

# UC Davis Policy and Procedure Manual

## Chapter 340, Rates, Recharges and Sales Activities

### Section 09, Sales and Reimbursement of University Supplies and Services

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Responsible Department: Accounting & Financial Services

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#### I. Purpose

University policy generally prohibits departments from providing University goods and services to non-University users. This section presents guidelines for determining what types of sales may be permitted under special circumstances and outlines procedures for securing approval and for documenting approved sales. This policy also addresses reimbursement by University employees of selected expenses to the University.

#### II. Definition

Non-University--organizations not departments of or directly affiliated with the University of California, and individuals acting in their own behalf.

#### III. Policy

##### A. Sales to non-University users

As explained in Section 330-05, the purchasing party may issue a purchase contract (to be approved in form by Business Contracts), or the University shall issue its own contract through the Business Contracts Office. The selling department shall initiate a DaFIS Requisition document and submit it to Business Contracts. Subject to the requirements in Section 330-05 and in III.B, below, sales to non-University users are permitted as follows:

1. Sales of goods or services to non-University users may be made by units authorized to sell to the public (such as the UCD Bookstore and the Bargain Barn).
2. Other departments, such as academic departments and service activities, may make such sales only under the following conditions:
  - a. Service to University users will not be impaired as a result; and
  - b. Such sale is related to the University's mission of teaching, research, and public service (for example, the work will yield data of value to ongoing University research or will provide students with training in specialized techniques); or
  - c. The goods or services are not reasonably available elsewhere and the sale is not otherwise inconsistent with University objectives.
3. Consistent with A.2, above, departments may make the following types of sales to campus organizations or individuals for their private use:
  - a. To faculty and staff (including visiting scholars) for professional or scholarly work substantively related to their University employment.
  - b. To present or former students to complete University degree requirements or research begun when they were students.
  - c. To recipients of student awards, such as Jastro-Shields and President's Undergraduate Fellowship (PUF) awards, for goods and services necessary to carry out their projects.
  - d. To campus organizations closely associated by purpose with the selling

department, for supplies and routine office services.

B. Approvals

1. Department heads may authorize, in advance, sales with total annual income under \$500, except those transactions requiring other approval as described in B.2, below.

Note: Recurring sales of similar items for which the total annual income is over \$500 require additional approval of a Special Sale/Service Authorization (see IV.A, below). (Example: sales of brochures to 55 different universities, even if the income for each sale is only \$10.)

2. Other transactions require approvals as follows:

- a. Goods or services provided on a fee basis

Goods or services provided on a fee basis are authorized by the appropriate vice chancellor upon advice of the Professional Staff Rate & Services Activities Advisory Group (Rate Group). (See Section 340-15.)

- b. Surplus property

Surplus property, such as equipment and office furniture, may be sold only through the Bargain Barn as described in Section 350-80.

- c. Extramurally funded property

Sales of property purchased through extramurally funded grants and contracts must conform with the terms and conditions of those documents. (Refer to Sections 350-80 and 350-55.)

- d. Surplus animals or agricultural products

Surplus animals, animal products, or agricultural products may be sold only as described in Section 340-30.

- e. Syllabi and other teaching aids

Instructional materials may be sold to students only as described in Section 210-80.

- f. Specific terms and conditions

Transactions involving specific terms and conditions (such as warranties, penalties for late delivery, or acceptance of liability for loss or damage) are approved as described in III.A, above, and Section 330-05.

- g. Buyer's purchase order

Transactions for which the buyer has submitted a purchase order are approved as described in III.A, above, and Section 330-05.

- h. Other sales

All other sales require an approved Special Sale/Service Authorization (see IV.A, below).

C. Proper crediting of sales of goods or services and reimbursements

1. Proceeds from sales of all goods or services must be credited using a revenue object code.
2. Reimbursement proceeds (including reimbursements for personal long-distance telephone calls and photocopies) are the property of the University and must be credited to the account charged with the cost of goods delivered or services rendered and citing the

object code originally charged.

