



University of California  
San Francisco

# Recharge Kick-off Meeting

Recharge Activity Review Process for 2023-24

Recharge Review  
Budget & Resource Management

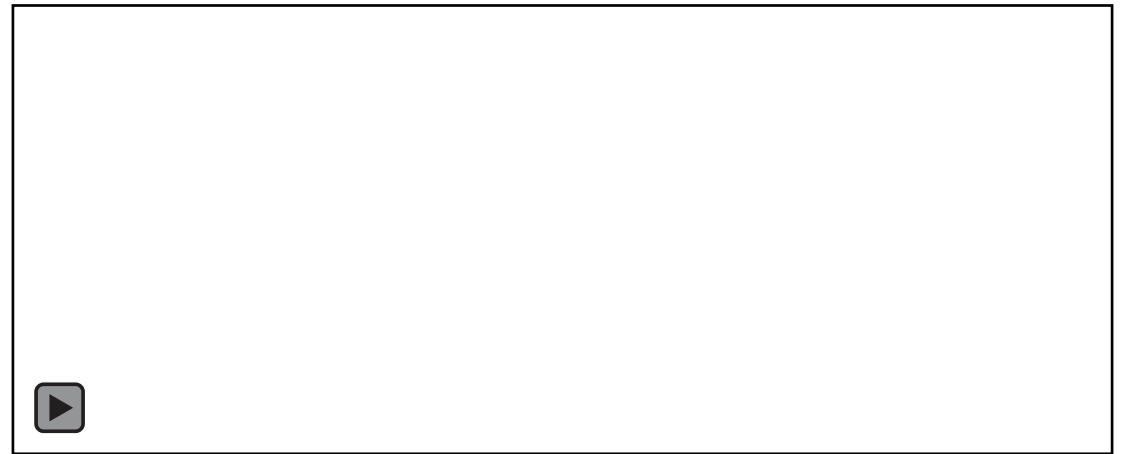
Michael Baldelli, Executive Director  
Gabiella Hato, Manager  
Sarah Hislen, Analyst  
Sarah Ritterskamp, Analyst

December 6, 2023



# The focus of today's kick-off meeting is to review highlights, changes, and compliance for the recharge review process in 2023-24

- Recharge Introduction and Call Documents
- Proposal Development Guidelines
- Annual Recharge Activity Monitoring Report
- Recharge Proposal Preparation Checklist
- New Recharge Training Module



# Recharge Review

The Recharge Review unit of Budget and Resource Management is charged with ensuring that all recharge operations comply with federal and UC policies and recover their cost base to avoid impacts on other resources. Recharge activities must be cost-based and supported by annual budget plans. Departments develop and submit rate proposals to the Recharge Review team who provides review and final approval to all UCSF sales and service center proposals and rates prior to charging out for the services provided.

**What is a Recharge?** >

Getting Started	Training and FAQs	Other Resources
<a href="#">Recharge Call</a>	<a href="#">Recharge Training Modules</a>	<a href="#">Recharge Proposal Review Checklist</a>
<a href="#">Rate Proposal Forms</a>	<a href="#">Allowable and Unallowable costs</a>	<a href="#">Control Point Contact List</a>
<a href="#">Proposal Development Guidelines</a>	<a href="#">Job Aids</a>	<a href="#">Annual Recharge Compliance Monitoring</a>
<a href="#">Service Level Agreement</a>	<a href="#">FAQs</a>	<a href="#">Presentations</a>
<a href="#">Campus Recharge Policy</a>	<a href="#">Glossary</a>	<a href="#">UCSF Approved Recharge Rate Table</a>

[Policy Guidance and Procedures Manual](#)

## Contacts

Submit forms and questions to: [recharge@ucsf.edu](mailto:recharge@ucsf.edu)

Name	Title
<a href="#">Michael Baldelli</a>	Executive Director
<a href="#">Gabriella Hato</a>	Manager
<a href="#">Sarah Hislen</a>	Analyst
<a href="#">Sarah Ritterskamp</a>	Analyst

## Recharge Events & Reminders

**DEC**  
6 Recharge Review Annual Kickoff Meeting

**FEB**  
23 2024-25 Recharge Renewal Proposal Submission Deadline

# Rate Proposal Forms

Sales and service centers fall into two major categories based on who the products or services are provided to. Rate proposals for **Recharge Activities** and **External Sales and Services of Education Related Activities** undergo different levels of review and require different forms.

