TO: Vice Presidents and Vice Provosts for Support Units  
FROM: Ken Kaiser, Vice President, CFO & Treasurer  
DATE: December 1, 2016  
RE: Support Units: Internal Service Charges & Process for Review

In preparation for the development of the FY2018 budget and the spring budget conferences we ask that any proposal for a new internal charge or change to existing charge be identified and proposed to my office by January 13th. If the proposal is not approved by the committee the requesting department would then have the opportunity to propose a need for additional budget to cover such costs during their annual budget conference presentation. Please note, this is not an open call for proposals, rather a new charge or increase is always carefully scrutinized through the committee's review.

The principles and format for your proposal are included below which outlines the salient criteria to be considered by the committee. You can email the completed form and any support materials to Katie D'Angelo (kpeachd@temple.edu).
Internal Service Charges: Principles & Process

1. Internal charges should be set at a level that recovers actual costs only and does not generate profits. Actual costs would include all direct costs and any allocated indirect costs.

2. Units that also make services or facilities available externally should maximize these charges and mitigate the fees, including proposed increases, charged internally.

3. Proposals to introduce a new internal charge or to increase an existing charge must be submitted to the CFO and shared with the Internal Charges Committee for review and approval.
   3.1. Generally approval will not be granted for a new internal charge to recover costs associated with an already existing function or service for which a budget exists.
   3.2. Reasons for considering increases may include rising costs of providing the underlying service or increased demand for services.
   3.3. Increases in internal charges to offset budget cuts will not be considered.
   3.4. Proposals that are not approved will be decided in time for the requesting department to apply for additional budget to cover the cost of the activities through their annual budget conference.

4. Increasing existing or establishing new internal charges off-cycle should only be considered under extenuating circumstances. Any such requests must be submitted to the CFO and reviewed with the Internal Charges Committee.

5. A report detailing all requests for new internal charges and increases to existing charges will be prepared by the CFO at least annually and be shared with the President and Provost.

6. Every effort should be made to use the services made available by university departments. However, there may be times when exceptions may be necessary. Requests for use of an outside vendor require approval from the Office of the CFO, and at all times, university procurement policies need to be followed. Services from an outside vendor when that same service is available internally should generally be limited to:
6.1. Time or delivery constraints – when an internal department is unable to meet documented time or delivery schedule. Rush orders for exceptions due to a department’s not acting on a timely basis will not serve as a justification.

6.2. Capability limitations of the internal department.

7. Departments with approved internal charges will provide an approved list of external vendors in order to streamline the procurement process when it is necessary to seek services externally to accommodate periods of peak demand.

7.1. Units are encouraged to provide the names of vendors they would like included in the pool of approved external vendors.

8. Departments will have a published rate schedule of internal charges online or available for departments to review.

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**Committee on Internal Service Charges & Process for Review:**

- Ken Kaiser             Chief Financial Officer and Treasurer
- Jaison Kurichi        Associate Vice President for Budget & Finance
- Bill Wilkinson        Assoc. Vice President Finance and Administration, Provost
- Greg Anderson         Dean, College of Education
- Robert Stroker        Dean, Boyer College of Music & Dance and Vice Provost
- Katie D'Angelo        Assistant Vice President, Administration & Planning
- Conrad Muth           Director, Bursar and Student Competency Center
- Pat McAndrews         Associate Controller
- Jonathan Reiter       Director, Finance, Budget & Capital Expenditures
- Michael Scales        Associate Vice President for Business Services
Internal Services Charge Proposal
Deadline to submit completed form(s) to the CFO Office is January 13, 2017

Submitting Department/Unit: ______________________________________
Proposal Completed by: ______________________________________ (Name) _________________________________________ (Position Title)

<table>
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<tr>
<th>Labor or Other Charge</th>
<th>FY17 Rate</th>
<th>Proposed FY18 Rate</th>
<th>Dollar Change</th>
<th>Percent Change</th>
<th>Rationale for change and effective date for rate change: (indicate if additional page is needed)</th>
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Is this a new internal charge to recover costs associated with an already existing function or service for which a budget exists? Y / N

Is this increase needed to offset budget cuts? Y / N

Is this increase needed due to rising costs of providing the underlying service or increased demand for services? Y / N

If applicable, please provide a list of external vendors approved by Purchasing that can be utilized when it is necessary for the client to seek services externally to accommodate periods of peak demand.

Departments will have a published rate schedule of internal charges online or available for departments to review. Please provide the link to your published rates here: