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A8.900 ACCOUNTING FOR RESEARCH & TRAINING
CONTRACTS & GRANTS

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A8.930 Services with the Research Corporation of the University
of Hawai'i

1. Purpose

To insure that services directed by the University of Hawai'i (UH) to the Research Corporation of the University of Hawai'i (RCUH) are consistent with the intent and purposes set forth in: (1) HRS, Chapter 307, as amended; (2) UH/RCUH Basic Internal Agreement dated June 12, 1973, as amended; and (3) UH/RCUH Revolving Fund Master Agreement dated January 18, 1978, as amended.

2. Objectives

To establish guidelines and procedures that govern the undertakings and services that may be directed to RCUH including the review and approval process.

3. Definition of Terms

- a. UH/RCUH Basic Internal Agreement: An agreement between the UH and the RCUH which establishes the relationship, appropriate undertakings and services that may be directed to RCUH, the responsibilities of each party, and the review, processing and approval requirements for the use of RCUH services in accordance with the intent and purpose of the law. A reference copy of the UH/RCUH Basic Internal Agreement is available in the Contracts and Grants Management Office (CGMO).
- b. UH/RCUH Revolving Fund Master Agreement: An agreement between the UH and RCUH which sets forth the fiscal relationship and responsibilities involving the provision of goods and services that are charged directly to users which include University departments,

sponsored agreements, and affiliated governmental or private agencies based on the actual use of services. A reference copy of the UH/RCUH Revolving fund Master Agreement is available in CGMO.

- c. UH/RCUH Internal Service Order: A delivery order issued by the UH in accordance with the UH/RCUH Basic Internal Agreement which authorizes the RCUH to act as the UH agent in providing all necessary and required administrative and financial management services in support of a particular research and training program or activity (Attachment A for sample of the request form).
- d. RCUH/UH Internal Service Order: A delivery order issued by the RCUH in accordance with the UH/RCUH Basic Agreement which authorizes the UH to act as the agent for RCUH in providing all necessary administrative and financial services where the RCUH is the prime contractor or recipient of a contract/grant.
- e. Individual Transaction: A purchase order or contract issued by the UH authorizing the RCUH to deliver prescribed goods or services at a specified price and time frame. Under this relationship, RCUH serves as a vendor to the University and is responsible for meeting the requirements of the procurement contract in a timely and satisfactory manner.
- f. UH/RCUH Revolving Fund Internal Service Order: A delivery order issued by the UH in accordance with the UH/RCUH Revolving Fund Master Agreement which authorizes the RCUH to establish, operate, and manage a revolving fund to provide goods and services of a specific or specialized nature on a cost-reimbursable user fee basis (see Attachment B for sample).
- g. RCUH Direct Project: Contracts and grants which may be awarded directly by extramural agencies to the RCUH as the prime contractor or grant recipient responsible for the overall performance, adequacy, and completion of work prescribed under a sponsored agreement.

4. Applicability

These guidelines and procedures apply to: Internal Service Orders, UH/RCUH Revolving Fund Internal Service Orders;

Individual Transactions; and RCUH Direct Projects that require the use of UH facilities, equipment or personnel.

5. Guidelines

RCUH may be requested to provide services in support of the UH when it is determined that the UH cannot effectively and efficiently carry out the operational needs of certain programs and activities which require administrative and operational flexibility not normally permitted under State regulations and directives. This determination shall be made by a Chancellor, a Provost if so designated, or an authorized Dean/Director.

The UH shall not request the services of RCUH for purposes of convenience or to avoid statutory requirements not intended to be exempt by the Legislature in creating RCUH.

The following criteria shall govern the conditions under which certain undertakings and services may be provided by the RCUH.

- a. On-going or contingency situations that cannot be readily anticipated and which require immediate action for the successful completion of the program or activity. Such conditions include but are not limited to the following:
 - (1) The program needs are unique, complex and require close and prompt attention during implementation, manufacture or installation of a product and which may also require extensive travel, communication, or coordination;
 - (2) Urgent or unusual requirements of the program which do not permit the normal advertising requirements prescribed under State law; or
 - (3) Substantial increase of costs with serious program effects if purchase(s) cannot be placed immediately.
- b. Much of the operation will be conducted outside the State or involve private organizations or foreign governments and involve unusual and complex requirements.

