

The background features a large, light gray silhouette of a classical archway with three columns. In the top-left corner, there is a smaller, dark gray silhouette of a classical column. A red and black curved border is visible on the left side of the slide.

Departmental Sales and Service Activities

Objectives

- Departmental Sales and Services (DSS) Defined
 - Allison Davis- University Business and Accounting Services
- Sponsored Activity vs. DSS Activity
 - Dr. Regina Smith – Office of the VP for Research
- Contract Review by Office of Legal Affairs
 - Susan Wells – Office of Legal Affairs
- Review of DSS Account Management
 - Kevin Burt and Dr. John Wunderlich - OVPR
 - Karen Barger – Carl Vinson Institute of Government

Departmental Sales and Services

- Self supporting business activities which are categorized as either sales and service of educational activity or service center
- Funds generated by DSS activity are considered institutional funds and should only recover costs for providing the sales or service

Departmental Sales and Services

Examples:

- Sales of by-products from instructional or research related activities
- Conferences & Workshops
- Testing or analysis services *
- Sales of scientific and literary publications
- Clinical Services *
- Lab/Course Supply Fees

* *Could also be a Service Center*

Departmental Sales and Services

What rules apply to DSS Accounts?

- Budget is required each fiscal year
 - Provides an estimate of income and related expenses and allows for budget balance validation by transaction
- Accounts Receivable and Revenue Recognition
 - Sales and services billed after rendered
 - Billings should be timely and adequately documented
 - Year-end billings should be recorded to ensure that revenue is recognized and recorded in the same fiscal year that the expenses are incurred

Departmental Sales and Services

What rules apply to DSS Accounts?

- Deferred (unearned) Revenue
 - Unearned revenue from external sources should be recorded. Requests to defer revenue should be sent to the Accounting department at year end
- Carry Forward
 - 50% of revenue from external sources
 - Pertains to only those actual excess revenues earned in the current fiscal year
 - Carry forward should be spent within the first 90 days of the next fiscal year

Account Responsibilities

DSS account managers are required to:

- Prepare an annual budget
- Establish and document billing rates
- Ensure proper revenue & expenditure recognition
- Timely billing for products/service
- Depositing of cash receipts on a timely basis
- Ensure costs charged to DSS activities are reasonable and necessary to the operation of the activity
- Maintain records to support account operations/activities

Additional DSS Resources

- Policies and procedures
<http://www.policies.uga.edu/FA/nodes/view/917/Sales-and-Service-Activities>
- Carry forward guidelines and request form:
<http://www.busfin.uga.edu/forms/dss.pdf>
- Lab/supply fees policy: <http://provost.uga.edu/index.php/policies-procedures/academic/academic-affairs/4-general-policies/407-miscellaneous-course-policies/407-14-approval-of-course-labsupply-fees/>
- Service Center policy:
http://www.busfin.uga.edu/disclosure/pol_pro/service%20center.pdf
- Accounting department contacts for questions:
Allison Davis – ahdavis@uga.edu
Celise Elder – celder@uga.edu

Sponsored Activity vs. Departmental Sales and Service

Sponsored Projects

Sponsored Projects are typically scholarly activities integral to one or more of UGA's three missions (teaching, research, and service).

They usually require the intellectual contribution of at least one UGA employee, and they usually (but not always) allow for the University to own resulting intellectual property and for the publication of results without significant restrictions.

Sponsored Projects typically have some or all of the following characteristics:

1. Intellectual or scholarly contribution.
2. Formal proposal or award document.
3. An itemized budget, including indirect costs.
4. Cost-sharing may be involved.
5. Restrictions on how funds can be spent (sponsor approval may be required to re-budget funds).
6. Unexpended funds must be returned.
7. Novel intellectual property may be developed.
8. Compliance terms and conditions

Sales and Service Activities

A Sales and Service Activity is routine work that involves standardized procedures or procedures supplied entirely by the outside party funding the work. The outcome of the work is not likely to result in the development of new knowledge or publishable information, and any data collected is to be provided without significant interpretive analysis.

Sales and Service Activities typically have some or all of the following characteristics:

1. Scope of work describes routine or repetitive services.
2. Work will require little or no intellectual or scholarly contribution.
3. No new intellectual property is expected.
4. No scientific uncertainty regarding the University's ability to perform.
5. Significant interpretive analysis or conclusions or prescriptions.
6. No expectation of publishing on the work or the data.



Office of Legal Affairs
Contract Review and Signature
Authority



**CONTRACT ROUTING AND
APPROVAL FORM**

Office of Legal Affairs

OLA USE ONLY

Received: ____ / ____ / ____

Completed: ____ / ____ / ____

Requesting Department _____

Contact Person _____

Address _____

Telephone (____) _____ Fax (____) _____

Email _____

Requested Date of Return ____ / ____ / ____ (PLEASE ALLOW AT LEAST 2 WEEKS FOR REVIEW)

Contract with _____

Description of Contract _____

Dates Start ____ / ____ / ____ End ____ / ____ / ____

Payment(s) Due _____

Authorized Signatory _____

IDENTIFY WHO WILL BE SIGNING ON BEHALF OF UGA

CHECKLIST

REQUIREMENT	DESCRIPTION	CERTIFIED COMPLETE BY: <small>(PLEASE INITIAL)</small>
Contract, Exhibits and Appendices	The contract and all documents incorporated by reference in the contract, including exhibits and appendices, are attached.	
	All such documents have been read and agreed to in their entirety by originating department and any faculty and staff members who have obligation under this contract.	
Contracting Party	The name of the contracting party is stated as the "Board of Regents of the University System of Georgia by and on behalf of the University of Georgia."	
Name, Address, Contact Person	The full name, address, legal status (i.e., corporation, partnership, etc.) contact person, and execution authority of the representative of the other party are included.	
Understanding	The written contract matches the verbal understanding of all parties. All terms and conditions conform with the final negotiations/agreement of the parties. No supplementary verbal or written agreements were made.	
Competition/Conflicts with Existing Contracts/ Compliance	The contract does not conflict with any other contracts, promises, obligations, or the mission of the University.	
	The requesting department verifies the University can comply with all terms and conditions and that those carrying the contract can meet the terms of the contract (e.g., the work can be completed, and it can be completed according to any time limits provided in the contract, we will be able to hire the personnel specified in the contract, etc.).	
Conflict of Interests	The other party is not a public official or an employee of the University, the Board of Regents, or another University System institution. The other party is not an entity in which UGA employee or a member of UGA employee's family is sole proprietor, partner, or owns 25% or more of the stock or assets.	
Conditions or Obligations	If the contract contains any conditions or obligations, "triggering" event(s) are clearly defined.	
Other Necessary Agreements	All other necessary agreements or waivers referred to in contract have been/will be obtained.	
Procurement	The appropriate procurement officer has been consulted regarding the purchase of goods or services being acquired under the contract, to confirm that all applicable procurement rules and regulations have been followed.	

