



University of California  
San Francisco

# Recharge Kick-off Meeting

## *Recharge Activity Review Process for 2016-17*

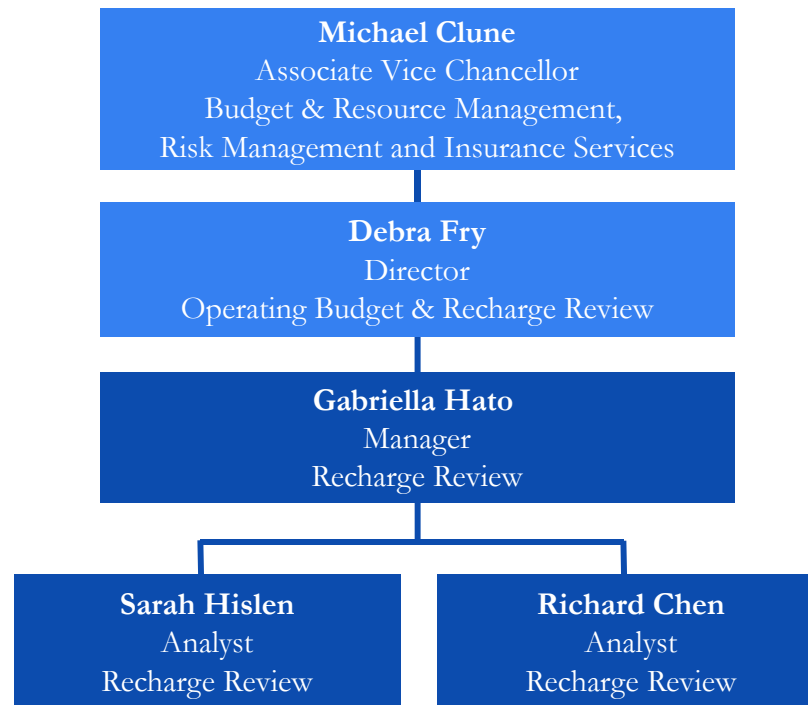
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Gabriella Hato – Manager, Recharge Review  
Sarah Hislen – Analyst, Recharge Review  
Richard Chen – Analyst, Recharge Review

January 30, 2017

# The focus of today's open house will be to provide:

- An introductory overview of the recharge proposal review process for those new to recharges, and
- A review of highlights, changes, and best practices for the review process for 2016-17.
  - Establishment of the UCSF Recharge Advisory Group
  - Subsidizing recharge rates from other fund sources
  - Annual Recharge Activity Monitoring Report
  - Proposal forms

UCSF's Recharge Review Unit is part of Budget & Resource Management and has three staff members dedicated to review and approve rate proposals for the campus

