debited via a SC 535 cost transfer journal.

## L. Short-Term Investment Pool (STIP) Interest

Effective July 1, 2014, no STIP revenue or expense should be allocated to recharge projects. No action is required, as the STIP distribution model in the New Chart of Account is allocating STIP earnings to Project 1111111. If the department chooses to utilize earned annual net STIP revenue to offset expenses in the recharge project, instead of transferring the STIP revenue to the recharge project, a subsidy should be applied.

# SECTION V: RECHARGE PROPOSAL SUBMISSION DATES AND PROCEDURES

## A. Recharge Review Process

A risk level will be assigned based on the level of institutional risk for all recharges except for Common Cost Allocations (CCAs). Institutional risk will be determined based on the total annual plan and anticipated percentage of federal participation (e.g. – anticipated revenue from federal fund sources) as shown in the table below:

		Federal Participation				
		0%	> 0% to < 50%	50% or higher		
		A	B	C		
Annual Budget	< or = \$100,000	I	Low	Low-Medium	Medium	→ Category 1
	> \$100,000 and < \$500,000	II	Low-Medium	Medium	Medium-High	→ Category 2
	> or = \$500,000	III	Medium-High	Medium-High	High	

- **Category 1** proposals, which include CCAs, Low, Low-Medium, and Medium risk proposals should be submitted directly to Recharge Review for review and approval, with a copy sent to the Control Point.
- **Category 2** proposals, which include Medium-High and High risk proposals, should be submitted to the Control Point for financial and functional review prior to forwarding to Recharge Review for a compliance review and final action. In addition, all projects with a plan greater than \$500,000 still need to obtain user committee approval, and only after both the Control Point and user committee have approved a recharge proposal should it be forwarded to Recharge Review for final action.
- The length of an approval will be based on assigned risk level.
- Related requirements and due dates are outlined in the annual Recharge Activity Proposals Review Process Letter (Attachment 1).

## B. Multi-Year Approval Duration

The duration of rate approval is tied directly to the recharge’s risk level as shown in the table below. These approval periods assume there has been no change in rate calculation methodology.

Risk Level	Reviewer(s)	Approval Duration
Common Cost Allocations / Low	Recharge Review	Permanent
Low-Medium	Recharge Review	5 years
Medium	Recharge Review	3 years
Medium-High	Control Point and Recharge Review	2 years
High	Control Point and Recharge Review	1-2 years

## C. Base-year Rate Calculation Model

In this model, actual financial data from a base year (the most recently completed fiscal year) is used to develop a proposal and rates in a preparation year (the current fiscal year) for use by a recharge activity in an implementation year (subsequent fiscal year). Implementation year is the year in which the new rates take effect at the start of the fiscal year as of July 1st. Estimated preparation year net position must be included in the adjusted net position applied to the proposed plan.

## D. Changes in Recharge Rate Calculation Methodology

A change in rate methodology occurs when either a unit of service used to calculate the rate is changed to a different unit of service (i.e. when the service unit was based on volume representing a per unit rate changed to a service unit based on labor representing a per hour rate), or when there is a change in the way the joint or overhead costs are allocated among the various service items or products within a recharge (i.e. when the overhead cost allocation was distributed based on FTE counts changed to allocation based on assignable square footage).

## E. Adjustments to Operational Costs and Approved Rates

Both Category 1 and 2 recharge activities are authorized, upon approval from Budget and Resource Management, to change their rates annually effective July 1 based on changes in their operational costs and to prevent substantial over / under recovery within a multi-year approval period as long as the rate calculation methodology does not change. Examples of approved operational cost changes that can lead to an adjustment in rate include changes in salaries or wages, the addition of new equipment depreciation, a change in planned FTE, an adjustment to planned working capital, the addition or deletion of a capital lease, added building depreciation, the addition of a subsidy, or to account for net position. Such rate changes are discouraged more than once per fiscal year. Rate or plan change requests for an upcoming fiscal year should be submitted to Recharge Review before July 1 including the following:

- Revised plan page;
- Revised rate list;
- Anticipated revenue from federal fund sources (%);
- Complete equipment depreciation schedule (if applicable); and
- User committee approval (if applicable).

Recharge activities with changes in equipment depreciation that does not result in significant or material changes to the operational costs or to the rate are not required to adjust their plan or rate. However, a revised equipment depreciation schedule must be submitted to Recharge Review before commencement of depreciation.

Category 1 recharge activities that wish to change their rates should submit their request directly to Recharge Review and a copy to Control Point.

Category 2 recharge activities that wish to change their rates must obtain User Committee (for plans over \$500,000) and Control Point approval before submitting their request to Recharge Review.



Recharge Proposal Submission Guidelines				
Type of Proposal	Submission Due Date	What to Submit	Category	Submit to?
New recharge activities	Two months prior to start date	Full proposal	Category 1	Submit directly to Recharge Review for functional, financial and compliance review, and copy to Control Point
			Category 2	Submit to Control Point for functional and financial review, receive user committee approval if needed, then Control Point will forward proposal to Recharge Review for a compliance review and final action
Renewal of existing recharge activities  (Proposal submitted during the final year of approval. Once approved, rates will become effective July 1 of the next fiscal year.)	Between Nov 1, and Feb 25 of final year of approval*	Full proposal	Category 1	Submit directly to Recharge Review for functional, financial and compliance review, and copy to Control Point
			Category 2	Submit to Control Point for functional and financial review, receive user committee approval if needed, then Control Point will forward proposal to Recharge Review for a compliance review and final action
Recharge activities that wish to change only their recharge plan or rates during a multi-year approval  (Once approved, rates will become effective July 1 of the next fiscal year.)	Between Apr 15 and May 31*	<ul style="list-style-type: none"> <li>• Revised plan page</li> <li>• Revised rate list</li> <li>• Anticipated revenue from federal fund sources (%)</li> <li>• Complete equipment depreciation schedule (if applicable)</li> </ul>	Category 1	Submit directly to Recharge Review for functional, financial and compliance review, and copy to Control Point
		<ul style="list-style-type: none"> <li>• Revised plan page</li> <li>• Revised rate list</li> <li>• Anticipated revenue from federal fund sources (%)</li> <li>• Complete equipment depreciation schedule (if applicable)</li> <li>• User committee approval (if applicable)</li> </ul>	Category 2	Submit to Control Point for functional and financial review, receive user committee approval if needed, then Control Point will forward proposal to Recharge Review for a compliance review and final action

**Note:** Proposals submitted after the established submission deadline are not guaranteed to have their rate(s) reviewed and approved in time to go into effect at the start of the next fiscal year.

## SECTION VI: EXTERNAL USERS AND REVENUE

### A. External Revenue of Recharge Activities

1. Products or services will not be sold to external users except in the following circumstances:
  - a. the sale is related to the University's mission of teaching, research, and public service (e.g., the work will yield data of value to ongoing University research or will provide students with training in specialized techniques), and service to University users will not be impaired as a result, or;
  - b. the products or services are not reasonably available elsewhere and the sale is not otherwise inconsistent with University objectives, or;
  - c. the products or services provided by the unit are primarily for the convenience of students, employees, or patients (e.g., the bookstore, food service, Library copier, and housing).

2. Unrelated Business Income Tax (UBIT)

External revenue generated by activities or programs not substantially related to the University's tax-exempt functions is considered unrelated business income and subject to federal income taxation. The generation of such income is not, in itself, reason for withholding approval for establishing a Recharge Activity.

New or existing recharge activities or service items within an existing recharge activity that generate more than 5% of their revenue from external sources must complete an UBIT Non-Financial Questionnaire for all such activities in accordance with procedures established by the Controller's Office. Upon approval of an external rate, the recharge activity must contact the Controller's Office for UBIT determination.

3. F&A Cost Recovery

Recharge activities providing services to external users must charge F&A rate in addition to the total direct cost based rate (see UCSF Recharge Policy 250-11, Section III.A.4. at <http://policies.ucsf.edu/policy/250-11>). Effective July 1, 2008 the Service Center rate applied to all external recharges and to external sales of education related activities is 26% of total direct costs (TDC), (20.6 % of revenue). University-wide policy requires external users to pay at least full University costs, both direct and F&A. Recovery of F&A costs shall be accomplished by applying the external sales overhead rate to the developed cost-based recharge rates for products or services provided to external users. Budget and Resource Management will publish the external sales overhead rate annually.