## Recharge Proposal Forms

Forms are in Excel format

[2024-25 RENEWAL PROPOSAL FORM](#)

[2023-24 RENEWAL PROPOSAL FORM](#)

[2024-25 NEW PROPOSAL FORM](#)

[2023-24 NEW PROPOSAL FORM](#)

[RATE CHANGE REQUEST FORM](#)

[DISCONTINUATION REQUEST FORM](#)

## External Sales and Services of Education Related Activity Proposal Forms

[BUSINESS CONTRACT REQUEST FORM](#)

[ATTACHMENT 1 - RATE CALCULATION WORKSHEET](#)

# Recharge Proposal Submission Guidelines

Type of Proposal	Submission Date	What to Submit
New recharge activity	Two months prior to the desired start date	New Proposal Form
Renewal of 2024-25 rates	By February 23, 2024, or other assigned deadline	2024-25 Renewal Proposal Form
Rate Change of approved 2024-25 rates	Between April 14, 2024 and May 31, 2024	Rate Change Request Form
Discontinuation	One month following the end date	Discontinuation Request Form
Transfer of Ownership	One month prior to transfer to new department	Signed agreement between departments

Risk Category	Submit to
Category 1	Submit directly to Recharge Review for functional, financial, and compliance review, and copy the Control Point
