

February 3, 2014

ASSISTANT DEANS
CHIEF OPERATING OFFICERS

Re: Revisions to Detailed Guidelines for Recharge Activities and Rates

Dear Assistant Deans and Chief Operating Officers,

While your unit's representative on the campus Recharge Group received the following notification on changes to recharge activity guidelines in December, we want to make certain that you received the notification directly. The changes come pursuant to Internal Audit's recent review of the campus recharge rate process.

Internal Audit's findings led BIA to make some revisions to the campus Detailed Guidelines for Recharge Activities and Rates, maintained on the BIA website. These changes, described in brief below, have been posted to the BIA web site [here](#).

1. **Publication of Rates:** Internal Audit's review identified that campus policy has not historically addressed the requirement that recharge units publish their rates as outlined in university Business Finance Bulletin BFB A-47, "University Direct Costing Procedures." Thus, the campus detailed guidelines document has been revised to include language specifying that recharge units must publish their rates on a web site or have them available at the unit's offices (Section IV.F.). In addition, rate approval letters must now include a paragraph notifying units of the requirement to publish rates. Draft Approval letters with this change are available on the BIA website and included in appendices to the Detailed Guidelines for Recharge Activities and Rates document.
2. **Deficits and Surpluses:** BIA has also changed the threshold for review of year-end balances for self-supporting activities (Section IV.D.). While recharge activities must continue every effort to operate on a break-even basis, the campus guidelines have been revised so that BIA review of year-end balances happens only when surpluses or deficits exceed 15% of annual expenditures (instead of the 8.33% used before). BIA initiated the process for review of balances as of the end of 2012-13 with a December 6, 2013 letter sent to assistant deans, chief operating officers, and chief financial officers. That letter explains the new threshold and a new DaFIS report (FIS 193) that can be used to easily identify those self-supporting funds with year-end balances outside of campus guidelines. This letter is attached for your reference.
3. **Depreciation:** While the audit had no findings that relate to depreciation, we find that we have been answering many questions on the basis that should be used to develop depreciation schedules. Thus, in Section I.C. 1., we have added detail advising that units should use the Useful Life Schedule from the Office of the President when developing a depreciation schedule.

If you have any feedback or comments on the changes that we have made, please share your comments with Nancy Wilson (njwilson@ucdavis.edu).

Thanks for your support of the campus rate process.

Sincerely,



Christopher W. Carter
Director, Administrative Budget and Budget Operations
Budget and Institutional Analysis

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Attachment

cc: Associate Vice Chancellor Ratliff
Analyst Wilson
Analyst Shum