

RESEARCH FINANCE

User Fees for Equipment Purchased from Research Funds

Overview

When equipment is purchased on a research project it is owned by the University and therefore is covered under the University's insurance policy.

Operating and maintenance costs of the equipment are to be borne by the lead Department/Faculty who signed the application in support of the research proposal.

The primary use of the equipment is set out in the application for funding however other researchers may be provided access to the equipment.

When a researcher provides other individuals access to their equipment they may charge a user fee for the use of it. This generates a revenue source that offsets future operating costs such as maintenance, service agreements and technical support.

Establishing User Fee Rates

The fee to be charged should be determined by the Researcher/Department/Faculty. Two approaches can be utilized to establish the user fee. The first is based on market value, i.e., what are other facilities charging for a similar service? The second approach is a more detailed costing process where you determine the useful life of the equipment, taking into consideration all cost outlays, i.e. labour, maintenance, etc., and arrive at a per hour or per transaction fee.

Varying charge out rates can be established, i.e. for primary users, on-campus users, off-campus users, industrial or foreign users, etc.

Accounting

When it has been determined that user fees will be charged for a piece of equipment a separate operating fund (Fund 1) program should be established to track the revenues and expenses related to the equipment. It is important to ensure that an agreement is reached between the department and its Dean's office with respect to any surplus or deficit remaining at the end of a fiscal year in this user fee fund.

Once a fee has been established a log should be maintained to track the usage. The log should include the following details:

1. Date and time period of use
2. Research project to be charged

3. Authorization (signature) of PI using the equipment (or an individual with delegated authority on that project)

Monthly journals (for internal Western projects/programs) or invoicing (for off campus external users) should be generated by the appropriate Department administrator to charge the users. This journal would simply charge all of the research projects listed in the log for the time used and credit the operating fund that was established for the user fees.

If you have any questions about this process please contact your Financial Officer in Research Finance.