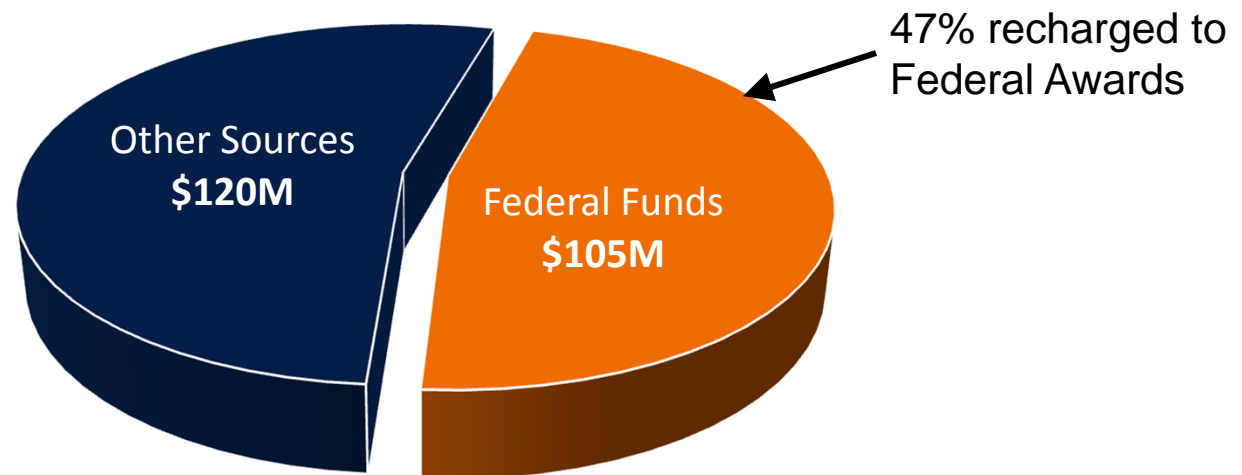


# Recharge Review is committed to continuous improvement of the recharge process

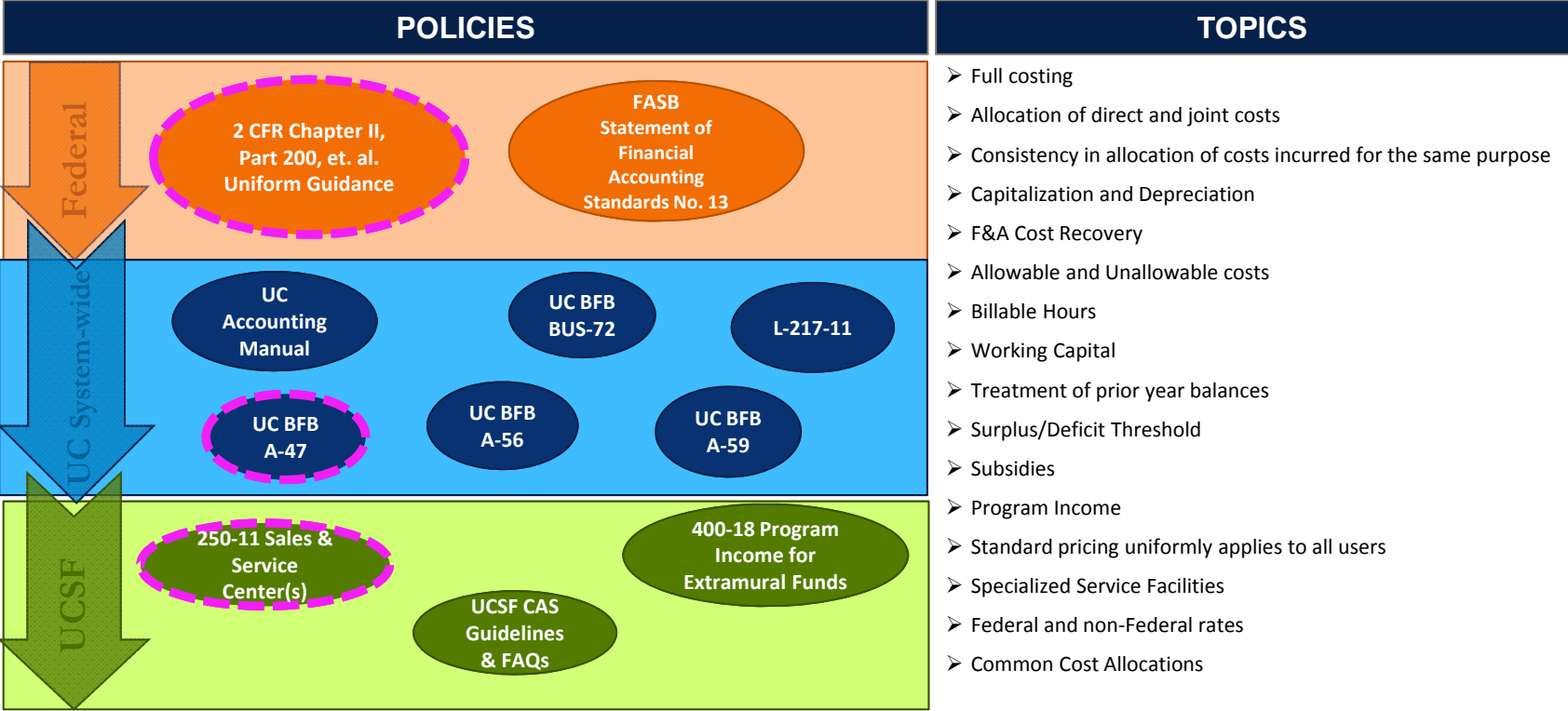
- Recharge Review established the **UCSF Recharge Advisory Group** this year as a forum to
  - engage stakeholders in improving the rate review and approval process; and
  - discuss policy, procedures and guidelines updates, issues, and questions that arise when recharging user projects.
- A subset of the UCSF Recharge Advisory Group participated in a two-day **LEAN process improvement** workshop to identify specific areas to focus on in the coming 1.5-2 years.
  - Enhance training
  - Enhance proposal preparation tools
  - Create a structure for policy interpretation
  - Enhance partnership (by improving communication, for example)
  - Look into having “rolling deadlines” for recharge renewals for 2017-18

