# **UM Policies**

Policy 27001 – Establishing an Award Policy 22104 – Service Centers BPPM 2:010 – Institutional Support

#### **Forms**

Request for service operation or unrestricted other chartfield

#### Overview

Oftentimes revenue generation opportunities arise from efforts to carry out our institutional mission. There are instances in which a university department can provide a specialized service or provide a service more efficiently than external parties can.

A sponsored project is a transfer of funds by a third party to the university in which we agree to perform research (including clinical trials), develop curriculum, provide a one-time service, or enter into a funded collaboration with the other party. Generally speaking, sponsored projects are funded by government entities, non-profit organizations, other universities, and sometimes industry. The work performed under a sponsored project agreement is usually a onetime, but long-term engagement (often 1-5 years in duration). Services as used in the definition of sponsored projects may include research, training, public service, or outreach activities. If the university is required to provide cost share, submit an expenditure report, adhere to spending restrictions, or return unexpended funds, then the engagement is sponsored activity, not fee for service.

Fee for service refers to a transaction involving the transfer of funds from a third party in exchange for services performed. The department develops a standard rate for their services and provides the services to a variety of customers with minimal customization. When possible, these services can be performed absent a contract, on a point of sale basis.

### **Risk**

All financial activities at the university should be captured in the appropriate type of chartfield. If sponsored activity is not appropriately captured in the PeopleSoft Grants Module (PSGM), then any associated expenditures will not be reported in our annual Schedule of Expenditures of Federal Awards (SEFA). Departments should determine whether the revenue meets the federal definition of Program Income (see OMB UG 200.80), and work with OSPA to ensure the appropriate treatment of funds because the university has additional obligations to the sponsor when program income is earned.

Fee for service activity rates should be developed with full consideration of the costs of service provision and allowability requirements under the OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (UG). Failure to include all costs of service provision in a rate structure means that the university will not recover the full cost of providing the service. Inclusion of unallowable costs in a rate or inappropriately charging a mark up to an internal customer could lead to questioned costs and audit findings.

#### **Procedure**

Department – When a new revenue-generating activity occurs or a contract is received, the department should refer to Appendix 1 in this SPPG section to determine the correct type of activity,

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consulting OSPA as necessary. If fee for service activity, identify the costs of providing the service, and complete the Request for service operation or unrestricted other chartfield form. If sponsored activity, work with OSPA. Fee for service contracts should be entered into the <u>University of Missouri Contract System</u> for processing.

OSPA – OSPA will assist in determining the appropriate contracting mechanism and chartfield. For fee for service activity, OSPA will advise on rate development to ensure that rates do not include unallowable costs, costs that are already charged to the federal government, and guidance on when it is appropriate to include a markup in a rate.

Division of Finance – When a contract is entered into the contract portal, the Division of Finance may consult with OSPA to ensure that fee for service is the appropriate mechanism. If determined to not be fee for service, then the Division of Finance will code the contract as "OSPA Preaward" in the University of Missouri Contract System, and OSPA will process the agreement as sponsored activity. The Division of Finance is responsible for creating necessary service operation chartfields.

# Responsibilities

## Department:

- Utilizing the flow chart in Appendix 1 to this SPPG section and in consultation with OSPA when necessary, identify whether the activity taking place is fee for service or sponsored activity.
- If fee for service activity, work with the individuals who are performing the services to identify
  costs associated with providing the service and projected volume. Complete the <u>Request for</u>
  <u>service operation or unrestricted other chartfield</u> form and email it to
  <u>APSharedServices@missouri.edu</u>.
- Ensure expenses and revenues are properly recorded in the General Ledger.
- Submit any fee for service contracts through the <u>University of Missouri Contract System</u>.
- Work with OSPA on any sponsored activity contracting matters.
- Bill fee for service customers through PS ARBI and monitor receivables in accordance with university policy.
- Determine whether revenue generated meets the definition of program income as outlined in OMB UG 200.80. If the revenue is program income, then the department should work with OSPA to set up a program income chartfield.

# OSPA:

- Work with departments to determine the appropriate accounting of funds and contracting mechanism for the activity at hand.
- Ensure sponsored projects are properly set up in the PSGM in order to be captured on our annual SFFA
- In conjunction with the Division of Finance, advise on matters of rate structure development, including the exclusion of unallowable costs.
- Facilitate and manage sponsored activity in accordance with federal requirements and university policies.
- Signatory on sponsored activity agreements.

# Division of Finance:

- Advise on matters of rate development, institutional support, and university policy.
- Primary signer for fee for service type contracts.
- Provide approvals for service operation chartfields.

### **Need Help?**

If you have questions or comments about this procedure or the required form, contact OSPA at muresearchospa@missouri.edu or (573)-882-7560.

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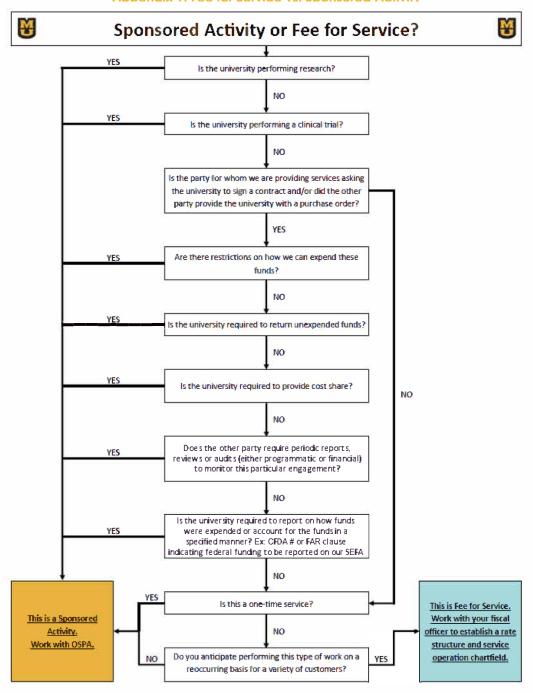


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Created Date 7/11/18

Latest Revision Date 7/8/20





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