



University of Pittsburgh Procedure Interdepartmental Charges

1 of 5

Category: Financial Affairs

Section: Accounting and Financial Oversight

Contents:

- Procedure Summary
- Definitions
- Responsibilities
- Procedures
- University policies, procedures, and other resources
- Contacts
- History

Procedure number: 05-06-01

Effective date: September 2016

Responsible University Officer:

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

PROCEDURE SUMMARY

This procedure provides information to obtain authorization to use the Interdepartmental Charge (IDC) journal entry process and to use the process to distribute materials and service costs to other University departments.

General

- IDCs relate to the distribution of material and service costs to other departments in a consistent and fiscally responsible manner.
- Only departments authorized by the Budget and Financial Reporting Department may process IDCs.
- IDCs may only be used for the approved purpose.
- Costs to departments utilizing the goods and/or services must be billed at the same rate and on an equitable basis.
- The IDC account administrator is responsible for ensuring that distributed costs are determined in accordance with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
- Health Science cost models require approval by the Senior Vice Chancellor of Health Sciences.

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.



RESPONSIBILITIES

Account Administrator

- Submit a formal request to the Budget and Financial Reporting Department for IDC authorization or select the IDC request option on the PRISM Account Request form if a new account is involved.
- Submit a formal request to the Budget and Financial Reporting Department for the expansion of usage related to an existing authorized IDC.
- Process IDC transaction completely, accurately, and timely.
- Distribute costs as indicated in the cost model.
- Reconcile cost recovery amounts recorded on monthly level reports to supporting documentation.
- Retain support for IDC transactions per the Financial Record Retention Schedule <https://www.cfo.pitt.edu/frs/FinancialRecordRetentionSchedule.html>

General Accounting

- Approve and assign new account number if required.
- If an IDC code is being requested, forward a copy of the new account request form and all supporting documentation to the Budget and Financial Reporting Department.

Budget and Financial Reporting

- Forward all IDC code requests to the Research and Cost Accounting Department for subcode assignment and F&A rate application.
- Issue new IDC codes for approved requests and update database containing IDC code information.
- Establish IDC responsibilities and security in the general ledger upon receipt of PRISM User Access forms.
- Post IDC batches in accordance with PRISM general ledger posting procedures and the monthly financial closing schedules.

Research and Cost Accounting Department

- Verify proper subcode and account usage.
- Forward subcode usage information to the Budget and Financial Reporting Department.



University of Pittsburgh Procedure Interdepartmental Charges

Sr. Vice Chancellor, Health Sciences / Dean's Offices

- Maintain appropriate cost model in compliance with the University Cost Center Model Guideline (www.cfo.pitt.edu/rca/ca_ccm.html).

PROCEDURE

A. Request Authorization To Process Interdepartmental Charges

1. Account Administrator submits a memo to the Budget and Financial Reporting Department requesting authorization to allocate costs to other departmental accounts through the use of IDCs. Include the following information. (Note: If the creation of a new account is being requested, the following information should be submitted to General Accounting as part of the New Account Request Form.)
 - a. Department name.
 - b. Description of the service and/or materials to be charged to other departments.
 - c. Cost model detailing the pricing policy to be used and the basis of any mark-up included in the prices. (Refer to the Research and Cost Accounting web site at www.cfo.pitt.edu/rca/ca_ccm.html for information on cost models.)
 - d. Subcodes to be used for charging other University departments.
 - e. Account number, including subcodes, to be credited for the cost recovery.
 - f. General description of the number and nature of departments to be charged (e.g., academic support, institutional support, sponsored projects, etc.).
 - g. An estimate of the annual dollar amount to be charged in total to other departments.
 - h. Individual responsible for preparing the IDC. (Provide name, campus address, telephone number, and e-mail address.)
 - i. Account administrator or designee responsible for authorizing the recovery of costs to be charged to other University departments. (Provide name, title, campus address, telephone number, and e-mail address.)
2. If the IDC request is part of a new account request, General Accounting assigns a new account number and forwards a copy of the request form and all supporting documentation to the Budget and Financial Reporting Department.
3. The Budget and Financial Reporting Department forwards IDC request documentation to the Research and Cost Accounting Department.



University of Pittsburgh Procedure Interdepartmental Charges

4. The Research and Cost Accounting Department verifies subcode usage and F&A rate application and returns to the Budget and Financial Reporting Department.
5. The Budget and Financial Reporting Department assigns an IDC code and updates the IDC code data file for approved IDC requests.
 - a. Prepare and forward the appropriate memo (approval/denial) with copies of the original request to the requesting account administrator; Controller; Research and Cost Accounting Department; and the Director of General Accounting. Maintain a copy for the Budget and Financial Reporting Department records.
 - b. E-mail a PDF copy of the updated IDC Contact List to the defined distribution.
 - c. E-mail a PDF copy of the IDC Usage Report to the Controller and the designated individual in Research and Cost Accounting Department.
6. Account Administrators upon receipt of the IDC code approval must submit PRISM user access forms to obtain online IDC access. Once access is established, prepare and submit IDC transactions online.

B. Process Interdepartmental Charges

1. Account Administrators enter the authorized IDC transactions directly into the general ledger in accordance with PRISM general ledger data entry requirements and published financial closing schedules.
 - a. PRISM data entry requirements are in the PRISM general ledger training manual at <http://www.cfo.pitt.edu/prism/>.
 - b. Monthly cut-off dates are determined and published in the financial closing schedules on an annual or more frequent basis by OFI Administration.
 - c. Charges must be processed when they reach \$100 or more per line item and/or account, but not less than monthly, irrespective of the amounts.
 - d. Retain all original supporting documents, e.g., requisitions, memos, etc., in accordance with the University of Pittsburgh's Financial Record Retention Schedule at www.cfo.pitt.edu/frs/srr.html.
2. The Budget and Financial Reporting Department posts all properly completed IDC batches to the general ledger in accordance with PRISM general ledger posting procedures and the monthly financial closing schedule.
3. Account Administrators reconcile monthly level reports to supporting documentation.



University of Pittsburgh Procedure Interdepartmental Charges

UNIVERSITY POLICIES, PROCEDURES, AND OTHER RESOURCES

Policies

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

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

[Level Report Review and Reconciliation \(05-06-07\)](#)

Procedures

None

Other

University of Pittsburgh, General Accounting, New Account Create Form

<https://apps.fis.pitt.edu/accountrequest/account/login?ReturnUrl=%2Faccountrequest%2F>

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

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

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

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

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

CONTACTS

Subject	Email/website
Cost Models	www.cfo.pitt.edu/rca/ca_ccm.html

HISTORY

/ - New format and policy review