Category 2	<p>Submit to the Control Point for functional and financial review, then the Control Point will forward proposal to Recharge Review for a compliance review and final approval</p> <p>If user committee endorsement of proposed rates is needed, at the time of submission identify the committee members. It is recommended to obtain endorsement of the proposed rates from committee members after the proposal has been reviewed by the Control Point and Recharge Review and the rates are ready for final approval. Timing of this step will be recommended by the assigned Recharge Review analyst during the review process.</p>

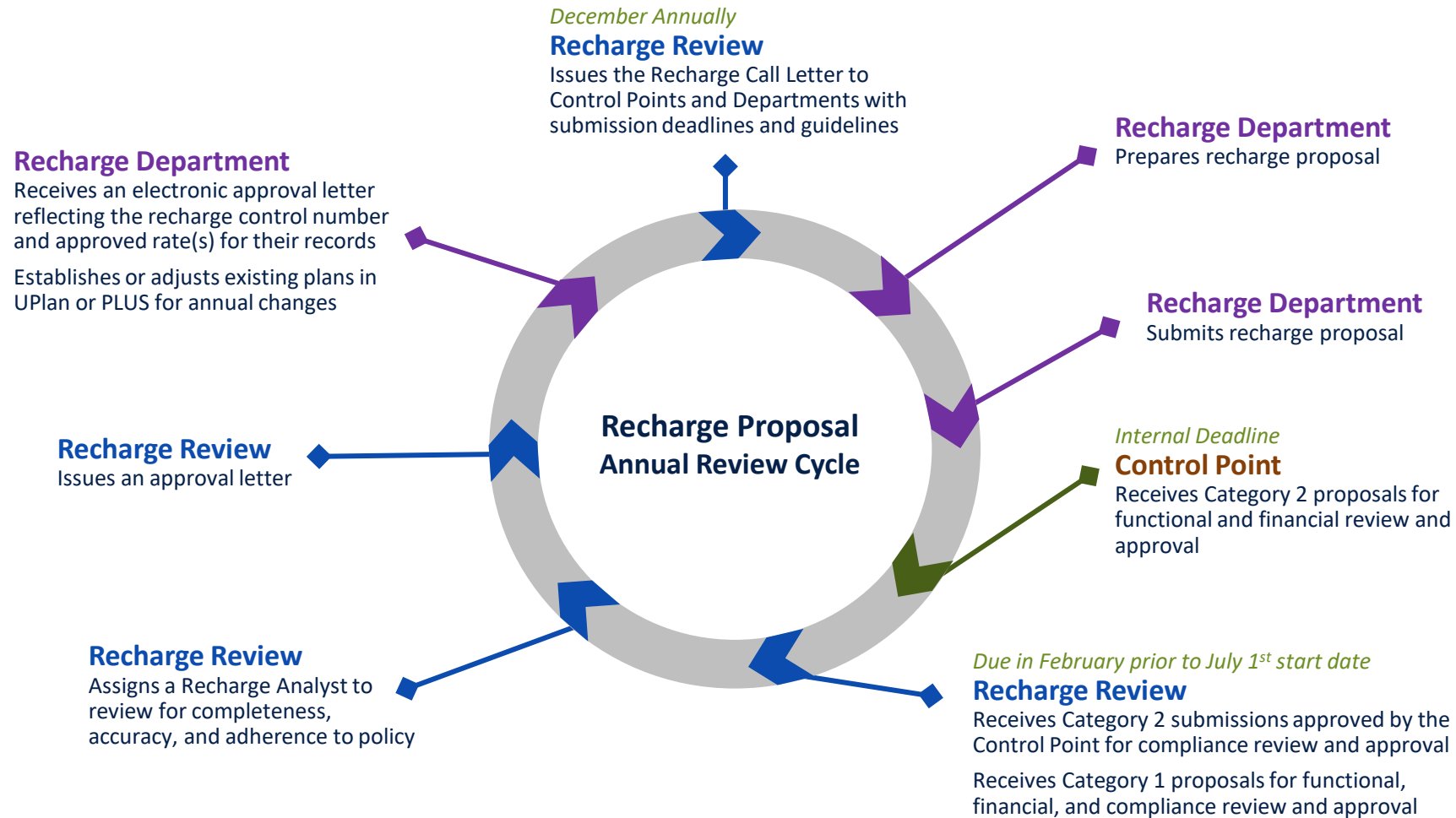
A risk level will be assigned based on the level of institutional risk for all recharges except for Common Cost Allocations (CCAs). Institutional risk will be determined based on the total annual planned expenses and anticipated percentage of federal participation (i.e. – anticipated revenue from federal fund sources) as shown in the table below:

