

# Evaluation of Berkeley's Recharge Review Process

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## Summary

As part of the Budget and Finance unit's priorities for the 2005-06 year, an evaluation of Berkeley's recharge review process was undertaken. The principal tool used in this evaluation was a survey sent out to 71 staff of the units that do recharge on campus. The survey had 51 respondents and many included detailed comments in addition to qualitative answers. Most felt the process was complex, but that the current process was helpful to them, and that they had the information they needed to comply with the rules. As a result of the survey, we are undertaking some new initiatives to make the process more user-friendly, as discussed in the section below labeled "next steps".

## Background & Survey Procedure

Departmental recharge centers charge over \$100 million annually to Berkeley campus programs, activities and sponsored projects for technical services, supplies and materials. Under federal and University rules, recharge rates should equal the cost of providing services and recharge units must operate on a no-gain, no-loss basis, developing neither surpluses nor deficits. The campus Recharge Committee, chaired by the Acting Associate Controller, is responsible for a review process to oversee compliance with University and federal costing policies.

In November, 2005, campus staff who were involved in recharge rate proposal development and reviews were asked to complete a brief web-based survey about their experience with the campus's recharge rate review process. The survey instrument consisted of 13 statements, to which respondents were asked to indicate their responses on a 5 point agree-disagree scale. A space for comments was included with each item. We also asked whether the respondent was in a recharge unit or at the dean's office or control unit level, and how many recharge training sessions they had attended. Respondents were not asked to identify themselves.

E-mail requests, and two reminder notices, were sent to 71 individuals. A total of 51 responded, 38 at the unit level and 13 in deans' offices or control units. Five had attended no recharge training sessions, 17 had attended one session, 17 two sessions and 12 had attended three or more sessions. We weren't able to discern obvious differences in responses based on organizational level or training, so the following analysis is based on the entire group of 51 respondents. The comments, included in Table 2, are identified by organizational level, and system-assigned respondent number to indicate patterns of responses from specific individuals.

## Survey Findings

The survey items can be grouped into three categories: how complex the respondent believes aspects of the process to be; how the respondent evaluates different aspects of the campus rate review process; and finally, the perceived level of information the respondent has and satisfaction with campus training and communication. Table 1 lists questions and responses in the order of percent responding "Strongly Agree" or "Agree."

*Complexity* - Most agreed that recharge rules and policies are complex. Seventy-five percent agreed that "The federal rules governing recharge policies and rates are

complex,” and 57% felt the same about the University’s processes to administer recharge policies and rules. One respondent who agreed commented, “Business Officers (BOs) on the campus deal with state-funding and grant-funding which follow very specific policies and rules. Recharge rules and policies are all twisted around, non-intuitive for BOs, and unnecessarily complex. The process would be improved if it addressed its real audience, BOs, not CPAs or IRS consultants.” Another, who disagreed noted, “The process is not complex. However, some departments don't want to go through the necessary steps to ask themselves questions about the business and prepare a solid proposal. Sometimes departments have a price in mind and back into it, which creates problems when issues are found and they are asked to rework the rate calculation.” Another noted that it is “Very difficult to understand all the high-level accounting principles.”

*Process* - Only 10% felt that the self-certification process is unnecessarily burdensome, while 29% felt this way about the rate review process. On the other hand, three-quarters believed that the rate development templates provided by the Committee were useful and 69% agreed that “The campus’s recharge review process helps me avoid potential problems.” One respondent at the control unit level said, “I don't believe that any of the unit's that report to us would be totally compliant with the policy if it were not for this process.”

*Information* - Most respondents feel they have, or have access to, enough information. Eighty-six percent agreed that “I have received accurate and timely responses to my recharge questions.” About 70% or more percent found the Recharge Committee helpful, training sessions valuable, and the website useful. Only 20% felt they needed more help in understanding recharge policies and processes. Comments unanimously praised the committee’s analyst. One typical comment: “Paula Milano is great, if she doesn't know, she finds out and gets back to you right away.”

