

Three reference sources for Service Centers

1. Summary Report on Audits of Recharge Centers at 12 Universities, Department of Health and Human Services Office of Inspector General (OIG), January 1994

Five major findings from this audit.

1. Some universities accumulated surplus fund balances and deficits and did not adjust related billing rates accordingly
2. Some universities included duplicate or unallowable costs in the calculation of billing rates
3. Some universities included recharge costs in the calculation of indirect cost rates
4. Some universities used funds of recharge center accounts for unrelated purposes
5. Some universities billed some users at reduced rates

<https://oig.hhs.gov/oas/reports/region9/99204020.pdf>

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

This FAQ 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
3. Rates must be designed to recover only the aggregate costs of the services
4. Rates shall be adjusted at least every other year
5. Take into consideration any operating deficit or surplus of the previous period(s)
6. The acquisition cost of new equipment may not be charged to current users.
7. Acceptable methods of acquiring equipment for a core facility include:
 - 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.
 - b. Institutional or other funding
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
9. All billing and cost recovery must be based on services provided. Billing in advance or receipt of pre-payment is not allowable
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

<http://grants.nih.gov/grants/guide/notice-files/NOT-OD-10-138.html>

3. Uniform Guidance (two sections listed below)

§200.468 Specialized Service Facilities

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
 - a. Are consistently charged to both the Feds and MSU internal purposes
 - b. Is designed to recover only the aggregate costs of the services.
2. Rates must be adjusted at least biennially
3. Rate calculation must take into consideration over/under applied costs of the previous period(s)

<https://www.ecfr.gov/current/title-2/part-200#200.468>

Appendix V to Part 200 – State/Local Government wide Central Service Cost Allocation Plans.

Section G. Other Policies Item

2. Working Capital Reserves

This section of the UG addresses Cash on Hand. Also, known as Working Capital.

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 $(\text{Operating Expenses}/360 \text{ days}) * 60 \text{ days}$.

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

<https://www.ecfr.gov/current/title-2/part-200#Appendix-V-to-Part-200>