



**SERVICE CENTER
RECHARGE
ACCOUNTING PROCEDURES**

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TABLE OF CONTENTS

	Page
I. Introduction	
A. Purpose of Manual.....	1
B. Scope of Manual.....	1
II. Definitions	
A. Department Categories.....	2
B. Recharge Units.....	2
C. Recharge.....	3
D. Revenue.....	4
E. User.....	4
III. Recharge Policies.....	5
IV. Forms Used in the Recharge System	
A. Bill for Services or Expense Transfer (NIU form A-169).....	8
B. Special Recharge Forms.....	8
Exhibit 1: List of Special Recharge Forms.....	9
V. Main Processes of the Recharge System.....	10
A. Document Flow and Process Description.....	10
1) Document Flow - Bill for Services or Expense Transfer (NIU form A-169) Processing.....	11
2) Bill for Services or Expense Transfer Form A-169.....	12
VI. Appendices	
--Appendix A - Recharge Reference Table.....	A-1

NOTE: ALL QUESTIONS/COMMENTS SHOULD BE REFERRED TO GOVERNMENT COST COMPLIANCE OFFICE AT 556-4815.

I. INTRODUCTION

A. PURPOSE OF MANUAL

The purpose of this manual is:

- 1) To document the Recharge System
- 2) To establish University policies, guidelines, definitions, and procedures for the Recharge system in compliance with Federal Regulations (OMB Circular A-21, A-110, and Medicare Regulations), State Regulations (Uniform Manual of Accounts and Reports - Higher Education), and generally accepted cost accounting principles.
- 3) To centralize in one reference document information concerning Recharge Processing needed to answer user questions.

B. SCOPE OF MANUAL

This manual includes all guidelines, policies, and procedures for the Recharge System concerning processing recharges. It does not include guidelines, policies, and procedures for calculating and setting rates for Service Centers. These are covered in the "University of Cincinnati Service Center Policies & Procedures Manual" which is referenced in the Service Centers Policy #2.1.24.

II. DEFINITIONS

A. DEPARTMENT CATEGORIES

The departments of the University can be categorized based on the financial reporting category or function in which the departments' costs are booked. For purposes of this manual, the departments, identified by organization (ORGN) number (digits 1 through 5 of the cost center number), are grouped into the following categories:

- 1) Direct Departments - This category includes those Academic Departments whose costs should be reported in direct functions: Instruction, Research, or Public Services.
- 2) Indirect Departments - This category includes those support departments whose costs should be reported in the following indirect functions:
 - a) Academic Support (e.g., Library, Deans' Office)
 - b) Student Services
 - c) Institutional Support
 - d) Operation and Maintenance of Plant
- 3) Auxiliary Departments - This category includes those units (Residence Halls, Dining Facilities, Tangeman University Center, Bookstore, Athletics, and Parking Lots & Garages) whose costs should be reported in the Auxiliary Enterprises function.

B. RECHARGE UNITS

Recharge Units are those entities which are permitted to charge for services rendered. The charges are intended to recover the costs of providing the service. The University has established the following types of Recharge Units:

- 1) University Service Center - A facility which provides a service or a product on a continuous basis to the University community (including the public) and charges the user a predetermined rate calculated to recover the total operation costs over a period of time established in advance.
- 2) Departmental Service Center - A facility which provides a specific type of service or product to a limited segment of the University community; charges a rate to recover the direct cost of providing the service; and is not considered a University Service Center.
- 3) Stores Operation - A facility which provides warehouse or stockroom type

services to University departments and charges a nominal markup or handling charge on items "sold." The markup or handling charge is intended to recover the direct cost of providing the service.

- 4) Special Recharge Unit - A facility which provides a service or product and charges a rate to recover the costs of providing the service which has been reviewed by Government Cost Compliance Department and determined to be exempt from rate approval due to special or unique circumstances. The rates and rate calculations for these units do not require approval.
- 5) Auxiliaries - These units (Residence Halls, Dining Facilities, Tangeman University Center, Bookstores, Parking Lots & Garages, Shoemaker) are self-supporting enterprises which provide goods and services to the University community and charge a rate or fee directly related to, although not necessarily equal to, the total cost of goods or services provided. The distinguishing characteristic of these units is that they are managed as self-supporting units.

