

**Fixed Asset and Project
Accounting
Shared Service Center**

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Service Level Agreement**

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Service Level Agreement

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General Information

Purpose

The purpose of this Service Level Agreement (SLA) is to establish a cooperative partnership between the Fixed Asset and Project Accounting Shared Service Center (FASSC) and its customers. This SLA will:

- outline services to be offered and working assumptions between the Shared Service Center and its customers;
- quantify and measure service level expectations;
- outline the potential methods used to measure the quality of service provided;
- define mutual requirements and expectations for critical processes and overall performance;
- strengthen communication between shared service providers and its customers;

Vision

The Hopkins' Shared Service Centers will provide a shared business environment for the Johns Hopkins University and John Hopkins Health System. The new business environment will continuously emphasize service, compliance and productivity to its customers and core business practices. The primary goals for the service centers include:

- **Integrate** people, processes, and technology to provide a balanced service level to all customers. Create a collaborative environment where trusted relationships and teamwork are encouraged between administration, departments, clinical areas, institutions and suppliers to further Enterprise goals.
- **Leverage** human resources, institutional knowledge, developing skill sets, and technology in an effort to continuously improve service and productivity for all Service Centers. Create an organizational structure that balances strategic and tactical efforts that promote efficiencies.
- **Mitigate** risk to the Hopkins' enterprise by focusing on compliance requirements and understanding the impact these requirements have on productivity and customer service. Develop an integrated organizational structure that will promote the consistent interpretation and enforcement of policies, procedures, local, state and federal laws and regulations throughout the Enterprise.

Mission

The Fixed Asset and Project Accounting Shared Service Center will provide our customers with quality, timely and efficient services. We will achieve this mission by utilizing technology, cultivating skills of our staff and building strong relationships with our customers. We will operate on the understanding that we live in a competitive environment and our goal is to ensure timeliness, quality, regulatory compliance and customer satisfaction. The Fixed Asset and Project Accounting Shared Service Center's primary mission is the following: to educate customers on the complex postings of Project Systems and Assets; to assist customers in project set-up; to be actively engaged

with customers to foster an environment of cooperation and trust; to educate and assist customers on the appropriate accounting treatment and the hazards and the consequences of misstated financials; to have the expert knowledge on regulatory, compliance and business area policies and procedures relating to the treatment of capital within Property, Plant and Equipment.

Scope

The Fixed Asset and Project Accounting Shared Service Center provides services to Johns Hopkins Health System and Johns Hopkins University. The primary customers of the FASSC are Facilities and IT Project Managers, JHU General Accounting, JHHS Directors of Accounting, JHU Division Business Offices and JHHS Affiliate Finance Offices.

The FASSC is responsible for:

- Creating and maintaining asset master records for the Johns Hopkins Enterprise.
- Executing depreciation runs for the Johns Hopkins Enterprise.
- Settling Construction in Process (CIP) to completed fixed assets for the Johns Hopkins Enterprise.
- Settling projects within SAP to the corresponding CIP and expense accounts.
- Reviewing projects in accordance with GAAP for capital vs. expense items.
- Creation and maintaining of final assets in SAP from projects and carts.
- Tagging and inventorying equipment for Johns Hopkins University.
- Verifying budgets and controlling the release of budgets on capital projects for Johns Hopkins Health System.
- Releasing full budgets on capital projects for the Johns Hopkins University.
- Providing reports and analytics to customers and management for depreciation projections, asset management, shopping cart throughput, financial statements and miscellaneous research and reports as requested.
- Provides detailed reconciliations on Property, Plant and Equipment (PPE) accounts and corresponding expense accounts.
- Completing governmental schedules related to Property, Plant and Equipment (PPE).
- Provides all schedules and is the point of contact for external and internal auditors.
- Review, update and write policies for JHHS pertaining to PPE.

All services provided by the FASSC will be in accordance with Generally Accepted Accounting principles (GAAP) and the respective policies of the institutions.

Hours of Operations

Hours of operations are to be Monday thru Friday from 8:30am to 5:00pm following the JHHS holiday schedule. Working hours may be adjusted due to system/power outages, meetings,

emergency situations, disasters or customer needs upon request. The Service Center is located at Johns Hopkins at Keswick.

Service Expectations

The Fixed Asset and Project Accounting Service Center and its customers agree to the service expectations, working assumptions, and service constraints listed below. These service expectations are meant to monitor the more critical elements of the services provided and are not meant to reflect the comprehensive services offered by the Fixed Asset and Project Accounting Shared Service Center.

