

Prepared by Office of Research Services.
This replaces Administrative Procedure No. A8.930
dated November 2009.

A8.930
December 2012

A8.900 ACCOUNTING FOR RESEARCH & NON-RESEARCH
CONTRACTS & GRANTS

A8.930 Service Orders to the Research Corporation of the
University of Hawaii

1. Purpose

To ensure that services directed by the University of Hawaii (UH) to the Research Corporation of the University of Hawaii (RCUH) are consistent with the intent and purposes set forth in §304A-3001 to 3011, HRS, as amended, and the UH/RCUH Internal Agreement dated July 1, 1996, as amended.

2. Objectives

To establish guidelines and procedures for service orders to the RCUH except for revolving fund service orders.

3. Definition of Terms

- a. Extramural funds: external sponsorship of a research or non-research programs and activity such as a federally funded grant or contract.
- b. Intramural funds: internal sponsorship of a program or activity such as Research and Training Revolving Funds (RTRF) or Tuition and Fee Special Funds (TFSF).
- c. Designated UH Official (DUO): the Fiscal Administrator (FA) of the UH program requesting RCUH services.
- d. Covered position: a UH position that is covered by a Collective Bargaining Contract and included in a Collective Bargaining Unit. A covered position is normally hired through the UH and State personnel systems and procedures.

4. Applicability

These guidelines and procedures apply to Internal Service Orders

for extramural and intramural funded projects.

5. Guidelines - Extramural Funded Projects

The UH financial system shall be the book of original entry. The RCUH web based system shall be used to process transactions on extramurally-sponsored research and training accounts except for the following types of transactions which shall be processed through the UH financial system:

- o UH Personnel Costs
- o Journal Vouchers
- o Split Funded Transaction (procurement involving a Sponsored research account and a general fund account not service ordered to RCUH)
- o Student Fellowship and Trainee Payments
- o Scholarship and Grant Payments
- o University of Hawaii Purchasing Card Transactions/Payments
- o Payments on Outstanding UH Purchase Orders

RCUH shall record in the UH financial system all commitments and disbursements of project funds made by RCUH on behalf of UH.

6. Procedures - Extramural Funded Projects

The data exchange links between the UH and RCUH systems were established in FY 2001, consequently, the internal service order form is no longer required for extramural funded projects.

- a. There shall be a one-to-one correspondence between a UH service order account and an RCUH project account.
- b. An advance account shall be established in accordance with APM A8.952 if a service order is to be implemented prior to the receipt of a fully executed contract or grant from the sponsoring agency.

7. Guidelines - Intramural Funded Projects

The UH shall not request the services of RCUH for purposes of convenience or to intentionally circumvent the provisions of applicable State statutes, UH policies or collective bargaining agreements. RCUH may be requested to provide administrative 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 that are not normally

permitted under State regulations and directives.

- a. No UH official or employee shall authorize the RCUH to pay for any project expenditure which does not comply with State and Federal laws and regulations or UH policies and procedures. If any DUO detects an inappropriate expenditure in the review process, the DUO shall inform the UH program official(s) that the expenditure will not be processed. If the situation becomes problematic for any reason, the DUO shall forward all documents unsigned to the Chancellor or Chancellor's designee for resolution.

8. Criteria for Requesting RCUH Services for an intramural funded project

New or on-going scientific and technical developments or unanticipated contingency situations that require immediate action for the successful completion of the project or activity. Such conditions include, but are not limited to the following:

- a. Projects involving a private organization with unusual or complex requirements.
- b. Projects in which there are unusual procurement problems.
- c. Projects in which much of the operation will lie outside the State.
- d. Projects in which there are human resource problems which might be handled more effectively outside the State or UH personnel system.
- e. Projects in which there is a substantial amount of ship operations, technical shop-type operations, computer services, involvement with other RCUH projects, etc.
- f. Projects involving research facility management where any combination of the above mentioned problems exist.
- g. Projects in which other special problems are present that may be better resolved through the services of the RCUH.

9. Procedures - Intramural funded Projects

- a. Processing and Approval Requirements
 - i. The PI shall consult with the DUO and discuss the

unique operational requirements of the program to determine if the program or activity could be better serviced by the RCUH.

ii. If the operational needs of the program meet the Guidelines and Criteria of Sections 5 and 6 above, the UH/RCUH Internal Service Order Form (Attachment 1) shall be prepared, reviewed and signed by the PI, the DUO, Department Chair, and Dean or Director of the unit and transmitted to the Chancellor or Chancellor's designee (UH Manoa, UH Hilo and UH West Oahu) or VP Community Colleges or VPCC designee for final approval before transmittal to RCUH for service orders.

iii. RCUH shall:

a. Review, approve and accept the Internal Service Order Form.

b. Retain an original of the UH/RCUH Internal Service Order Form for its files and forward copies of the approved form as follows:

i. One copy to the Chancellor or Chancellor's designee or VPCC or VPCC's designee.

ii. One copy to the DUO.

b. Procedures for amending an existing service ordered project

i. The DUO shall prepare a new UH/RCUH Internal Service Order Form indicating the change number and by filling in the appropriate boxes on the form and providing the required explanations, if necessary.

ii. Obtain signatures of the PI, Department Chair, and Dean or Director and submit to Chancellor or Chancellor's designee or VPCC or VPCC designee for final approval before transmittal to RCUH for service orders.

iii. RCUH shall review, approve and accept the Internal Service Order Form. Retain an original of the amended form for its files and forward copies of the approved form as follows:

1. One copy to the Chancellor or Chancellor's designee or VPCC or VPCC's designee.

2. One copy to the DUO.

10. Guidelines for Hiring RCUH Employees

- a. Any UH request which involves the appointment of an RCUH employee for a covered type of position shall be accompanied by a Service Order Personnel Form (Web based form available on UH-FMIS Fast Track menu at <http://www.rcuh.com>) which must be reviewed and approved by the UH Office of Human Resources before it is sent to UH Office of the Vice President for Research (VPR) for final institutional approval.
- b. Any covered type of position that is continuously filled by an RCUH employee for three years shall be subject to review and re-authorization by the UH Office of Human Resources and VPR.
- c. The RCUH shall not establish any covered type of position unless it has been specifically approved by the UH Office of Human Resources and VPR.

11. Responsibilities For Management of UH/RCUH Service Ordered Projects

- a. The PI shall have control over and be responsible for the day-to-day operations and management of the service ordered project as follows:
 - i. The PI shall authorize program expenditures and will coordinate closely with the DUO to ensure that all expenditures comply with applicable laws, regulations, UH policies, and terms and conditions of extramural awards.
 - ii. The PI shall be responsible for the appointment, supervision, and termination of project personnel hired through RCUH.
 - iii. For service orders of extramural funds, the PI shall ensure all scientific and technical performance requirements prescribed under the award are satisfactorily completed within the sponsor's authorized funding and project period.

b. The DUO:

- i. Shall coordinate closely with the PI to ensure that all expenditures comply with applicable laws, regulations, UH policies, and terms and conditions of extramural awards.
- ii. Shall notify and consult with the PI for extramural funded projects if sponsor prior approval is required before expenditure of funds and ensure that a written request is made to the sponsor in accordance with the "Postaward Change" requirements prescribed under APM A8.926.
- iii. Shall not countersign or process commitments and disbursements which do not comply with applicable laws and regulations or that are not properly authorized or within the scope and provisions of the sponsor's contract or grant.

c. The Department Chair shall monitor and ensure that all deliverables and performance requirements are satisfactorily completed by the PI for service orders of extramural funds.

d. The Dean or Director shall:

- i. Be responsible for the overall performance of the work under the service ordered project, including any deficits or disallowances that may arise.
- ii. Coordinate with the respective Chancellor or Chancellor's designee or VPCC or VPCC's designee to ensure actions requiring Board approval are properly submitted to the Chancellor, President and Board for approval in the manner prescribed by the Chancellor's office or the VPCC. Actions requiring Board approval are normally contained in BORP 8-1 and BORP 5-19c (<http://www.hawaii.edu/offices/bor/policy/index.html>).

e. The Chancellor or VPCC or Chancellor's or VPCC's designee shall be responsible for establishing the process for submitting actions for Board approval in consultation with the Office of the President and the Board of Regents Secretary.

f. The RCUH shall render specialized administrative support

services as provided for in the UH/RCUH Internal Agreement.

- g. The ORS is responsible for ensuring institutional compliance with all business, legal and fiscal matters relating to extramural awards.

11. Reimbursement for Service Order Costs Incurred by RCUH and Payment of Fees to RCUH

- a. For extramurally funded service orders, UH shall provide an appropriate working capital advance and weekly reimbursements to the RCUH for costs incurred for extramurally-funded service ordered projects as provided in the UH/RCUH Internal Agreement dated July 1, 1996, as amended.
 - i. UH shall pay RCUH a service fee quarterly, in advance, pursuant to Schedules A, B and C of Article VI of the UH/RCUH Internal Agreement dated July 1, 1996 as amended.
- b. Payment on intramural funded service orders shall be made by the appropriate UH program by processing a Disbursement Voucher (DV) upon receipt of RCUH invoices. RCUH invoices must identify the service order project number, UH account code and equipment acquisitions as noted above to assure proper recording of inventory items.
 - i. RCUH may assess indirect costs on intramural funded service orders pursuant to the UH/RCUH Internal Agreement.

12. RCUH Direct Projects

In principle, all extramural funded projects for Principal Investigators associated with University of Hawaii must be managed through Office of Research Services (ORS). However, certain situations may arise in which there may be no alternative but to utilize RCUH direct projects to serve the best interest of the University and/or the State. In the event of such a contingency, which should be rare, the Vice President of Research is the only University Official who can approve a request for an RCUH direct project.

a. Procedures for RCUH Direct Projects

Prior to the submission of a proposal to a sponsor:

- i. The PI shall consult with the Dean/Director to determine whether the circumstances and reasons are present to create a direct project.
- ii. If the circumstances and reasons warrant creating a direct project, the PI via the Dean/Director and Chancellor or Chancellor's designee shall request written approval from the VPR.
- iii. If approved by the VPR, the PI shall discuss the project with the RCUH Director of Project Management. If RCUH accepts the project, the PI can complete the proposal with RCUH as the recipient. The PI shall budget for F&A costs using the RCUH direct project F&A rate.
- iv. The RCUH shall not accept a request to establish a direct project without the prior written approval of the VPR.