CHECKLIST

REQUIREMENT	DESCRIPTION	CERTIFIED COMPLETE BY: <small>(PLEASE INITIAL)</small>
Warranties/Guarantees	Warranties or guarantees from the other party give satisfactory protection.	
Insurance	The department is agreeable to any insurance clause(s). The Office of Legal Affairs must approve any insurance clauses.	
Governing Law Jurisdiction	The contract does not permit any legal action to be taken in any other state or country or apply the law of another state or country. The contract does not permit legal action to be taken in federal court.	
University Logo	If the contract allows the other party to use the University's name, logo, or other trademark associated with the University of Georgia, the use has been approved by the appropriate University official.	
Intellectual Property	All intellectual property issues (copyright, trademark, patent) have been addressed.	
Confidentiality Agreements	All nondisclosure clauses include exceptions regarding disclosure as required by law or by a court of law. If not applicable, indicate "n/a." All nondisclosure or confidentiality provisions must be approved by the Office of Legal Affairs.	
Printed/Typed Names	The names of all persons signing the contract are printed or typed below the signature.	
Signature Authority	The person signing the contract on behalf of the University is authorized to do so.	
Total Cost Involved	The contract involves \$ _____ [to] [from] (circle one) the University.	
	Provisions for payments to or from the University are clear.	
Default	The contract provides for events of default for each party.	
	The events of default are described with clarity and specificity.	
	There are provisions for notification of default and a method to cure any default by the University.	
Termination Clause	The contract includes a termination clause that provides the University with a way legally to end the contract earlier than the specified date and set out acceptable terms for such termination.	
	If the contract includes a termination clause for the other party, the terms are acceptable to the University.	
Authorization	Commitments have been obtained from the proper administrators for all resources to be provided by the University.	

Payment	All University funds committed by this agreement are to be paid in the current fiscal year or are on hand and may be committed for payments in future fiscal years.	
	The contract clearly established place, time, and method of payment.	
Unrelated Business Income Tax	If the contract involves any payment to the University, the issue of Unrelated Business Income Tax (UBIT) has been reviewed by the Controller's Office.	
Prohibited Provisions	<p>All prohibited provisions have been deleted or modified. Any of the following must be deleted or reviewed by the Office of Legal Affairs:</p> <ul style="list-style-type: none"> • Indemnification. The University may not indemnify, hold harmless, be liable to, or reimburse any other party to the contract for claims, lawsuits, damages, or losses incurred by that party in connection with the contract. • Liability Limitations/Waiver of Claims. The contract does not limit the other party's liability or waive claims. • Statute of Limitations. The contract does not attempt to limit the time frame in which the University can file a lawsuit. • Term of Contract. Starting and ending dates of the contract are included and clearly defined. • Automatic Renewal. The contract does not provide for automatic renewal. • Warranties/Guarantees. There are no warranties or statements guaranteeing satisfaction from the University. • Defense of Suit. Contract does not provide for anyone other than the Georgia Attorney General to represent or defend University in a legal action and does not allow the other party to control the defense of any legal action. • Waiver of Jury Trial. The contract does not waive the right to a trial by jury. • Confidentiality. The contract does not provide that its terms are confidential. • Interest, Penalties, Late Fees. The contract does not provide for payment of interest, penalties, or late fees. • Arbitration/Mediation. The contract does not contain any provisions pertaining to arbitration or mediation. Non-solicitation of the other party's employees. The contract does not restrict the University from soliciting or hiring the other party's employees. • Payment of taxes or reimbursement for taxes. The contract does not require the University to pay or reimburse the other party for taxes. • Security interest/UCC-1 document. The contract does not allow the other party to file a UCC-1 filing statement or otherwise give the other party a security interest in University property. 	

CERTIFICATION OF REQUESTING PARTY

I have read this contract entirely. I am satisfied with its description of the goods and/or services to be provided to the University (including, for example, warranties, delivery terms, acceptance period, and maintenance terms). I am also satisfied with the description of the University's obligations (including, for example, scope of work, payment due dates, insurance, and confidentiality requirements) and all other provisions of this contract, except as noted in any attached memorandum. A memorandum [is], [is not], (circle one) attached.

Signature

Name

Date

Title

Rate Setting for Departmental Sales & Service (DSS) accounts

UGA Instrument Shop Case Study

Dr. John Wunderlich

Kevin Burt

Importance

- Budgeting
- Full Cost Recovery
- Comparison

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Budgeting

- **Preparation**– Allows units to properly prepare the budget for the next fiscal year
- **Duties** – Assign employees to specific duties based on their skill and pay rate
- **Time allocation**– Sets the expectation for tasks

Full Cost Recovery

- **Task specific**– Provides a method for the unit to identify all the costs associated with a task and recover those costs based on the rate of the service(s) the task supports
- **Limit overcharging**– Units are only allowed to recover the costs incurred to provide the service
- **Service Review**- Provides units with information to determine if the service should be continued based on full cost recovery. If the service is too expensive and few people use it, then the service should be evaluated for elimination.

Comparison

- Open market– Is the open market so competitive that the unit is unable to compete?
- Other University Units - Is there anyone else on campus providing a similar service? How do your rates and level of service compare?
- Peer Groups – Compare services and rates to Comparator and Aspirational Institutions.