C. RECHARGE

A recharge can be defined as a cost or expense incurred by one department or Recharge Unit for products or services which are to be billed or passed on (recharged) to another department or Recharge Unit. Note that recharges differ from Transfers of Funds in that recharges involve a transfer of costs for goods or services, and Transfers of Funds do not. The University has established the following types of recharges:

- 1) Rate Based Charge - The costs incurred by the charging department to provide a service or product are passed on by means of a rate calculated to recover the costs of providing the service.
- 2) Pass through Charge - The costs incurred by the charging department for goods or services are passed on directly at the invoice cost. No markup or handling charge is added to the invoice cost paid. The charging department is billing only the amount they paid for the goods or services.
- 3) Cost Redistribution Required for Financial Reporting Charge - The University centrally budgets certain costs (e.g., postage, telephones, utilities) in indirect departments. State regulations require that, for financial reporting purposes, these costs be distributed to user departments. This is accomplished by billing these costs on a Bill for Services or Expense Transfer (NIU Form A-169) or other Special Recharge form to user departments based on a usage formula.
- 4) Above Baseline Support Charge - Certain indirect departments (mainly Facilities Management) may charge a rate based charge (approved and on file in Government Cost Compliance) for non-routine services on an Intra-Departmental Transfer of Expense (NIU Form A-169) to Hospital, Auxiliary, and University Service Center units. All other utilizing departments will no longer pay directly for these above baseline services. A budget for these services will be set up in the support departments.

When funds for these above baseline services are exhausted, the services will be discontinued unless additional budget is provided. This will eliminate the shifting of funds budgeted for essential baseline support services to above baseline activities.

D. REVENUE

For purposes of this manual, revenue is defined as those amounts credited to the charging department for rate based charge sales. Revenue can be accounted for as either Income or as Recovery of Expense, depending on the departments or recharge units involved in the transaction. Revenue does not result from pass through charge transactions. These transactions are accounted for as expense offsets.

E. USER

For purposes of this manual, a user is defined as the department, recharge unit, or individual who is receiving the goods or services and is billed for them. There are two types of users.

- 1) University User (Inside User) - Any user who is billed via an Intra-Departmental Bill for Services or Expense Transfer (NIU Form A-169) or Special Billing Form and pays for the service or product from a source of funds on the University's books including gift, endowment, and sponsored program funds.
- 2) Non-University User (Outside User) - Any user who pays for the service or product from a source of funds not on the University's books.

III. **RECHARGE POLICIES**

The following Recharge policies establish guidelines for recharge processing. These guidelines are intended to ensure that costs are reported in the proper financial reporting category/function in compliance with Federal and State regulations. By following these guidelines, the University will eliminate any Intra-University charging between various financial reporting categories/functions which result in costs being reported in improper financial reporting categories or functions.

A. **RATES**

All rate based charge type recharges must be based on sound cost analysis and conform to rate setting policies and procedures as outlined in the Service Center Policies and Procedures document when applicable.

- 1) All Recharge Units using rate based charge type recharges must have their rates reviewed by Government Cost Compliance to determine under what category of Recharge Unit they fall.
- 2) All Departmental Service Center, University Service Center, and Stores Operation rates must be approved in advance by the Recharge Council.
- 3) Certain Indirect Departments (mainly Facilities Management) may charge a rate-based charge for non-routine service on a Bill for Services or Expense Transfer (NIU Form A-169) to Auxiliary, and University Service Center units.

B. All Cost Redistribution for Financial Reporting type recharges must be reviewed and approved by the Controller's Office in conjunction with Government Cost Compliance.

- 1) Only Indirect Departments are eligible for charging these types of Recharges.