- a. University-wide policy requires funds representing recovered F&A costs be placed into a reserve account under control of the Chancellor. (See [UC Business and Finance Bulletins, Academic Support Unit Costing and Billing Guidelines \(A-56\), Section IV.H.](#)) F&A rate collected from external users is automatically transferred from the recharge activity's fund to a Chancellor's reserve fund. Therefore, the F&A rate recovery is not included in the recharge plan.
- b. Waivers of indirect cost recovery may be granted to units in accordance with the [UC Business and Finance Bulletins, Academic Support Unit Costing and Billing Guidelines \(A-56\), Section V.A-B.](#) All such waiver requests must be submitted to BRM in writing with each recharge proposal.

4. Formal Agreements

Effective July 1, 2001, recharge activities receiving revenue from external users must establish a formal agreement in order to mitigate institutional risk and to be in full compliance with campus policies governing recharge activities. Budget and Resource Management will review and approve the recharge proposal and rate(s) and forward the approved proposal and rate(s) to Government & Business Contracts of the Office of Sponsored Research to initiate and execute the agreements.

5. Surplus Revenue Generated from External Users

If surplus revenue is included in an external rate, the applicable F&A rate must be applied to both the cost base rate and the surplus revenue. The surplus revenue may be used as a subsidy to offset costs in the operating fund to adjust the rate or can be transferred from the sales and service center's operating fund to a reserve and replacement fund or a surplus revenue sub-project under the recharge parent project at least annually.

**B. Deposits of External Revenue**

External revenue should be deposited using external revenue Account 42105 and using the recharge activity chartstring for the deposit transaction.

## **SECTION VII: RECHARGE DISCONTINUATION AND TRANSFER PROCEDURES**

### **A. Discontinuation of an Approved Recharge Activity**

To discontinue an approved recharge activity, a request must be submitted to Budget and Resource Management, Recharge Review one month following the end date that includes:

1. the activity's cessation date;
2. a financial reconciliation of the activity (net position)
3. a financial reconciliation of all associated reserve funds (net position); and
4. the proposed disposition of recharge net position(s):
  - a. deficit balances must be charged to a discretionary fund source;
  - b. generally surplus balances will be returned to the users, however disposition of surplus balances will be determined on a case by case basis.

Recharge activities are not formally terminated until the recharge unit receives written approval of their proposed disposition of fund balance(s). Units providing any goods or services to external sources should contact the Government & Business Contracts of the Office of Sponsored Research for appropriate disposition of existing agreements with external clients.

### **B. Transfer of Ownership of an Approved Recharge Activity**

To transfer ownership of an approved recharge activity from one department to another, a request must be submitted to Budget and Resource Management, Recharge Review one month before the transfer date including:

- the effective date of the transfer;
- a financial reconciliation of the activity (net position);
- approval signature from both department MSOs including agreement on terms of:
  - a. net position and personnel transfers,
  - b. transfer of reserve fund net position, if applicable;
- the new Department will need to provide a Dept ID, and request to keep the same project ID or request a new project ID;
- if there are changes in rates and rate methodologies, the new Department needs to submit a full proposal in accordance with the annual recharge review submission guidelines (all Recharge Proposal forms).

Budget and Resource Management will issue a written approval of the transfer.

<b>Recharge Activity Discontinuation and Transfer Submission Guidelines</b>				
<b>Type of Proposal</b>	<b>Submission Due Date</b>	<b>What to Submit</b>	<b>Category</b>	<b>Submit to?</b>
Requests to discontinue recharges	One month following the end date	Request to discontinue, which includes: <ul style="list-style-type: none"> <li>• activity's cessation date;</li> <li>• financial reconciliation of the activity (net position); and</li> <li>• financial reconciliation of associated reserve fund (net position)</li> <li>• proposed disposition of recharge net position(s).</li> </ul>	Category 1	Submit directly to Recharge Review for review and final action. Control Point may be contacted to address net position
			Category 2	Submit to Control Point for review and action net position, then Control Point will forward proposal to Recharge Review for final action
Requests to transfer ownership of recharges	One month before transferring ownership	Request to transfer ownership, which includes: <ul style="list-style-type: none"> <li>• the effective date of the transfer;</li> <li>• a financial reconciliation of the activity (net position);</li> <li>• approval signature from both department MSOs including agreement on terms of: <ul style="list-style-type: none"> <li>– net position and personnel transfers,</li> <li>– transfer of reserve fund and net position – if applicable;</li> </ul> </li> <li>• the new Department will need to provide a Dept ID, and request to keep the same Project ID or request a new Project ID;</li> <li>• if there are changes in rates and rate methodologies, the new Department needs to submit a full proposal in accordance with the revised recharge review process (all Recharge Proposal forms).</li> </ul>	Category 1	Submit directly to Recharge Review for functional, financial and compliance review, and copy to Control Point
			Category 2	Submit to Control Point for functional and financial review, receive user committee approval if needed, then Control Point will forward proposal to Recharge Review for a compliance review and final action.