Data Needed to Set Rates

- Identify the specific service provided
- Personnel involved – administrative, technician, research scientist
- Office expenses – paper, ink, office supplies, postage, telephone, internet, shipping charges
- Job specific supplies – dedicated computer, software, lab plastics, solvents (chemicals), gloves, goggles, shipping containers, dry ice, service specific equipment
- Related activities – regular maintenance, area clean up, data clean up, service contracts
- Additional support – departmental, college, or University

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Specific Service

- Sample processing
- Machining, equipment repair, part fabrication
- Synthesis
- Testing
- Product sales

Personnel Involved

- Administrative staff – answering phones, customer services, order tracking, invoicing, billing, and reconciling monthly status report.
- Technician – process samples, prepare/run/clean/repair instrumentation, communicate with customer
- Research Scientist – review work, communicate with customer, calibrate instruments

Office Expenses

- Paper, ink, and other office supplies
- Postage
- Telephone/internet
- Shipping charges

Job Specific Supplies & Expenses

- Dedicated computers
- Software
- Lab supplies - plastics, glass, solvents (chemicals), gloves, goggles, shipping containers, dry ice, service specific equipment
- Deionized water
- Paint, special paper, printer ribbon, labels
- Filters, bulbs, belts, blades
- Equipment service contacts

Related Activities

- Regular maintenance of equipment – wash down, filter changes, lubrication, software updates
- Area cleanup
- Failure rate

Additional Support

- **Supplemental funds from:**
 - Departments
 - Colleges
 - VP for Research
 - University
- These may or may not influence the rate charged to the users

CASE STUDY

UGA Instrument Shop

WaterJet Metal cutting machine

Specific Service

WaterJet Cutting Machine

- **Personnel involved** –
 - Instrument maker to operate the WaterJet
 - Shop manager for review
- **Office expenses** – internet charges
- **Job specific supplies** –
 - crushed garnet sand
 - shop towels
- **Related activities** –
 - regular maintenance
 - area clean up

Personnel Cost Assumptions

WaterJet Cutting Machine

Employee Potential

Assumes 40 hours per week

2088 Business Hours in FY15

(96) LESS Holiday hours (12 UGA holidays FY15)

(64) LESS Estimated Annual Leave hours (8 days)

(40) LESS Estimated Sick Leave hours (5 days)

1888 Potential Hours to work

90% Potential work hours

Personnel Cost Assumptions

WaterJet Cutting Machine

- Shop Manager –

- Work/job review (12 jobs per hour)
- Annual Salary \$40,000
- Reviews finished parts and CAD drawings when needed

- Instrument Maker –

- Job set-up (6 jobs per hour)
- Annual Salary \$30,000
- Does not have to continually watch machine

Personnel Cost Calculations

WaterJet Cutting Machine

	Salary	Fringe Rate	Fringe Amount	Total
Manager	\$ 40,000	51%	\$ 20,400	\$ 60,400
Instrument Maker	30,000	51%	15,300	45,300

	Total Cost	Divide Work Hrs.	Hourly Rate
Manager	\$ 60,400	1888	31.99
Instrument Maker	45,300	1888	23.99

***Assumes they work entire 8 hour day no down time

Personnel Cost Calculations

Time Allocation

- **NOTE**

- If an employee is assigned to monitor an instrument or machine the entire time it is in operation, then their rate is charged for the full time of operation.
- If instead, the employee initiates the machine and then moves on to other tasks or services, then only allocate the time required for direct interaction with the machine as part of the rate calculation.

Personnel Cost Calculations

Time Allocation

- Example
 - Research Scientist's typical day
 - 4 hours operating device
 - 2 hours on telephone for other assigned duties not related to service
 - 1 hour answering e-mail
 - 1 hour for breaks and general office conversation
 - Only 4 hours of the Research Scientist's time is assigned to that device (not 8 hours)

Personnel Cost Calculations

- **How do you recover the other 4 hours**
 - Can the phone calls and emails be handled by another person?
 - Can some of the time be assigned to another service based on the content of the phone conversations?
- **Assign the 4 hours to Other Fixed Costs and distribute among all services**

Job Cost Calculations

WaterJet Cutting Machine

Job Cost

Shop Manager	5 minutes per job X (\$32 per hour)	\$	2.67
Instrument Maker	10 minutes per job X (\$24 per hour)		4.00
Internet	5 minutes per job (\$0.06 per hour)		0.01
Cloth towels	4 per job (\$0.20 each)		0.80
Garnet Sand	(\$17 per job)		17.00
Annual Maintenance	\$5,000 /1888 hours		2.65
WaterJet Cost per job		\$	<u>27.13</u>

