



## Policies, Procedures and Guidelines

### Financial Affairs

Complete Policy Title: Policy for Charging Affiliated Entities for Space and Services	Policy Number (if applicable): NA
Approved by: Assistant Vice-President Administration & CFO and Director of Finance	Date of Most Recent Approval: Supersedes/Amends Policy dated: NA
Date of Original Approval(s): September 2017	Enquiries: finserv@mcmaster.ca
Responsible Executive: Assistant Vice-President Administration & CFO and Director of Finance	Related Documents: <a href="#">Guideline for Preparation of Ancillary Budgets</a>
<b>DISCLAIMER:</b> If there is a Discrepancy between this electronic guideline and the written copy held by the guideline owner, the written copy prevails.	

#### Scope:

The University often provides services and space to other legal entities that are affiliated. These include physician, staff and student groups as well as research entities. Arrangements between Affiliated entities and the university must be documented and, unless there are special circumstances, it is the policy of the university that affiliates cover both direct and indirect costs of the University through fees that reflect the costs of services used. Any exceptions to this policy must be approved by the by the respective VP and/or dean.

#### Base Rent:

Base rent is the minimum rent charged for the use of the facilities. Base rent varies depending on the location.

#### Occupancy Costs:

Occupancy costs cover additional costs associated with the use of the facilities. For affiliates in a space included in the university budget model, the budget model rates are charged per square meter. These costs represent true costs to the University and are therefore passed down to affiliates. A full list of the items included in the occupancy costs can be found in Appendix A and the costs for each of these items can be found in the current year's 'Guideline for Preparation of Ancillary Budgets' on the McMaster Budgeting website.

For affiliates renting McMaster space that is not included in the budget model (e.g. the David Braley Health Sciences Centre), McMaster University charges base rent and occupancy costs which will be determined based on the actual costs of space in the facility.

Insurance and Indemnification

Affiliates are required to obtain their own insurance which must meet the minimum requirements and provide proof as outlined in Appendix C. In addition, the agreement will include an indemnification clause (also outlined in Appendix C).

Purchasing:

Affiliates who use McMaster purchasing are charged a 1% fee on the cost of the goods or services purchased.

Payroll and Benefits Packages:

McMaster may provide payroll and benefit package services to affiliates on a basis that replicates those of the university. Affiliates are responsible for paying all employer costs of the payroll package and benefit package. Where the affiliate's employees are members of the university's DB plan, and it has been determined, through an actuarial valuation or other process, that pension deficit payments and/or regulatory fees are due for any particular year, the affiliate will be notified of its share of such additional deficit payments and/or regulatory fees and will be provided with the appropriate accounting documentation, or actuarial supporting documentation.

Payment for this service is equal to a fee of one percent (1%) of the expenditures made on behalf of the affiliate by the university, unless otherwise agreed to.

University Technology Services (UTS) and Computer Services Unit (CSU):

Affiliates who use UTS/CSU services are charged at the University's current rate according to the services they use. These services include telephone, internet etc.

Administrative Financial Services:

The university may provide administrative financial services including the following:

- Holding of monies in trust:
  - When monies are held in trust for an affiliate, the University pays the affiliate interest on its month-end credit balance (if any) at the rate of 0.5% below the current rate being earned by the University on its current funds.
  - The University charges the affiliate interest on its month-end debit balance (if any) at the rate equal to CIBC prime rate – 0.5%.
- Use and adoption of the University's financial accounting system.
- Access to monthly statements of accounts in Mosaic.
- Collecting and remitting of student society fees

Independent Student Organizations pay a 1% fee (minimum of \$100) for the collection and remittance of their student fees, unless otherwise agreed to.

Direct Expenses:

Direct expenses refer to expenses incurred by the University on behalf of the affiliates such as office supplies. These expenses (including the appropriate taxes) must be reimbursed in full. A list of direct expenses to be considered can be found in Appendix B.

### Exceptions

The following types of affiliates may have exemptions to elements of above guidelines: i) Student Societies; ii) Research initiatives supported by the university.

- i. Student Societies are exempt from rent charges, as the University sees it as desirable to have student groups remain on campus.
- ii. Research projects supported by the university such as NCEs or Network Host Agreements are negotiated separately as these are valued by the University for their contributions to the University's research interests.
- iii. There may be some grandfathered arrangements that will be converted to the new policy on expiry

## **Appendix A: Occupancy Costs**

The following list outlines the occupancy costs included in the Budget Model:

- Buildings
- Logistics and Mail Services
- Custodial Services
- Maintenance Services
- Design & Construction
- Grounds
- Facilities Central Admin OH (includes Security Services)
- Utilities
- Deferred Maintenance
- Renovation Contingency

## Appendix B: Direct Expenses

The following list represents direct expenses that may be incurred by the affiliate. The list below primarily applies to Affiliates who directly use university resources or run their expenses through a Mosaic account. The list will vary from one affiliate to another, but is intended to provide a sample of costs to consider:

- Academic Full Time Salary
- Academic Salary-Other
- Honoraria Academic Part Time
- Benefits Academic FT
- FB PT Other Academic
- Support Salaries FT
- Support Salaries Part Time
- Honoraria Non Academic PT
- Supp Sal Work Study McWork PT
- Benefits Support Full Time
- FB Support PT
- FB Support Work Study McWork
- Non Salary Expenses
- Office Supplies
- Postage
- Courier Expenses
- Printing Duplicating
- Communication Expense
- Books & Periods (non-library)
- Office Furniture & Fixtures
- Equipment - Minor
- Equipment - Computer
- Computer Software
- Communication Equipment Lease
- Computer Programming Services
- Computer Services
- Training & Development
- Workshop Expense
- Professional Fees
- Meeting Expense
- Bank Charges
- Moneris Charges (consistent with the most current schedule)
- Other direct expenses as incurred

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## Appendix C: Insurance and Indemnification

The clauses below will be included in agreements signed between the university and an affiliate.

### Insurance

The affiliate will be required to obtain "Comprehensive General Liability Insurance" against bodily injury including death, personal injury and property damage, also including liability assumed by contract, Tenant's legal liability and if applicable Non-Owned Automobile liability in an amount not less than One Million Dollars (\$1,000,000) per occurrence and not less than One Million Dollars (\$1,000,000.00) in respect of bodily injury, death or property damage and will add the University as an additional insured party at its own expense.

The affiliate will forward copies of these insurance policies to the University every year during the term of the agreement.

The affiliate will be responsible for damages or loss of its property, for liability, including liability to third parties, and for injury sustained by its employees.

The affiliate agrees not to take legal action against McMaster University, or against any person whom McMaster Trust is legally obligated to indemnify for payments of costs or damages, for any cause related to damage or loss of the affiliate's property.

The affiliate is required to give the University thirty (30) days' prior written notice of cancellation of, material alteration in, or lapse of, any of such policies. "

### Indemnification

The affiliate accepts and agrees to indemnify and save harmless the University against any and all fines, suits, liabilities, injuries, damages, losses, or costs whatsoever incurred by the affiliate or the University arising out of or resulting from this agreement as a result of the actions, performance, or non-performance by the affiliate, its employees, or agents, including injury and damage occasioned to or suffered by any person or any property because of any wrongful act, neglect, or default by the affiliate, its employees, or agents or any other person working on behalf of the affiliate or connected therewith including but not limited to its use, occupation or use of equipment contained therein.

The affiliate accepts and agrees to provide to the University a list of names of such employees and agents who will work in the space and of such other persons who, from time to time, will visit with such employees or agents.