## SECTION VIII: POST-OPERATION REQUIREMENTS

### A. Record Retention

Sales and service center activities have primary responsibility for maintaining all records necessary to support and document their operations in accordance with [University record retention](#) requirements. This includes, as appropriate:

1. rate lists;
2. plans;
3. rate computations, including support for any allocations used to compute rates, such as those for allocating joint costs (see Section IV.C.13.);
4. records of products or services actually provided to users, including any consumed by the sales and service center itself;
5. amounts charged to users;
6. expenses incurred for providing products or services, including personnel expenses;
7. identification of revenues and expenses to specific products or services where the activity provides multiple products or services;
8. appropriate handling of surpluses and deficits;
9. any time and motion studies or other special studies used to assign or determine costs;
10. supporting documentation for using an alternative service item (see Section IV.B.3.);
11. support for reserves allowed under Section IV.C.9.;
12. expenses charged against reserve and replacement fund of the sales and service center.

### B. Audits

Audits of the University may require participation by departments responsible for sales and service center operations when the scope of these audits warrants it. In such cases, the department employee designated as having responsibility for a recharge activity will be contacted as far in advance as possible by the Budget and Resource Management Office.

Sales and service centers are subject to audit as long as the contract or grants which they charge (either directly or indirectly) remain subject to audit requirements. Sales and service centers are also subject to periodic review by the University's Audit Committee and by external auditors, to evaluate compliance with established university policies and accounting practices. Therefore, sales and service center activities must be adequately documented and records maintained to support expenditures, billings, rate development and cost transfers as outlined in Record Retention above.

## SECTION IX: FORMS AND TRAINING DOCUMENTS

### A. Forms

Recharge proposal documents such as recharge proposal forms, salary and benefits projection, and billable hours calculation worksheet can be found in the Budget and Resource Management website in the Recharge Review section of [Policies, Procedures and Forms](#).

### B. Training Documents

Recharge training documents can be found in the Budget and Resource Management website in the [Recharge Training, Job Aids, and FAQs](#) section of Recharge Review.

## SECTION X: EXTERNAL SALES AND SERVICES OF EDUCATION RELATED ACTIVITIES

### A. Definition

External Sales and Services of Education Related Activities are the sales of products or services to EXTERNAL customers only (defined as not able to be charged via a recharge journal. Instead, costs are invoiced and payment is received by cash, check, or credit). Sales of products or services to internal customers only or to both internal and external customers are classified as recharge activities. Internal customers account for their transactions through the University's accounting systems via recharge journals. Other UC campuses are considered internal users and should be charged the internal rate via intra-campus journal. UCSF Guidelines and Requirements for Funds Received from Extramural Sources, Section F.3 defines External Sales and Services of Education Related Activities as the following:

1. The product or service to be provided must have some integral relationship with the instruction, research or public service missions of UCSF.
2. The product or service yields some identifiable benefit to UCSF.
3. External customers may not be charged less than total costs.
4. Business contracts between external customers and the Regents of the University of California are required.
5. 26% F&A rate (service center rate) must be included in the fee or price charged for the product or service.
6. The product or service is not reasonably available elsewhere.
7. Unrelated Business Income Tax and Sales Tax review is required.
8. UCSF assumes no obligation beyond delivery of a standardized University product or service at a pre-established, per unit, uniform price which does not include activities such as:
  - non-standardized testing
  - sales of survey services (data collection and/or data analysis)
  - services to industry agreements
  - educational services provided at a sponsor's site for sponsor's personnel
  - product or services that are patient care or research
  - use of unique facilities, including staff support or analytical services
  - sales of consulting services
  - agreements with non-University hospitals or clinics to provide medical services
  - agreements to test a company's drug or device

### B. Proposal Submission

For new services or products to be provided to external users only, a **new** External Sales and Services of Education Related Activity Request that includes a completed Business Contract Request Form and a Rate Calculation Sheet must be submitted to BRM, Recharge Review.

