

UCR Policies and Procedures

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Campus Policy Number: 300-66A

Sales & Service Activities: Establishment and Budgetary Review

Organization Sales and Service Fund Policy (OSSF)

Policy Owner: Academic Planning & Budget

Effective Date: 04/01/2004 (Revised 2/1/09)

Organization Sales and Services Fund Policy (OSSF)

Policy Objective and Overview

This Policy is an addendum to Policy No. 300-66, Sales and Service Activities, and is intended to supplement that policy in regards to specialized activities of a low dollar value or one-time only nature. Policy No. 300-66 encompasses all budgetary and policy aspects of Sales and Services activities, including the establishment of budgets, rates, cost allowability, reviewing cycles, and full-costing principles, and governs this Policy addendum.

The Organization Sales and Service Fund (OSSF) is to be used for non-profit, campus business enterprises which meet all criteria of a Sales and Service Activity. Activities are of a low dollar value and are either on-going or one-time.

Requirements for unit approved on-going and one-time activities excluding conferences and seminars:

1. If unit approved, maintain an annual sales volume of \$15,000 or less, and
2. Have no direct charges for salaries and benefits for permanent staff, and
3. The primary source of revenue is external. (Any usage requiring recharge activity requires special approval from the Office of Academic Planning and Budget.)

Examples of on-going OSSF activities include: incidental sale of clothing, articles, miscellaneous materials, or other novelties. Occasional or one-time services of the same nature, excluding conferences and seminars.

Requirements for unit approved conferences and seminars:

1. Proceeds for a single activity are not to exceed \$25,000.
2. Have no direct charges for salaries and benefits for permanent staff, and
3. The primary source of revenue is external. (Any usage requiring recharge activity requires special approval from the Office of Academic Planning and Budget.)

Requirements for Academic Planning & Budget (AP&B) approved one-time service contracts:

1. Proceeds for a one-time service contract (i.e., business agreement) not to exceed \$100,000 and
2. The source of revenue is external.

Policy Implementation and Review Responsibility

One fund has been established for each Organization (see attached list). This fund can be used by all departments within an organization to record appropriate budgetary and financial transactions. Each organizational financial officer is charged with the responsibility of applying this Policy to ensure adequate oversight of each organization's fund. Organizational financial officers are required to review the Fund on an on-going basis to ensure all applicable policies are followed. AP&B, as part of its role as the Campus's budget office, is charged with the responsibility of monitoring the actual implementation of this policy to ensure adequate campus oversight over all Sales and Services Activities.

Where an AP&B one-time approval is required, a Sales & Service fund application should be submitted for review. This application should be signed by the responsible party prior to submission. In the narrative, clarify that a new fund number is not being requested but rather advanced approval is being sought which would allow performance of the one-time service contract. After review, an e-mail or written memorandum will be provided authorizing its use.

All questions and correspondence pertaining to this Policy are to be directed to the Office of Academic Planning and Budget.

Use of Organization Sales and Services Fund

All requests to use the Organization Sales and Service Fund must be forwarded to the appropriate dean/vice chancellor for review and approval. Each organization is responsible for establishing internal policies and procedures regarding the implementation of this Policy. At a minimum, all procedures should require the submission of a budget proposal containing a breakdown of proposed revenue and expenditures and a concise narrative in support of the establishment of the new activity. The narrative must briefly describe the service(s) to be provided, the need for the service(s), the proposed rate structure, and the primary clients to be served. An authorized faculty member or manager of the department is required to accept responsibility for the Organization Sales and Service events/activities and any budget.

Budgetary Principles and Guidelines

Each approved use of the Sales and Services Fund requires the establishment of a temporary budget that reflects its operations. This budget is to be entered into UCRFS under the organizational fund number, and all revenues and expenditures are to be entered with the departmental activity number. The department chair or director, the organizational financial officer, and ultimately the dean or vice chancellor, are responsible for the management of all funds involved, especially assuring that deficits do not occur.

Accounting Entries

Deposits to the OSSF should be made to account R60000, employing the appropriate organizational fund number, the department's activity code and function 20 using the Deposit Advice Forms System (DAFS). It is recommended that cost centers and/or project codes be used to monitor the various activities recorded on each fund.

Sales Tax

External revenue generated by an OSSF activity may be subject to State Sales tax. The liability for collecting this tax rests with the department/organization making the sale. Tax applies to the gross receipt of all tangible personal property and must be computed and deposited at the time the revenue is deposited into a University account.

For example a department that makes photocopies for students at a price of \$0.06 each would charge \$12.00 for 200 copies. The department would then add 7.75% tax, or \$0.93, for a total price of \$12.93.

When depositing this revenue, \$12.00 would be allocated to the departmental revenue FAU and \$0.93 would be allocated to the sales tax FAU. (Account 115510, Activity A01392, fund ZZZZZ and function ZZ.)

Additional information concerning sales tax can be found at web site <http://www.sbs.ucr.edu/accounting/ucr.htm> by clicking on RELATED SITES.

References

- Business and Finance Bulletins:
- A-47, University Direct Costing Procedures
 - A-56, Academic Support Unit Costing and Billing Guidelines
 - A-59, Costing and working Capital for Auxiliary and Service Enterprises
 - BUS-54, Operating Guidelines for University Supply Inventories
 - University of California Sales and Use Tax Manual

Organizational Sales and Services Fund Policy – Attachment

<u>Fund</u>	<u>Organization Name</u>	<u>Org Code</u>
60600	School of Education	Org10
60601	Bourns College of Engineering	Org11
60602	College of Humanities, Arts and Social Sciences	Org12
60603	Anderson Graduate School of Management	Org13
60604	College of Natural and Agricultural Sciences Univ.	Org14
60605	University Extension	Org15
60606	University Library	Org16
60607	Academic Planning & Budget	Org17
60608	Academic Senate	Org18
60609	Vice-Chancellor Administration	Org19
60610	Chancellor's Office	Org20
60611	Computing & Communications	Org21

60612	Graduate Division	Org22
60614	Vice Chancellor Research	Org24
60615	Vice Chancellor Student Services & Enrollment	Org25
60616	Vice Chancellor University Advancement	Org26
60620	VC - Public Service & Int'l Pr	Org32
60621	Biomedical Sciences	Org34
60622	CE - College of Nat & Ag. Science	Org414
60623	Water Resources	Org428
60624	DANR - Program Leadership	Org433
60625	UC MEXUS	Org530
60626	IGPP	Org531