D. Rates for goods sold or services provided

The proceeds for sales of goods or services must provide for full recovery of University costs as outlined in Section 340-05.

E. Collection of sales taxes

Sales taxes must be collected and remitted as described in Section 340-06.

F. Unrelated business income

1. Income generated by activities or programs not substantially related to the University's tax-exempt functions of education and research is considered unrelated business income and may be subject to Federal income taxation.
2. The potential tax liability must be considered when establishing an activity or program in which the generation of unrelated business income is anticipated. The generation of such income is not, in itself, reason for withholding approval for establishing an activity or program.
3. Existing activities or programs that may produce unrelated business income must:
  - a. Consider the tax liability in planning and budgeting for the activity.
  - b. Conform to all reporting requirements specified by the University.
  - c. Complete a non-financial questionnaire, if so requested by Tax Accounting, Accounting & Financial Services.

#### IV. Procedures

A. Special Sale/Service Authorization

For a transaction requiring a Special Sale/Service Authorization form, the form must receive all approvals before the sale may be made. Following complete approval, a copy of the form is returned to the department. The authorization number on the form must be cited on the invoice or cash receipt for the sale.

B. Invoice

1. Payment for authorized sales or services should be collected at the time the goods or services are provided whenever possible; however, credit may be granted in cases where no facilities for cash collection exist or noncollection of cash is deemed to be in the best interest of the University (refer to Section 330-89).
2. If credit is extended, the department prepares an invoice using either the Banner Student Information System (Banner) or the UC Davis Financial Information System (DaFIS) to bill for a sale of goods or services or reimbursement for which cash was not collected at the time the goods or services were provided (refer to Section 330-89). Authorization for the sale must be documented on the invoice either by citing the Special Sale/Service Authorization number or, for a sale authorized by the department head as explained in III.B.1, above, by providing a description of the transaction.

C. Statement of Cash Collections

1. To record payments received for sales of goods or services or reimbursements at the time the goods and services are provided, follow cashiering procedures outlined in Section 330-55. Authorization for the sale (either the Special Sale/Service Authorization number or a description of the transaction as authorized by the department head) must be documented in the DaFIS Statement of Cash Collections (SCC) Explanation field.

2. To record payments received on account (Banner or DaFIS,) contact the Campus Cashier's Office (530-752-0460) for instructions on how to process the payment. Do not prepare or submit an SCC.

**V. Further Information**

- A. For information on specific agreements or processes, call the Business Contracts Office, (530) 747-3875. Information on Business Contracts is also available at <http://businesscontracts.ucdavis.edu/>. Business Agreement Requests for UCDHS are available at <http://intranet.ucdmc.ucdavis.edu/contracts>.
- B. Accounting & Financial Services can provide information regarding billing, collection, maintenance of accounts, and unrelated business income tax liability.
- C. The Office of Resource Management & Planning can provide information regarding the rate approval process.

**VI. References and Related Policy**

- A. University Regulation No. 4, Special Services to Individuals and Organizations, 6/23/58.
- B. Office of the President: University Policy on Activities Generating Unrelated Business Income, 11/21/83.
- C. UC Business & Finance Bulletins:
  1. A-56, Academic Support Unit Costing and Billing Guidelines.
  2. A-61, Procedures for Determining Unrelated Business Income and Expenses.
- D. UCD Policy & Procedure Manual:
  1. Section 210-80, Sales of Syllabi and Other Teaching Aids.
  2. Section 330-05, Business Contracts.
  3. Section 330-55, Departmental Cashiering Operations.
  4. Section 330-89, Billing for Accounts Receivable.
  5. Section 340-05, Cost Recovery for Sales of Goods and Services to Non-University Clientele.
  6. Section 340-06, State Sales and Use Tax Collections.
  7. Section 340-15, Rates.
  8. Section 340-30, Disposal of Agricultural By-Products.
  9. Section 350-55, Care and Control of Equipment.
  10. Section 350-80, Disposition of Excess and Surplus Property.