Recharge Institutional Risk Matrix

		Federal Participation (%)			
		0%	> 0% to < 50%	50% or higher	
Annual Expenses (\$)	< \$100,000	Low	Low-Medium	Medium	CATEGORY 1
	≥ \$100,000 and < \$500,000	Low-Medium	Medium	Medium-High	
	≥ \$500,000	Medium-High	Medium-High	High	CATEGORY 2

- **Category 1** proposals, which include CCAs, Low, Low-Medium, and Medium-risk proposals should be submitted directly to Recharge Review for functional, financial and compliance reviews and approval, with a copy sent to the control point.
- **Category 2** proposals, which include Medium-High and High-risk proposals, should be submitted to the control point for financial and functional review prior to forwarding to Recharge Review for a compliance review and final action. In addition, all projects with a plan of at least \$500,000 need to obtain user committee endorsement of approval after Recharge Review has reviewed the proposal and is ready to approve the rates.
- The maximum length of an approval is based on assigned risk level.

# Recharge rates must be approved by Recharge Review prior to charging customers for products or services



Budget and Resource Management undertakes an annual high-level recharge activity review to monitor recharge management and compliance with federal regulations



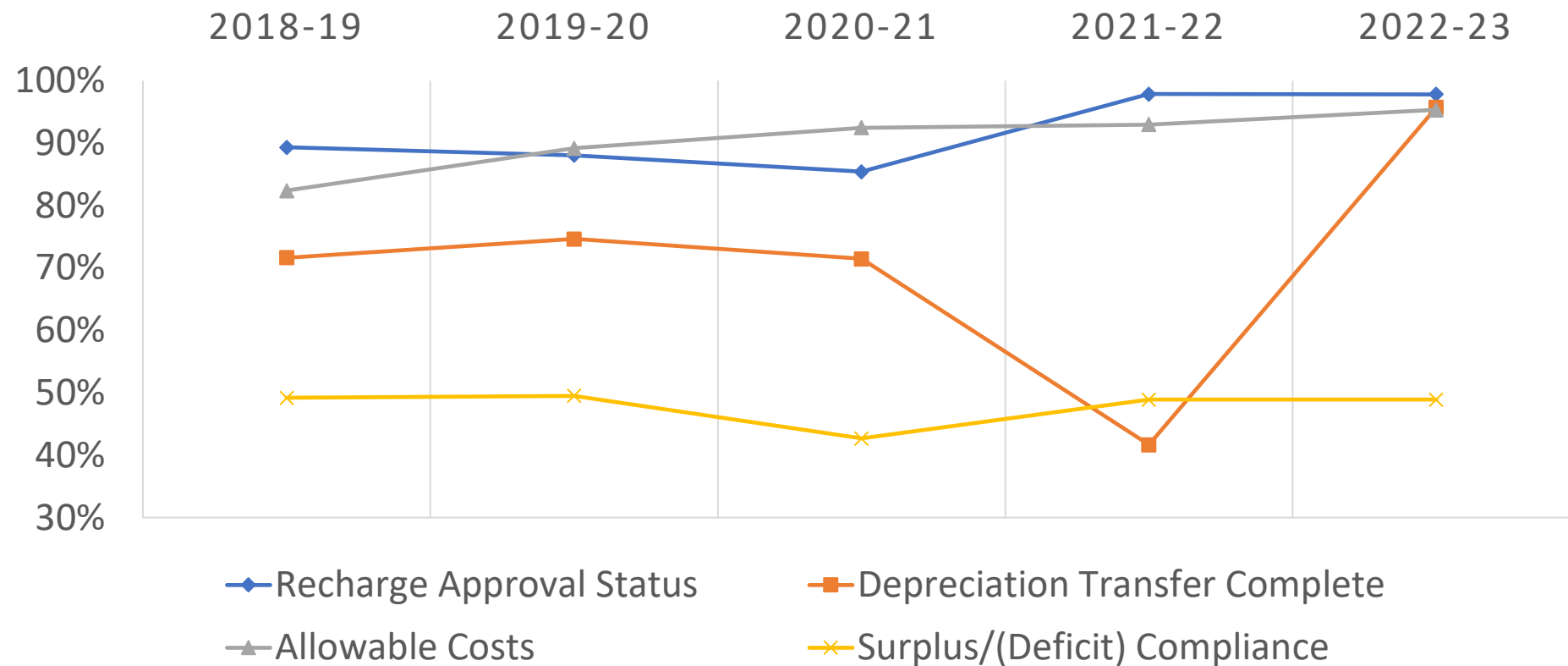
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## Recharge Activity Monitoring Report as of September 30, 2023

### CONTROL POINT DEPARTMENT

DeptID	Fund	Project	Activity	Approved Through	Recharge Approval Status	Approved Risk Category	Increased Risk Category	2022-23 Planned Depreciation Transfer	2022-23 Surplus/(Deficit) over allowable 16.6% Threshold	Generally Unallowable Expenses in 2022-23
123456	5018	8001234	Recharge Activity Name	6/30/2023	<b>W/O APPROVAL</b>	1	NO	<b>INCOMPLETE</b>	<b>26.05%</b>	<b>YES</b>
123456	5018	8001235	Recharge Activity Name	6/30/2025	APPROVED	2	NO	COMPLETE	8.23%	NO

# Recharge Activity Monitoring Compliance Assessment Trends



Compliance Metric	2018-19	2019-20	2020-21	2021-22	2022-23
<b>Recharge Approval Status</b>	89%	88%	85%	98%	98%
<b>Depreciation Transfer Complete</b>	72%	75%	71%	42%	96%
<b>Allowable Costs</b>	82%	89%	92%	93%	95%
<b>Surplus/(Deficit) Compliance</b>	49%	50%	43%	49%	49%

