



University of Pittsburgh Policy Interdepartmental Charges

Category: Financial Affairs

Section: Accounting and Financial Oversight

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Policy Number: 05-06-01

Effective date: September 2016

Responsible University Officer:

- Arthur G. Ramicone, Senior Vice Chancellor and Chief Financial Officer

POLICY STATEMENT

In certain situations it is necessary that expenses be incurred by one department on behalf of other departments for the most effective and efficient delivery of goods and services. The use of interdepartmental charges (IDC) is the primary method to transfer charges from a central account to departments who utilize the goods and services in their operations.

The interdepartmental charge process includes authorizing, and recording the costs of goods and services from a central department to departments who utilize the goods or services.

Interdepartmental charges are entered into the general ledger via online data entry or file transfer.

REASON FOR POLICY

To comply with financial reporting generally accepted accounting principles and sponsored program regulations.

DEFINITIONS

IDC - A journal transaction type restricted to authorized cost centers and certain other units to distribute the cost of goods and services provided to University departments on a recurring basis.

ENTITIES AFFECTED

All University responsibility centers.



KEY STAKEHOLDERS

- General Accounting Department
- Budget and Financial Reporting Department
- Research and Cost Accounting Department
- IDC Account Administrators
- Financial Records Services Department
- Responsibility Center Administrators

RESPONSIBILITIES

Authorization to use interdepartmental charges

- Only departments authorized by the Budget and Financial Reporting Department can transfer costs to the departments who utilize the goods or services through the use of the IDC process.

Use of interdepartmental charges

- IDC account administrators are required to approve interdepartmental charges.
- IDC account administrators are responsible for monitoring the monthly level reports to ensure all charges have been processed.
- IDC account administrators may only use interdepartmental charges for the purpose approved in the original authorization to transfer costs between accounts.
- IDC account administrators must process charges at least monthly or in accordance with that approved for the file/import process.

Calculation of interdepartmental charges

- All departments must be billed at the same rate on an equitable and consistently applied basis for the particular goods and/or services provided.
- IDC originating departments must maintain adequate records of costs, usage, and billings in accordance with all audit, Federal, and State requirements.
- IDC originating departments are responsible for absorbing any losses or disallowances resulting from audit or otherwise.

UNIVERSITY POLICIES, PROCEDURES, AND OTHER RESOURCES

Policies

[Internal Accounting Transactions \(05-06-08\)](#)

Procedures

[Interdepartmental Charges Procedure \(05-06-01\)](#)



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Other Resources

University of Pittsburgh, Research and Cost Accounting, Cost Center Models

www.bc.pitt.edu/rca/ca_ccm.html

University of Pittsburgh, PRISM, Home Page www.bc.pitt.edu/prism

University of Pittsburgh, Financial Records Services, Storage and Retention of Records

www.bc.pitt.edu/frs/srr.html

HISTORY

/ - New format and policy review