Purpose
All university schools, colleges, campuses, units, and affiliate institutions that provide goods and/or services to other university departments must recharge/bill customers in a timely and compliant manner. This helps to ensure that university financial records are accurate, and that the University will be able to recover all reimbursable expenditures from sponsoring organizations, where applicable.

Policy
- Internal billing transactions must be processed as soon as possible after the goods/services have been provided, ideally within the same month, but no later than 45 days after the goods/services were provided.
- If the billing/service unit does not bill within 45 days of the date the goods/services were provided (assuming a valid budget number was provided by the customer), the billing/service unit may be responsible for the total amount due.
- If the customer (billed unit) does not provide an active, open budget number for the transaction to ensure billing is timely, the customer will be responsible for the total amount due (assuming the billing unit contacted customer within 45 days).
- Goods/services must be charged to an allowable source. Retaining unbilled goods/services on a recharge/service center budget is not allowed. Future billing rates cannot be adjusted to recuperate for unbilled services.
- Billing discrepancies must be resolved no later than 60 days after delivery of goods or completion of service.

Unit Responsibilities

Billing Unit/Unit Providing Goods/Services:
- Ensures that staff processing internal billings receive training on the correct document to use for the goods/services they are providing. A Cost Transfer Invoice (CTI) or an Internal Sales Document (ISD) should be used for a transaction in almost all instances. A Journal Voucher should only be used in very rare instances.
• Establishes sufficient internal controls to ensure that charges are accurate and supported by appropriate documentation.

• Ensures that supporting documentation provides sufficient appropriate audit evidence to validate that internal charges are posted in the correct period, for the correct amount, and using the appropriate FAS coding. Examples of evidence that supports transactions:
  o Published rate schedules in effect during time of service
  o Third party invoices, if applicable
  o Logs/schedules identifying service provided and the date of service

• Complies with all applicable policies and procedures related to internal billings, including recording internal billing debits and credits in the appropriate FAS object codes.

• Ensures that processes are in place to support timely recharging/billing of the goods/services provided.

• Ensures that staff processing internal billing transactions 1) understand university guidelines on correct billing procedures and 2) understand the necessity to bill other departments/units in a timely manner.

• Immediately requests a valid budget number from the internal customer when a budget number is rejected by the financial system.

• Ensures proper segregation of duties between preparation and review/approval of internal billing transactions.

• Ensures that those responsible for review/approval of internal billing transactions have first-hand knowledge of the transaction being approved, or by review of supporting documentation have adequate understanding of the transaction to verify the validity and appropriateness of the transactions.

• Ensures that source documents (CTI & ISD) and/or supporting documentation show evidence of review and approval (which can be physical or electronic), and identify the date of service separately from the date the source document was prepared.

**Customer:**

• Provides a valid budget number to charge for goods/services prior to any good/service commencing. Internal billing charges to sponsored awards must always be allocable to the charged award.

• Maintains documentation regarding the allocability and allowability of charges to sponsored awards as well as for any other budget numbers provided to billing unit. Also maintains documentation on who requested and approved services.
• Immediately provides a valid budget number to the Billing Unit when a budget number is rejected by the financial system.

**Financial Accounting:**
• Provides guidance on appropriate FAS coding
• Conducts periodic, ongoing review of large and/or unusual transactions

**Management Accounting & Analysis (MAA):**
• Provides guidance on service and recharge center rate setting. Reviews service and recharge rates consistent with the Service Center and Recharge Center Guidelines at: [http://finance.uw.edu/maa/recharge/policy-and-procedural-documents](http://finance.uw.edu/maa/recharge/policy-and-procedural-documents)

**Chancellors, Deans, Vice Provosts and Vice Presidents**
• Ensures that service units in their school, college or administrative unit are aware of and abide by this policy

**Applicability**
All university schools, colleges, campuses, units, and affiliate institutions must comply with this policy. Exceptions to this policy should be rare and unusual. Requests for exceptions to this policy should be directed to Financial Accounting. It is important to note that if a grant/contract budget is involved and closing, a late billing may be rejected even if an exception has been granted. In these cases the unit being billed and the unit providing the billing will need to negotiate settlement. If an agreement cannot be reached, Financial Accounting will act as an arbitrator and their decision will be final.

**Who to Contact**
The following departments can be contacted about the policy:
• Grant and Contract Accounting: Sponsored award allocability and allowability
  [http://finance.uw.edu/gca/contacts](http://finance.uw.edu/gca/contacts)
• MAA: Appropriate use of internal billing transactions by recharge or service centers
  [https://finance.uw.edu/maa/contacts](https://finance.uw.edu/maa/contacts)
• Financial Accounting:
  o Distinctions, limitations and uses of CTI, ISD and/or JV
  o Modifying budget indexes to allow for the use of CTI and ISD
  o FAS coding

http://finance.uw.edu/fr/contacts

Definitions

Allocable: A concept within federal regulations for sponsored programs administration. An allocable cost is one where the goods or service relate specifically to the project being charged.

Allowable: A concept within federal regulations for sponsored programs administration. An allowable cost is permitted within the context of general federal regulations, the terms of a specific Award, and/or the institution’s indirect cost rate. Costs which are not allowable must be excluded from any billing to a sponsored project.

Appropriate evidence: Measure of the quality (reliability and relevance) of documentation supporting the assertion that internally billed charges are valid and accurate.

Billing service unit: The unit or entity on campus that bills budgets at the UW for goods/services provided by a service unit. This may be the same as the service unit, or this unit may assist the service unit in billing for goods/services to other UW budgets.

Cost Transfer Invoice (CTI): The cost transfer invoice (CTI) should be used exclusively for transferring the costs of services or supplies between budget entities at the University. http://finance.uw.edu/fr/cost-transfer-invoice

Customer (billed unit): The department receiving goods/services from a service unit.

Internal billing: Billing between two or more budget numbers for goods/services provided by one department for/to another department at the UW. Internal billing refers to any billing transaction between UW budget numbers.

Internal Sales Document (ISD): The internal sales document (ISD) is used exclusively for recording sales of services or supplies by service centers and auxiliary enterprises to other UW entities. The only budgets that can issue charges using an ISD are those within the auxiliary enterprise and service funds that have been authorized. These are typically budgets that begin with 08, 14, 15, 16, or 25.

http://finance.uw.edu/fr/internal-sales-document

Journal Voucher (JV): A journal voucher (JV) is a method of entering accounting information into the financial system (FAS). JV entries include debit and credit information. They are used to make adjustments to entries already posted in the general ledger that cannot be adjusted using MyFinancialDesktop (MyFD).
http://finance.uw.edu/fr/journal-voucher

**Service Unit:** An entity within a university department or center that charges for goods/services that directly support the research, academic or service mission of the University and recovers costs through charges to internal and external users.

**Sufficient evidence:** Measure of the *quantity* of documentation supporting the assertion that internally billed charges are valid and accurate. Quantity of supporting documentation does not compensate for poor quality support. Departments are responsible for ensuring documentation is of good quality and can suffice for audit purposes. Better quality documentation, such as invoices from third parties, published rates, and signed agreements, requires less quantity.