**NAU Service/Recharge Center Best Practices**

Purpose: Service/Recharge Centers are required to follow NAU’s CPM 401-02 NAU Service Center Policy to ensure compliance with federal, state, and university regulations.

***Step 1. Preliminary Considerations***

* Has dean and/or unit head acknowledged need for the center or new recharge account?
* Is a unique service being provided that is not currently available at NAU?
* Will the service be available equally to all NAU users?
* Of either internal NAU (includes Sponsored projects) or external-NAU users, which group will comprise the majority?
* Is the activity an external sale or sponsored project?

 ***Step 2. Develop Rates***

A. Activities

* Group services or activities with similar costs.
* Determine the billing unit for each activity (ex. hours, runs, samples).
* Estimate full capacity and anticipated internal & external levels of each activity.
* Include all activity, whether billable or not, so that those that are charged are not subsidizing those that aren’t.
* Estimate internal and external separately if applicable.

B. Personnel

* Determine % effort that staff devotes to recharge center vs. other duties.
* Staff paid 100% by sponsored accounts should not be included.
* Include administrative staff who directly support the recharge center.

C. Depreciation

* Assets must be > $5000 and have a property control ID.
* Exclude assets funded by federal sponsor OR included in F&A (IDC) rate.
* Must depreciate acquisition cost, NOT replacement cost.
* Equipment beyond its useful life may not be depreciated.
* A separate capital depreciation account must be set up to collect the depreciation portion of recharge annually.

D. Other Costs

* These include fixed costs (i.e. service contracts) and variable (i.e. consumables)
* Use expense history as basis for estimating other costs
* Do not include F&A (IDC rate) rate to internal university users
* Prorate components/parts that are not purchase annually but will eventually need replacement
* Take extra care in to not under-estimate or over-estimate your rates.

***Step 3. Billings***

* Monthly billing to internal and external users
* All billings must be consistent, even if user is being subsidized (i.e. split billing to subsidized funding sources)

***Step 4. Review***

* Ensure a deficit is not occurring in the Service/Recharge Centers operating account
* Ensure the operating account has not more than a 60 days of working capital balance
* Review rates yearly

***Step 5. Year End***

* Depreciate equipment
* Accrue all earned revenues
* Reconcile and/or book differential income from external users