21.01.05.C1.01 University Service Departments

Approved August, 2, 2011

Next Scheduled Review: August 1, 2013

Supplements System Regulation 21.01.05

1. GENERAL

University service departments or centers must be established according to Texas A&M University System Regulation 21.01.05 Service Departments, and must follow fiscal procedures approved by the Executive Vice President for Finance and Administration.

Service Departments are units within Texas A&M University-Corpus Christi that provide goods or services at approved rates to departments within the University and to other System users. The term service departments will be used to collectively refer to the three types of service departments defined below.

(1) Recharge Centers: Departmental service operations providing goods or services internally within their own departments.

(2) Service Centers: Service operations providing goods or services internally and to other System components.

(3) Specialized Service Facilities: Service operations that use highly complex or specialized facilities to provide specific, unique services to specific users.

All new service departments or centers must be reviewed by the Executive Vice President for Finance and Administration, endorsed by the President for approval by the Chancellor, and approved by the Texas A&M University System Board of Regents.

2. RATE APPROVALS

2.1 Recharge Accounts - $0 - $75,000 (total expenditures) - Recharge account rates shall be determined annually by the service center manager (see Section 6.2). Recharge account rates, and the basis for the rates, must be kept on file with the Comptroller’s Office. No approval is required. The Comptroller’s Office may perform random audits of these rates.

2.2 Service Centers - $75,001 - $350,000 (total expenditures) - Service center rates shall be determined annually by the service center manager. Service center rates, and the basis for the rates, must be kept on file with the Comptroller’s Office. No approval is required. The Comptroller’s Office will perform random audits on these rates.
2.3 **Major Service Centers - $350,001+ (total expenditures)** – Major service center rates are determined annually by the service center manager. Major service center rates, and the basis for the rates, must be kept on file with the Comptroller’s Office. The Comptroller’s Office shall review the rate study annually for each major service center. Major service center rates shall be approved by the Executive Vice President for Finance and Administration.

2.4 **Specialized Service Facilities** - As described in Section J of OMB Circular A-21 (Refer to [System Regulation 21.01.05: Section 3.1(3)](http://falcon.tamucc.edu/~account/Accountingservices/usefullinks.htm)). Specialized service facility rates shall be reviewed annually by the service center manager. Specialized service facility rates, and the basis for the rates, must be kept on file with Comptroller’s Office. The Comptroller’s Office shall review the rate study annually for each specialized service facility. Specialized service facility rates shall be approved by the Executive Vice President for Finance and Administration or designee.

3. **COMPLIANCE**

University service centers must comply with Federal Laws and Regulations including OMB Circular A-21. Service centers must also comply with State Law, System Policies and Regulations, University Rules, and Financial Services procedures.

4. **REQUIREMENTS AND GUIDELINES FOR SERVICE CENTERS**

4.1 The service must be consistent with the mission of the University.

4.2 The needed service can best be provided within the University or is not readily available outside of the University.

4.3 Service center accounts are designed to be breakeven operations.

4.4 Service center managers must retain adequate documentation in accordance with OMB Circular A-110, Section 53. In general, rate study worksheets and documentation must be kept until superseded + 3 years; other records must be kept in accordance with University guidelines (see the Records Retention Schedule at [http://falcon.tamucc.edu/~account/Accountingservices/usefullinks.htm](http://falcon.tamucc.edu/~account/Accountingservices/usefullinks.htm)).

4.5 All users of the service must be charged. All System users must be charged the same rate, in accordance with [System Regulation 21.01.05](http://falcon.tamucc.edu/~account/Accountingservices/usefullinks.htm). Non-University users should be kept to a minimum. However, when selling to an external user, full cost recovery should be used. Unrelated business income tax (UBIT) and sales tax may apply.
5. CAPITAL OUTLAY

5.1 All capital equipment and any required installation costs must be purchased from a renewal and replacement account. Each service center that purchases equipment will have a separate renewal and replacement account that will be funded by the operating account through depreciation. The renewal and replacement account is created automatically when creating a service account. Only allowable equipment, maintenance, and repair to existing equipment and/or buildings may be purchased from the renewal and replacement account, provided the purchase is specific to the service center. A service center may not use the renewal and replacement account for any other purpose.

5.2 Transfers out of a service center account may only go into the corresponding renewal and replacement account and/or related service entity. Any exceptions must be reviewed by Comptroller’s Office for appropriateness.

6. RESPONSIBILITY

6.1 Department Head/Director

6.1.1 Ultimate responsibility for service centers rests with the applicable Department Head. The Department Head has the responsibility to:

6.1.1.1 Fully review and approve the establishment of each new service center prior to a new service center account being requested from the Comptroller.

6.1.1.2 Review and approve all service center or recharge account rates within their unit. The Department Head should also receive Vice President’s approval of the rate calculation survey for each major service center prior to its submission to the Comptroller for review.

6.1.1.3 The appropriate Department Head assumes the budget/financial obligation for disallowed costs resulting from recharges/rates made by their activity units.

6.2 Service Center Manager/Director

6.2.1 The Department Head normally delegates day-to-day responsibility to the Service Center Manager, who monitors the operation and takes corrective actions as needed. The Service Center Manager has an obligation to:
6.2.1.1 Accurately prepare and properly submit the schedule of rates for review and approval on an annual basis.

6.2.1.2 Routinely, at least annually, review the financial position with respect to expenditures and charges for services, and adjust for over-recoveries (surpluses) or under-recoveries (deficits) as appropriate.

6.2.1.3 Retain the records for the service center in accordance with OMB Circular A-110, Section 53. The rate study worksheets and accompanying forms must be kept until superseded + 3 years; other records must be kept in accordance with University guidelines (see The Record Retention Schedule at http://falcon.tamucc.edu/~account/Accountingservices/usefullinks.htm).

6.3 Comptroller’s Office

6.3.1 The Comptroller’s Office is responsible for the following:

6.3.1.1 Reviewing new service center account requests to ensure proper placement into its respective category (i.e., Recharge Account, Service Center, or Specialized Service Facilities).

6.3.1.2 Providing technical assistance and advice on the financial management of service centers. This assistance may be requested in connection with the development of billing rates, cost allocation procedures, equipment depreciation, record keeping, etc.

6.3.1.3 Reviewing the rate calculations provided by the major service center and specialized service facility managers.

6.3.1.4 Performing random audits on recharge accounts and service center rates.

6.3.1.5 Retaining copies of all rates for all services in each recharge account, service center, or specialized service facility.

6.3.1.6 Review activity for possible implications on Unrelated Business tax.

6.3.1.7 Approving transfers of funds out of service centers. To
ensure all costs meet the guidelines of OMB Circular A-21 (costs must be allowable, allocable, and reasonable), transfers should not be made to other accounts. All revenues should be used to cover costs actually incurred at the service center. An annual transfer may be made to the renewal and replacement account for depreciation. (This action may be delegated).

6.4 Executive Vice President for Finance and Administration

6.4.1 The Executive Vice President for Finance and Administration, or designee, is responsible for:

6.4.1.1 Reviewing the reports of the Service Units and making appropriate recommendations to the President.

6.4.1.2 Reviewing and approving billing rates of all major service centers and specialized service facilities.

7. UNALLOWABLE COSTS - are specified in Section J of OMB Circular A-21.

8. SERVICE CENTER PACKETS - may be obtained from Comptroller or http://falcon.tamucc.edu/~account/Accountingservices/index.htm

OFFICE OF RESPONSIBILITY: Executive Vice President for Finance and Administration (361) 825-2321