- c. Personnel requirements cannot be readily secured through the normal UH and State procedures because of the unique nature of such services, the urgency of need, the limited duration of employment, or other exceptional circumstances.
- d. Goods and services on a cost-reimbursable "user fee basis" are required to support and enhance research and training activities of the UH which could not otherwise be implemented due to the high cost of specialized facilities, equipment, personnel, and maintenance of operations (e.g., research vessel and technical shop-type operations).

UH programs and personnel must remember that service orders or any transactions which utilize the services of RCUH do not relieve the UH of ultimate responsibility and accountability for the timely and proper completion of a contract or grant.

6. Procedures for UH/RCUH Internal Service Orders

a. Processing and Approval Requirements

- (1) The Principal Investigator (PI) shall consult with the assigned Fiscal Officer (FO) to discuss the unique operational requirements of the program to determine if the program or activity could be better serviced by the RCUH.
- (2) If it is determined that the operational needs of the program meet the requirements outlined in Section 5 above; an original and two (2) copies of the UH/RCUH Internal Service Order Form shall be prepared for review and approval by the FO, Chancellor/Dean/Director of the unit and RCUH.
- (3) The FO of the unit shall review and approve RCUH Internal Service Order Forms to insure;
 - (a) proper completion and approval by the appropriate Chancellor/Dean/Director;

- (b) that the identified funding amount and performance period are consistent with the sponsor's authorization, and;
 - (c) that the contract or grant award that is being service ordered to RCUH has been executed by the sponsor and formally accepted by the UH. A copy of which has been attached to the request form, including general and special provisions, and approved program budgets. This is applicable only to externally financed programs and activities of the UH to insure that RCUH is fully aware of all requirements imposed by the sponsoring agency.
- (4) The following procedures pertain if the account has not been previously established on the UH master file.

(a) The FO of the unit shall:

- (1) Insure that a Request for Account Code Form (UH Form 21) is properly completed in accordance with APM A8.612 for all projects service ordered to RCUH. This project account code is established with the applicable UH major organization code and shall not be utilized for any purpose other than to record and summarize all financial transactions between the UH and RCUH.

Note: Receipt of a fully executed contract or grant award is mandatory for establishing a corresponding UH project account code for service ordered projects.

Assignment of the Fiscal Officer (FO) shall be made in accordance with the following:

- a. Federal (F) and Trust (P) accounts shall be designated with the FO code '041'.

b. General (G), Revolving (R) and Special (S) accounts shall be designated with the appropriate UH department FO code.

(2) Insure that a copy of Research and Training Budget Status Report Input Form (RTBSR - CG Form 1) which identifies the authorized project period, total amount of approved funding, specific fund allocations by major categories of expenditures, and applicable indirect cost rate and base is properly completed in accordance with APM A8.946.

(3) Insure that a copy of Cost Sharing Input Form (CG Form 2) is properly completed in accordance with APM A8.947 for those programs and activities which require documentation of cost sharing or matching by the sponsor.



(4) Forward the following forms to RCUH as one Service Order Package:

- (a) Original and two (2) copies of the UH/RCUH Internal Service Order Form
- (b) Original Request for Account Code Form
- (c) Original RTBSR Input Form
- (d) Copy of proposal
- (e) Copy of contract or grant award
- (f) Original Cost Sharing Input Form, if applicable

(b) RCUH shall:

(1) Review and approve the Internal Service Order Form. If there is a need for intra-University service such as hiring of UH personnel, use of UH specialized service facilities, bookstore purchases, telephone toll charges, duplicating services, mail charges, etc., a separate Agency (A) account code must be

established by RCUH in accordance with APM A8.612. This clearing account shall have appropriation code 'A-993' and a major organization code ranging from '921' to '929'. All Agency (A) accounts with a reciprocal Federal (F) account, shall be designated by RCUH with the appropriate UH department FO code.

- (2) Review and initial the FO designation on the original Request for Account Code Form, for all Federal (F) and Trust (P) accounts, to insure that FO designation is '041'.
 - (3) Retain the following for their files:
 - (a) Original UH/RCUH Internal Service Order Form
 - (b) Copy of the original Request for Account Code Form
 - (c) Copy of the original RTBSR Input Form
 - (d) Copy of proposal
 - (e) Copy of contract or grant award
 - (f) Copy of original Cost Sharing Input Form, if applicable
 - (4) Forward the following forms to the CGMO:
 - (a) Copy of the UH/RCUH Internal Service Order Form
 - (b) Original Request for Account Code Form
 - (c) Original RTBSR Input Form
 - (d) Original Cost Sharing Input Form, if applicable
- (c) CGMO shall review the Request for Account Code, RTBSR Input and Cost Sharing Input forms for accuracy and completeness. Upon approval, the Request for Account Code shall be forwarded to the Central Accounting Office (CAO) for establishment.

