# Department of Finance

Policy on Internal Service Fund Cost Recovery Rates

Adopted: April 1, 1996

The Department of Finance Office of State Audits and Evaluation (OSAE), in consultation with the Fiscal Systems and Consulting Unit, will review the annual rate development of each of the internal service funds to ensure that the rates are reasonable and do not overcharge those departments which in turn charge the federal government.

Based upon the Bureau of State Audits (BSA) single state audit, OSAE will ensure that each internal service funds is not overcharging federal programs and thus building excessive reserves in the internal service fund.

Because it is difficult to assure that an internal service fund will break-even each year, any overcharge/undercharge will be adjusted for in the following fiscal year rate, after the determination by the BSA through its single state audit review.