C. All Pass-through type recharges must be accompanied by adequate documentation (e.g., invoice or ledger sheets) and approved by the department incurring the charge.

D. Most auxiliary enterprise rates are used uniformly in charging both internal and external users. If an auxiliary rate is primarily (greater than 75% of Dollars charged) being charged to internal users, the rate must be reviewed by Government Cost Compliance and approved by the Recharge Council. For purposes of this language, students are considered external.

E. ACCOUNTING POLICIES

- 1) Revenue generally should be accounted for as:
 - a) Recovery of Expense for University and Departmental Service Centers and Stores Operation regardless of the source. A Bill for Services or Expense Transfer (NIU Form A-169) is the proper form to be used.
 - b) Recovery of Expense for Patient Care Center and Special Recharge Units when generated by inside user billings. A Bill for Services or Expense Transfer (NIU Form A-169) is the proper form to be used.
 - c) Income for Auxiliary Departments regardless of source. The correct form used is a Bill for Services or Expense Transfer (NIU Form A-169).
- 2) Pass Through type recharges do not generate revenue. They should be accounted for as offsetting expenses.
 - a) Transfer of salary and benefit costs between departments should not be done using an NIU Form A-169. These transfers should be done by changing the funding source on a Personnel Change Request (PCR).
- 3) Cost Redistribution type recharges should be accounted for as recovery of expense.
- 4) Effective July 1, 2005, all Recovery of Expense will be coded to G/L Account codes as follows:

580100 – 580399	Internal Recovery of Expense
581300 – 581899	Recovery of Expense: Outside Non-Taxable
580400	External Taxable Recovery: Service Centers
581900 – 581905	Recovery of Expense: HAGC/UHI Non-Taxable
582000 – 582400	UCit & Utilities Recovery of Expense

F. BILLING FORMS

- 1) All recharges billed to inside users must be billed on a Bill for Services or Expense Transfer (NIU Form A-169). These forms are not to be used for fund transfers. Fund transfers are to be processed using a Recommendation for Administrative Action (Form A-123).

- 2) Sponsored Programs Funds (G1xxxxx-G4xxxxx) must be charged cost. Billings for these funds must be done on a Bill for Services or Expense Transfer (NIU Form A-169).
- 3) University Service Centers are required to calculate their rates to break even. To do this, University Service Centers must be charged cost. Therefore, billings involving University Service Centers must be done on a Bill for Services or Expense Transfer (NIU Form A-169).
- 4) Auxiliaries are self-supporting units. Therefore, they must be charged cost. Billings involving these units must be done on A Bill for Services or Expense Transfer (NIU Form A-169) or a Special Recharge Billing Form.

IV. **FORMS USED IN THE RECHARGE SYSTEM**

A. **A BILL FOR SERVICE OR EXPENSE TRANSFER (NIU Form A-169)**

- 1) Description - This is a three part pre-numbered form containing the following data blocks:
 - a) The charging department's name and the g/l account, fund, cost center, functional area, grant, internal order number to be credited.
 - b) The name of department being charged and the g/l account, fund, cost center, functional area, grant, internal order number to be debited.
 - c) Description and amount of recharge.
 - d) "Approval Signature" block (signed by department providing service).
 - e) "Approval signature" block (signed by department receiving services).
- 2) Use - This form is to be used to move cost from the department providing service to the department receiving service when any Department or Recharge Unit bills any other Department or Recharge Unit for either a Rate Based Charge, Pass Through, or a Cost Redistribution type recharge. For further guidance as to when this form should be used, see the Recharge Reference Table in Appendix A.

B. **SPECIAL RECHARGE FORMS**

Because of the large number of charges they process, certain Recharge Units do not use the Bill for Services or Expense Transfer (NIU Form A-169) to process their recharges. To reduce the amount of paperwork and to streamline the recharge process, these units have arranged with the Controller's Office to use FTP interfaces (a monthly listing of charges) to process their recharges. These processes are used in the same way as a Bill for Services or Expense Transfer (NIU Form A-169) and the charges processed on them are subject to the same policies and regulations. These units are listed in Exhibit 1.