- (5) The following procedures pertain if the account has been previously established on the UH master file.
 - (a) The FO of the unit shall forward the following forms to RCUH as one Service Order Package:
 - (1) Original and two (2) copies of the UH/RCUH Internal Service Order Form
 - (2) Copy of the original Request for Account Code Form
 - (3) Copy of the original RTBSR Input Form
 - (4) Copy of proposal
 - (5) Copy of contract or grant award
 - (6) Copy of the original Cost Sharing Input Form, if applicable
 - (b) RCUH shall:
 - (1) Review and approve the Internal Service Order Form. If there is a need for intra-University service such as hiring of UH personnel, use of UH specialized service facilities, bookstore purchases, telephone toll charges, duplicating services, mail charges, etc., a separate Agency (A) account code must be established by RCUH in accordance with APM A8.612. This clearing account shall have appropriation code 'A-993' and a major organization code ranging from '921' to '929'. All Agency (A) accounts with a reciprocal Federal (F) account, shall be designated by RCUH with the appropriate UH department FO code.
 - (2) Complete a Fiscal Accounting File Maintenance Form, requesting that the FO designation in the UH master file, for all Federal (F) and Trust (P) accounts, be changed to '041'.
 - (3) Retain the following for their files:
 - (a) Original UH/RCUH Internal Service Order Form

- (b) Copy of the Request for Account Code Form
- (c) Copy of the RTBSR Input Form
- (d) Copy of proposal
- (e) Copy of contract or grant award
- (f) Copy of the Cost Sharing Input Form, if applicable
- (g) Copy of the Fiscal Accounting File Maintenance Form

(4) Forward the following forms to the CGMO:

- (a) Copy of the UH/RCUH Internal Service Order Form
- (b) Original Fiscal Accounting File Maintenance Form
- (c) CGMO shall review any Fiscal Accounting File Maintenance Form for accuracy and completeness. Upon approval, the Fiscal Accounting File Maintenance Form shall be forwarded to CAO for establishment.

b. Responsibilities For Management UH/RCUH Service Ordered Projects

- (1) The PI shall be responsible and accountable for the scientific and technical performance requirements prescribed under the contract or grant award. Responsibilities shall include the review and approval of program expenditures to insure only proper and allowable costs are charged in strict compliance with the terms and conditions of the award agreement and approved program budgets, and a monthly review and monitoring of program performance and financial status to insure applicable time schedules and overall program objectives are satisfactorily completed within the sponsor's authorized funding and project period.

The PI's shall also be responsible for the hiring, supervision, and termination of project personnel hired through RCUH and UH for their respective, service-ordered projects.

- (2) The Chancellor/Dean/Director shall assume the full responsibility for the overall performance of work conducted by the PI and shall monitor and insure that all deliverables and performance requirements are satisfactorily completed including the submission of final technical reports to sponsors.
- (3) The RCUH shall be responsible for: all business, legal, and fiscal matters including the review, processing, and approval of all commitments and disbursements; the proper maintenance of original book of entries including the retention of all official records and documents relating to such commitments and disbursements; the provision of necessary working capital in support of operational requirements of service ordered projects; the preparation and submission of financial status reports, vouchers and billings, and other required reports to CGMO for review, approval and transmittal to the sponsoring agency; and the provision of monthly RCUH financial status reports to the PI.
 - (a) RCUH shall not process commitments and disbursements that are not properly authorized or within the scope and provisions of the sponsor's contract or grant award. The RCUH shall refer any concerns and questions to the appropriate PI for resolution. If resolution is not possible at this level, it will then be referred to the appropriate Chancellor/Dean/Director. If prior sponsor approval of expenditures is required, RCUH shall notify and consult with the PI, and insure that an appropriate written request is made to the sponsor in accordance with the "Postaward Change" requirements prescribed under APM A8.926.
 - (b) RCUH shall comply with the manpower certification requirements for UH personnel assigned to RCUH in accordance with APM A8.948 and adhere to the administrative and financial management requirements prescribed under APM A8.926 for federally financed research and training programs.




c. Payment for Costs Incurred by RCUH

Unless a letter-of-credit or other advance funding arrangement has been authorized by the sponsoring agency, payments to the RCUH for costs incurred under internal service orders shall be processed after the close of each month.

