

Prepared by the Vice President for Research
This is a new procedure.

A10.120
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A10.000 Applied Research Laboratory
Administrative Policies and Procedures

P 1 of 6

A10.120 Accounting

1. Purpose. To establish accounting policies for the Applied Research Laboratory at the University of Hawaii (ARL at UH).
2. Applicability. These policies shall apply to the ARL at UH.
3. Definitions.
 - a. "Executive Director" shall refer to the ARL at UH Executive Director.
 - b. "Business Office" shall refer to the ARL at UH Business Office.
 - c. "Department Head" shall refer to the chair of the respective functional areas: Ocean Science & Technology (OST), Astronomy (AST), Advanced Electro-Optics and Sensing (AEOS), or Sensors, Communications and Information Technology (SENCIT).
 - d. "Principal Investigator" shall refer to the ARL at UH faculty member or researcher that is primarily responsible for the task order.
 - e. "Task order" shall refer to a discrete project, either proposed by the principal investigator or requested by the sponsor, to conduct basic research to increase scientific knowledge in the functional area or to develop designs, methods, processes, devices, etc. using the information gained through basic research.
 - f. "Direct costs" shall refer to costs that are incurred to advance the work under a sponsored project (e.g., task order) and that can be specifically identified to the project or can be assigned to it using methods that can readily estimate the proportional benefit to the project.
 - g. "Prorated direct costs" shall refer to costs incurred by the ARL at UH to support its research effort such as research administrative support, fiscal support, security, motor pool, library, printing and copying services, and laboratory and

office facilities, which cannot be specifically identified or readily assigned to projects (e.g., task orders).

- h. "Institutional F&A" shall refer to costs incurred by central offices such as the President's Office, Board of Regents, General Accounting, General Counsel, Research Corporation of the University, Office of Research Services, Manoa Chancellors Office, and Manoa Vice Chancellor for Research Office and costs of certain UH Manoa facilities that support or benefit ARL at UH research, but which cannot be specifically identified or readily assigned to projects (e.g., task orders).
 - i. "Fee" shall refer to the unique assessment to task orders issued under the University Affiliated Research Center (UARC) contract. Use of fee shall be constrained by the applicable contract clause.
 - j. "Facilitating services funds" shall refer to the ARL at UH share of the recovery of institutional F&A referred to in the University as "Research and Training Revolving Funds" or RTRF.
 - k. "Office of Research Services" shall refer to the UH Office of Research Services (ORS), which is the University central office responsible for the administration of research and training grants and contracts. With respect to accounting, ORS reviews and approves requests for accounts and prepares billings and financial reports to sponsors.
 - l. "Research Corporation of the University of Hawaii" or "RCUH" shall refer to the quasi-State agency established to facilitate University research and training projects. This is accomplished by exempting RCUH from cumbersome State of Hawaii personnel and procurement policies that lead to unnecessary delay in the execution of projects. Much of the ARL at UH procurement and some of the ARL at UH personnel actions will be initiated in the RCUH financial system. As such, it is necessary to understand how data is transferred from the RCUH system into the University's official accounting system.
4. Policy. The ARL at UH shall adhere to policies and procedures for the establishment of accounts in the UH Financial Management Information System (FMIS) and the recording and transferring of costs from the RCUH Financial Information System into FMIS and the requirements of UH policy and procedure [A8.926, Administrative and Financial Management Requirements for Extramurally Financed Research and Training Programs/Activities of the University](#). For purposes of applying A8.926, CGMO or ORA shall be synonymous with ORS; Chancellor/Dean/Director shall refer to the ARL at UH Executive Director, Department Chair shall refer to the ARL at UH Department Head; and FO shall refer to the ARL at UH department administrator.

- a. Separate accounts. Separate accounts and budgets shall be established in FMIS to ensure that costs can be distinguished among the various types of ARL at UH and non-ARL at UH activities in accordance with UH policy and procedure [A8.612, Establishment and Maintenance of Account Codes](#).
- i. Contract line numbers. Where task orders require costs to be accumulated by contract line number (CLIN), a separate account and budget shall be established for each CLIN. CLIN's will be associated with a particular task order by establishing an account roll-up identification code on [FMIS Screen 606](#).
- b. Budget pools. Price estimate budget categories should follow the FMIS budget pools. Care should be exercised to ensure that costs are recorded in the proper subcodes and under the proper budget pools in order to facilitate comparisons between actual costs and price estimates for each task order. The budget pools are as follows:

