

Hello and Happy Fall!

Thanks to everyone for your help on completing your annual USP renewal and FY23 rate calculation schedules.

There are several important areas covered in the newsletter below. As always, if you have any questions or concerns regarding the updates below or any other topics, reach out to [Jess Caponigro](#) (YSM USPs) or [Danielle Feldman](#) (Central & Science Hill USPs), or send an email to [ISP@yale.edu](mailto:ISP@yale.edu).

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## Restrictions on Charging or Moving Charges to Sponsored Awards

Certain University Service Providers (USPs) are restricted from charging sponsored awards for policy and regulatory reasons. In the event of a charge from such a USP to a non-sponsored account, it is not permitted to move that charge after-the-fact onto a sponsored award.

To comply with federal regulations and Yale policy, USPs categorized as Specialized Service Facilities (SSFs) and Recharge Centers (RCs) are required, on an annual basis, to develop a rate calculation schedule to support the rates charged. SSFs and RCs that certify that they will not charge sponsored awards during the current year of operations are exempt from this requirement and their journal sources are restricted from charging sponsored awards. At the end of this communication is a list of SSFs and RCs that may not charge sponsored awards.

As noted, moving charges from the journal source of a restricted USP to a non-restricted journal source, such as ISPADJ, is not permitted. [Procedure 1410 PR.03](#) describes the appropriate use of the ISPADJ journal source:

“Users are responsible for making any needed correction to an original charge that is not the result of a USP error. If the change is permanent and continuing forward, users are responsible for contacting the USP with updated charging instructions. Departments and/or their representatives must use a Journal Source that has been specially configured for this purpose (i.e., Name = ISP Adjustments; Ref ID = ISPADJ). Departments may **NOT** use the original USP’s Journal Source.”

The Controller’s Office will continue to perform Quality Assurance checks to review compliance with the restrictions described in this communication and relevant Yale policies and procedures. If you have any questions, please reach out to [isp@yale.edu](mailto:isp@yale.edu).

USPs that certify they will not charge sponsored awards and, therefore, are not allowed to charge sponsored awards at the time of this communication, include:

- ADM Graduate Housing (ISP012)
- ADMSP Medical ID Center (ISP921)
- Athletics-Physical Ed (ISP035)
- Dermatology Cell Sales (ISP903)
- Greenberg Conference Center (via YC&E) (ISP001)
- Harkness Dorm Graduate Housing (ISP052)
- ITS Non-Grant Billing Services (ITSNGB)
- Mead Visitor Center (ISP016)
- Office of New Haven & State Affairs (ISP017)
- Office of Public Affairs & Communication (ISP003)
- Parking & Transit (SPADMP)
- Peabody Marine Vessel (ISP028)
- School of Music (ISP029)
- School of Drama (SPDRPR)
- TR&S Courier Service (ISP010)
- TR&S Moving/Relocation (ISP011)
- TR&S Storage (SPSTCT)
- University Printer (ISP005)
- Woolsey Hall - Schwarzman Center (ISP004)
- Yale Printing and Publishing Services (YPPS) (YRISPS)
- Yale School of Medicine Boost Support (ISP754)
- YSM Continuing Medical Education (ISP969)

USPs categorized as Other Service Providing Units (OSPU) are included in the University's F&A rate for sponsored activity and, therefore, do not directly charge sponsored awards for the goods, services, and/or space provided. USPs categorized as OSPU at the time of this communication, include:

Capital Management Fees (CAPMFE)  
Central Facilities (FAMISC)  
FACPP Physical Plant (FAMIS1)  
FACUTL Utilities (UMSECE)  
Peabody Museum, Public Program (ISP034)  
Small Project Group Management Fee – Non-Capital (OPPMFE)  
Yale Center for British Art - Special Events (ISP038)  
Yale University Police Department (ISP021)  
Yale University Security Program (RVSECP)

Note that the lists above are not all inclusive, there are additional USPs with restrictions. To inquire about the status of an individual USP, please reach out to [isp@yale.edu](mailto:isp@yale.edu).

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## Requirement to Prepare FMV Analysis

The following was communicated previously via email and is applicable to all USPs that sell or seek approval to sell technical/research services to external parties. **This will require those USPs who meet this criteria but have not previously completed a Fair Market Value (FMV) Analysis to complete and submit a FMV Analysis with their FY24 rate calculation schedules next year.** We highly recommend that you start working on this now. Resources for completing a FMV Analysis are available on the [External Sales Resources](#) site. You can also reach out to the ESAP Process Owner, [Danielle Feldman](#), for assistance.

