

Internal Charges Policy

Approving authority	Vice President (Corporate Services)
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Advisor	Senior Finance Business Partner (Corporate) Finance k.marx@griffith.edu.au (07) 373 56584
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Document URL	http://policies.griffith.edu.au/pdf/Internal Charges Policy.pdf
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Description	<p>This policy provides information on the application of internal charges for services provided across elements within the University.</p> <p>In instances that warrant the application of charges for the provision of services, internal charges may be approved in accordance with this policy and procedures detailed in the Financial Management Practice Manual.</p>

Related documents

[Approved Internal Charges List](#)
[Finance Management Practice Manual](#)

[\[Definitions\]](#) [\[Policy\]](#) [\[Level of Internal Charges\]](#) [\[Approval and Implementation of an Internal Charge\]](#)

1. DEFINITIONS

1.1 An internal charge

is a fee for service levied upon an internal user of the service by an internal service provider.

1.2 An internal user

is a University element which uses a service and which meets the cost of that service from University resources, regardless of funding source.

1.3 A cost centre

is an element of the University which functions as an identifiable unit within the University.

1.4 Direct costs

are costs incurred as a direct result of providing the service.

1.5 Indirect costs

include all other costs incurred that are not considered direct costs and include items such as capital replacement and leave provisions, space, depreciation and any other overheads funded elsewhere.

2. POLICY

2.1 Services, wherever possible, should be provided through funding approved as part of the budgetary process. The internal charges and the internal charge rates should be examined and reviewed at least annually.

2.2 Internal charges for services may be introduced subject to the following criteria:

2.2.1 There is evidence that the charge will encourage users to be economical in their demand for goods and services consumed; and/or

- 2.2.2 There is risk of not fully utilising or retaining external funding to the University, e.g. research grants. Where the external funding is based on the incurred costs - to reflect the true cost of a specific activity for which the funding is received.
- 2.3 Internal charges should not be premised upon monopoly of supply and the existence of an internal charge does not, in itself, preclude the use of an external supplier. This would require the relevant university approval and purchasing processes to be followed.
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3. LEVEL OF INTERNAL CHARGES

Charges should be calculated with reference to the following principles:

- 3.1 Charges should be set at a level to recover the justifiable direct costs of providing the service. A special case is required where it is considered appropriate to include indirect costs.
- 3.2 Charges proposed should take into account the costs of a comparable service from an external supplier, the University's favourable purchasing power and the absence of a profit motive.
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4. APPROVAL AND IMPLEMENTATION OF AN INTERNAL CHARGE

- 4.1 The Vice Chancellor (or approved delegate) has authority to approve the introduction of a new charge or to amend an existing charge.
- 4.2 Unless the Vice Chancellor (or approved delegate) approves an alternative date of application, all approved charges apply from the start of the calendar year. An internal charge schedule may specify differing charge rates to apply during the year.
- 4.3 Finance will undertake an annual review of internal charges. Additions and amendments will be accepted for submission as part of the annual review. During the year, Finance will not make submissions for approval more frequently than quarterly.
- 4.4 Any request for the introduction of a new charge for consideration by the Vice Chancellor (or approved delegate) must include a justification for the charge, the estimated direct costs and total revenue, and the basis for the calculation of the charge. The business case must be submitted via Finance.
- 4.5 The following criteria will be considered in assessing the inclusion of an internal charge on the Approved Internal Charges List. These criteria apply equally to new submissions and to the continuation of charges already appearing on the Approved Internal Charge List:
- 4.5.1 The charge will be applied against an internal or external research grant, external funding agreement or relates to a specialist or commercial activity of the University.
 - 4.5.2 The recovery process is supported by software or other documented system, to track usage and charging
 - 4.5.3 Only direct costs are being recovered as per clause 3.1
 - 4.5.4 Activity is estimated to be high volume and/or high value