

# SPECIAL FUND RESEARCH RECHARGE CENTERS (SRRC)

## PROCEDURAL GUIDELINES

### I. What is a Special Fund Research Recharge Center (SRRC)?

An SRRC refers to a special fund that includes Specialized Service Facilities (SSFs), Core Facilities and Recharge Centers which are self-sustaining, income-generating projects which provide goods or services to support contracts, grants or other sponsored agreements and intramurally funded activities on an ongoing basis primarily for users within UH. Cost of providing goods or services are recovered through charges to users. Auxiliary enterprises (e.g. facility operations, student housing and parking) which are used by students and employees as individuals are not considered to be SRRCs, therefore this procedural guide would not apply.

### II. Considerations for Establishing and SRRC

Prior to establishing an SRRC, the following should be considered:

1. Is there a recurring need for this good/service by more than one unit/department/customer?
2. Is the good/service unique or specialized?
3. Is this good/service already available at UH?
4. Would it be primarily for internal users (over 50% of costs incurred for internal users)?
5. Would the activity be self-sustaining? If not, is there a guaranteed source for subsidies?
6. Can reasonable rates be developed based on budgeted costs and usage?
7. Can the SRRC comply with requirements outlined in this guide?

### III. Accounting

#### KFS SRRC Account

Once an SRRC Proposal is approved the FA should create the account in KFS with the attributes designated in Attachment A. Prior to 9/1/2023, SRRC accounts can be established with an approved "Revolving Account Service Order Request". Effective 10/1/2023, the approved SRRC Proposal must be attached to the account create eDoc. The FA should also create budgets (see IV. Budgets below).

#### Reserve Sub-Accounts

If equipment replacement costs are being accumulated, a separate reserve sub-account should be created. Since the cost of equipment charged directly to the SRRC is limited to depreciation amounts, additional reserves can be captured in a separate sub-account. The source of funds cannot be transferred from the operating SRRC account but other funding sources can be used. The reserve sub-account can also be used for income from external customers above the actual costs / rates charged to internal customers.

### Property

For FY2023, in lieu of the annual inventory certification, RCUH will be sending out an SPO-26 (Transfer of Property) for each project. The signed form and decals should be returned to RCUH as soon as possible. The Capital Asset Accounting Office (CAAO) will record assets in the KFS Capital Asset system. For future years, UH Property and Equipment policies and procedures shall apply.

#### IV. Operating Budget and Projection

An SRRC operating budget with current YTD actual amounts and a one-year projection should be prepared for each project and updated annually in conjunction with the renewal. The purpose of this budget / projection is to identify projected sources of revenues and related expenditures required to calculate a billing rate. See Attachment B for an RCUH Budget to UH Object Code Crosswalk. At a minimum, budgets for salary, fringe benefits, equipment and other should be provided. More detailed budgets / projections can be established if it would assist the project with meaningful variance reports and monitoring of net income / loss throughout the fiscal year. The RCUH Management fee will also be assessed and should be included as an indirect cost item. See Attachment C for budget / projection template.

The campus Chart Managers should be contacted for KFS SRRC budget requirements. Refer to KFS Budget User Guide <https://www.hawaii.edu/fmo/financial-systems/policies-and-guidelines/>.

#### V. Rate Development

Rates for billing users should be calculated to recover the total operating costs of the SRRC. The billing rate should be calculated by dividing the total costs by a usage base. Selecting an appropriate usage base (e.g. consumption, output and cost of sales) is key to ensuring the most accurate application of costs to users. The usage base should have a direct relationship with the cost of providing the service and it should be practical to track this usage base to create bills and support rate calculations.

The rate calculation will be an estimate of the operating costs (both direct and indirect) of the SRRC, adjusted for any prior surpluses or deficits, divided by an estimate of the usage base. Please do not use rates based on prevailing market rates, rates used at other institutions, or any other method not based on projected costs and volumes. Refer to Attachment D for rate template.

Internal customers should only be charged for the costs of the goods/services provided. A markup can be added for rates assessed on external customers.