Direct Costs associated with service

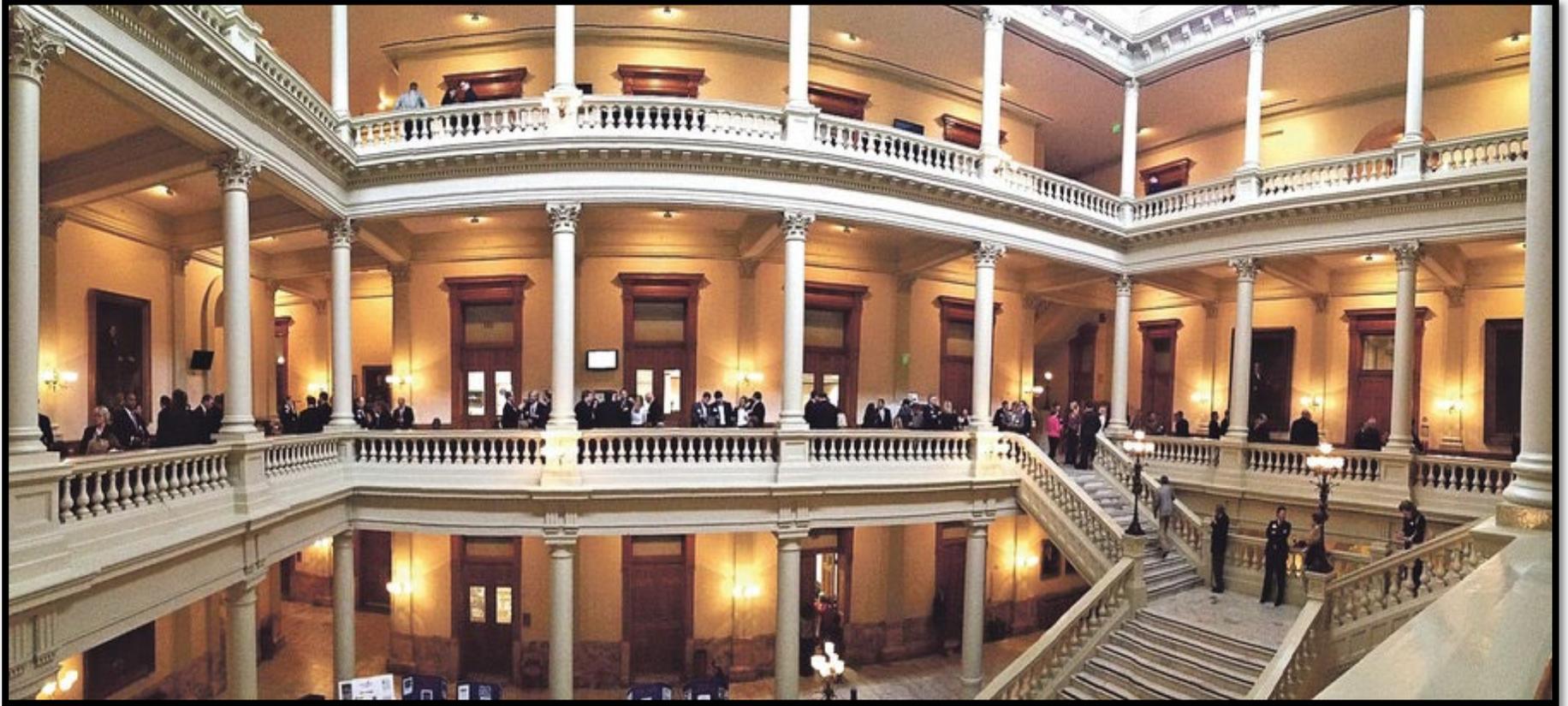
Assumptions

- 2088 hrs FY14 - http://www.busfin.uga.edu/budget_div/fiscal_2014.pdf
- Fringe rates - <http://www.ovpr.uga.edu/osp/frequent-info>
- Holiday Schedule - https://www.uga.edu/holiday_schedule/
- Leave rates - <http://www.hr.uga.edu/paid-days-off>



The Carl Vinson Institute of Government

What Is...



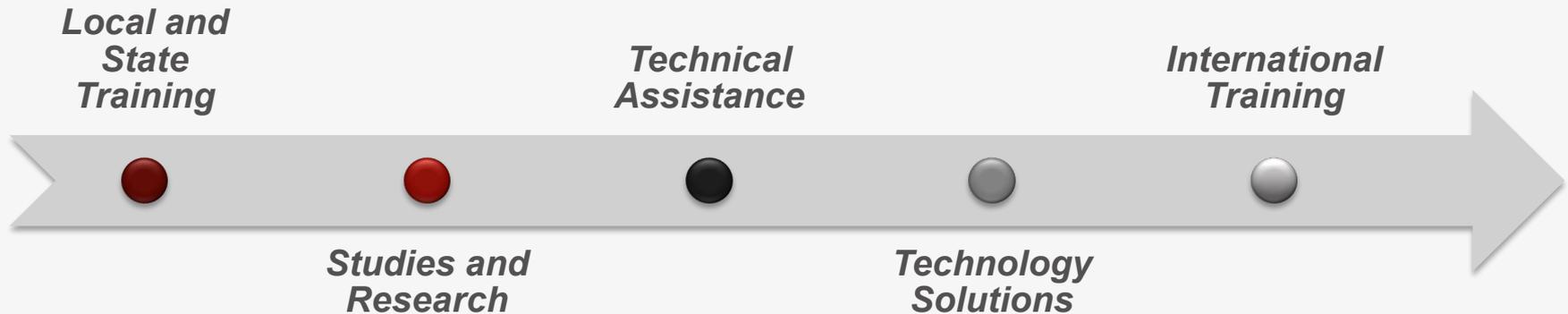
Excellence in Government?

Excellence in Government

*We help make governments **BETTER***

*We help make governments that are more **EFFICIENT** and **RESPONSIVE** to citizens.*