## **Next Steps**

In addition to a continuing effort to streamline the review process as much as possible, we propose several follow-up steps:

- Distribute survey findings to recharge unit and review staff.
- Revalidate that the level of detail in the review process appropriately balances the requirements of A-21 and the flexibility of the unit.
- Consider expanding services to include business analysis and process consultation for recharge units. (Recharge operations *do* require more sophistication than handling normal university operations).
- Specifically cover areas of difficulty or concern brought to light by the survey in future recharge training sessions (currently scheduled for January, February and March, 2006).
- Post all training programs on the web.
- Create case studies and post to the web.
- Post monthly office hours.

**Table 1**  
**RECHARGE PROCESS SURVEY RESULTS**

#	Question*	% Agree	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree	Total
9	<i>I have received accurate and timely responses to my recharge questions.</i>	86%	21	23	3	3	1	51
5	<i>The Recharge Committee has helped me understand recharge policies and procedures.</i>	76%	16	23	4	8		51
1	<i>The federal rules governing recharge policies and rates are complex.</i>	75%	11	27	8	5		51
6	<i>The rate development templates are useful.</i>	75%	10	28	7	5	1	51
8	<i>The recharge web site contains useful and accurate information.</i>	75%	10	28	8	5		51
7	<i>The training sessions have been valuable.</i>	69%	14	21	9	7		51
12	<i>The campus's recharge review process helps me avoid potential problems.</i>	69%	9	26	10	6		51
2	<i>The University's processes to administer recharge policy and rules are complex.</i>	57%	11	18	3	18	1	51
3	<i>The rate review process is unnecessarily burdensome.</i>	29%	9	6	8	26	2	51
13	<i>The campus's recharge review process has not really helped me manage more effectively.</i>	22%	3	8	9	25	6	51
10	<i>I need more help understanding recharge policy.</i>	20%	2	8	15	24	2	51
11	<i>I need more help understanding the University's recharge process.</i>	18%	2	7	15	26	1	51
4	<i>The self certification process is unnecessarily burdensome.</i>	10%	1	4	10	32	4	51

\* Ranked by percent responding "Strongly Agree" or "Agree"

**Table 2**  
**Recharge Review Process Survey Comments**

Responder	Role	Response	Comments
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**1. The federal rules governing recharge policies and rates are complex.**

36	Control Unit	Agree	There are a basic set of rules (that may not be logical, but they are rules) and then there are further rules such as specifics of allowable and unallowable expenses that departments generally don't get around to looking at on a detailed level
42	Control Unit	Agree	I rely heavily on Paula Milano's expertise to navigate through the policy.
50	Recharge Unit	Agree	Not overly complex but require a broad appreciation of the issues involved.
62	Control Unit	Agree	I know there is some connection between federal contract and grant overhead rates and recharge rates and policies, but I'm not sure I understand how they are related and the risk to the University.

**2. The University's processes to administer recharge policy and rules are complex.**

18	Recharge Unit	Strongly Agree	Speed up control unit reviews; provide some help for Paula Milano in proposal review; Allow "provisional" rates to be posted prior to "final approval"
22	Recharge Unit	Agree	Please follow up with units that disregard recharge policies, such as the Police Department, specifically Alarms & Controls. They only bill once a year, even though we've asked for statements more frequently. The infrequent billing doesn't allow us to follow up on problems to see if they are corrected and consequently, billing errors can continue on from year to year.
36	Control Unit	Disagree	The process is not complex. However, some departments don't want to go through the necessary steps to ask themselves questions about the business and prepare a solid proposal. Sometimes departments have a price in mind and back into it, which creates problems when issues are found and they are asked to rework the rate calculation.
44	Recharge Unit	Strongly Agree	Business Officers on the campus deal with state-funding and grant-funding which follow very specific policies and rules. Recharge rules and policies are all twisted around, non-intuitive for BO's, and unnecessarily complex. The process would be improved if it addressed its real audience, BO's, not CPA's or IRS consultants.
50	Recharge Unit	Agree	Today's process is much improved from that of 10+ year's ago. Visits to units with one-on-one meetings may help.
55	Recharge Unit	Disagree	I find the new process, where I deal mainly with Paula Milano, to be much more streamlined than it used to be when we dealt with a committee and a changing contact every year.
62	Control Unit	Agree	Administer the policy consistently across all recharge units. If some recharge units are required to lien charges in advance of billing, then all recharge units should be required to do so.