# Why are Recharges Important?

UCSF operates **209 Recharge Activities** with a total annual budget of **\$225 million**.



UCSF uses recharges to recover allowable direct costs for services performed from all users of the recharge services, and must comply with federal costing regulations, UC system-wide and UCSF policies



# Basic Rate Calculation

$$\frac{\$ \text{ Planned Cost of Providing Products/Services}}{\# \text{ Planned Number of Service Units to be Provided}} = \text{Recharge Rate per unit}$$

Note:

A rate may be a formula rather than a price. For example:

“Actual monthly expense / total assigned square footage x project assigned square footage”

## Billable Hours and FTE effort Calculation

Billable hours should be used when calculating an hourly rate and are also useful to ensure that appropriate FTE effort is planned for the recharge

Staff Name	Job Title & Level	Standard FTE Annual Working Hours (+)	Vacation Leave (-)	Sick Leave (-)	Holiday Leave (-)	Admin. Time (-)	Billable Hours (=)
Mary Anderson	Specialist 1	2,088	120	96	104	48	1,720

$$\frac{\text{Estimated Recharge Hours}}{\text{Billable Hours}} = \% \text{ FTE on Recharge} \rightarrow \frac{344}{1,720} = 20\% \text{ FTE}$$



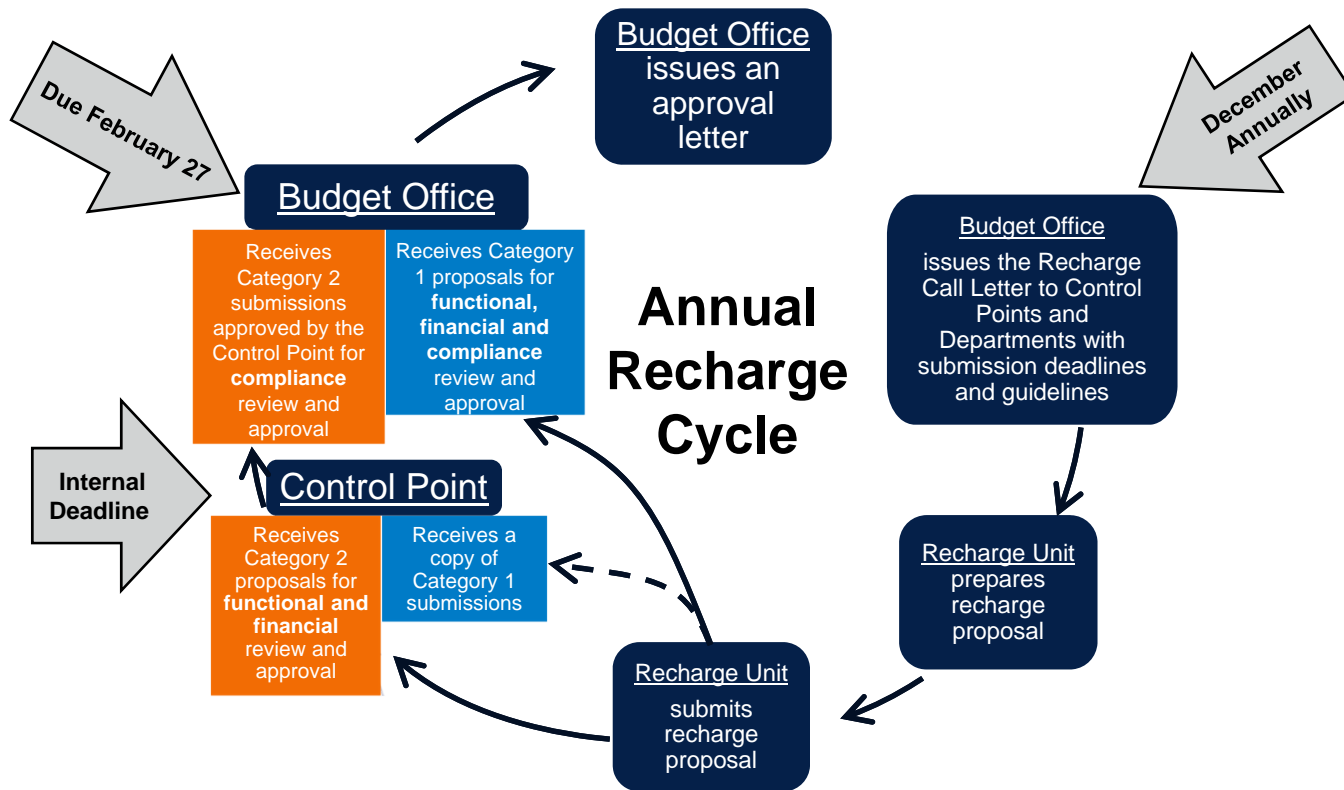
The **Recharge Institutional Risk Matrix** is used to determine recharge activity risk level based on the total **annual plan** and anticipated percentage of **federal fund participation**.

