



## Summary of Charge Back Process

### Background

The College provides services such as postage, printing/duplicating, telephone, paper and envelopes, and parking cards to the various departments operating within the College. The expense for these services is "charged back" to the departments on a monthly basis. This process varies depending on the type of service provided and the reports or source documents available.

### Problem Statement

In the past the some of these items have been budgeted and charged to VP cost centers, and others have been charged to specific departmental cost centers and grants. Additionally, some types of charges have been charged only to grants and agencies, but not to General Fund cost centers. For budgeting and reporting, as well as grant compliance purposes, it is important that this process becomes consistent. OMB Circular A-21, *Cost Principles for Educational Institutions*, states that allowable costs must be given consistent treatment through applications of generally accepted accounting principles appropriate to the circumstances. This Circular, as well as MCC's Grant Cost Allocation Plan mandate how costs should be charged.

### Procedural Solution

In order to develop consistency in our charge back process, effective immediately (as of July 1, 2005) all internal charge backs will be applied to specific cost centers as specified by MCC managers/requestors. Appropriate activity numbers have been assigned for each type of chargeback type and are as follows:

<i>Printing and duplicating</i>	<i>23550</i>
<i>Telephone charges</i>	<i>25410</i>
<i>Paper &amp; Envelope charges</i>	<i>23520</i>
<i>Postage</i>	<i>25430</i>

These account numbers will be consistently used for these charges and no other account numbers should be utilized for this purpose.

### Budget Impact

Because many areas would not have budgeted for this change for this fiscal year, the above activity numbers have been created in each cost center and will be left unpooled for the 05/06 fiscal year. The finance/accounting office will in effect manage these budgets across campus throughout the year and allocate budget dollars accordingly.

Beginning with the 06/07 year, these accounts will be entered into the budget pool once again and cost center managers will budget for them in the normal budgeting process just like other discretionary line items.

Please see the following pages for details on how each type will be processed.

## **Chargeback Process - Detailed Explanations by Type**

### **Printing:**

Currently, users order a print job by utilizing a requisition process in Lotus Notes. They enter an account number on this requisition. The requisitions are then printed and a total is manually calculated and hand written on the requisition. These requisitions are sent to the Accounting Office on a monthly basis, and are then charged back to the account number on the requisition. The only items currently being charged back are color and special jobs, and all jobs for grants. Jobs requiring white paper for General Fund departments have not been charged back.

Beginning July 1, 2005 **all** print jobs will need to be charged back to a specific cost center. The requisition process will remain the same. Printing will be working on revising the on-line form so that an accurate cost can be determined when filling out the requisition. Until that occurs, users may need to contact Printing to find out how much their job will cost. **Please make sure that the appropriate account number is entered on the print requisition.**

### **Postage:**

For the most part, postage charges are currently being charged back to the VP cost centers, and not individual cost centers. The mail room has assigned a mail code to each department. The mail room sends the total dollar amount of postage used for each mail code to the Accounting Office on a monthly basis. The totals are then charged back to the same cost center each month. Bulk Mail, Business Reply, Express Mail, and UPS charges are processed the same way on separate worksheets monthly.

Beginning July 1, 2005 each mail code will be assigned a cost center number, and charged back accordingly. If there are special mailings that should be charged to a grant or department/area that does not have a mail code, or if you are not sure if you have a mail code, then communicate with the mailroom supervisor so that it can be added to the charge back sheet for the month.

### **Telephone:**

Currently the types of telephone charges being charged back are those for campuses outside of the GISD (Lapeer, Livingston, etc.), agency phones in the MMB building (Cleary, Rochester, EMU, etc.), and grant specific phone lines (mainly Career Alliance grants). The rest have not been charged back (for example Accounting and HR are charged to MIS).

Beginning July 1, 2005 the telephone bills will be analyzed, and costs charged back to cost centers associated with the phone numbers on the invoice.

### **Paper & Envelopes:**

Paper and envelope charges are charged to the account number given to the mail room at the time these supplies are ordered. The mail room attendant writes this account number on each request slip. These slips are then forwarded to the Accounting Office on a monthly basis. The totals for each account number are entered on a worksheet along with the description of the item entered and the amount of each item. The charges are then posted to each account number.

This process does not need to change except that some departments are using the VP cost center number when they order the supplies. **Please make sure that the appropriate cost center specific account number is used when ordering supplies.**

### **Park Cards:**

Park card charges are charged back monthly to the account number given to Cashier's Office at the time the order for the cards is made. This is done whenever totals are received from the Cashier's Office. There are not always charges every month. This process can remain the same as long as appropriate account numbers are used.

### **Toner:**

Toner charges are now being directly charged to account numbers at the time the product is ordered from the Purchasing Department. This process can remain the same as long as appropriate account numbers are used.