For new services or products to be provided as **part of an existing** External Sales and Services of Education Related Activity a **revised** External Sales and Services of Education Related Activity Request that includes the additional services and rates must be submitted to BRM, Recharge Review.

To determine whether this will be a program income activity, see the following documents on the Controller's Office website for additional policies, procedures and guidance on program income activities:

1. [400-18 Program Income for Extramural Funds](#)
2. Program Income for Sponsored Awards – Job Aid \*\*\* **Currently under revision**\*\*\*

If the new service or product is a program income activity, refer to Budget and Resource Management's website under [Policies, Procedures and Forms](#) and submit a full recharge proposal.

### C. External Sales and Services of Education Related Activity Submission Process

Once it is established that the activity is provided to external customers only and that there is no program income, determine whether the proposed External Sales and Services of Education Related Activity is consistent with definitions provided in the UCSF Guidelines and Requirements for Funds Received from Extramural Sources, Section F.3 and proceed with the following:

1. Obtain approval from Departmental Business Officer;
2. Obtain approval from the Control Point (Dean's or Vice Chancellor's Office) to conduct the service or provide the product;
3. Contact the [Government and Business Contracts Unit of the Office of Sponsored Research](#) to draft contract(s) / agreement(s) with external users;
4. Submit a completed External Sales and Services of Education Related Activity Request ([External Sales and Services of Education Related Activities Request Form](#) and [Attachment 1 - Rate Calculation Worksheet](#)) to [BRM, Recharge Review](#), including the following:
  - a) Documented approval from Departmental Business Officer and Control Point (Dean's or Vice Chancellor's Office);
  - b) Purpose of work;
  - c) Relation between proposed service and UCSF's mission;
  - d) List of external clients;
  - e) Proposed rate methodology and calculation;
    - Cost estimate
    - Units of service (e.g., per test, per labor hours, per machine hours, etc.)
    - Proposed rate methodology narrative
    - Rate calculation, including 26% F&A rate (Service Center Rate)
    - Revenue calculation
    - Dept ID
5. Obtain approval from BRM, Recharge Review and request a new Project which will be used exclusively for the sales and service activity to account for all transactions and collect external revenue for the approved product(s) and service(s).
6. Contact the Government and Business Contracts Unit of the Office of Sponsored Research to review and execute the contract(s) / agreement(s) with external users. Include applicable overhead at the service center rate (26%);
7. Contact the Controller's Office for guidance on Unrelated Business Income Tax (UBIT);
8. Revenue collected from external customers should be deposited into external revenue account 42105 and the indirect cost component of the revenue will be assessed automatically.



## SECTION XI: CHARGING FOR UCSF SPONSORED CONFERENCES AND CONTINUING EDUCATION TYPE COURSES

UCSF sponsored conferences and continuing education type courses are not recharges. The guidelines to recover costs of a UCSF sponsored conferences and continuing education type courses are outlined in this Section. This Section does not apply in instances where a conference is wholly supported from sources other than charges to participants, e.g., gifts, endowments, corporate support, etc.

### A. Definitions

**Conference:** any conference, retreat, symposium, seminar, meeting, or continuing education type course sponsored by a UCSF department where all or part of the costs of putting on the conference are paid either directly by the participants, UC fund sources, or by others on their behalf. A conference can be either one time only or offered on a regular occurring basis. A conference may include non-UC participants. This definition does not include routine training courses on campus procedures or on particular campus products or services (such as those offered through Development & Training or the Center for Knowledge Management). Courses falling into this latter group shall continue to be governed by the main UCSF Sales and Service Center Policy (see UCSF [Administrative Policy 250-11](#)).

**Continuing education type course:** any class or course of instruction, which is of a continuing education or scientific nature. This includes post-graduate or post-certification professional training courses whether or not the course offers continuing professional education (CPE, CME, CDE, etc.) credit. This definition does not include courses, which are part of the curricula leading to a degree or professional certification.

