

Key Control Points for Internal Service Units (Recharge)

SUB-PROCESS	STEPS / OPERATING CONTROLS	APPROVAL / MONITORING CONTROLS
Request/ Approval	1) Determine if rate is a "recharge" and needs to be approved; for definition of a recharge rate and guidance see: http://www.finance.umich.edu/analysis/financial/recharge-rates 2) Complete and submit required forms to initiate the request for a recharge rate; forms and instructions can be found at: http://www.finance.umich.edu/analysis/financial/recharge-rates/procedure 3) Ensure all recharge rates are properly approved by the Office of Financial Analysis (OFA)	<p><i>How do you know all rates being used have been approved?</i></p> <p>Receive and retain approval letter from Office of Financial Analysis.</p>
Billing	1) Unit must have documented procedures detailing the billing process including how usage is tracked and how billings are calculated. 2) Track usage of service/good provided (via spreadsheet, database, manual, etc.) 3) Billing is done timely (at least monthly) using Service Unit Billing method; for more info and SUB template see: http://www.finance.umich.edu/node/22150 4) Ensure recharge rate billed was an OFA approved rate 5) Ensure consistency, i.e. all customers are charged the same rate for the same service 6) Supporting documentation is maintained; for a list of what should be maintained see: http://www.finance.umich.edu/node/22153	<p><i>How do you ensure all rates charged were consistent with approved rate, were calculated properly and billed timely?</i></p> <p>Unit should determine how this is to be accomplished - some suggestions include 1) independent review and approval of rate/calculation on billings 2) independent "audit" of billings verifying rate/calculation</p>
Monitoring	1) Ensure appointments for staff included in rate have been made to the appropriate recharge chartfield as soon as rate approval is received 2) If depreciation is included in the approved rate, ensure the required transfer is done at least annually (monthly recommended) 3) Monitor rate activity to ensure it stays within +/- 5% margin 4) If any changes to rate are necessary, resubmit a new request for approval <u>before</u> changing rates billed to customers. 5) When rate is due for renewal, submit renewals one week prior to expiration date 6) Ensure approved rates are consistent with published rates (if applicable)	<p><i>How do you know if a rate needs to be changed/adjusted?</i></p> <p>Perform review (recommended monthly) /SOA reconciliation to verify salary appointments, depreciation transfer, etc.</p>
Other	1) Notify OFA to terminate a rate 2) Before providing services to <i>external</i> customers (outside the university), contact Office of Research and Sponsored Projects (ORSP) and the Tax department for guidance.	

Key Contacts / Resources:

OFA website:	http://www.finance.umich.edu/analysis
Contact list:	http://www.finance.umich.edu/analysis/recharge-rates
Other resources:	http://www.finance.umich.edu/analysis/recharge-rates/resources
ORSP:	e-mail Patrick Woods: pajwoods@umich.edu
Tax:	e-mail: taxreporting@umich.edu