Responder	Role	Response	Comments
64	Recharge Unit	Disagree	If departments don't like the questions/answers they are getting from the control unit, they sometimes try to see if they may get a different answer from central campus, which sometimes creates tension and creates more work for more people. (see comments for #3)

**3. The rate review process is unnecessarily burdensome.**

18	Recharge Unit	Strongly Agree	Focus on factors directly called out by A-21, try not to "re-interpret" the rules
36	Control Unit	Disagree	Sometimes there are so many issues to go through with a department on a proposal that agreement is reached to forward a proposal that is "good enough." Then when the unresolved issues are brought up with the department on the next round, they don't like it. Also, departments don't like additional information that a control unit may require, but need in order to assess the operation (this is information that departments should already have as part of running their business). One thought: what if there were a recharge service where a consultant could go to a department and learn their business and, as an expert, prepare a recharge proposal with that department and also help the department integrate that proposal into their business processes and teach the department so that the department could then recognize when a new proposal is needed and be able to complete one themselves.
			Many departments do not manage their recharge operations as a business and don't integrate the recharge proposal into their business. This makes the recharge proposal a chore rather than a normal part of business. If departments could get into a regular habit of integrating the proposal into how they do business and keep it in mind with business plans and as they review the operation's financials and budgets during the year, it seems like the proposal would be more of a natural task (rather than something they have to do every three years at minimum). What is asked for in a proposal are things that departments should already be asking themselves.
38	Recharge Unit	Not Sure	Sometimes there are so many issues to go through with a department on a proposal that agreement is reached to forward a proposal that is "good enough." Then when the unresolved issues are brought up with the department on the next round, they don't like it. Also, departments don't like additional information that a control unit may require, but need in order to assess the operation (this is information that departments should already have as part of running their business). One thought: what if there were a recharge service where a consultant could go to a department and learn their business and, as an expert, prepare a recharge proposal with that department and also help the department integrate that proposal into their business processes and teach the department so that the department could then recognize when a new proposal is needed and be able to complete one themselves.

Responder	Role	Response	Comments
44	Recharge Unit	Strongly Agree	Business Officers are typically not CPA" s or IRS consultants, by choice! This process gets bogged down with IRS-type attitude, explanations, demands, and lack of appreciation for real recharge operations on this campus.
50	Recharge Unit	Disagree	Feedback is timely and questions are usually appropriate.
57	Recharge Unit	Not Sure	I'm new & haven't gone through the process yet.
62	Control Unit	Agree	I submitted a rate request in May 2005, and the request was eventually approved in October 2005. I would have liked the review process to be more speedy, with fewer lists of questions. Each round of analysis spawned more analysis, and the value added of the succeeding rounds became questionable.
63	Recharge Unit	Agree	Shorten or streamline where possible
68	Recharge Unit	Strongly Agree	Very difficult to understand all the high-level accounting principles.
69	Control Unit	Strongly Agree	A lot of paperwork with not much substantive return.

**4. The self certification process is unnecessarily burdensome.**

38	Recharge Unit	Not Sure	Again, it's burdensome, but I don't know how much of the burden is necessary.
42	Control Unit	Strongly Disagree	I don't believe that any of the unit's that report to us would be totally compliant with the policy if it were not for this process.
47	Recharge Unit	Disagree	It would be nice to be able to add rates during the year using the same methodology without having to redo the self-certification process.
57	Recharge Unit	Strongly Disagree	Have done this and it wasn't burdensome. Thought it was important. Helped me start to get familiar with our operations.
62	Control Unit	Agree	The self-certification is due in March, at the same time as the Control Unit budget request. Since the same staff prepares and reviews both the annual budget request and the self-certification, it would help to spread the workload to different times of the year.
63	Recharge Unit	Not Sure	Streamline the process when possible
68	Recharge Unit	Strongly Agree	Control unit level responsibility should be all that is necessary.
70	Recharge Unit	Disagree	Not a real burden, but not sure why necessary,