“With the issuance of the **Provost’s Office Guidance Regarding Pricing for External Customers** in November 2021, posted on the [External Sales Resources](#) site, there have been questions to understand how this pertains to USPs that are considered grand-parented for ESAP as defined in [Procedure 2100 PR.02](#) External Sales Approval Process (ESAP). This Provost’s Office Guidance specifically states it “applies to those USPs that sell or seek approval to sell technical/research services to external parties and are subject to Procedure 2100 PR.02 External Sales Approval Process.”

There are 2 elements to pricing addressed in the Guidance:

The first element pertains to the cost of providing the services, specifically, “external rates must at least include the full direct cost to provide the service plus 30% (the “calculated rate”).” It is expected that the cost of providing the service to external customers and the respective external customer rates are reviewed by the Lead Administrator of grand-parented USPs on at least an annual basis. Approval for the costs of providing the services and the respective rates will occur when the USP goes through ESAP and is formally approved to sell externally.

The second element pertains to the relation of Yale’s external customer rate to a fair market value (FMV) range, specifically “the external rate should fall within the range of fair market values for similar services.” As the need for compliance of external customer rates within a FMV range is driven by federal regulations, this component of the guidance is effective now for grand-parented USPs. All grand-parented USPs with external sales should perform a FMV analysis, reviewed by the Lead Administrator, and submitted with their annual USP registration.”

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## Fair Market Value Analysis Update

The ESAP Committee recently updated the guidance related to providing comparable support. The FAQs Regarding the FMV for ESAP have been updated since this presentation to request 3 for-profit comparables, instead of 5, to support the FMV range. Additionally, if there are fewer than two comparable for-profit company rates for a service and the proposed external customer rates for that service do not meet the pricing expectations outlined in the Provost’s Office Guidance Regarding Pricing for External Customers, the rates of 3 non-profits and/or other academic institutions should be provided as additional data points. Both the FAQs Regarding the FMV for ESAP and the Provost’s Office Guidance Regarding Pricing for External Customers are available on the [External Sales Resources](#) site.

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## Customer Rates Reminder

Friendly reminder that your FY2023 Customer Rates must be updated and posted both within your accounting system and on your website.

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## Monthly Reconciliation

This is a head's up that we are working on providing guidelines for a monthly reconciliation that will need to be performed as part of the month-end close for USP activity. This reconciliation will include reconciling revenue from the USP's sub-ledger (whether Excel-based or a software billing system) to Workday to ensure completeness and accuracy of the USP activity. More details to come.

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## Accounting for Multi-Year Service Contracts

For service contracts, or similar contracts, that are paid up front for a multi-year contract, the amount related to subsequent years should be recorded as a prepaid expense, and then expensed over the life of the service contract. The annual amount should also be reflected as an expense for each respective year on the Rate Calculation Schedule.

If you need assistance or have questions, please reach out to [ISP@yale.edu](mailto:ISP@yale.edu).

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## Accounting for Discounts

As discussed in [Procedure 1410 PR.03 Accounting and Billing](#), USPs may elect to charge an amount that is different from the Customer Rate. If giving a discount to a customer, the full amount of revenue (the amount that would have been charged if no discount were given – aka the Customer Rate) must be recorded as a credit. There will be two debits, one for the amount charged to the customer and one for the discount amount (the difference between the revenue and the amount charged). Discounts to external customers should be rare. This is important to demonstrate that all internal users are charged the same rate before a discount is applied. Further instruction on recording a discount or premium is posted in the [Accounting Manual: Accounting by and for University Service Providers](#).

If you need assistance or have questions, please reach out to [ISP@yale.edu](mailto:ISP@yale.edu).

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## USP Workshops

A workshop will be offered in the spring, directed specifically towards the **Core Directors**, to provide direction on rate calculation schedules and other USP specific training. Look for more information to come!

Prior workshops were recorded and have been posted for your reference, along with corresponding materials.

The USP Trainings and Federal Fund Balance Training are posted on the [University Service Providers Resources](#) site.

The FMV Analysis Training is posted on the [External Sales Resources](#) site.

Have suggestions for future workshops? Send your suggestions to [ISP@yale.edu](mailto:ISP@yale.edu).

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## FY23 Quality Assurance Reviews

USPs will continue to undergo required Quality Assurance (QA) Reviews during FY23. This will include a review of the billing documentation requirements implemented last year, proper use of approved rates, timeliness of billing, use of approved ledger pairs, monthly reconciliations, and other important USP activity. We thank you in advance for your cooperation in providing the requested support and answering questions!