#### VI. Invoicing

Internal customers – UH departments / units

Internal Billing - This eDoc is used to for bills for goods or services provided by one university department / unit to another, reflecting interdepartmental income to the provider and expense to the customer. Refer to Financial Processing / Internal Billing User Guide at:

<https://www.hawaii.edu/fmo/financial-systems/policies-and-guidelines/>

Service Billing - This e-doc is similar to the Internal Billing document but does not route for approval. Use of this document is restricted to specified users and only authorized income accounts may be entered. Refer to Financial Processing / Service Billing User Guide at:

<https://www.hawaii.edu/fmo/financial-systems/policies-and-guidelines/>

#### External customers – non-UH departments / units

Accounts Receivable represents money owed to UH for goods sold or services rendered. In general the KFS Accounts receivable module should be used. Refer to [Administrative Procedure 8.651, Non-Student Accounts Receivable and Delinquent Financial Obligations](#) and Accounts Receivable at <https://www.hawaii.edu/fmo/financial-systems/policies-and-guidelines/#acctrec>

The income and expense object codes should reflect the nature of the activity (i.e. goods or services provided). Refer to Attachment 1 for list of available income object codes. On the expense side, object code 7285 “OTHER RCUH REVOLV FUND PROJECTS” should no longer be used.

#### VII. Receipts and Cash Handling

The Treasury Office is responsible for the University’s banking function, oversight of cash handling and management, establishment of electronic funds transfer (EFT) agreements, EFT notifications to departments, bank and deposit reconciliation, dishonored checks, and change fund administration. Refer to [AP 8.701 “Receipting and Depositing of Funds Received by the University”](#) for procedures on receipting, depositing, recording, reconciling and safeguarding of funds received. If payments are received electronically, please provide your customers with the [Electronic Funds Transfer \(EFT\) Form](#) as needed. In accordance with [AP 8.702, III.C.2](#), you must notify the UH Treasury Office when new EFT agreements are established. The remitter should provide identifying information with the payment in order for the UH Treasury Office to identify and route the EFT payment notifications to the proper department for recording. For questions, please contact the UH Treasury Office at [uh-treasury@lists.hawaii.edu](mailto:uh-treasury@lists.hawaii.edu).

The Treasury Office also coordinates the University’s PCI DSS process and administers the University’s eCommerce system for non-registration related payments.

#### VIII. External Customers

Since the primary purpose of the SRRC is to service UH departments / units, sales to external customers should only be provided when excess capacity exists. Furthermore, such goods / services should generally be unique / specialized and fulfill purposes of the University ([HRS §304A-102](#)).

#### Sales Agreements

Based on the nature of the activity, if the project requires a Sales Agreement (template still under review) it shall be routed to the Office of Research Services @ [orscomp@hawaii.edu](mailto:orscomp@hawaii.edu). A University official with delegated signing authority shall review and execute such agreements. The fully-executed agreement will be returned to the FA of the account for distribution.

Income generated from external customers for activities that do not fulfill the University's purpose may be subject to Unrelated Business Income Tax (UBIT). The annual UBIT questionnaire should be completed if SRRC activities meet such criteria. For additional guidance, the Tax Services <https://www.hawaii.edu/fmo/tax-services/> should be consulted.

IX. Establishing an SRRC

An SRRC Proposal (under development) shall be prepared by the Project Manager and routed for approval through Kualii Build. An approved proposal will be required by 12/31/2023 in order for the project to be renewed. A description of the center, anticipated users, a distribution base (i.e. measurement for usage), annual operating budget and an annual recharge rate (annual cost ÷ usage) must be included.

X. Amending an SRRC

If any amendments are required, an SRRC Proposal (under development) which includes a description of the modification shall be routed for approval through Kualii Build.

XI. Review and Renewal of an SRRC

An SRRC shall be reviewed at least annually. Considerations identified in section III above should be addressed prior to submitting a proposal for renewal. An SRRC Proposal (under development) shall be submitted at least 30 days prior to the project expiration date.