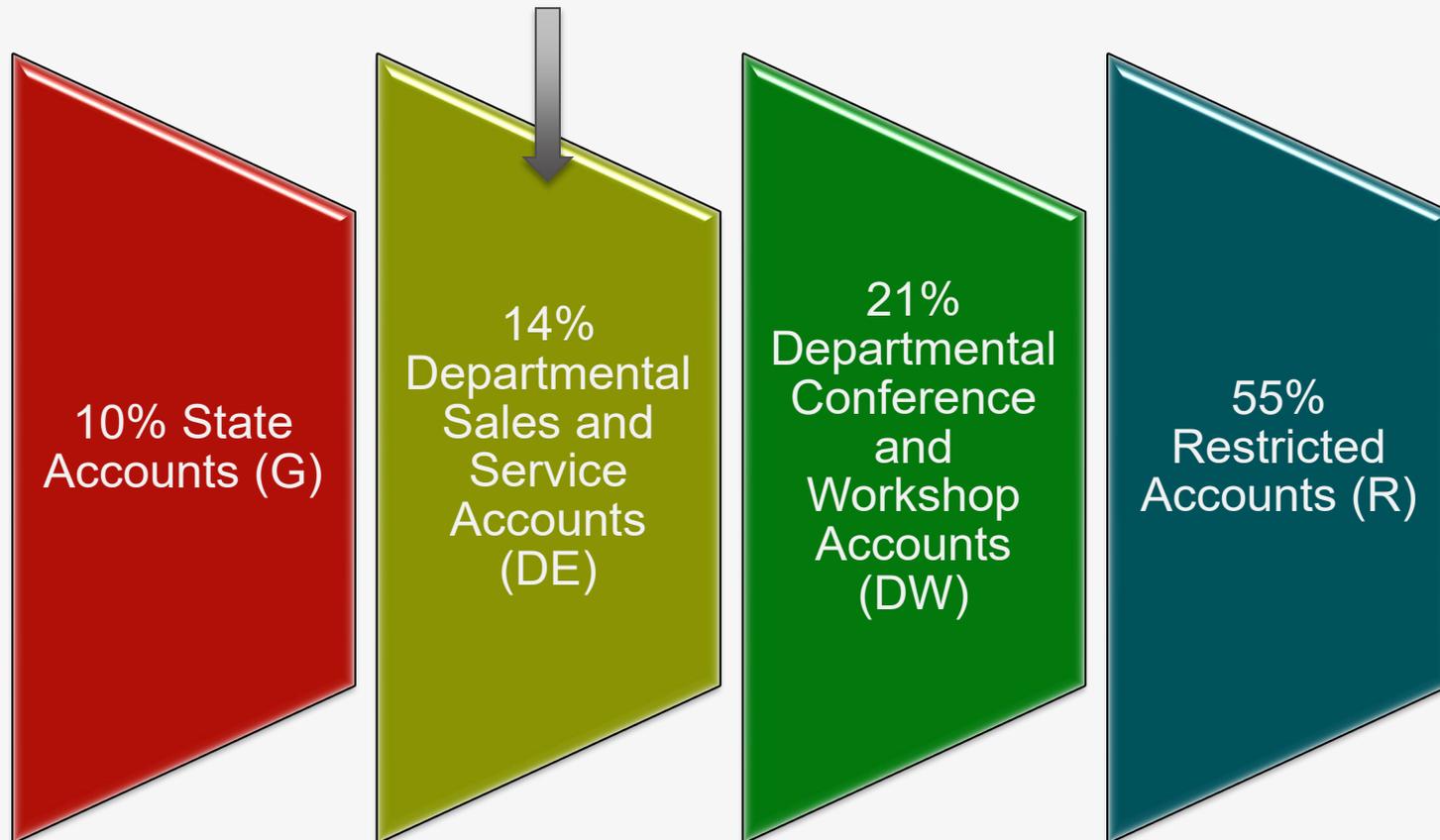
This is achieved through a wide range of work...