Process	Service Expectation	Service Metric <i>(how will this be measured)</i>
Reconciliations	<ul style="list-style-type: none"> ▪ Reconciliations to be preformed monthly in accordance with Finance policies and due for review by the first day of the following month. 	<ul style="list-style-type: none"> ▪ Reconciliations performed timely and accurately.
Management Reports	<ul style="list-style-type: none"> ▪ Reports produced monthly or upon requests for management use and for analysis. 	<ul style="list-style-type: none"> ▪ Reports performed timely and accurately in accordance with the needs for each report.
Budget Releases	<ul style="list-style-type: none"> ▪ Project Request Forms, Project Funding Requests and Project Close-Outs will be completed within 48 hours or requestors will be notified. ▪ Emergency budget releases upon request within 24 hours. 	<ul style="list-style-type: none"> ▪ The number of unprocessed requests for funding. ▪ The number of forms processed.
Asset Capitalization	<ul style="list-style-type: none"> ▪ Capitalization of projects within two months, after notified of an “In-Use” Date, unless a prevailing reason ensues. ▪ Capitalize equipment within two months after all necessary documentation has been obtained 	<ul style="list-style-type: none"> ▪ The number of projects ready for capitalization however still includes construction in progress (CIP) in accounting. ▪ The number and dollar amount of assets not placed into service / open in accounting.
Asset Tagging	<ul style="list-style-type: none"> ▪ Assets to be tagged in accordance with JHU’s policies and procedures on a monthly basis with completion by year end. 	<ul style="list-style-type: none"> ▪ The number and timing of outstanding assets remaining to be tagged at fiscal year end.
Asset Inventory	<ul style="list-style-type: none"> ▪ Assets inventoried per JHU policies and outside audit requirements. 	<ul style="list-style-type: none"> ▪ The number of assets “not found” and the corresponding record of attempts to locate.
Shopping Cart Approvals	<ul style="list-style-type: none"> ▪ Shopping carts will be approved within 48 hours assuming all necessary information and approvals are provided. ▪ Shopping cart exceptions will be noted and released per “special” JHU/JHHS guidelines. 	<ul style="list-style-type: none"> ▪ Unapproved shopping carts in the FASSC SAP mailbox not conforming to “special” treatment guidelines.
Depreciation runs	<ul style="list-style-type: none"> ▪ The monthly posting of depreciation across all Business Areas for all assets. 	<ul style="list-style-type: none"> ▪ The recording of depreciation in the financial statements by 9th workday.

Project Systems Settlement.	<ul style="list-style-type: none"> ▪ Projects in the SAP Project Systems module will be “settled” no less than monthly and prior to 9th workday. 	<ul style="list-style-type: none"> ▪ SAP settlements net to zero on a Life to Date Basis. Settlement “errors” are corrected monthly.
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Working Assumptions

The Fixed Asset and Project Accounting Service Center will be fully staffed and funded. Funding will be provided by JHHS and JHU on a “task” based approach. Analytics can be provided by business area as requested.

Service Constraints

- **Conformance Requirements**
 - Compliance with finance policy and procedures, in conjunction with regulatory policies and procedures.
 - Timing and requirements of monthly financial statement preparation.
 - Timing and requirements of project system and asset closing processes within SAP.
 - Timing and requirements of external and internal auditors.
- **Dependencies**
 - Customer understanding of policies and requirements.
 - Accuracy of data provided for report functions.
 - System availability.

Contacts/Questions/Customer Service

- The contact list, phone numbers and email address are available on the Service Center Website located at <http://ssc.jhu.edu/fixedassets/policies.html> .
- Questions are encouraged to be directed to the FASSC mailbox. FASSC is the direct email address within Microsoft Outlook. Those Business Areas not within the JHMI/JHU.edu arenas can email to the following address: FASSC@jhmi.edu

Agreement Administration

Terms of Agreement

This agreement commenced on January 1, 2007 with the mutual understanding that modifications may be required over time. All modifications will be made in the spirit of the original agreement and modifications will be reviewed and approved by both the JHHS and JHU Controller.

Periodic Quality Reviews

The Fixed Asset and Project Accounting Service Center and representatives of management have periodic reviews of the service center performance against agreed upon service level expectations. The agenda for these reviews should include but is not limited to:

- service delivery since the last review;
- major deviations from service levels;
- conflicts or concerns about service delivery, and
- planned changes to improve service effectiveness.

The Fixed Asset and Project Accounting Service Center will also regularly assess customer satisfaction and will use the results as a basis for changes to this agreement

The Fixed Asset and Project Accounting Service Center will have regular meetings with the customer base and will discuss standards of service as necessary. These meetings are scheduled annually and as necessary.

Chargeback Methodology

The service center will charge back for its services based on effort reporting. Time tracking is implemented within the department and will reflect by person the time spent on each affiliate and by major tasks. The compilation of this data will determine how the department is allocated to JHU, JHHS and affiliates within JHHS. Each year data is collected from January 1 to December 31. The percentages are calculated and the split between JHU and JHHS is established. The JHHS portion is further subdivided to each affiliate. The percentages can be adjusted for known variances or discrepancies in time tracking. From year to year the percentages charged to each affiliate under JHHS may change based on the nature of the work. As one affiliate has a large project requiring assistance from multiple employees, the effort reporting will shift. As the workload becomes normalized, effort reporting will return to the norms for each affiliate. As new JHHS affiliates are absorbed into The Fixed Asset and Project Accounting Center, all other things equal, the original affiliates will benefit. The workload is a downstream effect of front end management and capital budgeting. Affiliates may require more or less services from The Fixed Asset and Project Accounting Service Center and time progresses.