## 2023-24 Recharge Activity Monitoring Report

### Compliance Assessment Matrix and Recommended Corrective Actions

Monitoring Tools:	Description:	Recommended Corrective Actions:
<b>Approved Through</b>	Recharge activity's current approval expiration date	N/A
<b>Recharge Approval Status</b>	<ul style="list-style-type: none"> <li>Approved activity,</li> <li>Pending; or</li> <li>W/O Approval = Without current approval.</li> </ul>	<p><b>Approved:</b> Recharge activity has a current approval. No action is necessary.</p> <p><b>Pending:</b> Recharge proposal is in review. Continue to work collaboratively with your assigned Recharge Review Analyst to obtain approval.</p> <p><b>W/O Approval:</b> Recharge activity's approval has expired. Submit a full proposal to Recharge Review as soon as possible. If the recharge activity is no longer active, please submit a formal request for discontinuation as soon as possible.</p>
<b>Approved Risk Category</b>	<p>The <b>Institutional Risk Category</b> is determined based on the planned expenditures and anticipated federal fund participation.</p> <ul style="list-style-type: none"> <li><b>Category 1</b> proposals are lower risk</li> <li><b>Category 2</b> proposals are higher risk</li> </ul>	N/A
<b>Increased Risk Category</b>	Actual 2022-23 expenditures and federal funds participation are evaluated to determine whether or not the institutional risk has increased (from Low Risk to Category 1 or 2, or Category 1 to Category 2). Recharge activity approval duration is set based on the institutional risk level. When the risk level increases, activities that were approved as lower risk no longer qualify for as long of an approval duration.	<p><b>No:</b> Institutional risk level has not increased. No action necessary</p> <p><b>Yes:</b> Institutional risk level has increased. Please submit a revised full proposal electronically in Excel file (.xls) format to <a href="#">Recharge Review</a> by February 23, 2024. Recharge proposal submission guidelines and forms are available on the Budget and Resource Management website at: <a href="https://brm.ucsf.edu/recharge-call">https://brm.ucsf.edu/recharge-call</a>.</p>
<b>2022-23 Equipment Depreciation Transfer</b>	The GL is reviewed to determine whether the 2022-23 planned equipment, renovation and/or building depreciation per the last approved depreciation schedule has been transferred to the renewal and replacement reserve fund.	<p><b>N/A:</b> No depreciation was included in the plan. No action necessary.</p> <p><b>Complete:</b> 2022-23 planned depreciation has been transferred to the renewal and replacement reserve fund.</p> <p><b>Incomplete:</b> Planned depreciation was not transferred to the renewal and replacement reserve fund. One of the following actions must be completed:</p> <ul style="list-style-type: none"> <li>Submit a 535 Financial Journal to transfer the planned 2022-23 depreciation (Account 59025) from the recharge fund to a reserve fund,</li> <li>Submit a revised 2022-23 depreciation schedule to support the depreciation transferred for 2022-23, or</li> <li>Submit a request to waive the planned depreciation transfer including a plan on how renewal and replacement not covered by the recharge will be funded.</li> </ul>

## 2023-24 Recharge Activity Monitoring Report

### Compliance Assessment Matrix and Recommended Corrective Actions

Monitoring Tools:	Description:	Recommended Corrective Actions:
<b>2022-23 (Surplus)/Deficit over Allowable 16.6%</b>	<p>The 2022-23 surplus/(deficit) balance is calculated by dividing the 2022-23 year-end net position by the actual 2022-23 total expense. In any given fiscal year, the actual surplus or deficit balance in a recharge activity should not exceed the allowable 16.6% (two months of the recharging unit’s activity).</p>	<p><b>Between -16.6% and 16.6%:</b> The surplus/(deficit) balance is within the allowable threshold. No action necessary.</p> <p><b>Under -16.6% or over 16.6%:</b> The surplus/(deficit) balance exceeds the allowable threshold. Evaluate the validity of the business plan to determine the issues that led to the surplus or deficit balance. If the rates need to be adjusted to bring the surplus/(deficit) balance within the allowable threshold, submit a revised rate proposal to Recharge Review as appropriate.</p> <ul style="list-style-type: none"> <li>• If there is <b>no change</b> in the previously approved rate methodology, submit a rate change request to include increases or decreases in recharge operating costs.</li> <li>• If there is a <b>change</b> in the previously approved rate methodology, submit a full renewal proposal.</li> </ul>
<b>Generally Unallowable Expenses/Transactions in 2022-23</b>	<ol style="list-style-type: none"> <li>1) One or more <a href="#">generally or always unallowable expenses</a> were charged to the recharge operating fund (5018) in 2022-23 without approval.</li> <li>2) Unallowable non-capital expenses were charged to the renewal and replacement reserve fund (5500) in 2022-23 without approval.</li> <li>3) Revenue was collected in an unauthorized revenue account in 2022-23.</li> </ol>	<p><b>No:</b> No expenses found in unallowable accounts. No action necessary.</p> <p><b>Yes:</b> Unallowable expenses/transactions found on the ledger.</p> <ol style="list-style-type: none"> <li>1. Transfer unallowable expenses identified in Attachment 2 off of the recharge operating fund (5018) as soon as possible.</li> <li>2. Transfer unallowable non-capital expenses identified in Attachment 2 from the renewal and replacement reserve fund (5500) to the operating fund (5018).</li> <li>3. Revenue was collected in the F&amp;A waived revenue account (42106) with no approved waiver. Revenue collected from external users without a waiver to collect F&amp;A should post to account 42105 so the F&amp;A can be assessed. Please submit a reconciliation of the user(s) and rate(s) charged that correspond to the revenue collected in account 42106 (identified in Attachment 2) to <a href="#">Recharge Review</a> to determine how to bring these transactions into compliance.</li> </ol>

