

Recharge Rate Outline

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Recharge Rate Basics

- Definition:

A recharge rate is a charge for goods/services provided by your unit to other internal users of that service. The focus is on direct costs when establishing rates with the intention for the activity to break even. Rates need to be consistently applied to internal users.

- Recharge rate contact information:

- Website: www.finance.umich.edu/analysis/financial/recharge-rates
- E-mail: recharge@umich.edu
- Phone: (734) 764-9272

Recharge Rate Activity

- More than \$500M revenue from approved recharge rates
- Over 200 units performing recharge services
- Over 400 rate approvals per year
- Collectively, approximately 5,000 rates
- Wide array of services including Facilities & Operations recharge rates for labor and utilities, labor consulting rates, event services, anatomical donations, DNA sequencing, other research related rates across campus, etc.

Roles & Responsibilities

- Financial Analysis responsibility
 - Reviewing/approving recharge rates
 - Provide training and consultation
 - Compliance responsibility
- Units responsibility
 - Establishing / modifying recharge rates
 - Billing for services
 - Maintaining supporting documentation

Financial Analysis Can Also...

Assistance with complications that may arise with the recharge rate process, including:

- Help establish any new rates
- Provide assistance if there is turnover within your department
- Help adjust rates for unexpected increases or decreases in service volumes
- Offer support when your staff's expertise may not be in finance or accounting

Typical Audit Findings

Typical items found during an audit:

- Billing units for services without an approved recharge rate
- Not charging all customers consistently
- Publishing rates (billing) on a website that don't match the rate approval letter
- Not billing the correct amount or changing the billing rate without proper approvals
- Unable to provide supporting documentation for the direct costs

Outreach Actions – In Progress

- Proactively reaching out to units to clarify the importance of adhering to our recharge rate policies and guidelines
- Updated resource materials and content available on Office of Financial Analysis website
- Send communication to all active rate contacts
- Provide training or workshops
- Complete the follow-up with units that were issued audit findings/comments regarding recharge rates

Comments/Questions?

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