Following is the FY18 Chargeback Percentages:

Johns Hopkins FASSC JHHS Chargeback Trend January 11, 2017 2% Model					
Affiliate	BA	FY17	FY18	% chg	FY18 % of Total
Johns Hopkins Bayview Medical Center	400	76,242.48	75,256.44	(0.01)	9.07%
Bayview Care Center	410				
Bayview Special Programs	420				
Bayview Grants	430				
Johns Hopkins Community Physicians	440-441	13,223.22	13,052.20	(0.01)	1.57%
Johns Hopkins Health System	450	76,807.21	75,813.86	(0.01)	9.14%
Premier OB/GYN (Howard County - OB/GYN)	451	6,667.37	6,581.14	(0.01)	0.79%
Employer Health Programs	455	1,108.78	1,094.44	(0.01)	0.13%
Johns Hopkins Medical Management (JHMMC)	460	3,463.22	3,418.43	(0.01)	0.41%
Intrastaff	462	1,273.04	1,256.58	(0.01)	0.15%
Cardiovascular Specialists	464	711.81	702.60	(0.01)	0.08%
Johns Hopkins Medical Services Corporation (MS)	465	1,382.55	1,364.67	(0.01)	0.16%
Ophthalmology Associates	470	2,552.01	2,519.00	(0.01)	0.30%
SSA - GOING AWAY AS OF 3-1-16	476	-			0.00%
The Johns Hopkins Hospital	480	285,518.47	281,825.87	(0.01)	33.96%
Women's Board	490-495	922.61	910.68	(0.01)	0.11%
Johns Hopkins International	520	4,147.66	4,094.02	(0.01)	0.49%
Johns Hopkins Home Care Group	530	46,687.87	46,084.06	(0.01)	5.55%
JH Pediatric at Home	535				0.00%
Jh Pharmaquip	540				0.00%
Jh Home Health Services	545				0.00%
Johns Hopkins Health Care	550	11,267.95	11,122.22	(0.01)	1.34%
Johns Hopkins Imaging	555	3,122.49	3,082.11	(0.01)	0.37%
IRS - Renee	565				0.00%
Pt First - Renee	570-571				0.00%
JH emergency Medical Services (JHEMS)	575	930.83	918.79	(0.01)	0.11%
JHMI Utility LLC	585	8,582.78	8,471.78	(0.01)	1.02%
Utility LLC - Energy Services	586	4,079.21	4,026.45	(0.01)	0.49%
Utility LLC - EPIC	587	26,514.88	26,171.96	(0.01)	3.15%
Suburban Hospital	600-618	75,460.31	74,484.38	(0.01)	8.98%
Sibley	630	87,321.66	86,192.33	(0.01)	10.39%
Howard County General Hospital	640-641	26,064.26	25,727.17	(0.01)	3.10%
ACH	650-659	56,452.20	55,722.11	(0.01)	6.71%
Suburban Health Center	901	3,916.43	3,865.78	(0.01)	0.47%
CRISP	902	1,492.06	1,472.76	(0.01)	0.18%
JHI	903				0.00%
West County	904	1,451.00	1,432.23	(0.01)	0.17%
Broadway Acquisition and Development Corp	905	958.21	945.82	(0.01)	0.11%
SSA / DR JV GOING AWAY AS OF 5-1-15	906				0.00%
Parking Corporation JHH - MHEFFA	925	8,464.01	8,354.55	(0.01)	1.01%
Parking Corporation BV - MHEFFA	926	3,125.45	3,085.03	(0.01)	0.37%
WM Surgery Center		780.26	770.17	(0.01)	0.09%
		840,692.29	829,819.64	(0.40)	100.00%
	JHHS Allacost	(0.02)	(0.02)		
		840,692.27	829,819.62		

Service Level Agreement Maintenance

This agreement will be reviewed on an ongoing basis and updated as needed. Updates may become necessary due to changing service needs, modifications to existing services, addition of services, or unanticipated events.

Issue Resolution

If either the Fixed Asset and Project Accounting Service Center or its customer identifies a substantive breach of responsibility or other problem that requires resolution prior to the next periodic review, both the Service Center management and customer will engage in a joint effort of understanding and rectification of the issue. In the event this remedial effort fails, either party can raise the issue to the office of the CFO of JHU and/or JHHS. Decisions made by the office of the CFO, and/or possible elevation to the office of the President, will be binding.

Reference Material

www.controller.jhu.edu

www.finance.jhmi.edu/finance

<http://ssc.jhmi.edu/fixedassets/index.html>