Accounts

Active Accounts





Budgets

Programmatic Budget Development



Anticipated Revenue



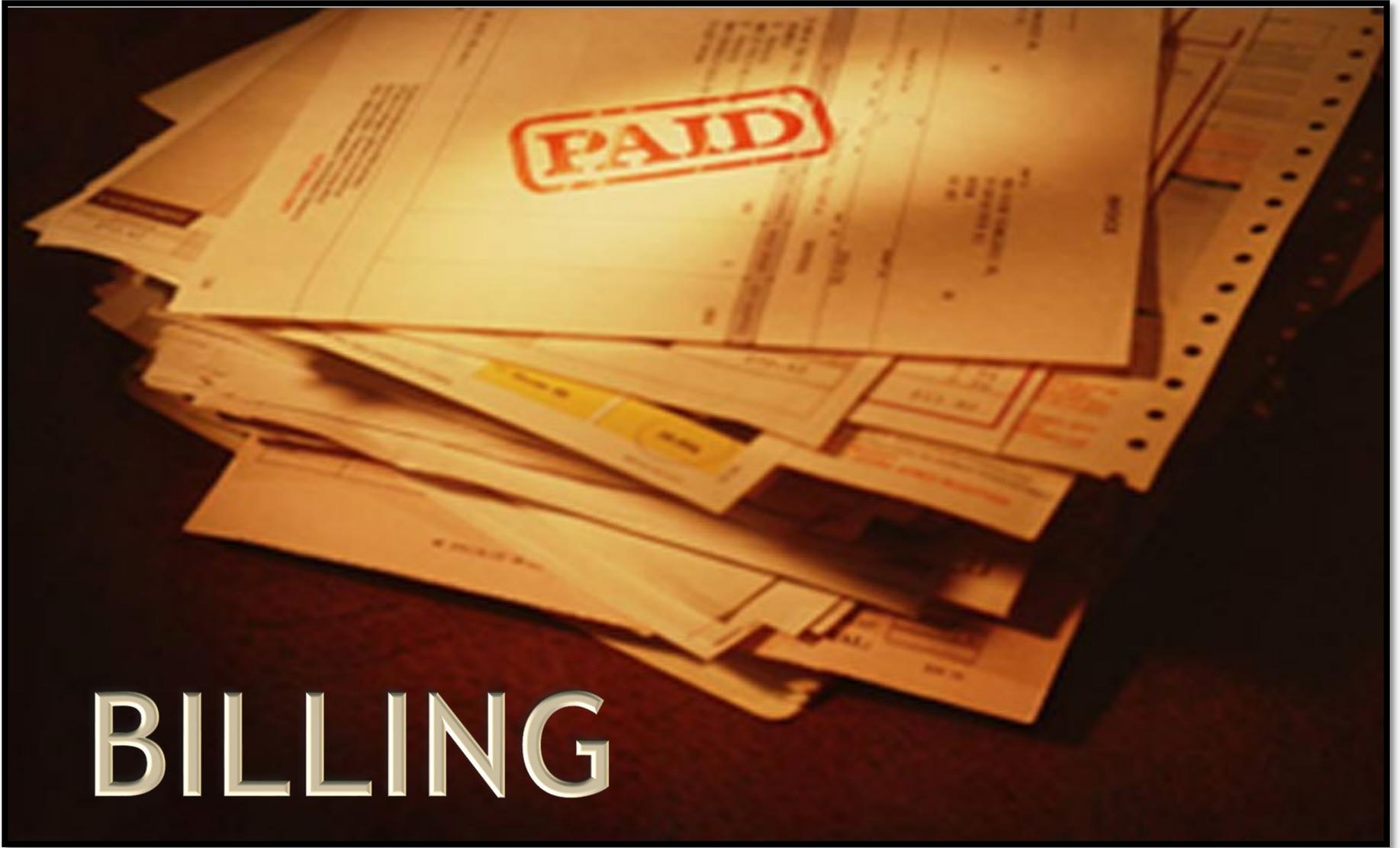
Budget Personnel Cost

- * Salary
- * Benefits



Budget Non-Personnel Costs

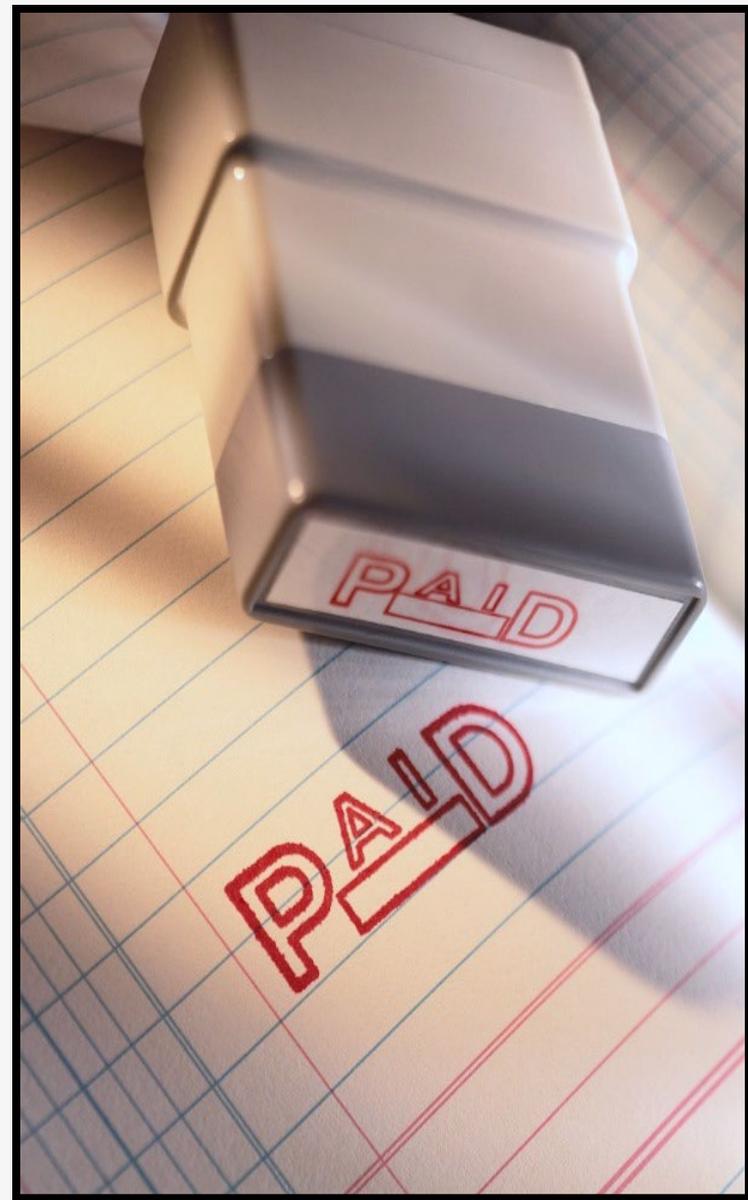
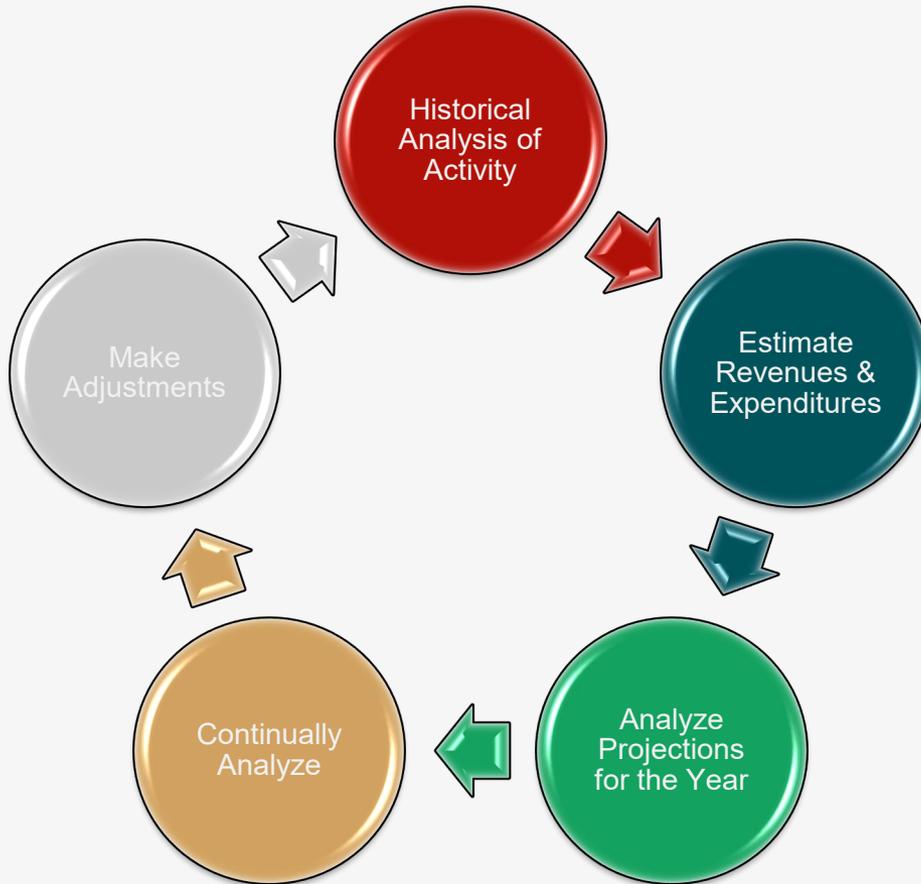
- * Travel
- * Operating