Deficits

Deficit balances should be cleared prior to requesting a renewal. An exception can be requested with approval from the VPRI or designee. An explanation for the deficit, along with a projection to clear deficits within the upcoming year must be attached to the SRRC Proposal. Deficits can be cleared through subsidies or an adjustment to the billing rates.

Surplus

Accumulated balances in excess of the 60-day working capital to cover cash expenses shall be cleared within the upcoming year through an adjustment of billing rates. The 60 day working capital balances can be computed by taking an average of monthly or quarterly balances or other intervals depending on the nature of the activity. The 60-day working capital balances may exclude amounts recorded in reserve sub-accounts.

XII. Terminating an SRRC

If the SRRC is no longer required or does not meet the criteria identified in section III above, an SRRC Proposal (under development) to close the project should be submitted. Deficit balances must be cleared using other sources identified by the unit. Surplus balances should be refunded to internal customers, including extramural sponsors.

XIII. Procedural Guide

For processing of transactions through KFS and RCUH, refer to Attachment E  
<https://research.hawaii.edu/ors/resources/service-centers/>

Object Code	Object Code Name
0600	ADVERTISING, CLASSIFIED
0603	ADVERTISING, LOCAL
0604	ADVERTISING, NATIONAL
0607	ADVERTISING, OTHERS
0620	COLLECTIONS, PARKING METERS
0630	COMMISSIONS, COPYING MACHINES
0632	COMMISSIONS, TELEPHONE COIN BOX
0633	COMMISSIONS, VENDING MACHINES
0634	COMMISSIONS, OTHER
0641	FEES, AQUARIUM ENTRANCE
0642	FEES, BAD CHECKS
0643	FEES, CONFERENCE
0644	FEES, COPIES OF RECORDS
0645	FEES, GRADUATION AND DIPLOMA
0646	FEES, LIBRARY SVCS
0647	FEES, PARKING, PERMITS
0648	FEES, STUDENT HEALTH
0649	FEES, OTHER
0650	GATE RECEIPTS
0660	GUARANTEES
0661	NCAA/WAC DISTRIBUTIONS
0699	FEES, DISCOUNT (CONTRA-REV)
0700	RENTALS, DORMITORIES INCL LEASEHLD
0701	RENTALS, MOTOR VEHICLES
0702	RENTALS, PUBLIC BUILDINGS AND ROOMS
0703	RENTALS, UNIVERSITY PROJECTS
0704	RENTALS, OTHERS
0705	RENTALS, INTER-DEPARTMENTAL
0718	HOUSING WAIVER, EMPLOYEES (REVENUE)
0719	HOUSING SCHOLARSHIP ALLOW (CONTRA)
0720	SALES, EQUIPMENT AND OTHER PROPERTY
0721	SALES, PRODUCTS
0722	SALES, PUBLICATIONS
0723	SALES, THEATER TICKETS
0724	SALES, MISCELLANEOUS ARTICLES
0730	SALES, ROYALTIES
0740	SALES, RADIO/TV RIGHTS
0750	SALES, SERVICES, EXTERNAL CUSTOMERS
0751	SALES, SERVICES, INTER-DEPARTMENTAL
0752	SALES, SERVICES, COMM VOC COUNSEL
0753	SALES, SERVICES, CHILD CARE
0754	SALES, SERVICES, MEDICAL
0770	SALES, MEALS, OTHERS
0771	SALES, MEALS, MANDATORY PLANS
0772	SALES, MEALS, VOLUNTARY PLANS

0773	SALES, DECLINING BAL POINTS
0775	SALES, MEALS, CATERING
0777	SALES, MEALS, POINT-OF-SALE-RETAIL
0778	SALES, MEALS, CONFERENCE GROUPS
0790	RESALES, BOOKS PURCHASED FOR RESALE
0791	RESALES, CAFETERIA
0792	RESALES, MANUFACTURED ARTICLES
0793	RESALES, SHOP
0794	RESALES, SUPPLIES PURCH FOR RESALE
0796	RESALES, STORES MATER PURCH RESALE
0797	RESALES, MOVIE TICKETS