- (1) Externally financed service order payments shall be processed and coordinated by CGMO upon receipt of monthly summaries of expenditures and an Authorization for Payment Form (UH Form 2) from RCUH.
 - (a) RCUH shall identify the unique service order project number and UH project account code for each service order project and provide summary totals of program expenditures. Program expenditures that are exempted from indirect cost such as stipends, tuition, subcontracts in excess of the first \$25,000 and equipment acquisition shall be separately identified. If not correctly reflected on the UH project account, RCUH shall reclassify these costs to the proper object symbol category on a monthly basis to insure accurate and timely computation of indirect cost charges.
 - (b) Equipment expenditures, including fabrication charges must be supported with a description of each item, the make or manufacturer, model number, serial no., date of purchase, acquisition cost including freight and delivery charges and location of equipment to insure proper recordation in the UH's property inventory records.
- (2) Payment on general fund service orders shall be initiated and coordinated by the appropriate department or unit by processing an Authorization for Payment (UH Form 2) upon receipt of invoices from RCUH. RCUH invoices must identify the service order project number, UH account code and equipment acquisitions as noted above to insure the proper recording of inventory items.

7. Individual Transactions

a. Guidelines

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- (1) Individual transaction must meet the requirements of the Guidelines in Section 5 of this APM.
 - (2) Individual positions that are service ordered to RCUH should be limited to temporary classified positions for technical personnel including but not limited to instrument makers, technicians, draftsmen, etc. General purpose clerical or administrative support positions should not be hired through RCUH to circumvent established personnel systems and procedures for BOR and Civil Service employment.

b. Processing and Approval Requirements

(1) General

Since individual transactions are handled via the issuance of a UH purchase order or contract to RCUH; the procedures prescribed under APM A8.200 through APM A8.590 shall govern the processing and approval requirements.

(2) Additional Requirements for Individual Positions Service Ordered to RCUH from Federal (F) Accounts

- (a) The following objects symbols are required on purchase orders:

| | |
|------------------------|------|
| Personal Services Cost | 2001 |
| Fringe Benefit Cost | 2040 |

- (b) The Fiscal Officer is responsible for insuring that the above object codes are used.

c. Reimbursement of Services Provided by RCUH

(1) General

RCUH shall invoice the appropriate UH organizational unit(s) in accordance with the terms

and conditions specified under the authorized UH Purchase Order (PO) or contract. Payment shall be initiated and coordinated by the FO in accordance with APM A8.270 for PO's, and APM A8.330 for contracts.

(2) Additional Requirements for Individual Positions Service Ordered to RCUH from Federal (F) Accounts

(a) RCUH will prepare invoices no less frequently than monthly and that coincide with one or more pay periods.



(b) Invoices submitted by RCUH will include the following certification:

I certify that the amount being charged to this UH account code is correct based upon authorized work performed by RCUH employee listed above.

Principal Investigator

Date

(c) Action to be taken by the Principal Investigator

(1) Review RCUH invoice for accuracy.

(2) Insure that all purchase order changes such as, change in account code, extension of work/performance period, increase/decrease in encumbrance amount, etc., are coordinated through the departmental FO prior to the issuance of final payment.

(3) Sign, date and return original RCUH invoice to the FO for processing.

(d) Action to be taken by the Fiscal Officer

(1) Verify and match Receiving report with RCUH invoice

- (2) Review RCUH invoice for PI's signature and date
- (3) Insure that the labor charges are in accordance with the terms and conditions specified on the authorized UH purchase order.
- (4) Assure that purchase order changes such as, account code, the extension of work/performance period, increase/decrease in encumbrance amount are promptly entered into the University system.
 - (a) Initiate a purchase order change form (POCF) prior to the final payment to ensure continuation of payment.
- (5) Forward matched and reconciled invoice and receiving report or photocopy to Disbursing for payment.

8. Revolving Fund Internal Service Orders

a. Definitions

- (1) Revolving Fund: A revolving fund project is a self-sustaining, income-generating project that is established for the purpose of supporting a specialized service activity, a recharge center, and other sales and service activities.
 - (a) Specialized Service Facilities: An institutional service involving the use of highly complex or specialized facilities to extramural and University funded activities on an on-going basis. Specialized service facilities should have revenue of greater than \$250,000 per year or will be considered a recharge center.
 - (b) Recharge Centers: An institutional service involving the use of highly complex or specialized facilities to extramural and

University funded activities on an on-going basis. Recharge centers may be classified as a specialized service facility if revenues exceed \$250,000 in providing their service.