**5. The Recharge Committee has helped me understand recharge policies and procedures.**

36	Control Unit	Not Sure	There have been different interpretations of policy by the Recharge Committee over the years, so I sometimes learn a new interpretation. I also get helpful info when a new campus policy affects recharge.
38	Recharge Unit	Disagree	rewrite the policies and procedures in succinct (and correct) English? Occasional hands-on help
44	Recharge Unit	Disagree	To the contrary, I think that TRC should simplify the policies and procedures so that non IRS/CPA-types can easily navigate and succeed.
50	Recharge Unit	Strongly Agree	Understanding is enhanced over time by preparing proposals and addressing concerns.
57	Recharge Unit	Not Sure	too new to say
60	Recharge Unit	Agree	Have more meetings to discuss problems, solutions, etc. Brainstorm together.
62	Control Unit	Disagree	I have not interacted with the Recharge Committee, but only with Paula Milano as its representative.

Responder	Role	Response	Comments
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**6. The rate development templates are useful.**

22	Recharge Unit	Agree	Need to have forms that are more flexible in the sense that not all units are set up the same way.
38	Recharge Unit	Not Sure	follow the sign convention used in the GL
41	Recharge Unit	Disagree	Every unit is different. They may be very useful to some.
44	Recharge Unit	Disagree	The templates are useful in meeting TRC's needs, but are not helpful when trying to meet departmental recharge business needs in the real world.
50	Recharge Unit	Not Sure	Use self-prepared templates -- modified versions of ones used 10+ year's ago.
57	Recharge Unit	Agree	I've looked at them and they look useful. Haven't had to complete one yet.
62	Control Unit	Agree	Include examples involving more complex units, with overhead staff and staff who are partially recharge and partially overhead or 19900.
64	Recharge Unit	Disagree	The labor rates are useful. The "per item" templates aren't. Our services change so fast that the templates don't really fit.
68	Recharge Unit	Strongly Disagree	Requires a high degree of accountant level expectancy of understanding.

**7. The training sessions have been valuable.**

22	Recharge Unit	Agree	Paula Milano is awesome! She is extremely knowledgeable and helpful.
38	Recharge Unit	Disagree	not sure, but somehow they never seem to address the problems we encounter. The sessions seem to reflect too perfect a world?
44	Recharge Unit	Disagree	The training sessions are not targeted to the real audience, but instead seem to be trying to convert BO's to IRS/CPA-type needs. BO's are your audience, not the IRS!
50	Recharge Unit	Strongly Agree	Always learn something. Might be of value if there were small groups of like operations.
57	Recharge Unit	Strongly Agree	Have been to one- clear and useful
62	Control Unit	Strongly Agree	The training sessions have been valuable as refreshers on the policy. They could be presented on a scheduled annual basis, for example in the month or two before the self-certification is due.
64	Recharge Unit	Disagree	Case studies of rate development; group sharing of recharge business ops in different departments. There are also big differences between mandatory services (like CNS) and the optional services that our department provides.

**8. The recharge web site contains useful and accurate information.**

37	Recharge Unit	Disagree	Out dated rates are often posted.
38	Recharge Unit	Disagree	make it easier to pull up policy and forms. simple straight links.
42	Control Unit	Strongly Agree	I've noticed that people are unaware of the website, although I've never had a problem finding it. Maybe you could include links to in on other websites like BAI?
45	Control Unit	Agree	Suggestion: do not post new recharge rates till they are approved by the recharge committee.
50	Recharge Unit	Agree	Always find what I need.

