



INTERNAL CHARGES POLICY

Effective Date:	December 14, 1998	Originating Office:	Office of the Vice-President, Finance
Supersedes /Amends Policy dated:	October 1, 1994	Policy Number:	CFO-2

SCOPE

This policy applies to all Departments/Units of the University including business units. Business units are those Departments/Units or operations within the University that are not funded by the provincial government grant and which are expected to be self-sufficient.

PURPOSE

The purpose of this policy is to ensure that Departments/Units that receive services (“users”) from other University Departments/Units (“providers”) are charged with costs that:

- a. encourage them to evaluate the need and priority assigned to a service;
- b. are consistent, fair and equitable, and seen to be so;
- c. optimize the use of resources; and
- d. can be determined with reasonable accuracy and effort.

PREAMBLE

The University provides basic support services at no cost to its Departments/Units. Provision of a basic level of support services enables Departments/Units to carry out their normal operations toward fulfilment of the University's mission. Providers shall charge users only when services rendered exceed the basic level of support services in quality or quantity.

Internal charges related to usage levels promote optimal use of scarce resources and ensure that costs are allocated to the Departments/Units incurring them. In this way, users contribute to the financial support of the Departments/Units whose services they use.

POLICY

Authorized charges

1. There is no charge for basic support services.
2. Service provided by providers in excess of basic levels of service is termed "incremental service" and shall be charged as follows:



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- a. For incremental services of a minor nature, users shall be charged for materials, equipment and out-of-pocket expenses;
 - b. For incremental services of a major nature, users shall be charged direct labour costs in addition to charges for materials, equipment and out-of-pocket expenses;
 - c. Services shall be designated minor or major on a case-by-case basis by the provider, in consultation with the user;
 - d. When a provider allocates large blocks of time rendering services or projects for a user on a regular or recurring basis, and these represent substantial costs to the provider, the user shall be assessed annually-determined fees for material, equipment, out-of-pocket expenses, direct labour costs and overhead.
3. The basis of charges shall be clearly identified.
 4. Charges shall not exceed market rates for comparable services.

Implementation

5. Implementation of this policy should initiate discussions between users and providers. Levels of service shall be determined by the provider subject to review by the user. When mutual agreement cannot be reached, the appropriate Vice-President(s) shall make a final decision.

Each provider shall have in effect a policy detailing its internal charges rates and shall make that information available to users.
6. This policy should be read in conjunction with the *Policy on Invoicing and Collection of Internal Charges and Accounts Receivables*.
7. Overall responsibility for this policy rests with Financial Services.