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

**Recharge approval duration** is tied directly to the institutional risk matrix, allowing the Recharge Review team to focus more effort on higher institutional risk recharge activities.

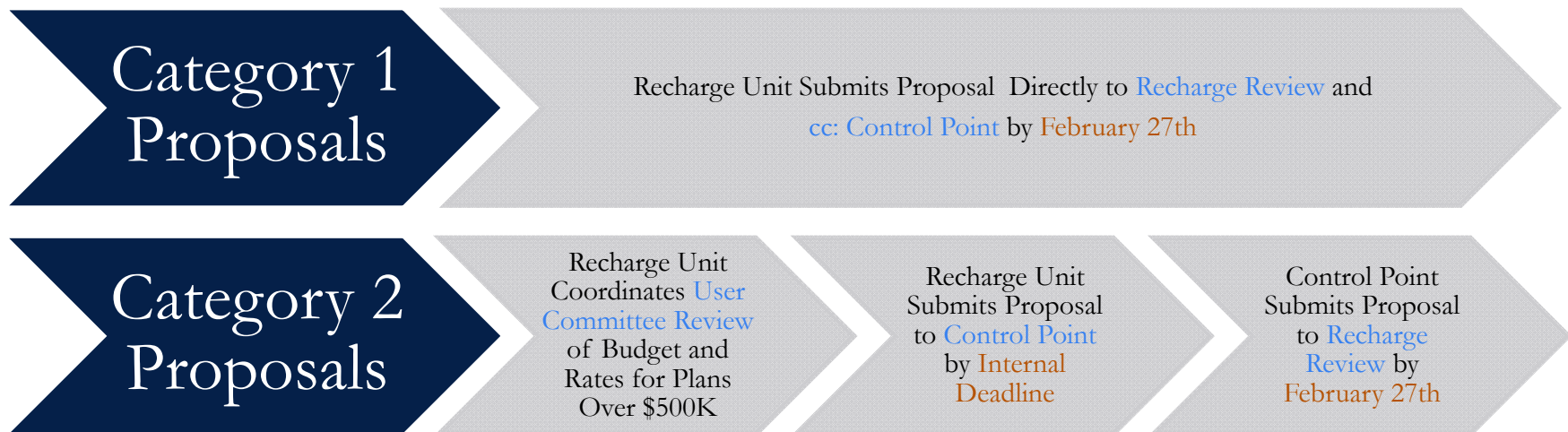
		Federal Participation (%)			
		0%	>0% to <50%	50% or higher	
Annual Plan (\$)	< or = \$100,000	Permanent	5 year	3 year	CATEGORY 1
	>\$100,000 and <\$500,000	5 year	3 year	2 year	
	> or = \$500,000	2 year	2 year	1-2 year	

The Budget Office recharge review and approval process allows new rates to be approved before the start of the fiscal year to go into effect July 1



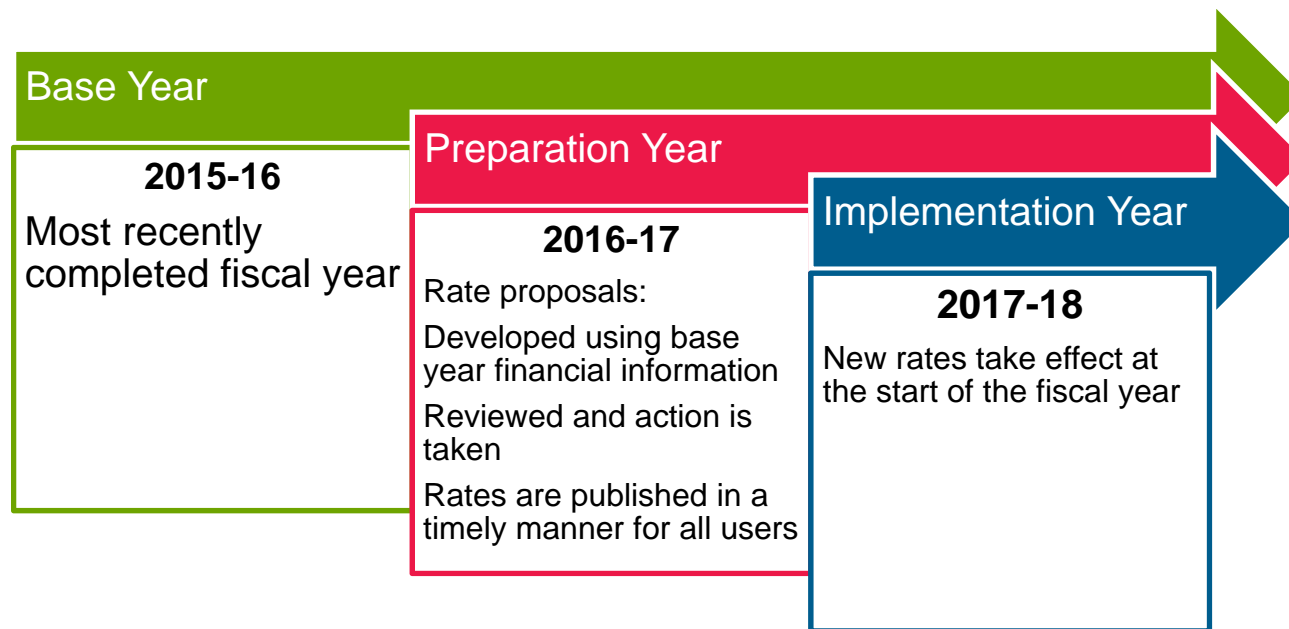
# Recharge Submission Timeline

February 27, 2017 is the submission deadline for 2017-18 Renewal Recharge Proposals with new rates effective July 1, 2017



# Base Year Approval Model

The **Base Year Approval Model** allows new rates to be reviewed and approved before the old rates expire



# Policies, Procedures and Forms



<http://brm.ucsf.edu/policies-procedures-and-forms>

## Recharge Documents for 2016-17 and 2017-18:

- [2016-17 Recharge Activity Proposals Review Process](#)
- [Attachment 1 - Recharge Proposal Submission Guidelines](#)
- [Attachment 2 - Recharge Development and Management Guidelines](#)
- [Attachment 3 - 2016-17 Recharge Proposal Forms](#)
- [Attachment 3 - 2017-18 Recharge Proposal Forms](#)