[Home](#) > [Recharge Review](#) > [Training and FAQs](#) > Recharge Training Modules

# Recharge Training Modules

Listed below are the recently updated recharge training modules designed to provide guidance to UCSF recharge proposal preparers and departmental reviewers on:

Basic recharge concepts and the policies governing recharge activities, recharge rate development in accordance with campus policy, the annual Recharge Review and Approval Process at UCSF, recharge management, the Sales and Service of Education Related Activities request and approval process, New and Renewal recharge proposal preparation.

Recharge Training Modules	Recharge Proposal Exercises
<a href="#">High-level Recharge Overview</a>	<a href="#">Preparing a New Recharge Proposal Exercise</a>
<a href="#">Policies Affecting Recharge Activities</a>	<a href="#">Preparing a Renewal Proposal Exercise</a>
<a href="#">Rate Components</a>	<a href="#">Discontinuation Exercise</a>
<a href="#">Rate Development</a>	
<a href="#">Recharge Review &amp; Approval Process</a>	
<a href="#">Recharge Management</a>	
<a href="#">External Sales &amp; Services of Education Related Activities</a>	
<a href="#">Capital and Operating Leases</a>	

# New Recharge Training Module on Capital and Operating Leases

Provides an overview of the policy and accounting procedures for Capital and Operating Leases covering the following topics

- Definition and Characteristics of a Lease
- Types of Equipment Leases
- Accounting Treatment on Recharges for Equipment Leases
- Operating Lease Payments for Real Property