EXHIBIT 1

LIST OF SPECIAL RECHARGE FORMS

<u>RECHARGE UNIT</u>		<u>DOC TYPE</u>
<u>TYPE</u>	<u>NAME</u>	<u>(FORM # PREFIX)</u>
Univ. Service Ctr.:	Lab Animal Medicine	IF
	UCit	IJ
	Consolidated Utilities	NIU A-169
Dept. Service Ctr.:	Transportation Services	IE
	Univ. Publications - Advertising	NPA
	Univ. Publications - Graphics	NPB
	Project Services	PSB
	Radiation Safety	IK
Stores Operations:	Asset Utilization	NIU A-169
Indirect Dept.:	Post Office Charges	IC
Auxiliary Dept.:	Bookstore	IH
	Central Stores (Office Depot)	II

V. **MAIN PROCESSES OF THE RECHARGE SYSTEM**

A. **DOCUMENT FLOW AND PROCESS DESCRIPTION**

The Recharge System has one main document process. A simplified process/document flowchart, including a narrative description of the processing procedures, has been completed for this process.

- 1) Bill for Services or Expense Transfer (NIU Form A-169)
Processing - See Document Flow

DOCUMENT FLOW
BILL FOR SERVICES OR EXPENSE TRANSFER (NIU FORM A-169) PROCESSING

- 1) DEPARTMENT PROVIDING SERVICE:
 - a) Completes the NIU form indicating the fund number to be used in the transaction.
 - b) Forwards the original and yellow copy of the NIU form to the department receiving service.
 - c) Retains the remaining pink copy of the NIU form for its files.

- 2) DEPARTMENT RECEIVING SERVICE:
 - a) Reviews NIU form to determine if charge is appropriate. Any dispute over the appropriateness of the charge should be settled at this time.
 - b) Checks or assigns the fund number to be charged. If wrong, the correct fund number should be indicated on the NIU form.
 - c) Forwards the original of the approved NIU form to the Controller's Office: Financial Services and retains yellow copy for its files.

- 3) CONTROLLER'S OFFICE: FINANCIAL SERVICES:
 - a) Determines if NIU form complies with Recharge Policies. Government Cost Compliance investigates only NIU forms not in compliance with Recharge Policies and takes the required steps to bring the NIU form into compliance. NIU forms approved for processing are then returned to the Controller's Office: Financial Services. NIU forms which cannot be changed to comply with policy are returned to the initiating department with instructions for properly processing the recharge.

 - b) Processes NIU form and retains the original for its files.



BILL FOR SERVICES OR EXPENSE TRANSFER

SEE INSTRUCTIONS FOR COMPLETING FORM ON REVERSE SIDE

DEPARTMENT USE ONLY/COMMENTS

PAGE	OF	DATE	DEPARTMENT USE ONLY/COMMENTS			
DOCUMENT HEADER TEST (25 CHARACTERS):						
NAME OF DEPARTMENT OR ACCOUNT TO BE CREDITED:						

ACCOUNT TO BE CREDITED:								
G/L ACCT	FUND	COST CENTER	FUNC AREA	GRANT	INTERNAL ORDER	WBS ELEMENT	EARMARKED FUNDS	AMOUNT

APPROVAL SIGNATURE: _____ M.L.: _____ PHONE: _____

NAME OF DEPARTMENT OR ACCOUNT TO BE CHARGED: _____

ACCOUNT(S) TO BE CHARGED:

G/L ACCT	FUND	COST CENTER	FUNC AREA	GRANT	INTERNAL ORDER	WBS ELEMENT	EARMARKED FUNDS	AMOUNT
TEXT (50 CHAR):								
TEXT (50 CHAR):								
TEXT (50 CHAR):								
APPROVAL SIGNATURE: _____ M.L.: _____ PHONE: _____								