## External Sales and Services of Education Related Activities Documents:

- [External Sales and Services of Education Related Activities Request Form](#)
  - [Attachment 1 - Rate Calculation Worksheet](#)

## Other Recharge Policies, Procedures and Forms

- [Campus Recharge Policy](#)
- [UCSF Sales and Service Center Policy Guidance and Procedures Manual](#)
- [2016-17 Recharge Activity Monitoring Report Compliance Assessment Matrix](#)

# Review of Attachment 3 – 2017-18 Recharge Proposal Forms

The Recharge Activity Monitoring Report is distributed prior to the annual recharge call to give departments advanced notice of proposals with expiring or expired approval that will need to be submitted through the recharge call, and allow departments to address compliance issues prior to proposal submission.



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## Recharge Activity Monitoring Report as of October 28, 2016

### CONTROL POINT DEPARTMENT

DeptID	Fund	Project	Activity	Approved Through	Recharge Approval Status	Approved Risk Category	Increased Risk Category	2015-16 Planned Depreciation Transfer	2015-16 Surplus/(Deficit) over allowable 8.3% Threshold	Generally Unallowable Expenses in 2015-16
123456	5018	8008888	RECHARGE ACTIVITY NAME	6/30/2016	W/O APPROVAL	1	NO	INCOMPLETE	-26.85%	YES
123456	5018	8009999	RECHARGE ACTIVITY NAME	6/30/2017	APPROVED	2	NO	N/A	8.22%	NO





# Recharge Review Checklist

## 1. Services and Rate Calculations

- Recharge service(s) are fully identified and described
- Rate calculation(s) are attached and assumptions are clear, logical and adequately detailed

**BEST PRACTICE:** Include a narrative along with your rate calculation to describe the services provided and assumptions used for calculating rate(s).

# Recharge Review Checklist

## 2. External Revenue (if applicable)

- A waiver for collection of F&A has been requested and approved
- Proposal provides for collection of F&A on external revenue of 26%
- Confirm that external revenue has been deposited in the appropriate account (i.e: 42105 - Educational-product/svc sales, 42106 - Educat-product/svc-F&A waived)

**BEST PRACTICE:** Include F&A waiver request for specific external users with the proposal if needed; reconcile external revenue postings to ensure posting to appropriate accounts.

# Recharge Review Checklist

## 3. User Committee (If Plan is Greater than \$500,000)

- A user committee has been identified with a member list provided
- Proposal includes documentation that the user committee has approved the rates

**BEST PRACTICE:** Identify user committee, schedule meeting to review and approve rates early, and include documentation of user committee approval with proposal.

# Recharge Review Checklist

## 4. Expenditure Projections

- Costs appear to be reasonable in relation to proposed work scope
- Levels of personnel support appear to be reasonable in relation to proposed work scope
- Salary, benefits and FTE are calculated correctly
- Personnel costs are documented by name, title, % effort and annual salary
- Expenditures are listed in sufficient Account detail
- Uniform Guidance (A21) unallowable expenditures are not included
- Generally unallowable expenses included (including justification)

**BEST PRACTICE:** Include justification for significant changes in costs, and generally unallowable expenses included in the proposal.

# Recharge Review Checklist

## 4. Unallowable Expenses

- Equipment purchases > \$5,000
- Capitalized space renovations or improvements
- Rent, utilities, custodial or occupancy costs for University owned space
- Mail stop, phone lines (except fax recharges), phone tolls and LD (tolls and LD allowable if directly related to goods/services provided)
- Gifts, charitable contributions, political contributions
- Memberships
- Administrative support salaries unless effort is directly related to administrative services necessary to support the recharge activity
- Decorations
- STIP expense
- Fines or penalties
- Travel unless directly related to services necessary to support the recharge activity
- Advertising expense
- Any expense already paid by the Federal Government

# Recharge Review Checklist

## 5. Equipment Depreciation (if planned)

- Equipment/renovation depreciation schedule(s) are included in the proposal
- Equipment purchased in 2013-14 has not BEGUN to be depreciated on the recharge (already counted in the 2013-14 F&A Rate Proposal)
- Equipment Useful Life matches OP's Useful Life Schedule

**BEST PRACTICE:** Reconcile past depreciation transfers to verify they are complete, and provide a revised depreciation schedule to Recharge Review whenever new equipment is added or there are any other changes to the schedule.