- (c) Other Sales and Services: This revolving fund category includes all other activities which generate income from providing special expertise or services to primarily non-university extramural funded activities. These type activities may have Federal users. Typical types of revolving funds classified under the sales and services category include projects for:

- (1) Conferences and training
- (2) Publication sales
- (3) Lodging arrangements
- (4) Specialized consulting services
- (5) Specialized procurement services

- (2) UH/RCUH Revolving Fund Master Agreement: An agreement between the UH and RCUH which sets forth the fiscal relationship and responsibilities involving the provision of goods and services that are charged directly to users which include University departments, sponsored agreements, and affiliated governmental or private agencies based on the actual use of services. A copy of the Master Agreement is available at the RCUH and the UH CGMO.

- (3) UH/RCUH Revolving Fund Internal Service Order: A delivery order issued by the UH in accordance with the UH/RCUH Revolving Fund Master Agreement which authorizes the RCUH to establish, operate, and manage a revolving fund to provide goods and services of a specific or specialized nature on a cost-reimbursable user fee basis.

b. Criteria for Acceptance by RCUH

- (1) Specialized Service Facilities, Recharge Centers, Other Sales and Services

A revolving fund project is accepted if it qualifies under terms of the Revolving Fund Master Agreement. The following criteria govern the conditions under which certain undertakings and services may be provided by the RCUH.

- (a) On-going or contingency situations that cannot be readily anticipated and which require immediate action for the successful completion of the program or activity. Such conditions include but are not limited to the following:
 - (1) The program needs are unique, complex and require close and prompt attention during implementation, manufacture or installation of a product and which may also require extensive travel, communication, or coordination;
 - (2) Urgent or unusual requirements of the program which do not permit the normal advertising requirements prescribed under State law; or
 - (3) Substantial increase of costs with serious program effects if purchases(s) cannot be placed immediately.
- (b) Much of the operation will be conducted outside the State or involve private organizations or foreign governments and involve unusual and complex requirements.
- (c) Personnel requirements cannot be readily secured through the normal UH and State procedures because of the unique nature of such services, the urgency of need, the limited duration of employment, or other exceptional circumstances.
- (d) Goods and services on a cost-reimbursable "user fee basis" are required to support and enhance research and training activities of the UH which could not otherwise be implemented due to the high cost of specialized facilities, equipment, personnel,

and maintenance of operations (e.g., research vessel and technical shop-type operations).

- (e) Assurance that the proposed Revolving Fund Principal Investigator/Project Manager assigned by the Dean, Director, or Chancellor is not the Principal Investigator of UH or RCUH projects which will use the services of the Revolving Fund; and that the Revolving Fund P.I. is organizationally responsible directly to the assigning Director, Dean or Chancellor for the operational and financial management of the Revolving Fund.

c. Establishing the Revolving Fund Project

(1) Specialized Service Facilities

- (a) The Revolving Fund Administrator, CGMO, and the PI will discuss the purpose for establishing the project, the source of funds which will support the project, the proposed budget on anticipated income and expenditures.
- (b) The PI requests the establishment of a revolving fund account by preparing a Revolving Fund Service Order Request Form.
- (c) The PI submits the Revolving Fund Service Order Request form to the Department Chairman, the Fiscal Officer, and the Dean or Director of the Institute, Chancellor or his designee if necessary, for their signatures. When approved, the request form shall be sent to the Executive Director, RCUH, for approval consideration.
- (d) Upon approval by RCUH to service order, the specialized service facility rates will then be presented by the University to ONR for approval. These rates are subject to audit by DCAA. Upon approval by ONR, the specialized service facility will be serviced and maintained by RCUH.

- (e) The specialized service facility rates will include its allocable share of indirect costs, that is negotiated with ONR.