**Scientific conference:** a conference as defined above with the following additional criteria:

- The conference is for the exclusive purpose of sharing scientific or research information.
- The conference must include participation by UCSF faculty.
- The conference must have a written agenda or program that is distributed to the participants before the conference begins.
- Generally, no discussion of UCSF curricula, teaching, training, departmental administrative, general, or clinical operations is allowed. This does not preclude the conference from including discussions or sessions on research of a clinical nature, or on research related to teaching methods, techniques, or effectiveness.
- The length of the conference must be half a day (4 hours) or more.
- The conference may include participation by UCSF scientific staff, post-doctoral scholars, or students or by external parties in addition to UCSF faculty.
- The UC participants may be from a single UC department or from multiple departments.
- Conference sessions may include, but are not limited to, lectures, group discussions, and poster sessions. UCSF faculty or staff may have responsibility for developing or conducting one or more sessions of the conference.

**Sponsored by a UCSF department:** the UCSF department responsible for managing and accounting for the costs of the conference.

**UCSF department:** any UCSF department, division, school, organizational unit, or combination thereof.

### B. Charging Guidelines

1. The amount of the charge should be based on the actual costs of putting on the conference. If it is not possible and practical to base charges on actual costs, the charge amounts can be based on the anticipated costs of putting on the conference. When the amount charged is based on anticipated costs, any surplus or deficit attributable to charges to UC fund sources resulting from the difference between actual vs. anticipated costs must be treated as follows:
  - a. Carried forward and applied to the next related conference, or

- b. Refunded or charged on a pro-rata basis to the same chartstrings initially charged (i.e., "adjust" the amount of the initial charge), or
  - c. In case of a deficit only, written-off to a discretionary departmental fund source.
- 2. Allowable, unallowable and reasonable conference cost determination should follow UCSF Administrative Policy 300-43, Travel and Meeting/Entertainment. Any conference charge to a UC fund source must also comply with all applicable regulations and policies pertaining to specific fund sources, such as provisions of 2 CFR Chapter II, Part 200, et al. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, when charging federal and state sponsored research fund sources. These regulations include, but are not limited to, the degree of benefit provided to the specific project or activity charged, allowability under the specific award or fund source, reasonableness of the charge, and exclusion of unallowable costs.
- 3. To comply with [2 CFR Chapter II, Part 200, et al. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.](#), and related Cost Accounting Standards, federal fund sources (including federal flow-through funds) may only be charged for participants of a scientific conference or continuing professional education credit conference/course needed to maintain the participant's professional certification. Federal training or fellowship grants may be charged for appropriate training conferences/courses attended by covered trainees/fellows when the event is part of their training program supported by the grant. Participants paying via a UC fund source may not be charged more than external participants nor may participants paying via a federal fund source be charged more than any other class of participants.
- 4. The UCSF department sponsoring the conference is required to:
  - a. Substantiate the accuracy of charges to UC fund sources for participants' attendance.
  - b. Maintain records sufficient to verify compliance with all applicable institutional and funding source regulations and policies. Such records will contain at a minimum:
    - 1) A brief description of the conference's purpose;
    - 2) a conference program or agenda;
    - 3) a list of all participants, titles and affiliations;
    - 4) list of the participants paying via a UC fund source;
    - 5) identification of any sources of subsidy or other support for the conference;
    - 6) documentation of computation(s) of the amount(s) to be charged to participants;
    - 7) documentation of computation(s) of the amount(s) actually charged to UC fund sources;
    - 8) valid justification for any differential rates charged; and
    - 9) other appropriate documentation such as a full accounting of actual costs and revenues (both internal and external), a budget of the expected costs, enrollment forms, participant's qualifications and / or justification of benefit to a particular project.
- 5. Course Accounting
  - a. The cost of a participant attending a UCSF sponsored conference that is to be charged to a UC fund source should be processed as a regular Journal Entry (Source code 53x) transaction.
  - b. The chartstrings charged for the participants' attendance will debit account 57825.
  - c. Credits will be made in account 42104 or 42107 to the chartstring that incurred the conference costs.
  - d. The following documentation is required on (or attached to) the Journal Entry form submitted to the Controller's Office:
    - 1) A brief description of the conference's purpose;
    - 2) the conference's program or agenda;
    - 3) a list of conference participants, titles and affiliations covered by the Journal Entry with corresponding UC chartstrings and amount(s) charged for each participant;
    - 4) a certification by a knowledgeable and responsible sponsoring department individual that the charges on the Journal Entry form are proper and in conformance with the charging practices for UCSF sponsored conferences and continuing education type courses; and
    - 5) the signature of the sponsoring department's business officer.

- e. Departments may wish to account for these activities in a distinct project. Contact the Controller's Office to establish a new project ID.