

**Advanced Service Center Training  
Controller & Treasurer Workshop  
Fall 2018**

Other names for Service Centers include **CORE FACILITIES, RECHARGE CENTERS** and **SPECIALIZED SERVICE CENTERS**

3 sources for Service Center reference

1. Summary Report on Audits of Recharge Centers at 12 Universities, Department of Health and Human Services Office of Inspector General (OIG), January 1994
2. National Institutes of Health (NIH) issued [Request for Comment on FAQs to Explain Costing Issues for Core Facilities](#), Notice Number: NOT-OD-10-138
3. Uniform Guidance

<p>Uniform Guidance Summary Report on Audits of Recharge Centers at 12 Universities, Department of Health and Human Services Office of Inspector General (OIG), January 1994</p>	<p>Service Center definition. “operate as in-house enterprises that provide goods or services to individual users or other operating units. These centers function as nonprofit businesses, funding operations through fees from users. The costs incurred for providing goods and services are recharged to users, including federally sponsored agreements, based on established billing rates and actual services provided</p>	<p>There were 5 Major Findings of this audit. Some universities 1. Accumulated surplus fund balances and deficits and did not adjust related billing rates accordingly 2. Included duplicate or unallowable costs in the calculation of billing rates 3. Included recharge costs in the calculation of indirect cost rates 4. Used funds of recharge center accounts for unrelated purposes 5. Billed some users at reduced rates</p>
<p>National Institutes of Health (NIH) issued <a href="#">Request for Comment on FAQs to Explain Costing Issues for Core Facilities</a>, Notice Number: NOT-OD-10-138</p>	<p>This is where we find numerous names for Service Centers. Core Facility and Shared Resource Facilities = Service Center</p>	<p>The Q and A produced the following guidelines. 1. Schedule of rates should be established using a documented method 2. Rates may not discriminate against federally supported activities of the institution</p>

		<p>3. Rates must be designed to recover only the aggregate costs of the services</p> <p>4. Rates shall be adjusted at least every other year</p> <p>5. Take into consideration any operating deficit or surplus of the previous period(s)</p> <p>6. The acquisition cost of new equipment may not be charged to current users.</p> <p>7. Acceptable methods of acquiring equipment for a core facility include:</p> <p>a. Recovery of existing equipment depreciation expense in user fees. Note: Only depreciation for equipment purchased with non- federal funds can be included in the rate calculation.</p> <p>b. Institutional or other funding</p> <p>8. Billing should occur at regularly intervals to assure timely and accurate accounting and cost recovery. Many institutions bill on a monthly basis, but other cycles can be implemented as appropriate</p> <p>9. All billing and cost recovery must be based on services provided. Billing in advance or receipt of pre-payment is not allowable</p> <p>10. Rates used to charge the cost of the service must be consistently charged to all federally-supported projects, using the “single service for a single cost” principle</p>
Uniform Guidance §200.468	The third reference is the Uniform Guidance, or affectionately known	The UG provides the following guidelines

	<p>as UG. The UG is located at Title 2 of the Code of Federal Regulations Part 200. A link is also provided on the Cost Accounting website.</p>	<ol style="list-style-type: none"> <li>1. Costs of such services, when material, must be charged directly to applicable awards based on actual usage of the services on the basis of a schedule of rates or established methodology that             <ol style="list-style-type: none"> <li>a. Are consistently charged to both the Feds and MSU internal purposes</li> <li>b. Is designed to recover only the aggregate costs of the services.</li> </ol> </li> <li>2. Rates must be adjusted at least biennially</li> <li>3. Rate calculation must take into consideration over/under applied costs of the previous period(s)</li> </ol>
<p>Uniform Guidance Appendix V to Part 200</p>	<p>This section of the UG addresses Cash on Hand. Also, known as Working Capital.</p>	<p>Side note: Working Capital definition here is different than the US Generally Accepted Accounting Principles (GAAP) definition of Working Capital, which is Current Assets – Current Liabilities. The UG definition is 60 days of calendar days of cash expenses. The formula used here is (Operating Expenses/360 days) * 60 days.</p> <p>So this section of the UG allows us include the establishment and maintenance of a reasonable level of working capital reserve, in addition to the full recovery of costs</p>

Cost Accounting website.

<http://www.controller.msstate.edu/cas/>

Service Center section is located at <http://www.controller.msstate.edu/cas/casex/service.php>

Service Center Operating Procedure recap

<b>Roles</b>	<b>Responsibilities</b>
Service Center Director	Manage the daily operations of the service center and ensure the financial goals of the service center are being met. This is accomplished by <input type="checkbox"/> Providing competitive rates and services while maintaining break-even margins and necessary fund balances. <input type="checkbox"/> Preparing an annual budget and financial statements for the center, plus other intermittent financial reports as requested. <input type="checkbox"/> Performing an annual review and rate analysis in time for customers to include rate adjustments in their next year's budgets. <input type="checkbox"/> Maintaining detailed records supporting charges to all users. <input type="checkbox"/> Billing customers for goods and/or services in a timely manner, preferably monthly. <input type="checkbox"/> Maintaining documentation of user rate calculations. <input type="checkbox"/> Reviewing rates periodically to ascertain all unallowable costs are being excluded.
Department Head\Dean\Vice President	Approve and accept responsibility of creating and maintaining the Service Center in accordance with MSU's guidelines. This is accomplished by <input type="checkbox"/> Approving the establishment of new service center and the continued operation of existing ones. <input type="checkbox"/> Approving the center's annual budget. <input type="checkbox"/> Funding any deficit or disallowance's created by service centers under their direction.
Property Control	Provide detailed listing of assets. This is accomplished by <input type="checkbox"/> Identifying Service Center assets. <input type="checkbox"/> Identifying items of equipment that were purchased with federal funds.
Cost Accountant	Monitoring the Service Center for compliance with Federal guidelines. This is accomplished by <input type="checkbox"/> Reviewing and approving the rate calculation for all new and existing service centers to ensure accuracy and consistency with applicable policies and procedures. <input type="checkbox"/> Monitoring the billing rates to determine if total billings for services are reasonable compared to the costs of operation. <input type="checkbox"/> Notifying the service center and appropriate administrators if the review identifies practices inconsistent with applicable policies and procedures

Adopted August 2016, the Unallowable Cost Procedure is posted on the Cost Accounting Service Center splash page and the Sponsored Programs Accounting website.

<http://www.controller.msstate.edu/sponsoredprograms/uep.pdf>

The Service Center Request Form is located on the Service Center webpage. Please complete for establishing a Service Center or updating the rates for existing Service Centers.