

# Establishing and Modifying Revenue Producing Activities (RPA)

## FIN-TRE-VI-121

### About This Policy

Effective Date:

07-01-2003

Last Updated:

03-26-2012

Responsible University Office:

Office of the Treasurer

Responsible University Administrator:

Senior Vice President and Chief Financial Officer

Policy Contact:

MaryFrances McCourt

Senior Vice President, Chief Financial Officer and Treasurer

[mmmccour@indiana.edu](mailto:mmmccour@indiana.edu)

### Related Information

- \* [VI-52, Establishing and Closing of University Bank Accounts](#)
- \* [VI-110, Accepting Electronic Payments](#)
- \* [VI-120, Processing Revenue](#)
- \* [I-470, Internal Controls](#)
- \* [UITS Policies/Guidelines on Security](#)
- \* [Payment Card Industry Data Security \(PCI DSS\) Standards as Set by the PCI Council Treasury](#)
- \* [Purchasing Policies](#)
- \* [I-400, Formula For Setting Recharge Center Rates](#)
- \* [I-370, Fund Balance in Recharge Centers](#)
- \* [I-410, Recharge Center Transfers](#)
- \*
- \*
- \* [IU Copyright Center](#)
- \* [UA-05, Intellectual Property Policy](#)
- \* [University Information Security Office](#)

### Related Forms

- \* [RPAQ Budget Template](#)
- \* [Conflict of Interest Policy](#)
- \* [Conflict of Interest Disclosure Statement](#)

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Scope

This policy will aid Indiana University (“IU”) in managing risks associated with revenue producing activities and applies to all University units engaging in internal and external revenue producing activities, whether or not revenue is processed on campus or off. It establishes revenue processing requirements and makes references to existing financial, e-business, technology, and purchasing policies, as well as relevant externally imposed regulations including, but not limited to, those originating from state, federal and taxing agencies. This policy also covers revenue generated from reportable program income on Contract and Grant accounts. The revenue processing provisions covered in the [Intellectual Property Policy, UA-05](#), which defines the rights of the University and the creators of intellectual property, supersede this policy.

This policy applies to any unit or person processing revenue through IU accounts or through IU technology systems/ resources, including external agencies and affiliates. It does not apply to outside entity student organizations’ revenue producing activities, unless the student organization processes the revenue activity through a University account or through IU technology systems. Activities with less than \$1000 of annual revenue will not need to be reviewed under this policy; however, these activities should be directed to Treasury Operations for a consultation to determine how to handle revenue per policy [Processing Revenue, FIN-TRE-VI-120](#).

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## Policy Statement

A Revenue Producing Activity (“RPA”) is established when revenue is generated from the sale of products and/or services provided by the University and/or University employees. All new activities must be approved prior to accepting revenue. Existing activities with changes or expansions to business practices must be reviewed and approved before the changes are implemented.

All requests for RPAs will be reviewed by the Revenue Producing Activity Committee (RPAC). Requests must be submitted from the campus business officer and be compliant with defined RPA standards. Prior to submission to the RPAC, RPAs must be approved by the Fiscal Officer and campus business officer. Any sale of products and/or services to internal and/or external customers must be consistent with the mission of the University (education, research, or public service), as well as the mission of the specific organization. Units with sales to internal customers are expected to break even while sales to external customers may generate a profit.

Subsequent to approval by the RPAC, the Office of the Treasurer (“Treasury”) will provide an approved method(s) to process revenue per IU policy [Processing Revenue, FIN-TRE-VI-120](#). Revenue must be deposited in an approved university bank account(s) and recorded with the appropriate general ledger account(s) and object code(s).

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## Reason For Policy

This policy is intended to provide procedures and guidelines for the establishment of revenue producing activities by IU departments, units, and individuals, consistent with the University mission and that of the unit generating the revenue. The purpose of this policy is to determine alignment with the mission and to standardize revenue processing within IU across similar functions with solutions characterized by strong controls to reduce the risk of fraud and/or loss while increasing the efficiency of its cash.

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## Procedure

To establish a new RPA or make changes to an existing activity, the department must:

1. Schedule a preliminary review meeting/discussion with the campus business officer to explain the proposed activity and gain approval from the campus;
2. Prepare a budget and/or business plan. A budget template is available in the ‘Related Forms’ section of this policy, or on the [Online RPA System](#) site.
3. If a recharge center, prepare a schedule of rate calculations for the operation under the guidance of Financial Management Services (FMS);
4. Complete a Revenue Producing Activity Questionnaire (RPAQ) through the [Online RPA System](#) site. Instructions for completing an RPAQ using the online system can be found [here](#).
5. The completed RPAQ will route to all levels of campus approval, then to Treasury Operations for distribution to the Revenue Producing Activity Committee (RPAC). Submission by the campus signifies endorsement and support for the activity. (Submission by the Campus Business Officer to Treasury must occur at least a week in advance of the next scheduled RPAC meeting. Note that planning should include approximately 14-21 days for review.

The RPAC will meet every other week to review pending requests and approve/disapprove these requests. Reviews will include, but not be limited to compliance with University mission, compliance with existing external requirements and University policy, efficiency of request, redundancy and risk.

The committee will communicate its decision, in writing, to the requesting unit within 48 hours of the RPAC meeting.

The RPAC will be composed of members from the following functional areas:

**Treasury** will provide instructions on the approved payment method(s) based on substantiated business needs. Responsibilities include a review of all information to determine if the activity involves any banking, credit card, check processing or cash handling.

**FMS** will provide a review for impact on financial reporting and fiscal operations issues. This includes review for potential tax issues.

**Purchasing** will ensure that all appropriate contracts are established and IU procurement policies are being followed to obtain goods or services related to the activity, including those related to licensing and trademarks issues.

**UTS** will review those activities which involve IU information technology such as data networking, computer accounts and data security for compliance with all applicable policies.

**University Budget Office** will confirm that the activity and its funding sources are appropriate and consistent with fiscal policies.

Other areas including but not limited to **University Counsel, University Architect, Risk Management, or Public Affairs and Government Relations** may be brought in to review specific requests as appropriate.

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## Definitions

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## Sanctions

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## Additional Contacts

Subject	Contact	Phone	Email
Policy Interpretation	Ruth Harpool	812.855.3910	<a href="mailto:rharpool@iu.edu">rharpool@iu.edu</a>
Policy Interpretation	Matt Schaefer	812-856-5516	<a href="mailto:ms79@iu.edu">ms79@iu.edu</a>

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