Responder	Role	Response	Comments
62	Recharge Unit	Agree	I only refer to published rates and download copies of policy. Both seem to be accurate.
64	Recharge Unit	Agree	Case studies of rate developments; FAQ's.
70	Recharge Unit	Not Sure	have not looked at it recently.

**9. I have received accurate and timely responses to my recharge questions.**

22	Recharge Unit	Agree	Paula always responds in a timely manner.
36	Control Unit	Not Sure	It varies, but most of the time responses are timely and accurate.
37	Recharge Unit	Not Sure	I do receive timely responses, but not sure about accuracies since the policies are inconsistent, so the responses are not necessarily definitive.
44	Recharge Unit	Strongly Disagree	To the contrary, I have found that the reviewer is trying to squeeze realistic BO departmental recharge business operations into some twisted view of the world. Reviewers have been intractable in their positions, unable to explain it to their audience in terms the audience can relate to and apply, and when the reviewer's positions have been found to be inaccurate or untrue by the TRC, there's been no apologies, fence-mending, or attitude adjustment.
46	Recharge Unit	Strongly Agree	Paula Milano has always been extremely helpful in responding to all of my questions and concerns
50	Recharge Unit	Strongly Agree	Always and very timely.
53	Recharge Unit	Strongly Agree	Paula Milano is great, if she doesn't know she finds out and gets back to you right away.
57	Recharge Unit	Strongly Agree	Needed help with self-certification. Responses clear and immediate.
63	Recharge Unit	Strongly Agree	Paula Milano is the best, very helpful and accomodating.
64	Recharge Unit	Agree	Paula has given us wonderful support.

**10. I need more help understanding recharge policy.**

42	Control Unit	Agree	Depreciation (especially with the new threshold, and items purchased before the change), how to advise units on best use of the permanent & temporary budget, and best practices in recording time/effort for employees who are paid by recharge accounts.
44	Recharge Unit	Disagree	To the contrary, I believe the recharge policies need to reflect the real world, need to understand their audience" needs.
50	Recharge Unit	Agree	Depreciation is always a concern.
57	Recharge Unit	Not Sure	not sure- too new

**11. I need more help understanding the University's recharge process.**

38	Recharge Unit	Agree	the logic (?) behind the accounting--especially depreciation & inventory
44	Recharge Unit	Disagree	1. Reviewers are unable to explain policies in real-life terms. 2. They seem unable to comprehend real-life necessities.
50	Recharge Unit	Not Sure	Depreciation.
57	Recharge Unit	Not Sure	not sure- too new

Responder	Role	Response	Comments
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**12. The campus's recharge review process helps me avoid potential problems.**

18	Recharge Unit	Disagree	A more proactive approach. Instead of telling a unit what's wrong during the proposal review, approve and post rates and THEN work with the unit to resolve the compliance and/or other issues.
37	Recharge Unit	Agree	At least it is reviewed by a campus organization that is sharing the responsibility.
44	Recharge Unit	Disagree	We are able to conduct business in a prudent and reasonable manner. We're able to manage our other funds without breaking laws or bringing the IRS down on us. BO's are able to conduct business.
57	Recharge Unit	Agree	self-certification process helped me learn, further exposure will do the same
62	Control Unit	Disagree	The recharge review process would be more useful if the reviewer understood my business cycle and business constraints. Input from the review reflects only the University policy line and does not acknowledge the world I do business in.
69	Control Unit	Disagree	There is a mind-numbing focus on making the numbers add up rather than determining the most effective way to provide recharge services.

**13. The campus's recharge review process has not really helped me manage more effectively.**

18	Recharge Unit	Strongly Agree	With such a protracted approval process, by the time rates are approved they may be based on data that is 2 or 3 years old. This serves to exacerbate deficits as recharge units are collecting revenue at a rate to support expenditures that are several years old, while the actual expenditures continue to rise.
41	Recharge Unit	Agree	Customer service does not figure into any of this.
44	Recharge Unit	Strongly Disagree	See all of the above.
69	Control Unit	Strongly Agree	The current recharge process isn't about management.
70	Recharge Unit	Not Sure	No real effect.