(2) Recharge Centers, Other Sales and Services

- (a) The Revolving Fund Administrator and the PI will discuss the purpose for establishing the project, the source of funds which will support the project, the proposed budget on anticipated income and expenditures.
- (b) The Revolving Fund Administrator will classify the revolving fund (recharge center, or other sales and services) based on activity, equipment used, and projected revenue. The PI will then be informed of the classification and of the reporting requirements, rate structure, etc. associated with the particular revolving fund.
- (c) The PI requests the establishment of a revolving fund account by preparing a Revolving Fund Service Order Request Form.
- (d) The PI submits the Revolving Fund Service Order Request form to the Department Chairman, the Fiscal Officer, and the Dean or Director of the Institute, Chancellor or his designee if necessary, for their signatures. When approved, the request form shall be sent to the Executive Director, RCUH, for approval consideration.
- (e) The Department Chairman, Dean or Director, Chancellor will assign a Project Manager to perform the operational and financial management of the project.
- (f) After a Revolving Fund Service Order has been approved by the University and accepted by RCUH, the revolving fund will be serviced and maintained by RCUH.

d. Initial UH Revolving Fund Service Order Request

(1) Specialized Service Facilities, Recharge Centers

The following financial and operational information shall be part of the initial Revolving Fund Service Order Request form:

(a) Justification

Present clear and concise rationale which ascertains that the need for proposed Revolving Fund to be established by RCUH satisfies the criteria outlined in 8.b. Criteria for Acceptance by RCUH above.

(b) Description

Set forth a comprehensive description including the purpose and scope of the proposed Revolving Fund.

(c) Management Review Plan

Summarize an administrative and financial management review process by which user charges shall be periodically evaluated by the Principal Investigator to insure the financial stability and self-sufficiency of operations.

(d) Distribution Base

Set forth proposed basis for charging user projects for goods provided or services rendered such as units of goods produced or time allocated for respective job orders.

(e) Operating Budget and Initial Rate Determination

Estimated financial requirements must be provided before a revolving fund will be established at RCUH. The minimum requirements are as follows:

1. Annual Operating Budget

Provide detailed annual operating budget by major income and expenditure categories which sets forth the projected annual operating requirements of the proposed revolving fund activity. Costs assigned to the activity must be essential to the purpose for which the activity has been established. These shall consist of wages, wage-related costs, supplies, materials, and equipment depreciation. Equipment depreciation will be computed on a straight-line basis for that equipment acquired or fabricated through the RCUH Revolving Fund.

Recharge Centers shall include the RCUH management fee as a component into the operating budget.

2. Initial Rate Determination

Establish an initial user recharge rate(s) which will usually equate to the total Annual Operating Budget divided by the total projected distribution base, which does not discriminate between federal and non-federal sponsored activities. The Federal government cannot be charged a rate greater than any other user.

3. Selecting the Distribution Base for Rate Setting

The recharge rate or rates of each Revolving Fund shall be designed and administered to charge benefiting users or projects to recover not more than the aggregate cost of services or goods produced over the expected term of the Revolving Fund activity. In establishing a Revolving Fund recharge rate or rates, a distribution base shall be selected which is reasonably measurable and representative of the service or goods being rendered or produced. Examples of

recharge distribution base are composite labor hours; ship day at sea; computer CPU minutes, etc. It is recommended that the rate setting process on a proposed new Revolving Fund be coordinated with the RCUH Revolving Fund Administrator.

- (f) Expenses shall not be incurred and fees shall not be charged as a specialized service facility until receipt of written ONR approval.

(2) Other Sales and Services

The following are the reporting requirements required on the initial Revolving Fund Service Order Request form:

Sections (a), (b), and (c) as described above, if applicable.

(d) Operating Budget and Initial Rate Determination

(1) Annual Operating Budget

Provide detailed annual operating budget by major income and expenditure categories which sets forth the projected annual operating requirements of the proposed revolving fund activity.

(2) Initial Rate Determination

Generally rates charged to University users should be based on a cost of service basis. Rates charged to non-University users can be established at going market rates or other acceptable bases and does not restrict against the recovery in excess of costs for providing the service.

e. Responsibilities for Revolving Fund Internal Service Orders

(1) Specialized Service Facilities, Recharge Centers

- (a) The PI or Project Manager is responsible and accountable for the day to day operational and financial management of the revolving fund project. Responsibilities include the following:
- (1) Direct, coordinate, and manage the scientific and technical performance requirements of operations and satisfy requests for goods and services from users;
 - (2) Review and approve all expenditure transactions to insure charges are made in accordance with the user's authorized purchase order or contract, and in compliance with the intent and purpose of the authorized revolving fund;
 - (3) Monitor and insure the timely issuance of invoices to using projects including the follow-up on outstanding invoices;
 - (4) Review, reconcile, and monitor monthly RCUH Project Budget Status Reports to insure financial stability and solvency of operations, the proper recordation of expenditures and receipts, and to cause the initiation of corrective journal entries as required;
 - (5) Prepare and submit an annual proposed rate schedule for the review and approval by the Chancellor/Dean/Director, RCUH Comptroller, and cognizant federal agency and auditor (if applicable); and
 - (6) Prepare and submit an annual financial report on operations via the Chancellor/Dean/Director for review and approval by the RCUH Comptroller, and cognizant federal agency and auditor (if applicable). The final report must identify the actual revenue collections

and expenditures including over/under variances.