BILLING

Billing Rates

We work with our faculty to establish billing rates

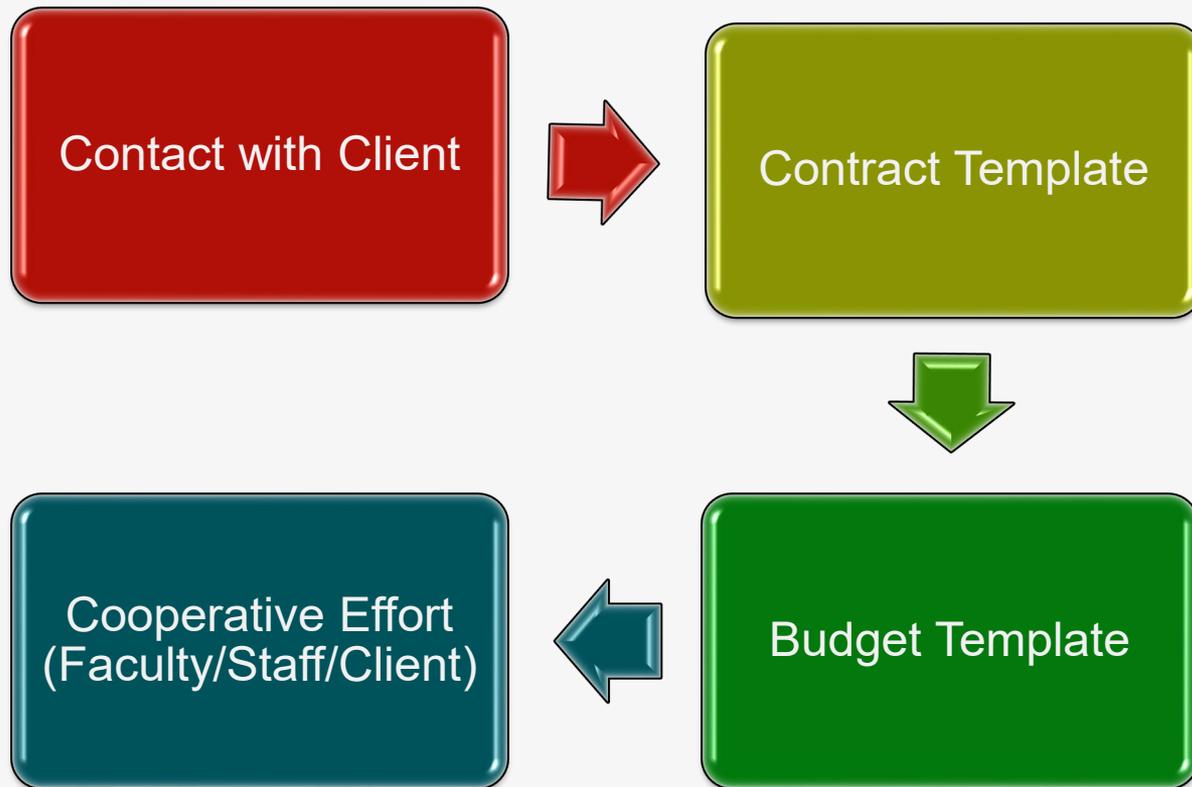


CONTRACTS

Signature

Overview

Contract Development



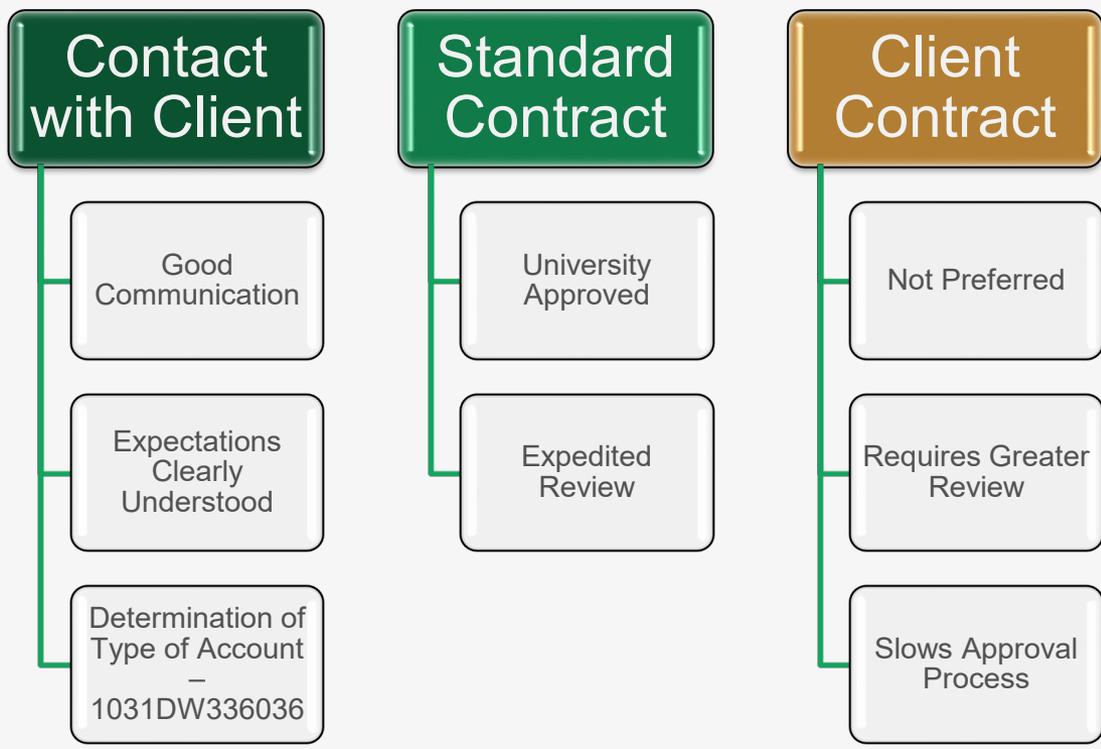
Overview

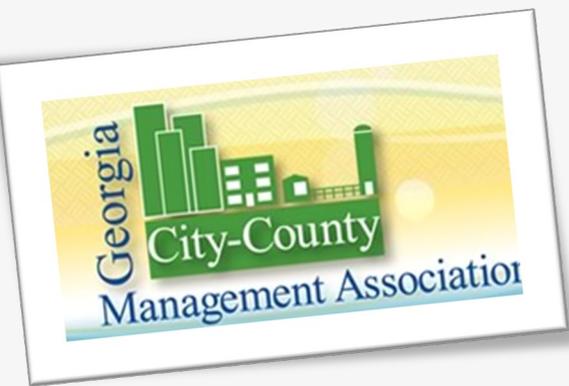
Contract Execution



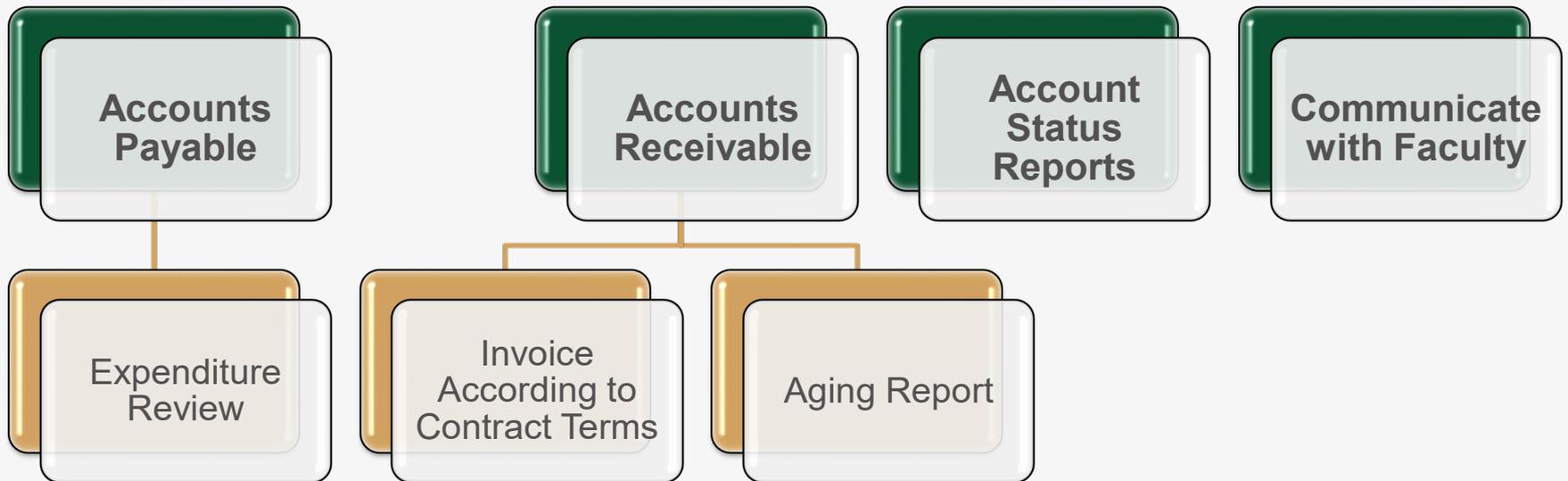


