**Administrative Fees**

***Revised March 2014***

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**100.00 Introduction and Purpose**

The University's General Operations budget incurs expenses related to activities that derive income from outside sales, F&A cost recoveries, and other self-supporting activities. For example, central costs for payroll processing, accounts payable services, information technology, liability insurance, etc., are incurred which support such activities. To recover a portion of the costs deemed to benefit these outside activities, an administrative fee is charged to all designated funds. The fee is calculated based on a percentage of the designated funds' expenditures. Certain indexes have been granted exemptions, and certain account codes have also been exempted, from this fee.

**200.00 Policy**

The administrative fee percentage is reviewed, set, and communicated annually by the Vice President for Administration and Finance. Unless specifically exempted in writing by the Vice President for Administration and Finance in accordance with this policy, each expenditure in MSU-Bozeman's Designated fund group shall be charged the administrative fee.

A list of currently exempted indexes, funds and account codes is attached as Exhibit A.

**300.00 Procedure**

**310.00 Method of Payment**

Designated fund index expenditures are automatically assessed a charge equal to the annually determined percentage. **320.00 Exemptions**

Requests for an exemption to this policy must be submitted to the Vice President for Administration and Finance. Such request must be in writing and signed by the Department Head requesting the exemption. Such requests must address the following:

* Source of funds in the affected account,
* Use of funds in the affected account,
* Whether the exemption is of a one-time nature (a specific purchase), at an account code level, or at a fund or index level
* Explanation as to why the fee is not deemed appropriate

Requests will be either approved or denied by the Vice President for Administration and Finance based on criteria including, but not limited to:

* The manner in which the exemption enhances the University's mission
* Financial impact on the University
* Consistency with past practices and decisions and current policy
* Sources and uses of funds in the relevant designated account

Retroactive exemptions are not permitted. Administrative fee charges will be discontinued from the date of the exemption on a prospective basis.

**400.00 Internal Control Considerations**

A periodic review of exempt accounts by the Business Services staff will be performed to ensure that non-exempt expenditures are not being mis-recorded as exempt . If a department is found to have intentionally mis-recorded expenditures, their ability to receive exemptions for that account may be revoked. The index will be assessed the annually determined administrative fee on the unallowable charges on a retroactive basis.

**500.00 Effective date and Review**

The policy is effective July 1, 2014, and shall be reviewed annually by the Vice President for Administration and Finance.

**600.00 Exhibit A**

[Administrative Fee Exempt Accounts](http://www2.montana.edu/policy/business_manual/admin_fee/AdminFeeExemptAccts.xlsx)  
[Administrative Fee Exempt Indexes](http://www2.montana.edu/policy/business_manual/admin_fee/AdminFeeExemptIndexes.xlsx)