CONTROLLERS OFFICE

FORM A-169 REV. 3/05



APPENDIX A

RECHARGE REFERENCE TABLE

This appendix contains the Recharge Reference Table. For each department providing service/department receiving service combination, the table shows:

- a) The types of recharges allowed
- b) Which recharge form to use
- c) How to account for revenue, if any
- d) Exceptions

This table is to be used as a reference guide to answer questions about proper processing of recharges. This table will be updated periodically for any new exceptions which may arise. This table should provide answers for most recharge questions. However, if the proper processing method for a particular recharge cannot be determined after consulting this table, the recharge should be forwarded to Government Cost Compliance for review.

RECHARGE REFERENCE TABLE				
DIRECT Department Providing Service (Charging)				
Dept Receiving Service (Being Charged)	Allowable Type of Charge	Form to be Used	Account for Revenue as	Exceptions
Direct Dept	Pass Through	NIU Form A-169	None--Expense Offset	
Indirect Dept	Pass Through	NIU Form A-169	None--Expense Offset	
Hospital Dept	Pass Through	NIU Form A-169	None--Expense Offset	Acad Hlth Ctr Depts have Contractual agreement w/ Hospital to pass thru Part A Salary costs. Account for as Recovery of Expense.
Auxiliary Dept	Pass Through	NIU Form A-169	None--Expense Offset	
Univ Service Ctr	Pass Through	NIU Form A-169	None--Expense Offset	
Dept Service Ctr	Pass Through	NIU Form A-169	None--Expense Offset	
Stores Operation	Pass Through	NIU Form A-169	None--Expense Offset	
Special Recharge Unit	Pass Through	NIU Form A-169	None--Expense Offset	
Outside User	Pass Through	Invoice	None--Expense Offset	

RECHARGE REFERENCE TABLE

INDIRECT Department (not a Recharge Unit) Providing Service (Charging)

Dept Receiving Service (Being Charged)	Allowable Type of Charge	Form to be Used	Account for Revenue as	Exceptions
Direct Dept	Cost Redistribution Pass Through	Special Form NIU Form A-169	Recovery of Expense None	
Indirect Dept	Cost Redistribution Pass Through	Special Form NIU Form A-169	Recovery of Expense None	
Hospital Dept	Cost Redistribution	Special Form	Recovery of Expense	
Auxiliary Dept	Cost Redistribution Pass Through Rate	Special Form NIU Form A-169 NIU Form A-169	Recovery of Expense None Recovery of Expense	
Univ Service Ctr	Cost Redistribution Pass Through Rate	Special Form NIU Form A-169 NIU Form A-169	Recovery of Expense None Recovery of Expense	
Dept Service Ctr	Cost Redistribution Pass Through	Special Form NIU Form A-169	Recovery of Expense None	
Stores Operation	Cost Redistribution Pass Through	Special Form NIU Form A-169	Recovery of Expense None	
Special Recharge Unit	Cost Redistribution Pass Through	Special Form NIU Form A-169	Recovery of Expense None	
Outside User	None	None	None	

RECHARGE REFERENCE TABLE

AUXILIARY Department Providing Service (Charging)

Dept Receiving Service (Being Charged)	Allowable Type of Charge	Form to be Used	Account for Revenue as	Exceptions
Direct Dept	Rate	NIU Form A-169 Interface	Income	
Indirect Dept	Rate	NIU Form A-169 Interface	Income	
Auxiliary Dept	Rate	NIU Form A-169 Interface	Income	
Univ Service Ctr	Rate	NIU Form A-169 Interface	Income	
Dept Service Ctr	Rate	NIU Form A-169 Interface	Income	
Stores Operation	Rate	NIU Form A-169 Interface	Income	
Special Recharge Unit	Rate	NIU Form A-169 Interface	Income	
Outside User	Rate	Invoice	Income	

RECHARGE REFERENCE TABLE

UNIVERSITY SERVICE CENTER Providing Service (Charging)