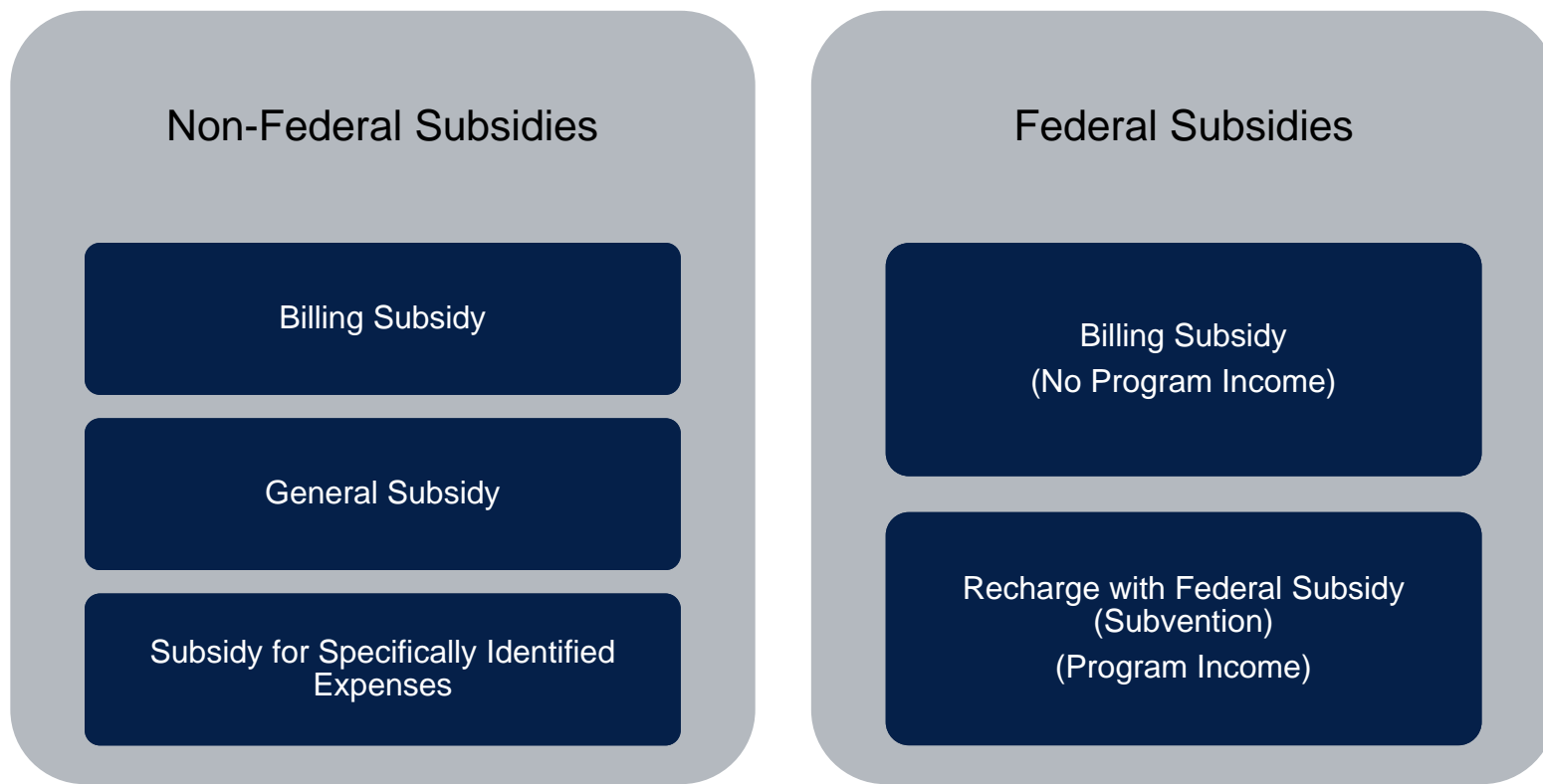
# Recharge Review Checklist

## 6. Cost Adjustments (if applicable)

- Working Capital is not more than 16.6% of planned expense
- Liens are included in the carry forward balance or in the current cost pool for rate calculation
- Subsidy amount, fund source, and application method included in proposal
- Supporting documentation for federal subsidy or program income activity

