

### Background

Several Yale University Service Providers (“USPs”) either are currently charging or have previously entertained charging cancellation fees on some of their services, which led to discussions as to whether such ‘expenses’ are allowable. To better understand the issues around cancellation fees and establish consistent practices, the USP Operating Committee formed a sub-committee to review current cancellation fee practices and relevant regulations and provide guidance to the USP community for those choosing to charge cancellation fees.

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### Survey Results

During Fall 2020, the sub-committee conducted a survey of all Yale Specialized Service Facilities (“SSFs”) and Recharge Centers (“RCs”) focused on current cancellation fee practices and plans for, or interest in, charging cancellation fees in the future. A total of 125 USPs were invited to participate; 104 (83%) did participate.

Five of the 104 participants reported charging cancellation fees and an additional five indicated that they do not currently charge cancellations fees but would be interested in doing so in the future. The major expressed reasons for wanting to charge cancellation fees included users not showing up for booked time, recovering costs that have already been incurred, and discouraging late cancellations. As of the survey, each of the USPs that do charge cancellation fees have posted policies around the charges.

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### Relevant Regulations and Guidance

Based on conversations with the Office of Sponsored Projects (“OSP”) and a PricewaterhouseCoopers (“PwC”) representative, there was agreement that cancellation charges should be charged to sponsored awards only on an exception basis, as there is no benefit to the funded research. Under certain circumstances that are out of control of the researcher (e.g., experimental samples of poor quality, animal model not ready for study, unexpected personnel issues), the USP may be allowed to charge sponsored awards, but robust documentation of the circumstances surrounding the cancellation fee should be kept on file. Such documentation should include:

- lost time (e.g., USP staff who were available and not able to work on anything else);
- USP work that had to be done in preparation for providing the service;
- justification for the cancellation fee;
- reason for cancellation; and
- the amount of the fee.

The invoice will need to explicitly state that these are cancellation fees.

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### USP Responsibilities

- Post in an accessible location the USP’s current cancellation policy detailing the situations in which cancellations fees could be charged and the USP’s fee schedule indicating the amount of the cancellation fee(s).
  - Indicate on the initial registration form and/or annual USP registration form that cancellation fees are charged for some/all services offered by the USP.
  - In the Summary tab of the Rate Calculation Worksheet, indicate for which services a cancellation fee could be charged and the amount of the fee.
  - Clearly identify on the invoice a charge as a cancellation fee.
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### USP Committee Responsibilities

- Add to the initial registration form and annual USP registration form an item where USPs can indicate if they do charge cancellation fees.
- For those USPs that indicate they charge cancellation fees on the registration form, confirm that the USP has complied with that year’s Rate Calculation Worksheet requirements.

- For Yale School of Medicine (“YSM”) USPs that indicate that cancellation fees are charged, select a cancellation fee transaction as one of the annual audited transactions.
- Review the USP’s cancellation policy the fiscal year the cancellation fee guidance rolls out and then at least every 3 years or when the Rate Calculation Worksheet indicates a change in the cancellation fee or service(s) that charge cancellation fees.

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### **User’s Business Office Responsibilities**

- Review all USP invoices, noting any cancellation fee line items.
- Work with the Principal Investigator (“PI”) to document the justification for having cancelled a reservation and confirm based on the USP’s cancellation policy and fee schedule that the cancellation fee is appropriate.
- If a sponsored award will be charged a cancellation fee, consult with the PI to ensure that this an allowable cost under the terms of the award and under federal costing rules.
- If a sponsored award cannot be charged the cancellation fee, notify the PI and work with the PI and/or Department to obtain a funding source to which the cancellation fee can be charged.
- Maintain the documentation for each cancellation fee charged. Such documents should be readily available if audited and should include:
  - From the USP’s policy: the cancellation fee is appropriate; and
  - From the PI: reason for the cancellation (e.g., samples not ready, sample quality poor, research subject did not show up, other personnel issues).