

Recharge Checklist

Front End Questions (Business Office)

- Is this an activity that should be treated as a recharge?
- Do you have the support of the Director, Dean, Department Head, etc?
- What is the materiality of the dollar amount we would be recovering in this recharge?
- How many customers? Who are the customers?

Recharge Checklist (Costing Office & Business Office)

- Does the recharge activity support the University's mission? For example, is it simply a recovery of costs without recovery of any profit?
- What type of recharge will this be?
- Are salaries and wages/fringes included? There must be some level of effort allocated, unless you have reasonable justification that salaries and wages/fringes should not be included. When salary is part of the rate, fringes must be part of the rate as well.
- Is the calculation of the rate accurate and adequately supported? The rate calculation should show that the activity is fully costed, all costs are allowable and allocable, and the costs included are benefiting the recharge.
- Does the recharge result in inconsistent costing? (i.e. are they charging some for the service while not charging others?)
- Can we pull information from the transaction code GR55 (Report Group Z100) to match the prepared Income and Expense worksheet? Backup documentation must tie to the financial statements.
- Is revenue projection reasonable? Are other projections reasonable?
- Is there capital equipment? If so is there a depreciation schedule and a depreciation recovery account established?
- Is the projected fund balance within tolerance? What is the plan for any fund balance surplus or deficit? Any surplus or deficit should be included in rate calculations.
- Does the recharge result in a significant cash deficit or shortfall? If so, has a back-up funding source been identified?
- Who are the customers? If external, has the proper F&A been charged?
- Has an incremental cost been identified?
- What is the billing process? How are customer orders tracked? What are the invoicing procedures?

Specific things we look for on the forms submitted with a rate request:

Transmittal Memorandum/Request for Rate Approval Memorandum:

- Does the transmittal memo adequately describe and explain the need for the activity?
- Does the transmittal memo adequately describe the assumptions made to calculate the rate?
- Does the transmittal memo state the reason for the need to establish a new recharge center or revise the existing rate?
- Has all subsidy information been clearly identified?
- Have appropriate signatures been obtained?
- Is the distribution of approved copies listed at the bottom of each Request for Rate Approval (should include Business Manager, Associate Comptroller, Costing, and Originator of Request)?

Supporting Financial Documentation:

- Is a projected statement of income expense included? This should include projected fund balance and calculation of a surplus or a deficit.
- Is a rate calculation included? Each rate must be determined by a calculation of the total costs to be recovered. Examples of questions we look at to determine if that rate calculation is appropriate are as follows:
 - How is the “product” measured (time/volume/procedure)?
 - What is the break even cost of each unit?
 - What is the total cost of products for the rate year(cost per unit * # of units)?
 - What are the total costs to be recovered by the recharge center in the projected year?
 - Is there a subsidized rate?
 - Is there an external customer rate?
 - If there was a surplus or a deficit in the center, this MUST be included in rate calculation.
- Is a salary and wage schedule included?

Additional Items for Consideration:

- Comparative market data to support requested market rates.
- Address why a retroactive effective date is needed. Include how the rate will be implemented retroactively and what customers (e.g. sponsored program accounts) will be impacted. Retroactive dates should only be requested in very rare instances.
- Discuss the accounting and/or billing procedures and controls that are in places if for a new rate or if the procedures and controls are unusual. For example, if the center handles billings that are not processed via PSCD or via an intramural invoice voucher, please explain the reasons behind this.
- Explain if there is a deficit or surplus fund balance that requires writing off the amount over a period of more than one year.
- Identify subsidy information including the source.
- Discuss equipment purchases planned.
- If a new rate is requested, be sure to explain why the rate is needed. If the service has been provided free of charge in the past, why the change? If revising the rate, be sure to explain why

the revision is necessary. (Probably relates directly to a projected fund balance.) Discuss large decreases/increases in the rate. What has changed? Include explanations for large cost changes, personnel changes, or unit changes that have impacted the rate materially.

- If similar services are currently provided from existing University sources (ex. a general service center or another departmental recharge center (inter/intra schools)), explain why it is necessary to have the proposed recharge center.
- If a service needed by the recharge center is being outsourced that could be fulfilled by a University resource, explain why the University resource will not be utilized. (Example: as an intermediate step a recharge center requires the testing of samples. Another center on-campus provides the type of sampling required, but the recharge center opts to send the samples to an outside lab. Be sure to explain why in the memo. Acceptable reasons could be timing, pricing, quality (higher degree of accuracy required), etc.)
- Address volume and type of external customers of the center.