

Oklahoma State University Policy and Procedures

RECHARGE CENTERS AND SPONSORED AGREEMENTS	4-0139 ADMINISTRATION & FINANCE Controller March 2025
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GENERAL STATEMENT

1.01 Departmental operations providing goods or services and recovering their operating costs through a user fee are considered recharge centers if total annual expenditures for the operation are less than \$75,000. Recharge Centers with \$75,000 or more become “service centers” and must follow the practices set forth in a separate OSU policy statement, “*Stores.*” Typically, the service provided by a recharge operation is offered as a convenience to a department and division rather than the entire university community.

CRITERIA FOR A RECHARGE ACCOUNT

- 2.01 The criteria for a recharge account are shown below:
- A. Recharge Centers must account for their activities through a separate fund appropriate for recharge services.

 - B. Billing rates or fees charged by the recharge center must be set to recover no more than the direct (operating) costs of the goods or services provided. Recharge rates are generally calculated based on budgeted projections of operating expenses and projected volume of the services or products to be provided. The goal of recharge centers is to calculate a rate which will ensure revenues reasonably offset expenses. Although recharge centers target break-even through budgeting and rate setting, expenses seldom exactly match revenues. OSU has defined a break-even policy stating a store's surplus or deficit for a given fiscal year should not exceed 10% of annual operating **expenses**, computed as of the final closing of the books on June 30. If a recharge account ends a given fiscal year with an actual operating surplus or deficit *within +/-* 10% break-even range, the profit or loss must be factored into the following year's rate calculation.

 - C. The unit cost must be consistently applied to all users, irrespective of funding source, and charges must be allocated to users based upon actual use. Recharge centers must develop and maintain a method of accurately tracking units of output. Units of output, or usage, must be tracked and billed to all users. It is unacceptable for any user to receive services at a discount or reduced fee. Further, as units of output are used in determining the appropriate billing rate, the method of tracking the units must become part of the documentation necessary to support the rate(s) structure.

- D. Recharges to a sponsored project or other funding source may be applied only when there is a direct relationship to the grant fund being charged. When there is a clear cause/benefit relationship to the funding source, it should be charged directly to the funding source. When there is not a clear relationship, the charge may not be directly charged (particularly to a sponsored agreement/grant fund). Instead, alternative funding sources, such as a departmental fund, should bear the costs.
- E. The department should maintain documentation detailing how the rate per unit has been determined for each service which is “recharged” to users.
- F. Departments providing recharge center operations are obligated to maintain, and produce upon request, detailed documentation supporting the rates established and charged to users. This documentation should include records of the expenses incurred for the operation charged.
- G. All charges must be supported by a document/invoice which details the nature and components of the charge. The support for charges should be adequate to allow the document to stand alone in the event of an audit.

3.01 Establishing Recharge Accounts

All recharge centers must be managed through a separate fund appropriate for recharge. All allowable recharge center operational costs should be charged to this fund. Revenues also should be recorded in this fund.

3.02 Billing

All billings by recharge centers should be charged to the appropriate OSU department receiving the service.

3.04 Record Retention

All departments operating recharge centers must maintain documents and records supporting expenditures, billings, and cost transfers. Records should be kept in accordance with the university’s record retention policy.

3.05 Deviations

Deviations from this policy may be necessary under special circumstances. Any deviation from this policy should be reviewed and approved by Tax and Compliance Services.

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