Dept Receiving Service (Being Charged)	Allowable Type of Charge	Form to be Used	Account for Revenue as	Exceptions
Direct Dept	Rate	Special Form	Recovery of Expense	
Indirect Dept	Rate	Special Form	Recovery of Expense	
Hospital Dept	Rate	Special Form	Recovery of Expense	
Auxiliary Dept	Rate	Special Form	Recovery of Expense	
Univ Service Ctr	Rate	Special Form	Recovery of Expense	
Dept Service Ctr	Rate	Special Form	Recovery of Expense	
Stores Operation	Rate	Special Form	Recovery of Expense	
Patient Care Ctr	Rate	Special Form	Recovery of Expense	
Special Recharge Unit	Rate	Special Form	Recovery of Expense	
Outside User	Rate	Invoice	Recovery of Expense	

RECHARGE REFERENCE TABLE

DEPARTMENTAL SERVICE CENTER Providing Service (Charging)

Dept Receiving Service (Being Charged)	Allowable Type of Charge	Form to be Used	Account for Revenue as	Exceptions
Direct Dept	Rate	NIU Form A-169 or Special Form	Recovery of Expense	
Indirect Dept	Rate	NIU Form A-169 or Special Form	Recovery of Expense	
Hospital Dept	Rate	NIU Form A-169 or Special Form	Recovery of Expense	
Auxiliary Dept	Rate	NIU Form A-169 or Special Form	Recovery of Expense	
Univ Service Ctr	Rate	NIU Form A-169 or Special Form	Recovery of Expense	
Dept Service Ctr	Rate	NIU Form A-169 or Special Form	Recovery of Expense	
Stores Operation	Rate	NIU Form A-169 or Special Form	Recovery of Expense	
Patient Care Ctr	Rate	NIU Form A-169 or Special Form	Recovery of Expense	
Special Recharge Unit	Rate	NIU Form A-169 or Special Form	Recovery of Expense	
Outside User	Rate	Invoice	Recovery of Expense	

RECHARGE REFERENCE TABLE				
STORES OPERATION Providing Service (Charging)				
Dept Receiving Service (Being Charged)	Allowable Type of Charge	Form to be Used	Account for Revenue as	Exceptions
Direct Dept	Rate (Cost Plus Markup)	Interface	Recovery of Expense	
Indirect Dept	Rate (Cost Plus Markup)	Interface	Recovery of Expense	
Hospital Dept	Rate (Cost Plus Markup)	Interface	Recovery of Expense	
Auxiliary Dept	Rate (Cost Plus Markup)	Interface	Recovery of Expense	
Univ Service Ctr	Rate (Cost Plus Markup)	Interface	Recovery of Expense	
Dept Service Ctr	Rate (Cost Plus Markup)	Interface	Recovery of Expense	
Stores Operation	Rate (Cost Plus Markup)	Interface	Recovery of Expense	
Patient Care Ctr	Rate (Cost Plus Markup)	Interface	Recovery of Expense	
Special Recharge Unit	Rate (Cost Plus Markup)	Interface	Recovery of Expense	
Outside User	None	None	None	Asset Utilization External Sales – Credit to Income

RECHARGE REFERENCE TABLE

SPECIAL RECHARGE UNIT Providing Service (Charging)

Dept Receiving Service (Being Charged)	Allowable Type of Charge	Form to be Used	Account for Revenue as	Exceptions
Direct Dept	Rate	NIU Form A-169	Recovery of Expense	
Indirect Dept	Rate	NIU Form A-169	Recovery of Expense	
Auxiliary Dept	Rate	NIU Form A-169	Recovery of Expense	
Univ Service Ctr	Rate	NIU Form A-169	Recovery of Expense	
Dept Service Ctr	Rate	NIU Form A-169	Recovery of Expense	
Stores Operation	Rate	NIU Form A-169	Recovery of Expense	
Special Recharge Unit	Rate	NIU Form A-169	Recovery of Expense	
Outside User	Rate	Invoice	Income	