▪ **BEST PRACTICE:** Consider amortizing planned working capital for recharges that will have a multi-year approval to avoid growing a surplus over the allowable threshold.

Recharge activities may be subsidized from other funding sources and may be applied in the following ways:





# Subsidy Application Q&A

- Is there a preference to using the billing subsidy application vs. the general subsidy application?

*The billing subsidy application is preferred in order to maintain fund integrity, and for federal subsidies, avoid program income reporting requirements to a federal award.*

- If the general subsidy is applied, how often can transfers occur?

*Subsidy transfers can occur at any time during the fiscal year, and as often as necessary.*

- Can a subsidy be applied to external users?

*A subsidy may only be applied to external users if the subsidy fund source allows funding to benefit external users. When subsidies are applied to both internal and external users, the subsidy should offset expenses for rate calculation for all users.*

- Can a subsidy be applied to a specific group of users?

*A subsidy can be applied as an offset to rates charged to a specific class of users (e.g.: a certain class of internal customer, such as students, are subsidized from an instructional funding source).*

# Recharge Review Checklist

## 7. Prior Year Fund Balances (Renewals only)

- Prior year balance as a % of proposed expense
- If greater than 8.3% (excluding working capital for surplus balances), list issue(s)
- Prior year balances are reflected accurately in rate calculation(s)
- Review prior year approval letter for any stipulations

**BEST PRACTICE:** Reconcile the recharge activity to identify any issues contributing to over/under recovery of costs, and address the prior year balance in the rate calculation, including assumptions for allocating the net position to the new rates.

# Including the projected year-end net position in new rates

Surpluses or deficits should be applied to the new plan and rates based on a reconciliation of revenue and expenses for each product or service and may be amortized over a period of up to three years in cases where inclusion of a surplus or deficit in the subsequent year would cause a severe fluctuation in the rates from one year to the next.

## Surpluses may be eliminated by:

Decreasing rates

Recharge activities may retain two months of planned expenses as working capital

Surpluses from one product or service may not be used to offset the deficits of other products or services



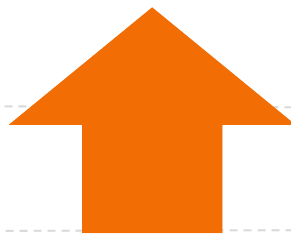
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## Deficits may be eliminated by:

Increasing rates and/or cutting costs

Future deficits can be prevented by including planned working capital



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# Recharge Review Checklist

## 8. Overall Plan

- Fund balances match the ledger (adjusted for transfer of unallowable expenses and/or other adjustments)
- The plan breaks even

**BEST PRACTICE:** Update the approved plan in UPlan or PLUS

# Best practices for managing your recharge activity after your recharge proposal is approved

- Read through the terms and conditions outlined in the approval letter
- Track progress on a periodic basis to prevent significant over/under recovery of costs
- Address project deficits and surpluses as needed
- Adjust rates to reflect increases/decreases in total Recharge Unit operating costs or service volume that does not constitute a change in methodology
- Prepare monthly recharge journals
- Transfer planned depreciation to reserve fund annually, at minimum
- Any time there is a change in capital equipment, an updated listing must be provided to Recharge Operations electronically in Excel file format
- Reconcile financial activity on the recharge regularly

# Recharge Review Websites and Training

## Websites

- <http://brm.ucsf.edu/policies-procedures-and-forms>
- <http://brm.ucsf.edu/recharge-operations-training-job-aids-and-faqs>

## Training

- Recharge Basics 101: <https://learningcenter.ucsfmedicalcenter.org/>



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