



University of California  
San Francisco

# Recharge Basics

*Policies Affecting Recharge Activities*

Recharge Review  
Budget & Resource Management

This module will help you understand the **policies** governing recharge activities

## Topics

- Policies
- Recharge policy resources

UCSF uses recharges to recover **allowable direct costs for services** performed from all users of the recharge services and must comply with:



- **Federal Policies**

- External Costing Regulations



- **University of California (UC) System Wide Policies**

- University-wide Business and Finance Bulletins



- **UCSF Policies**

- Administrative Policy Guide (APG)



# Key federal compliance regulations are determined by **2 CFR Chapter II, Part 200, et. al. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)**

- Services are charged based on actual usage of services and a schedule of rates
- Methodology to calculate rates does not discriminate between activities under Federal awards and other activities of the non-Federal entity
- Rates are designed to recover only the aggregate costs of the services, which include direct costs and the allocable share of Facilities and Administration (F&A) costs
- Rates shall be adjusted at least biennially and shall take into consideration over/under applied costs of the previous period(s)
- Regulations require a physical inventory of equipment at least once every two years

**Cost Accounting Standards Board (CASB) and Cost Accounting Standards (CAS)** are federal regulations affecting recharges which are now incorporated into **Uniform Guidance** and require:

- Consistency of costing (treating costs as either direct or indirect)
- Consistency in estimating, accumulating, and reporting costs
- Unallowable costs to federal sponsored agreements will be identified and excluded from any billing



# Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, establishes standards of financial accounting and reporting for leases

- Equipment purchases under **finance purchase capital leases** ( $>\$100,000$ , longer than 12-month useful life, and transfer ownership to UCSF) are treated as acquisition of assets
  - Depreciation and interest are allowable costs on the recharge
  - Actual lease payment is not allowable (unlike operating leases)
- **Capital leases** ( $>\$100,000$ , longer than 12-month useful life, and vendor retains ownership) and **operating leases** ( $<\$100,000$  and/or shorter than 12-month useful life) are treated as current operating expenses
  - Free rent on facilities rentals must be amortized over the life of the lease

# **BFB A-47, University Direct Costing Procedures, References, Introduction establishes**

- Procedures for direct costing, including recharges as a direct cost
- Definitions for recharge categories
- Recharge proposals are to be reviewed in accordance to locally established campus procedures
- Year-end surpluses or deficits are not to exceed 60 days of the recharging unit's activity



# **UC BFB A-56, Academic Support Unit Costing and Billing Guidelines establishes:**

- Guidelines for the costs of goods and services which are to be recharged to extramural and University fund activities by academic support units
- Any inventoriable equipment assigned to the activity other than that furnished by the Federal government shall be depreciated
- A separate rate shall be established for each class of goods or services provided and be stated in measurable units



# UCSF policies affecting recharge activities

## Campus Administrative Policies:

- **300-48: Sales & Service Center(s) Recharges, External Sales & Services of Education Related Activities, & Common Cost Allocations** establishes:

- Regulations and a methodology for recovery of costs of products or services provided by a recharge unit
- Review and approval process for recharge rate proposals
- Costing guidelines
- Surplus and deficit monitoring requirements
- Rates should be based on full cost recovery
- Accounting and billing procedures



# Additional UCSF Recharge Policy Resources

- [UCSF Sales and Service Center Policy Guidance Manual](#)
  - Provides support to the areas outlined in the Sales and Service Center Policy 250-11
- [UCSF Controller' Office Cost Accounting Standards Guidelines – Appendix B: Frequently Asked Questions](#)
  - Clarification of terms used in the UCSF Cost Accounting Guidelines (CAS), charging practices for Sponsored Projects document
  - Allowable and unallowable expenses charged to federal funds through recharge rates
- [Expenditures of Sponsored Projects: 300-19](#)
  - Defines Program Income and policies related to reporting and accounting for program income generated by a sponsored activity or earned as the result of the federal award



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