- (b) The Chancellor/Dean/Director has responsibility for the overall operation and management of the revolving fund project and shall work closely with RCUH to insure proper controls are established to safeguard the financial stability and self-sufficiency of operations and that all goods and services provided thereunder are in conformance with the intent and purpose of the authorized revolving fund project.
- (c) The RCUH shall operate, manage, and be responsible for all business, legal, administrative and fiscal matters including but not limited to procurement, property management, personnel management, insurance, accounting, reporting, audits and the provision of necessary working capital to support the operational requirements of all revolving fund service order projects. RCUH shall also be responsible for the following:
 - (1) Insure that commitments and disbursements are properly authorized by the PI/Project Manager and within the scope, policy, and purpose of the approved revolving fund project.
 - (2) Conduct periodic financial status reviews of all service ordered revolving fund projects to determine the adequacy of financial positions and self-sufficiency of operations;
 - (3) Insure that the requisitions to RCUH for materials, equipment, travel, and personnel requirements document that the goods or services being requisitioned are allocable to and benefit the purpose of the Revolving Fund.
 - (4) Insure that any rate computation process is consistent with the federal cost

principles prescribed under OMB Circular A-21, that user charges do not discriminate against federal and non-federal users, and do not recover more or less than the aggregate cost of providing goods/services to users;

- (5) Insure projected current year and prior year actual over and under recoveries from operations at fiscal-year-end are properly included as an adjustment to the proposed rate structure for the new fiscal year;
- (6) Conduct periodic field audits to insure the integrity of accounting transactions and financial reports received by RCUH. Issue audit report to Project Manager and Chancellor/Dean/Director summarizing findings.
- (7) Coordinate financial audit requirements performed by DCAA or an independent certified public accountant and to resolve any findings; and
- (8) Provide the UH with an annual report summarizing the financial status of each authorized revolving fund service order project.

(1) Other Sales and Services

- (a) The PI or Project Manager is responsible and accountable for the day to day operational and financial management of the revolving fund project. Responsibilities include the following:
 - (1) Review and approve all expenditure transactions to insure charges are made in accordance with the user's authorized purchase order or contract, and in compliance with the intent and purpose of the authorized revolving fund;

- (2) Monitor and insure the timely issuance of invoices to using projects including the follow-up on outstanding invoices;
 - (3) Review, reconcile, and monitor monthly RCUH Project Budget Status Reports to insure financial stability and solvency of operations, the proper recordation of expenditures and receipts, and to cause the initiation of corrective journal entries as required;
 - (4) Prepare and submit an annual financial report on operations via the Chancellor/Dean/Director for review and approval by the RCUH Comptroller. The final report must identify the actual revenue collections and expenditures including over/under variances.
- (b) The Chancellor/Dean/Director has responsibility for the overall operation and management of the revolving fund project and shall work closely with RCUH to insure proper controls are established to safeguard the financial stability and self-sufficiency of operations and that all goods and services provided thereunder are in conformance with the intent and purpose of the authorized revolving fund project.
- (c) The RCUH shall operate, manage, and be responsible for all business, legal, administrative and fiscal matters including but not limited to procurement, property management, personnel management, insurance, accounting, reporting, audits and the provision of necessary working capital to support the operational requirements of all revolving fund service order projects. RCUH shall also be responsible for the following:
- (1) Insure that commitments and disbursements are properly authorized by the PI/Project Manager and within the scope, policy, and

purpose of the approved revolving fund project.