Pool	Pool Description	Subcode Range
1100	Salaries & Wages	2001 - 2007; 2009 - 2033; 2301 - 2333
1101	Overload	2008 - 2008; 2508 - 2536
1102	Casual	2101 - 2136; 2401 - 2436
1103	Student Help-Reg	2201 - 2218; 2220 - 2240
1104	Student Help-Wkstdy	2219 - 2219
1105	Fringe Benefits	2034 - 2099; 2137 - 2199; 2241 - 2299; 2334 - 2399; 2437 - 2499; 2537 - 2599
1106	Services-Fee Basis	2900 - 2999; 7100 - 7199; 7235 - 7235
1107	Materials & Supplies	3000 - 3499; 7709 - 7709; 7719 - 7719; 7729 - 7729; 7739 - 7739; 7769 - 7769; 7779 - 7779
1108	Travel-Domestic	4100 - 4469; 4500 - 4569; 4600 - 4669; 4700 - 4869; 4890 - 4892; 4894 - 4899; 7240 - 7240
1109	Travel-International	4470 - 4499; 4570 - 4599; 5670 - 4699; 4870 - 4880; 4893 - 4893
1110	Print & Publication	3900 - 4099
1111	Util & Comm	3700 - 3899; 5000 - 5499
1112	Rentals	5500 - 5799
1113	Repairs	5800 - 5899
1114	Tuition	6510 - 6523
1115	Stipends & Allow	6500 - 6509; 6524-6599
1116	Equipment	7700 - 7708; 7710 - 7718; 7720 - 7728; 7730 - 7738; 7740 - 7768; 7770 - 7778;

		7780 - 7799
Pool	Pool Description	Subcode Range
1117	Others	3500 - 3699; 5900 - 6499; 6600 - 7099; 7200 - 7234; 7236 - 7239; 7241 - 7699; 7800 - 9099; 9101 - 9999
1990	Indirect Cost	9100 - 9100

c. Allowability and allocability of costs.

i. Allowability of costs shall be determined in accordance with the specific terms and conditions of a task order, sponsor costing policy, or OMB Circular A-21.

ii. Allocability will be determined as follows:

1. Costs that can be specifically identified to a task order or can be assigned to it using methods that can be readily estimate the proportional benefit shall be treated as direct costs.
2. Costs incurred by the ARL at UH that should be treated as prorated direct costs or charged to facilitating services or fee funds shall be determined in accordance with ARL at UH policy A10.130, Prorated Direct Costs.
3. Cost incurred by the University that benefit more than one ARL at UH activity in proportions that cannot be readily estimated shall be treated as ARL at UH institutional F&A costs.

d. Monitoring. Each month reports will be printed in the [CBMR090](#), [CBMR090S](#) and [CBMR090D](#) format so that principal investigators and departmental administrators can get a snapshot of the amount of expenditures and encumbrances and the remaining budget on a task order. Although FMIS employs a fund edit to ensure that task orders will not be charged for more than the available balance, care should be exercised to ensure that costs are within budget and enough funds remain to carry out a task. For more periodic monitoring, principal investigators and departmental administrators may use [Screen 619](#) during the month to monitor expenditures and encumbrances. [Screen 618](#) should be used to view consolidated balances as in the case of a task order with CLIN's.

i. RCUH transactions. RCUH transactions are normally fed to FMIS through a nightly batch process. RCUH uses different subcodes, which it calls budget categories, in its financial system. To determine where transactions initiated in the RCUH financial system are recorded into

FMIS, it is necessary to refer to the [RCUH budget category crosswalk](#).

- ii. Cost transfers. Cost transfers shall be handled in accordance with UH policy and procedure [A8.641, Journal Vouchers](#) and Section 6.c. of UH policy and procedure A9.926.
- e. Billing and reporting. The Business Office shall coordinate with ORS on billing and reporting for task orders. The Business Office shall inform ORS within 7 days after the end of the month that task orders are ready for billing. ORS shall prepare the SF-1034 and other necessary financial reports and submit them to the sponsor.
- f. Year-end adjustments. Year-end adjustments necessary for financial statement reporting purposes shall be handled in accordance with the UH policy and procedure [A8.671, Year-End Accounting Data](#).
- g. Deficits and disallowances. The ARL at UH shall be responsible for deficits and disallowances in its accounts. As such, it shall exercise due prudence in budgeting and expending funds under its control and should take remedial action immediately upon discovery.

5. Procedure.

- a. Requests for account establishment shall be initiated by the respective departmental administrator and reviewed by the Business Office prior to submission to ORS for review and establishment.
- b. Once the account is established, the Business Office shall make the account available to supervisors who will exercise care and judgment in the assignment of the accounts as job number or charge lines to employees under their supervision.
- c. Principal investigators and departmental administrators shall be responsible for monitoring accounts, including but not limited to purchases, encumbrances and the recordation of semi-monthly payroll. If a deficit is anticipated, the principal investigator and departmental administrator shall inform the department head and contact the Business Office at least 45 days prior to the anticipated deficit condition to coordinate remedial action.
- d. The respective departmental administrator in collaboration with the principal investigator shall initiate cost transfers. Cost transfers will be reviewed and approved by the Business Office.

- e. The Business Office shall coordinate with principal investigators, departmental administrators and department heads as necessary prior to advising ORS to prepare bills and reports to sponsors or to initiate task order closeouts.