1. **Purpose**

The purpose of this policy is to provide uniform standards for County departments that provide goods and services to another County department.

1. **Definitions**
2. **Capital equipment** means equipment with an original cost [over $5,000 and has a useful life of more than 12 months.
3. **Central service costs** mean costs of providing accounting, human resources, payroll, purchasing, internal audit, treasury, and certain information technology services to other departments.
4. **Department** means any functional unit within a fund that carries on a specific activity.
5. **Selling** **department** means the department providing the goods or services to the receiving department.
6. **Receiving** **department** means the department receiving the goods or services from the selling department.
7. **Policy**
8. Goods and services may be bought or sold directly between County departments without involving the Purchasing Division.
9. When one department provides goods or services to another department within the County, the selling department shall charge the receiving department an amount sufficient to recover the selling department’s cost of providing the goods or services to the receiving department.
10. To determine the cost of providing the goods or services, the selling department shall consider:
	1. the salaries and benefits of staff to provide the goods or services;
	2. the supplies and materials associated with the goods or services; and
	3. equipment rental or depreciation and maintenance costs associated with the equipment used in the process.
11. Selling departments that regularly provide goods or services to other departments shall provide receiving departments a fee schedule showing the billing rates for those goods and services.
12. Rates must be charged equally to all departments within the County. Federally supported activities cannot be charged more than non-federally supported activities.
13. Rates shall be calculated and regularly updated in accordance with the following provisions.
	1. Rates should be designed to recover the direct costs of providing the goods or services, including capital equipment costs. No provision for profit or other increment above cost is allowed.
	2. Rate calculations should exclude federally unallowable costs (e.g., entertainment, bad debts, alcoholic beverages) and be net of rebates or credits.
	3. Hourly rates may be calculated by taking the total cost for a class of employees (e.g. building service workers) divided by the total budget hours for the year.
	4. Alternate pricing structures based on time of day, season, volume discounts, turn-around time, etc. are acceptable, provided that they have a sound allocating basis, do not discriminate among users, and do not result in recovering more than the cost of providing the services. Alternate pricing structures should be published so users are able to consider the least costly means to obtain a good or service.
	5. Capital equipment costs must be incorporated through depreciation, and the acquisition cost cannot be contained in the billing rate.
14. **Procedures**
15. The selling department shall prepare an interdepartmental invoice using a form provided by the Clerk/Auditor’s Office.
16. The interdepartmental invoice shall list the nature of the goods or services provided, the date the goods or services were provided, and the amount being charged.
17. The selling department shall forward the interdepartmental invoice to the receiving department for their review and approval. The receiving department shall then forward the interdepartmental invoice to the accounting group in the Clerk/Auditor’s Office for processing.
18. Internal billing transactions should be processed as soon as possible after the goods or services have been provided. All internal billing must be processed within 20 days after the end of each calendar quarter.
19. Central service costs are not directly charged to departments through interdepartmental invoices, but instead are allocated to the appropriate fund through County-wide cost allocation.

DATED this day of , 2022.

BOARD OF COUNTY COMMISSIONERS OF WEBER COUNTY:

 Scott K. Jenkins, Chair

ATTEST:

Ricky Hatch, CPA

Weber County Clerk/Auditor

Approved as to form and legality:

Deputy County Attorney