Georgia City/County Management Association Contract



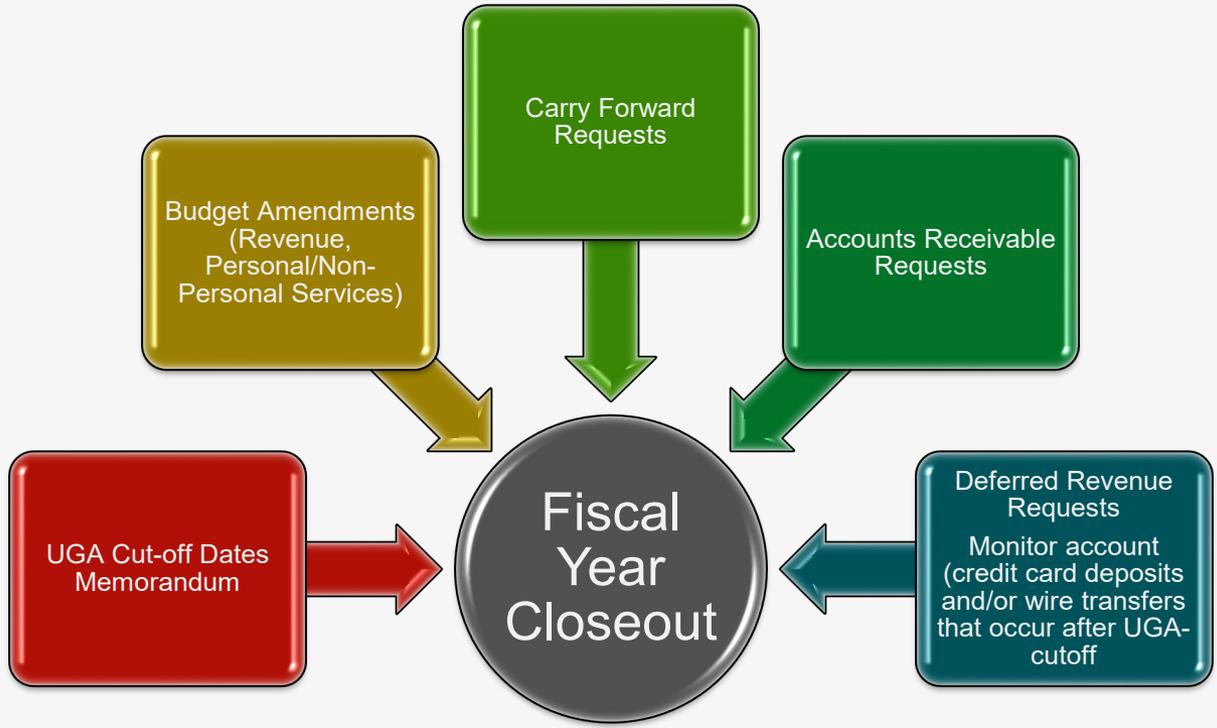


Georgia City/County Management Association Contract





Georgia City/County Management Association Contract





LOCAL AND STATE TRAINING



Questions?

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