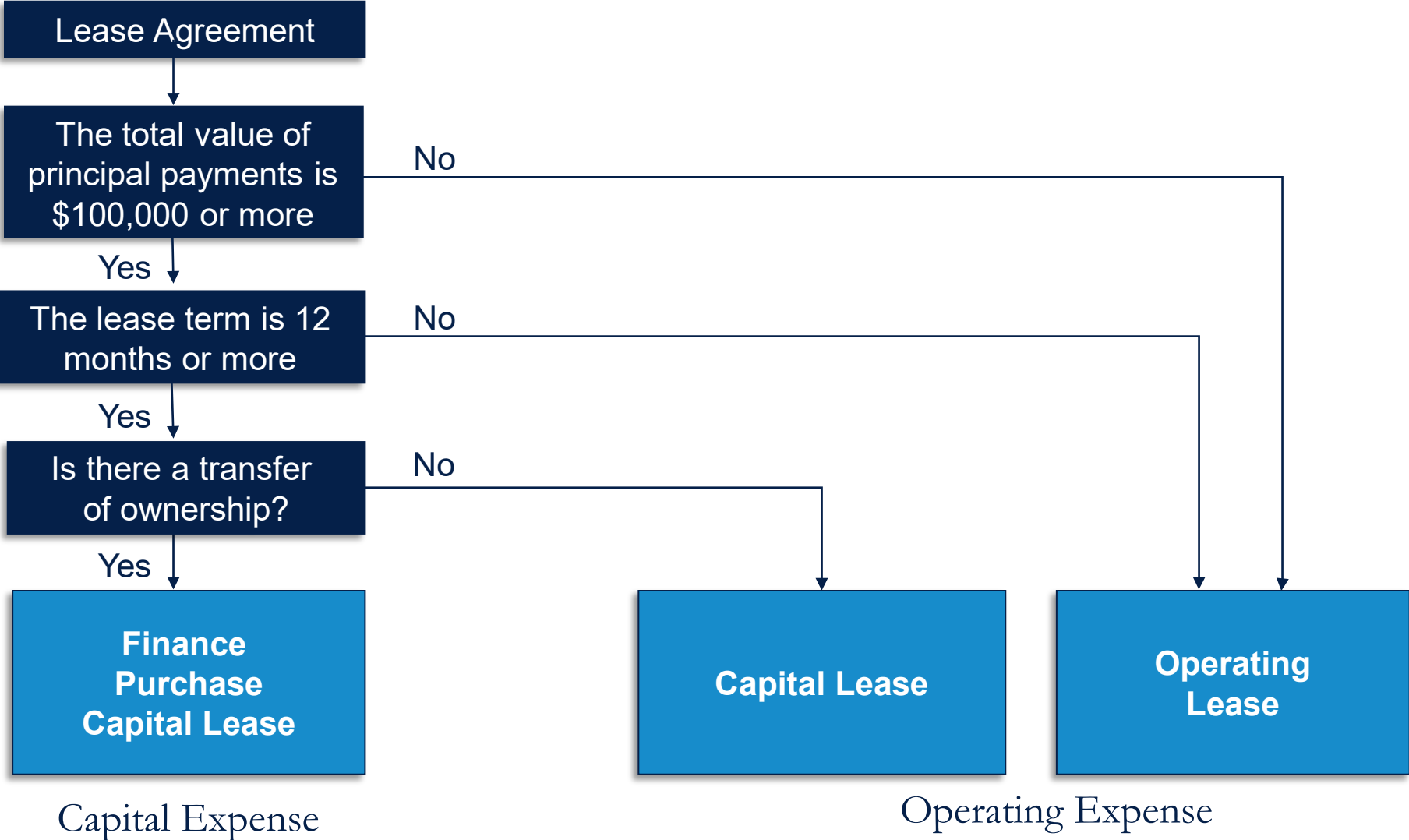


A **Capital Lease or Operating Lease** is a lease agreement in which the University executes a written contract with a vendor through SCM Procurement to purchase or rent real property with scheduled installment payments during the life of a contract. Title to the property remains with the lessor throughout the contract term. The University may have the right to take possession of the property at the end of the contract, or earlier, subject to payment of any outstanding principal and the buy-out amount specified in the contract.

### **Characteristics of a Lease**

- Has specific beginning and ending dates
- Interest rate is stated and fixed for the life of the lease
- May have provisions for transfer of ownership upon completion of payments due on the lease and/or payment of the agreed buy out amount (sometimes this will be for \$1 only)
- Lease is non-cancelable

# Lease Classification Diagram



# Recharge proposal preparation checklist

- Include expense allocation assumptions in the rate calculation
- Reconciliation of expenses and revenue since the last review is included for multi-service recharges
- Subsidies are disclosed including COA and application
- Depreciation schedules are consistent with the asset management report
- Rate calculations are as simple as possible
- Recharge journals are processed monthly
- Capital equipment is only charged to the reserve fund (5500) when there are sufficient funds available
- All allowable operating expenses related to providing the recharge post to the operating fund (5018)
- Ensure the activity is recharging approved rates
- Required approvals are included with the proposal submission



# Recharge Renewal Proposal Submission Deadline

February 23, 2024 (or other assigned deadline)



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# New recharges should be developed only when certain criteria are met

<b>Academic Support Activities</b>	<b>Institutional Support Activities</b>
Unique or specialized service	Costs are for specific & identifiable services
Demand exists for multiple users	Year-to-year activity fluctuation
Significant volume	Charging results in positive metering effect
Service provided on an ongoing basis	Revenue generating
	Allowable on sponsored projects
	Not previously included in F&A cost pools
	Total cost justifies added administrative cost