- (2) Conduct periodic financial status reviews of all service ordered revolving fund projects to determine the adequacy of financial positions and self-sufficiency of operations;
- (3) Insure that the requisitions to RCUH for materials, equipment, travel, and personnel requirements document that the goods or services being requisitioned are allocable to and benefit the purpose of the Revolving Fund.
- (4) Coordinate financial audit requirements performed by DCAA or an independent certified public accountant and to resolve any findings; and
- (5) Provide the UH with an annual report summarizing the financial status of each authorized revolving fund service order project.

f. Utilization of RCUH Revolving Fund

UH users requiring goods and services from an RCUH revolving fund project must issue a UH purchase order requisition to the RCUH in accordance with APM A8.200 through APM A8.590. The requisition must specifically identify the RCUH revolving fund project from which goods and services are being requested, including the RCUH project account number, the description and quantity of required goods and services, the unit cost, the total authorized amount of purchase requisition, and the required delivery date(s). The requisition must be signed by the program's appropriate approving authority and the FO.

g. Reimbursement of Services Provided by RCUH

- (1) RCUH shall invoice all users directly for goods and services provided under the revolving fund project by identifying the goods or services provided, the

unit cost, and total charges. RCUH invoices must identify the requesting UH user and reference the authorized purchase requisition number, the revolving fund service order project number and title (Attachment C).

- (2) Reimbursement by UH users shall be initiated and coordinated by the FO in accordance with APM A8.270 by processing an Authorization for Payment Form, (UH Form 2), to the UH Disbursing Office.

h. Termination of a Revolving Fund

- (1) Specialized Service Facilities, Recharge Center




The RCUH requires adequate advance notice from the Principal Investigator via the appropriate Chancellor/Dean/Director of the intent to terminate a Revolving Fund and close all accounts and billings applicable to the Revolving Fund. This notice shall include a expenditure/revenue plan to project a zero fund balance status upon the termination date. Additionally, if Revolving Fund activities and support services become minimal or idle, either the appropriate Chancellor/Dean/Director or the RCUH Executive Director may propose and negotiate the termination of the Revolving Fund. Deficit account balances must be resolved and disposition of surpluses from RCUH to UH must be established before a Revolving Fund account is terminated and closed. Upon termination, any change to equipment assigned to a Revolving Fund in terms of equipment location or assigned custody shall be reported to UH/PPMO by the Principal Investigator/Program Director.

- (2) Other Sales and Services

Requirements the same as above, excluding the requirement for the expenditure revenue plan projecting a zero balance upon the termination date. Deficit account balances must be resolved and disposition of surpluses from RCUH to UH must be established before a Revolving Fund account is terminated and closed.

9. RCUH Direct Projects Requiring UH Facilities, Equipment, or Personnel

a. Processing and Approval Requirements

- (1) RCUH shall prepare a proposal to the collaborating department or unit identifying in detail the UH resources required to support an RCUH direct project. The proposal must be accompanied with a completed ORA Form 5, "University of Hawai'i (Systemwide) Proposal Coordination Record" and processed in accordance with the procedures prescribed in APM A8.910 (see Attachment D of APM A8.910 for sample).
- (2) The proposal and RCUH/UH Internal Service Order Form together with the ORA Form 5 shall be forwarded to the appropriate Department Chairperson and Fiscal Officer, Chancellor/Dean/Director, and ORA for review and approval.
-  (3) ORA shall coordinate and notify RCUH on the UH's acceptance or denial of the proposed collaboration.

b. Reimbursement of Services Provided by UH

- (1) Personnel Cost - UH personnel assigned to an RCUH direct project shall be charged to a unique UH clearing account authorized by RCUH. The UH shall be reimbursed monthly by RCUH for personnel costs based on the actual salary and fringe benefit charges reflected on the encumbrance and expenditure ledgers of the clearing account.
- (2) Facilities and Equipment Usage Charges - Costs relating to the use of UH facilities and equipment shall be determined by CGMO for each fiscal year based on actual utilization as provided by the RCUH Comptroller. Reimbursement of costs by RCUH shall be made in accordance with the UH/RCUH Basic Internal Agreement dated June 12, 1973, as amended.

10. Procedures for Payment of Management Charges to RCUH

The UH shall pay RCUH a management fee on a quarterly basis for fiscal and administrative services provided on internal service orders and individual transactions.

- a. Two weeks prior to the beginning of each quarter, RCUH will submit to the Office of Research Administration, a request for payment of the agreed upon estimated management fee.
- b. Upon approval, the Disbursing Office shall prepare and send a check to the Treasury Office for pick up by RCUH within the first week of each quarter.
- c. For Revolving Fund Service Orders, management fees are charged directly to the separate funds.